

FINANCE DEPARTMENT

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TOWN HALL

238 Danbury Road

Wilton, Connecticut 06897

Other Post-Employment Benefits Trustees

Special Meeting – December 12, 2019
Meeting Room B - 7:00 PM

Present:

OPEB: Lori Bufano, Stewart Koenigsberg, Anne Kelly-Lenz (ex-officio, non-voting);

ABSENT: Glenn Hemmerle

Others: Paul VonSteenburg (Investment Committee)

Call to Order

The OPEB Committee was called to order at 7:01p.m. by Lori Bufano

Approve Minutes of May 1, 2019 and Special Meeting Minutes of June 26, 2019

Motion to approve the Minutes of May 1, 2019 made by Mr. Koenigsberg seconded by Ms. Bufano and carried 2-0.

Minutes of June 26, 2019 tabled as Mr. Koenigsberg was not present.

Review and Discussion of Actuarial Valuation – Anne Kelly-Lenz

Ms. Kelly-Lenz reviewed the attached 2018 Actuarial Valuation Report.

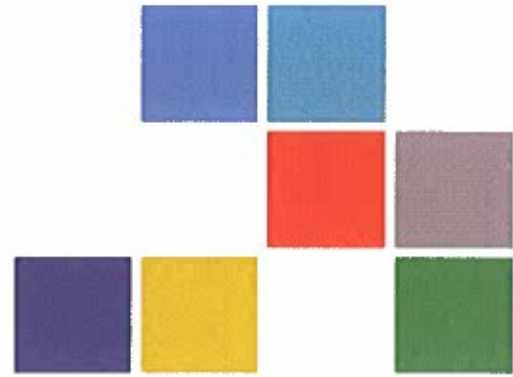
Review and Discussion of Investment Report

Paul VonSteenburg gave a report on the Investment Committee and updated the committee on the status of contract discussions with Aon.

2020 Proposed Meeting Dates

Ms. Bufano reviewed the 2020 Proposed Meeting Dates. After discussion Ms. Bufano made a motion to set the 2020 Proposed Meeting Dates as attached. Motion seconded by Mr. Koenigsberg and carried 2-0.

Having no further business motion moved by Ms. Bufano, seconded by Mr. Koenigsberg to adjourn the OPEB Committee meeting at 7:25 p.m. Motion carried 2-0.



TOWN OF WILTON OPEB PLAN

ACTUARIAL VALUATION REPORT

JULY 1, 2018



h&h
hooker & holcombe



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Executive Summary

	July 1, 2018	July 1, 2016
Number of members		
Active members	771	772
Members in pay status	40	43
Total	811	815
Covered employee payroll	60,243,645	54,444,575
Average plan salary	78,137	70,524
Actuarial present value of future benefits	9,387,082	8,939,254
Actuarial accrued liability	6,601,042	6,329,854
Plan assets		
Market value of assets	7,475,677	5,307,422
Actuarial value of assets	7,195,568	5,307,422
Unfunded accrued liability	(594,526)	1,022,432
Funded ratio	109.0%	83.8%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2020	2018
ADEC	208,846	326,632
Underfunding "load"	0%	20%
Total Contribution with "load"	208,846	391,958
Fiscal year ending	2021	2019
ADEC	220,726	337,749
Underfunding "load"	0%	20%
Total Contribution with "load"	220,726	405,299



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,

$$\text{Ultimate cost} = \text{Benefits Paid} + \text{Expenses Incurred} - \text{Investment Return} - \text{Employee Contributions}$$

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, 2018 valuation produces the contributions for the fiscal years ending 2020 and 2021.

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

The valuation reflects assumption changes to mortality and healthcare cost trend rates. The impact of these changes increased liabilities by approximately 2%. The valuation also reflects a change in the asset valuation method. The impact of this method change is to increase the Fiscal 2020 ADEC by approximately \$23,000.

Cash Contribution for Fiscal Years Ending 2020 and 2021*

The Town cost is:	2020 Fiscal Year	2021 Fiscal Year
Police	\$71,261	\$75,043
Fire	18,075	19,136
Town	2,116	2,233
BOE Certified	115,786	122,619
BOE Non-Certified	1,607	1,695
Total	\$208,846	\$220,726

* Includes 0% underfunding "load"

Asset Experience During Period Under Review

	2017 Fiscal Year	2018 Fiscal Year
Market Value Basis	11.7%	6.8%
Actuarial Value Basis	6.9%	10.0%

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, 2018 Actuarial Valuation for Town of Wilton 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, 2020 and June 30, 2021. 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.

Steve A. Lemanski, FSA, FCA, MAAA
Enrolled Actuary 17-05506

November 13, 2019



Development of Unfunded Accrued Liability and Funded Ratio

	July 1, 2018	July 1, 2016
Actuarial accrued liability for active members		
Members under age 65	\$2,536,794	\$2,140,481
Members over age 65	151,574	246,352
Dependents under age 65	1,159,986	988,888
Dependents over age 65	67,303	117,400
Total	3,915,657	3,493,121
Actuarial accrued liability for inactive members		
Members under age 65	577,434	705,269
Members over age 65	1,638,491	1,654,571
Dependents under age 65	136,842	225,884
Dependents over age 65	332,618	251,009
Total	2,685,385	2,836,733
Total actuarial accrued liability	6,601,042	6,329,854
Actuarial value of assets	7,195,568	5,307,422
Unfunded accrued liability	(594,526)	1,022,432
Funded ratio	109.0%	83.8%

	Discount Rate (5.75%)	1% Decrease (4.75%)	1% Increase (6.75%)
Actuarial accrued liability for active members	3,915,657	4,337,138	3,532,352
Actuarial accrued liability for inactive members	2,685,385	2,927,407	2,477,912
Total actuarial accrued liability	6,601,042	7,264,545	6,010,264

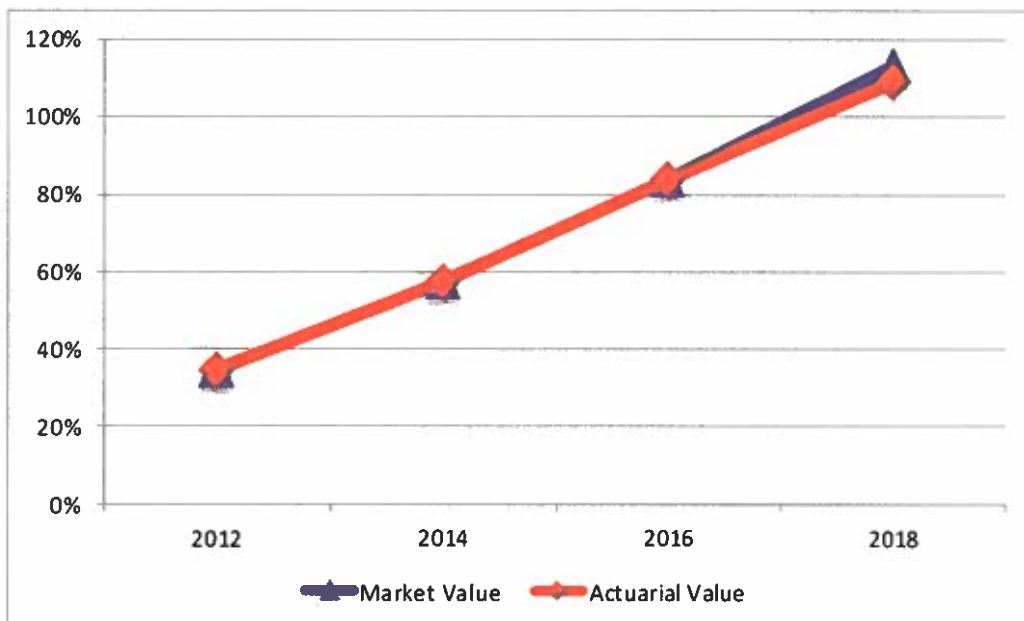
	Healthcare Cost Trend Rates (6.50% decreasing to 4.60%)	1% Decrease (5.50% decreasing to 3.60%)	1% Increase (7.50% decreasing to 5.60%)
Actuarial accrued liability for active members	3,915,657	3,418,766	4,505,511
Actuarial accrued liability for inactive members	2,685,385	2,488,459	2,910,906
Total actuarial accrued liability	6,601,042	5,907,225	7,416,417



Actuarial Accrued Liability vs. Actuarial Value of Assets



Funded Ratio





Development of Unfunded Accrued Liability and Funded Ratio by Group

	Police	Fire	Town	BOE Certified	BOE Non-Certified	Total
Actuarial accrued liability for active members						
Members under age 65	\$767,619	\$224,219	\$13,104	\$1,520,033	\$11,819	\$2,536,794
Members over age 65	0	0	0	138,401	13,173	151,574
Dependents under age 65	444,294	169,133	8,469	532,099	5,991	1,159,986
Dependents over age 65	0	0	0	67,303	0	67,303
Total	1,211,913	393,352	21,573	2,257,836	30,983	3,915,657
Actuarial accrued liability for inactive members						
Members under age 65	188,344	201,876	32,615	148,435	6,164	577,434
Members over age 65	0	0	0	1,635,504	2,987	1,638,491
Dependents under age 65	62,464	68,398	0	5,980	0	136,842
Dependents over age 65	0	0	0	332,618	0	332,618
Total	250,808	270,274	32,615	2,122,537	9,151	2,685,385
Total actuarial accrued liability	1,462,721	663,626	54,188	4,380,373	40,134	6,601,042
Actuarial value of assets	1,594,461	723,396	59,069	4,774,893	43,749	7,195,568
Unfunded accrued liability	(131,740)	(59,770)	(4,881)	(394,520)	(3,615)	(594,526)
Funded ratio	109.0%	109.0%	109.0%	109.0%	109.0%	109.0%

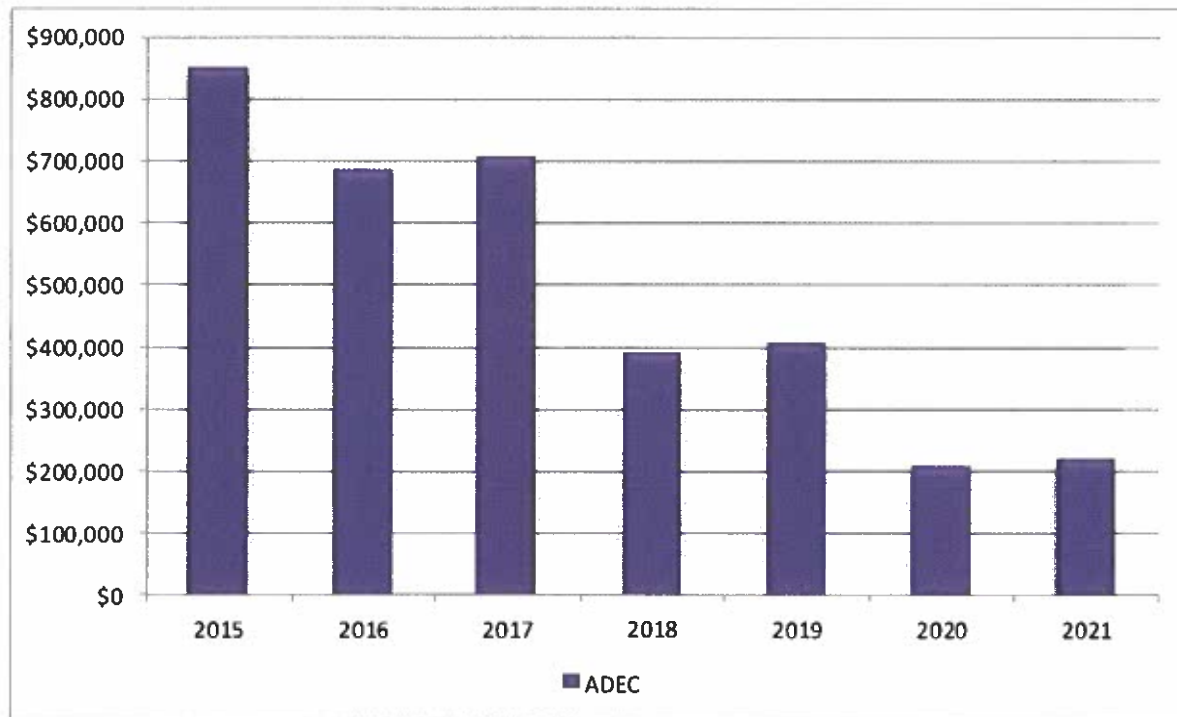


Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2018		July 1, 2016	
	Cost	Percent of payroll	Cost	Percent of payroll
Town's normal cost	\$240,071	0.4%	\$224,583	0.4%
Amortization of unfunded accrued liability	(48,025)	-0.1%	82,591	0.2%
Contribution before adjustment as of the valuation date	192,046	0.3%	307,174	0.6%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	59,895,221		54,356,903	
Fiscal year ending	2020		2018	
Adjustment for interest and inflation	16,800		19,458	
Actuarially determined employer contribution	208,846		326,632	
Underfunding "load"	0%		20%	
Total Contribution with "load"	208,846		391,958	
Fiscal year ending	2021		2019	
Adjustment for interest and inflation	11,880		11,117	
Actuarially determined employer contribution	220,726		337,749	
Underfunding "load"	0%		20%	
Total Contribution with "load"	220,726		405,299	



Actuarially Determined Employer Contribution*



** Includes underfunding "load"*



Actuarially Determined Employer Contribution per Group

	Police	Fire	Town	BOE Certified	BOE Non-Certified	Total
Town's normal cost	\$76,424	\$21,420	\$2,344	\$138,110	\$1,773	\$240,071
Actuarial accrued liability	1,462,721	663,626	54,188	4,380,373	40,134	6,601,042
Actuarial value of assets	1,594,461	723,396	59,069	4,774,893	43,749	7,195,568
Unfunded accrued liability	(131,740)	(59,770)	(4,881)	(394,520)	(3,615)	(594,526)
Amortization of unfunded accrued liability	(10,642)	(4,828)	(394)	(31,869)	(292)	(48,025)
Contribution before adjustment as of the valuation date	65,782	16,592	1,950	106,241	1,481	192,046
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	3,769,832	2,484,448	5,801,231	37,591,100	10,248,610	59,895,221
Town's normal cost as a percentage of payroll	2.0%	0.9%	0.0%	0.4%	0.0%	0.4%
Contribution as a percentage of payroll	1.7%	0.7%	0.0%	0.3%	0.0%	0.3%
Fiscal year ending June 30, 2020						
Adjustment for interest and inflation	5,479	1,483	166	9,545	126	16,799
Actuarially determined employer contribution	71,261	18,075	2,116	115,786	1,607	208,845
Underfunding "load"	0%	0%	0%	0%	0%	0%
Total Contribution with "load"	71,261	18,075	2,116	115,786	1,607	208,845
Fiscal year ending June 30, 2021						
Adjustment for interest and inflation	3,782	1,061	117	6,833	88	11,881
Actuarially determined employer contribution	75,043	19,136	2,233	122,619	1,695	220,726
Underfunding "load"	0%	0%	0%	0%	0%	0%
Total Contribution with "load"	75,043	19,136	2,233	122,619	1,695	220,726



Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value of assets July 1, 2017		
Trust assets	\$6,781,573	\$6,496,735
Accrued contribution	0	0
Benefits payable	(179,560)	(179,560)
Administrative expenses payable	0	0
Net total	6,602,013	6,317,175
2. Contributions		
Town contributions during year	391,959	391,959
Employee contributions during year	0	0
TRB reimbursements during year	49,280	49,280
Change in accrued contribution	0	0
Total for plan year	441,239	441,239
3. Disbursements		
Benefit payments during year	(64,872)	(64,872)
Administrative expenses during year	0	0
Change in benefits payable	113,481	113,481
Change in administrative expenses payable	0	0
Total for plan year	48,609	48,609
4. Net investment return		
Interest and dividends	185,403	N/A
Change in accrued income	0	N/A
Realized and unrealized gain / (loss)	301,452	N/A
Expected return	N/A	397,933
Recognized gain / (loss)	N/A	87,830
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	(5,821)	N/A
Total for plan year	481,034	485,763
5. Ending value of assets July 1, 2018		
Trust assets	7,768,718	7,488,609
Accrued contribution	0	0
Benefits payable	(293,041)	(293,041)
Administrative expenses payable	0	0
Net total: (1) + (2) - (3) + (4)	7,475,677	7,195,568
6. Approximate rate of return	6.8%	10.0%



Relationship of Actuarial Value to Market Value

1. Market value 7/1/2018	\$7,475,677
2. Gain / (loss) not recognized in actuarial value 7/1/2018	280,109
3. Preliminary actuarial value 7/1/2018: (1) - (2)	7,195,568
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	96.3%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2018 after corridor minimum / maximum: (3) + (5)	7,195,568
7. Actuarial value as a percentage of market value: (6) ÷ (1)	96.3%

Development of Market Value Gain / Loss for 2017-2018 Plan Year

1. Market value 7/1/2017	\$6,602,013
2. Town contributions	391,959
3. Employee contributions	0
4. TRB reimbursements	49,280
5. Benefit payments	48,609
6. Administrative expenses	0
7. Expected return at 5.75%	397,933
8. Expected value 7/1/2018: (1) + (2) + (3) + (4) - (5) - (6) + (7)	7,392,576
9. Market value 7/1/2018	7,475,677
10. Market value gain / (loss) for 2017-2018 plan year: (9) - (8)	83,101

Recognition of Gain / Loss in Actuarial Value

Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2017	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2018: (b) + (c)	(e) Not recognized as of 7/1/2018: (a) - (d)
2013-2014	0	0	0	0	0
2014-2015	0	0	0	0	0
2015-2016	0	0	0	0	0
2016-2017	356,048	71,210	71,210	142,420	213,628
2017-2018	83,101	0	16,620	16,620	66,481
Total			87,830		280,109



Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value of assets July 1, 2016		
Trust assets	\$5,307,422	\$5,307,422
Accrued contribution	0	0
Benefits payable	0	0
Administrative expenses payable	0	0
Net total	5,307,422	5,307,422
2. Contributions		
Town contributions during year	590,880	590,880
Employee contributions during year	0	0
TRB reimbursements during year	33,220	33,220
Change in accrued contribution	0	0
Total for plan year	624,100	624,100
3. Disbursements		
Benefit payments during year	(151,128)	(151,128)
Administrative expenses during year	1,400	1,400
Change in benefits payable	179,560	179,560
Change in administrative expenses payable	0	0
Total for plan year	29,832	29,832
4. Net investment return		
Interest and dividends	0	N/A
Change in accrued income	0	N/A
Realized and unrealized gain / (loss)	700,323	N/A
Expected return	N/A	344,275
Recognized gain / (loss)	N/A	71,210
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	700,323	415,485
5. Ending value of assets July 1, 2017		
Trust assets	6,781,573	6,496,735
Accrued contribution	0	0
Benefits payable	(179,560)	(179,560)
Administrative expenses payable	0	0
Net total: (1) + (2) - (3) + (4)	6,602,013	6,317,175
6. Approximate rate of return	11.7%	6.9%



Relationship of Actuarial Value to Market Value

1. Market value 7/1/2017	\$6,602,013
2. Gain / (loss) not recognized in actuarial value 7/1/2017	284,838
3. Preliminary actuarial value 7/1/2017: (1) - (2)	6,317,175
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	95.7%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2017 after corridor minimum / maximum: (3) + (5)	6,317,175
7. Actuarial value as a percentage of market value: (6) ÷ (1)	95.7%

Development of Market Value Gain / Loss for 2016-2017 Plan Year

1. Market value 7/1/2016	\$5,307,422
2. Town contributions	590,880
3. Employee contributions	0
4. TRB reimbursements	33,220
5. Benefit payments	28,432
6. Administrative expenses	1,400
7. Expected return at 5.75%	344,275
8. Expected value 7/1/2017: (1) + (2) + (3) + (4) - (5) - (6) + (7)	6,245,965
9. Market value 7/1/2017	6,602,013
10. Market value gain / (loss) for 2016-2017 plan year: (9) - (8)	356,048

Recognition of Gain / Loss in Actuarial Value

Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2016	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2017: (b) + (c)	(e) Not recognized as of 7/1/2017: (a) - (d)
2012-2013	0	0	0	0	0
2013-2014	0	0	0	0	0
2014-2015	0	0	0	0	0
2015-2016	0	0	0	0	0
2016-2017	356,048	0	71,210	71,210	284,838
Total			71,210		284,838



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
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	11.7%	N/A	N/A	N/A
2018	6.8%	N/A	N/A	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
2009	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A
2017	6.9%	N/A	N/A	N/A
2018	10.0%	N/A	N/A	N/A



Actual Rate of Return on Assets





Target Allocation and Expected Rate of Return July 1, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Cash	5.00%	0.35%	0.02%
Core Fixed Income	30.00%	1.65%	0.50%
Global Fixed Income	5.00%	1.85%	0.09%
High Yield Fixed Income	5.00%	3.05%	0.15%
U.S. Large Cap Equity	24.00%	5.55%	1.33%
U.S. Small Cap Equity	6.00%	6.00%	0.36%
International Developed Equity	16.00%	5.55%	0.89%
Emerging Markets Equity	4.00%	6.50%	0.26%
REITs	5.00%	4.40%	0.22%
	100.00%		3.82%
Long-Term Inflation Expectation			2.60%
Long-Term Expected Nominal Return			6.42%

**Long-Term Real Returns are provided by Fiduciary Investment 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 5.75% 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, 2018
2018 base	July 1, 2018	(48,025)	20	(594,526)



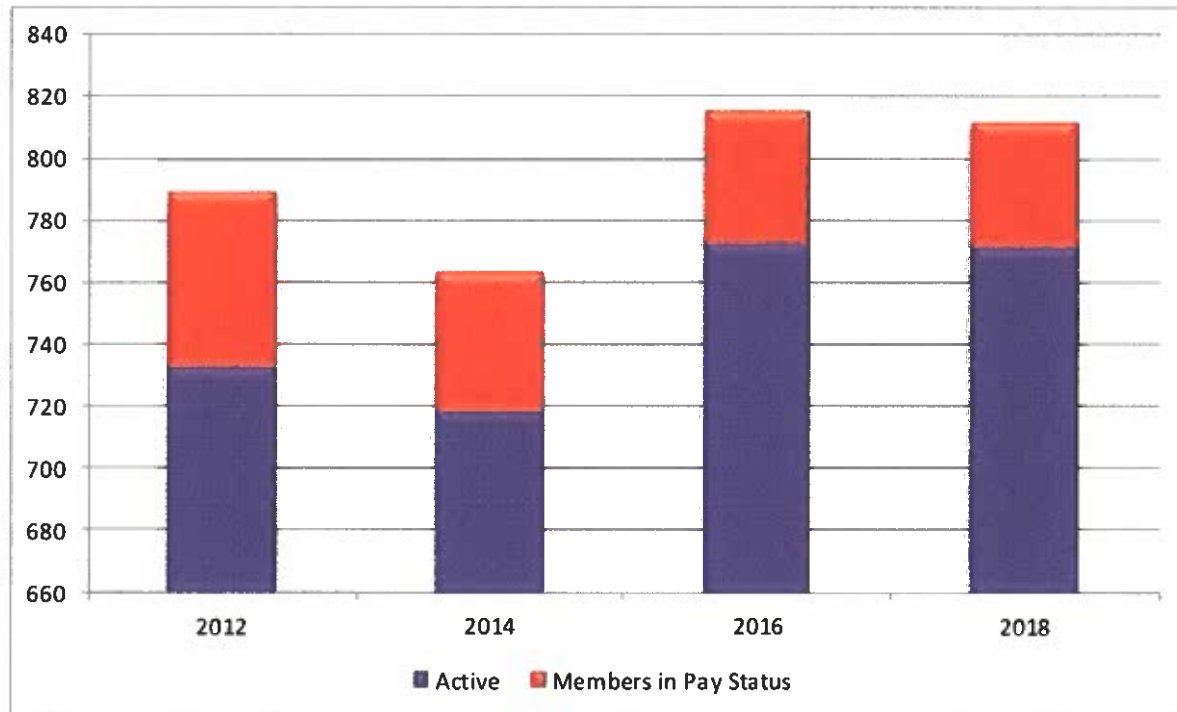
Member Data

The data reported by the Plan Sponsor for this valuation includes 771 active employees who met the Plan's minimum age and service requirements as of July 1, 2018.

	Police	Fire	Town	BOE Certified	BOE Non- Certified	Total
Total members July 1, 2018						
Active members	42	28	77	412	212	771
Retirees	5	5	2	19	1	32
Dependents of current retirees	1	1	0	6	0	8
Total	48	34	79	437	213	811
Average age July 1, 2018						
Active members	41.4	50.1	57.3	46.4	54.0	49.4
Retirees	60.5	59.4	63.0	68.7	63.6	65.4
Dependents of current retirees	56.8	56.5	N/A	66.0	N/A	63.7



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, 2018.

Year	Active as of July 1, 2018	Retired and Terminated as of July 1, 2018	Total Benefit Payments
2018	\$21,659	\$269,679	\$291,338
2019	59,338	239,482	298,820
2020	93,259	244,293	337,552
2021	123,407	235,455	358,862
2022	152,322	236,444	388,766
2023	177,874	254,537	432,411
2024	204,628	217,881	422,509
2025	260,118	208,288	468,406
2026	278,410	184,092	462,502
2027	342,160	159,238	501,398
2028	395,146	160,222	555,368
2029	463,506	160,259	623,765
2030	484,074	159,426	643,500
2031	566,082	157,653	723,735
2032	618,887	154,908	773,795
2033	658,696	151,375	810,071
2034	747,835	147,045	894,880
2035	741,378	142,038	883,416
2036	791,515	136,345	927,860
2037	896,135	130,003	1,026,138



Expected Per Capita Claims (without Medicare Integration)

Town HDHP

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$6,611	\$9,215
50	8,634	10,737
55	11,329	12,508
60	14,594	14,589
64	17,823	17,079

BOE Non-Certified

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$6,310	\$8,795
50	8,240	10,248
55	10,813	11,938
60	13,930	13,924
64	17,011	16,301

Town PPO

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$10,296	\$14,351
50	13,446	16,722
55	17,644	19,480
60	22,729	22,720
64	27,758	26,598

BOE Certified

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$6,310	\$8,795
50	8,240	10,248
55	10,813	11,938
60	13,930	13,924
65	17,736	16,877
70	21,335	19,740
75	24,483	22,159



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.

Changes in Asset Valuation Method: (Previous: Market Value.)

Actuarial Cost Method

Changes in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: 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). This amount is amortized over 20 years on an open basis.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.



Description of Actuarial Assumptions

Changes in Actuarial Assumptions as of July 1, 2018

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.)

- Mortality
- 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

5.75%.

Rate of compensation increase (including inflation)

3.50%.

The assumption is based on historical national wage increases and input from the plan sponsor regarding future expectations.

Inflation

2.60%.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.

Mortality

RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

Prior: 2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

Mortality Improvement

Projected to date of decrement using Scale MP-2018 (generational).

Prior: Projected to date of decrement using Scale MP-2016 (generational).

We have selected this mortality assumption because it is based on one of the latest published retirement mortality studies released by the Society of Actuaries.



Retirement

Police

Age	Rate of Retirement	
	<30 Yrs. Svc.	>30 Yrs. Svc.
<45	2.5%	0.0%
45-49	15.0%	5.0%
50-54	10.0%	25.0%
55-59	5.0%	10.0%
60-64	10.0%	10.0%
65	100.0%	100.0%

Fire

Age	Rate of Retirement
<50	5.0%
50-54	10.0%
55-59	10.0%
60-61	20.0%
62-64	10.0%
65	100.0%

Town and BOE Non-Certified

Age	Rate of Retirement
<55	0.0%
55-64	6.0%
65	30.0%
66-74	15.0%
75-79	33.3%
80	100.0%

The actuarial assumption in regards to rates of retirement shown above are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.



Certified BOE

Per table below (from Connecticut State TRS 2016 Pension Valuation):

Age	Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. Serv. or 35 yrs. Serv.)		Eligible for Early (Reduced) Retirement (Age 55 and 20 Yrs. Serv. or 25 yrs. Serv.)	
	Male	Female	Male	Female
50	27.5%	27.5%	1.00%	1.00
51	27.5	27.5	1.00	1.25
52	27.5	27.5	1.00	1.75
53	27.5	27.5	2.00	2.25
54	27.5	27.5	3.00	2.75
55	38.5	27.5	4.00	4.75
56	38.5	27.5	6.00	6.25
57	38.5	27.5	7.00	6.75
58	38.5	27.5	8.00	7.25
59	38.5	27.5	11.00	8.50
60	22.0	27.5		
61-62	25.3	27.5		
63-64	27.5	27.5		
65	36.3	32.5		
66-69	27.5	32.5		
70-79	100.0	32.5		
80	100.0	100.0		

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.

Withdrawal Rates

Police and Fire

Participants are assumed to terminate at the following rates:

Age	Male and Female
<30	5.00%
30-34	3.75%
35-39	2.50%
40-44	1.50%
45-49	0.75%
50+	0.00%

Town

Participants are assumed to terminate at the following rates:

Service	Male and Female
≤4	0.00%
5+	1.50%



Withdrawal Rates (cont.)

BOE Non-Certified

Participants are assumed to terminate at the following rates:

Service	Male and Female
≤1	13.00%
2	12.00%
3	8.00%
4	7.00%
5-9	5.00%
10+	2.50%

The actuarial assumption in regards to rates of withdrawal shown above are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

BOE Certified

Rates based on gender and length of service for first ten years and gender and age thereafter (Connecticut State TRS 2016 Pension Valuation):

Service	Male Rate	Female Rate
0-1	14.00%	12.00%
1-2	11.00	10.50
2-3	8.00	8.75
3-4	6.50	7.50
4-5	4.50	6.75
5-6	3.50	6.00
6-7	3.00	5.25
7-8	2.75	4.75
8-9	2.50	4.25
9-10	2.50	4.00
10 +	use age-related rates until eligible to retire	

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

Age	Male Rate	Female Rate
25	1.50%	4.00%
30	1.50	4.00
35	1.50	3.50
40	1.50	2.30
45	1.59	1.50
50	2.04	2.00
55	3.44	2.50
59+	4.00	2.90

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.



Disability

None.

Medical Utilization

Police and Fire

80% of current active members will elect medical coverage at retirement.

Town and BOE Non-Certified

10% of current active members will elect medical coverage at retirement.

BOE Certified

80% of current active members will elect medical coverage at retirement.

Medicare Eligibility

80% of current Certified BOE members hired prior to April 1, 1986 and 100% of All Others are assumed to be Medicare Eligible.

Spousal Benefits

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

Healthcare Cost Trend Rates

6.50% in 2018, reducing by 0.2% each year to an ultimate rate of 4.60% per year for 2028 and later.

Prior: 7.6% in 2016, reducing by 0.5% each year to an ultimate rate of 4.6% per year for 2022 and later.

Dental is assumed to increase by 4.6% per year.

Health care trend rates reflect both the current and long-term outlook for increases in health care costs. The short term rates are based on recent industry surveys, plan experience and near-term expectations. The long term trend rate is based on our general inflation assumption plus an adjustment to reflect expectations for long-term medical inflation.

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

Medical Premiums (Monthly)

	Employee	Employee Plus Spouse
Town, Police and Fire HDHP	948.63	1,896.76
Town PPO	1,444.42	2,954.01
BOE	905.17	1,810.35
Town Dental	32.42	68.37

Allocation rates were used as the basis for per capita costs. The average rate was derived by reflecting participation among the various plans offered by the employer.



Expected Claim Costs

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.

For plans integrated with Medicare, the post Medicare eligible premium is assumed to be unaffected by age.

The per capita claims method was changed to reflect a more recent study and to better reflect anticipated experience.

Patient Protection and Affordable Care Act (PPACA)

High Cost Plan Excise Tax ("Cadillac Tax"): Effective in 2022, there will be a 40% excise tax on per capita medical benefit costs in excess of certain thresholds, which (in 2018) are \$10,200 for single coverage and \$27,500 for family coverage for Medicare eligible retirees. Thresholds (in 2018) for retirees who are between ages 55 and 65 are \$11,850 and \$30,950 for single and family coverage respectively. After 2018, the thresholds are indexed by CPI (CPI +1% in 2018 only). CPI is assumed to equal the inflation assumption.

The impact of this future excise tax has been reflected in plan liabilities.

Other Requirements of 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.

Plan identification

Single-employer OPEB plan

Police

Eligibility for Medical and Dental Coverage

Age 48 and 20 years of service.

Retiree/Spouse Cost of Coverage

The Town shall pay 50% of the lesser of: (a) The actual health insurance premium cost or payment to a self-insurance fund during such period of retiree health insurance coverage or (b) The health insurance premium cost or payment to a self-insurance fund at the time of retirement increased by 5% on July 1 of each year following the year of retirement (the 5% increase is based on a compounded basis).

This benefit will terminate at the lesser of 144 months from the date of retirement or at the time the retiree becomes eligible for Medicare. Retiree and spouse may continue coverage until reaching Medicare eligibility by paying the full cost of the premium.

Plan of Coverage

Retiree has the option of electing either Century Preferred PPO or High Deductible plan w/HSA. For retirees electing the HDHP plan, the Town will reduce the cost-share paid by the retiree in the amount of 50% of the annual deductible that the Town then pays for active employees in equal monthly installments.

Life Insurance

None.

Fire

Eligibility for Medical and Dental Coverage

Hired prior to July 1, 2015: Age 50 and 25 years of service.

Hired on or after July 1, 2015: Age 52 and 25 years of service.

Retiree/Spouse Cost of Coverage

The Town shall pay 50% of the lesser of: (a) The actual health insurance premium cost or payment to a self-insurance fund during such period of retiree health insurance coverage or (b) The health insurance premium cost or payment to a self-insurance fund at the time of retirement increased by 5% on July 1 of each year following the year of retirement (the 5% increase is based on a compounded basis).

Hired prior to July 1, 2007: This benefit will terminate at the time the retiree becomes eligible for Medicare, spouse may continue coverage until they reach Medicare eligibility by paying the full cost of the premium.

Hired on or after July 1, 2007: This benefit will terminate at the lesser of 144 months from the date of retirement or at the time the retiree becomes eligible for Medicare. Retiree and spouse may continue coverage until reaching Medicare eligibility by paying the full cost of the premium.



Plan of Coverage

Retiree has the option of electing either Century Preferred PPO or High Deductible plan w/HSA. For retirees electing the HDHP plan, the Town will reduce the cost-share paid by the retiree in the amount of 50% of the annual deductible that the Town then pays for active employees in equal monthly installments.

Life Insurance

None.

Town

Eligibility for Medical and Dental Coverage

Defined Benefit Plan participants: Age 55 with 10 years of service or Rule of 80.
Defined Contribution Plan participants: Age 65

Retiree/Spouse Cost of Coverage

100% retiree-paid at all ages.

Plan of Coverage

Pre-65: Retiree has the option of electing either Century Preferred PPO or High Deductible plan w/HSA.

Post-65: Medicare Coordinated or Medicare Supplement Plans.

Life Insurance

None.

BOE Non-Certified

Eligibility for Medical and Dental Coverage

Participants in either the Defined Benefit Plan or Defined Contribution Plan may continue health coverage if retirement from the board occurs at age 62 or older.

Retiree/Spouse Cost of Coverage

100% retiree-paid, coverage is pre-65 only.

Secretaries eligible for retirement who were employed by the Board for at least 15 years shall receive from the Board \$900 annually for the purpose of purchasing medical insurance for a period not to exceed 5 years from the date of retirement. To be eligible for this benefit, the retired employee must provide annual satisfactory proof to the Board of his or her purchase of qualifying insurance benefits.

Plan of Coverage

High Deductible plan w/HSA.

Life Insurance

None.



BOE Certified (Teachers and Administrators)

Eligibility for Medical and Dental Coverage

Age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service.

Retiree/Spouse Benefit

100% retiree-paid at all ages.

Teachers hired prior to July 1, 2017 who retire from the Board with at least 15 years of service shall receive from the Board \$1,300 annually for the purchase of health insurance from the time the retired employee attains age 60 or retires, whichever is later, for the lesser of 5 years or age 65. To be eligible for this benefit the retiree must provide annually satisfactory proof of their purchase of insurance benefits.

Administrators hired prior to July 1, 2013 who retire from the Board with at least 15 years of service shall receive from the Board \$5,000 annually for the purchase of health insurance, \$1,000 annually to reimburse the retiree for the purchase of individual life insurance, \$500 every two years to reimburse the retiree for a medical exam or physical not covered by insurance and \$250 every two years to reimburse the retiree for vision care expenses. These benefits are for lesser of any 5 year period from the time the employee retires or until they attain age 65. To be eligible for this benefit the retiree must provide annually satisfactory proof of their purchase of insurance benefits or expenses incurred.

Plan of Coverage

High Deductible plan w/HSA. If hired prior to April 1, 1986 and not eligible for Medicare, the retiree may continue to elect coverage in a pre-65 medical plan.

Life Insurance

None.

FINANCE DEPARTMENT

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TOWN HALL

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Wilton, Connecticut 06897

2020 Proposed Meeting Dates – Other Post-Employment Benefits Board of Trustees Committee

February 5

May 6

August 5

November 4

Meetings to start at 7:00PM in Meeting Room B

Approved at 12/12/19 OPEB Meeting