

FINANCE DEPARTMENT

Tel (203) 563-0114

Fax (203) 563-0299



TOWN HALL

238 Danbury Road

Wilton, Connecticut 06897

MINUTES

Wilton Pension Trust

August 2, 2010

Special Meeting

7:00 PM

Meeting Room "B"

Present: Bill Brennan, Susan Bruschi, Ted Hoffstatter, Hal Clark, Jim Meinhold

Absent: Richard Creeth, Dick Dubow

Guests: Bob Kelso, Warren Serenbetz, Sandra Dennies, Ken Post, Sarah Taffel, Ron Schlee

The Retirement Trust was called to order by Bill Brennan at 7:00 p.m. The Special Meeting was called to allow Hooker & Holcombe to review the calculations that they had made based upon the request of the Trust at their prior meeting. A copy of the schedule Ron Schlee reviewed is attached.

Ron Schlee indicated that the actuary used a 7.8% interest earning and 4.5% salary increase (including steps, promotions, etc.) to develop the July 1, 2009 valuation. It took into consideration turn over, retirement, and disability assumptions in the conduct of that valuation. The sheet indicates that for every .10% diminished interest earning, that the contribution increases by \$140,000. For each 0.5% reduction in the salary increase assumptions, there is a reduction of approximately \$222,000.

Ron Schlee reviewed page 2 of the handout indicating that in Wilton, if our contribution goes below 85% that the Town has agreed it will move from a 15% additional contribution to a 20% additional contribution to the contribution calculated for the Town by the actuary. He then distributed a chart which described the term "present value" such that the lesser the earnings assumption, the greater the present value and the greater the earnings assumption, the lesser the present value. As indicated in the second page, the contribution increases when the earnings fall short, however, it begins to decrease when the salary parameter is reduced.

Bill Brennan then indicated that inflation would affect the contribution to which Ron Schlee indicated that inflation was calculated into the 4.5%. The discussion then focused on the use of a 7.7% earning as opposed to an 8.0% earning which appears to be more typical of many towns and industries. Bob Kelso reviewed our Vanguard Retirement Trust interest earnings over the past several years. Warren Serenbetz provided information on what was presented regarding more realistic earnings of less than 7.0% at a Vanguard conference that he recently attended in New York to which Bill Brennan indicated that he did not think we were out of the ballpark by using the 7.8% that our local Vanguard representatives had indicated that they were capable of achieving over the long term.

Hal Clark said that he was interested in the salary rate that is used and the public perception of the 4.5% parameter. Warren indicated that Alternative #2 may be more appropriate however, if it begins to be viewed as a problem, then we may need to address the issue with a large contribution. Ted Hoffstatter inquired with Sarah Taffel about the impact of the use of Alternative #2 to which Sarah replied that it would have no immediate impact on the union negotiations.

Discussion ensued to which it was determined that the use of 7.7% and 4.0% was more appropriate and that Hooker and Holcombe should move forward and use those parameters for their July 1, 2010 valuation. A unanimous vote was then taken to confirm that decision on the part of the Trust.