



Date: January 22, 2021

To: Vicki A. Tesoro, First Selectman

Subject: Pension Board Update

Below is a brief update on the performance, activities and initiatives for calendar year ending 2020.

**Executive Summary:**

(All numbers calendar year based)

- Beirne Wealth Consulting, LLC, (Beirne) provided investment advice to the Pension Board from 2017 through 2020.
- The biennial Actuarial Valuation as of July 1, 2020 was completed.
- Net cash flows for calendar year 2020 were positive as they were from 2015 through 2020.
- The fund returned a gain of 10.9% for 2020. This compares with the U.S. public pensions reported median returns of 13.49 %, as reported by Investor Force Public DB Net Universe.
- The funded ratio is 44.75%. It has continued to improve every year since 2014 when it was 35%.
- We continue to receive regular “flash reports” on how investments are performing and follow an annual governance calendar to guide quarterly meeting agendas.
- The Board approved an Amendment to the Plan. It provides for the beneficiary of a partially vested employee to receive the same death benefit options as the beneficiary of a fully vested employee.
- An Investment Policy Statement is in effect and the Board reviews it annually.

## **Pension Investments:**

The Investment returns for 2020 realized a gain of 10.09%, which was higher than the assumed return rate of 7.25%; the annualized 3 and 5-year results for this same period were 6.94% and 8.71% respectively.

Calendar Year	2020	2019	2018	2017	2016
Investment Performance	10.09%	18.76%	(6.62%)	15.6%	7.4%
Plans Assets (millions)	\$43.8	\$ 40.4	\$33.5	\$35.3	\$30.3
Town Contributions			\$ 5.1	\$ 4.6	\$ 4.2
a. Current			\$ 1.0	\$ 1.0	\$ 1.0
b. Make-up	\$5.6 (total)	\$5.6 (total)	\$ 4.1	\$ 3.6	\$ 3.2
Employee Contributions	\$.9	\$ 0.9	\$1.0	\$ 1.0	\$ 1.0
Less: Payments	\$5.7	\$ 5.8	\$5.5	\$ 5.2	\$ 5.0
Net Cash Flow (thousands)	\$143	\$ 622	\$541	\$341	\$250

Each quarter, the Pension Board along with the investment consultant review how the investment managers performed. We continue to review investments with our advisor and make changes to enhance investment returns with an acceptable level of risk.

## **Actuarial Report:**

Findley, the Plan actuary, performed the biennial valuation as of July 1, 2020. .See the chart below for previous valuation results:

	July 1, 2020	July 1, 2018	July 1, 2016	July 1, 2014
Participants				
Active	322	365	406	376
Deferred Vested	78	72	79	68
Receiving Benefits	381	372	355	340
Total	781	809	840	784
Total Liabilities	\$90,959,094	\$85,295,652	\$80,087,551	\$71,162,375
Actuarial Value of Assets	\$40,676,176	\$35,032,614	\$30,705,246	\$24,997,527
Funded Status (unfunded)	\$(50,282,918)	\$(50,263,038)	\$(49,382,305)	\$(46,164,848)
Funded Ratio	44.7%	41.1%	38.3%	35.1%

## **Operations:**

The Pension Board continued its quarterly schedule of meetings with special meetings, as needed.

The following governance schedule indicates the items reviewed at quarterly meetings, as required:

- Portfolio Investment Review and Market Environment Overview
- Administrative Fee and Portfolio Expense Analysis
- Investment Policy Review
- Legislative Update (as needed)
- Actuarial Review (biennial report)\*
- Market Environment

\*Timing of actuarial and liability review dependent on client's individual plan and/or fiscal year and actuarial input.

The Pension Board decided to decrease the 7.5% Assumed Rate of Return to 7.25%

There were no changes to the Pension Board membership during 2020.

The Pension Board understands the need for the administration to weigh all town financial concerns and it appreciates the ongoing support for the Retirement Plan. We welcome the opportunity to meet with you and accept ideas and recommendations for improvement.

Respectfully submitted,

The Pension Board

James Lavin  
Chairman

Anthony Musto

Maria Pires

Donna Pellitteri

James Daly

James Meisner

Patrick Clark  
Secretary