

**Pension Board
Minutes
Special Meeting
December 9, 2014**

CALL TO ORDER

Chairman Jim Lavin called the Pension Board meeting to order at 7:00 p.m. at the Town Hall, Trumbull, Connecticut.

Members present were as follows:

PRESENT

James Lavin
Donna Pellitteri
Maria Pires
James Daly
James Meisner
Michael Knight

ABSENT

John Ponzio

Also present: Chris Kachmar, FIA; Brian Hartman, BPS&M; Gina Acri, Wells Fargo; James Haselkamp

Mr. Hartman reviewed the July 1, 2014 Actuarial Valuation results with the Pension Board, as follows:

Assumptions Used:

- The Actuarial Valuation is a snapshot of retirement plan as one point in time.
- 7.5% assumed rate of return on investments; 3.5% salary increases, dropped from 4.0% in 2012.
- Unisex Pension 1994 table.
- Retirement Rates - we do look at previous valuations; the retirement rates used were actually in line with the actual retirement ages and they do keep an eye on that.
- Termination rates.

Method used for determining the ARC:

- He indicated that they use the 3 year assets moving value; a 3 year smooth value of assets phases in the gains and losses in the market. With a 3-5 year smoothing period; we are in line with the best accounting practices.
- He indicated they used a 25 year open amortization period with 30 years being the maximum permitted; the best practice is 15-20 years and 25 years is appropriate for the valuation at this time. We can move toward the Amortization Methodology once the Pension is 40% funded.

Page 5 – Actual Copy of Page 1 of the Detailed Report

- The number of active participants is going to decrease as individuals retire, now that the plan is closed. There are 784 in the plan as follows: 376 are active; 68 are deferred vested; and 340 are receiving checks. There was a decline of 51 from the last valuation.
- The total accrued liability is in line with actual expectations. It has increased due to cost of participants accruing benefits over the last two years, people are a year older and value of obligation in plan is higher, and it is off-set by termination of employees who take their contributions, retirees that pass away and new retirees taking pension payments and being a year older.
- Annual Recommended Contribution (ARC): \$4,144,000; 24.4% percentage of covered payroll, which is lower than it has been over the last valuations. This should remain relatively level if the interest rates remain constant.

Pages 7-8 – Actual Valuation Scenarios

- Mr. Hartman went on to discuss the current valuation results vs. scenarios 1 and 2 on page 7, as requested by the Pension Board. He indicated that the assumptions selected by the Board were good ones.
- It was noted that the Police are 70% funded and the Town is 35% funded; 80% is considered to be a healthy percentage and to get the Police Department to ARC would be in the \$3 million range, a \$1.5 million difference. The Police ARC is 2.9 and the Town is 4.1.

Page 9 – GASB 76 Results

- Mr. Hartman noted that GASB has completely overhauled their reporting requirements for municipal pension plans effective 6/30/2014 FYE. Their valuation is totally different from the one done by the actuaries. They are moving towards corporate requirements. You cannot control the methodology, it is prescribed. The biggest difference is how the discount rate is derived. The assumption of 7.5% is allowed so long as you have current assets available to fund benefits. The rest would need to be discounted at a 20 year municipal bond rate, 3.8% as of 6/30/2014. The blended rate is 5.01%. Using this methodology, the plan is 28.61% funded, and will be footnoted in the valuation. Under GASB 67, all municipalities will be equalized.

Page 13-20 – New Mortality Tables

- Only reflect corporate entities.
- Currently using RP 2000 and 94 GAM Tables.

Mr. Meisner moved, seconded by Ms. Pires, to accept the report presented by Mr. Hartman from BPS&M.

Vote: 6-0-0 motion carries

Mr. Daly moved, seconded by Ms. Pires, to adjourn the meeting.

Vote: 6-0-0 motion carries

Respectfully submitted,

Phyllis C. Collier
Pension Board Clerk