

**PENSION
BOARD**



Town Hall
5866 Main Street
Trumbull, Connecticut 06611

Date: April 25, 2023

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 2022.

Executive Summary:

(All numbers calendar year based)

- Beirne Wealth Consulting, LLC, (Beirne) provided investment advice to the Pension Board from 2017 through 2022.
- The biennial Actuarial Valuation as of July 1, 2022, was completed.
- Net cash flows for calendar year 2022 were negative but positive from 2015 through 2021.
- The fund returned a loss of 13.45% for 2022. This compares with the U.S. public pensions reported median returns of -14.1% as reported by Investor Force Public DB Net Universe.
- The funded ratio was 48%, as of the July 1, 2022 actuarial valuation. 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.

An Investment Policy Statement is in effect and the Board reviews it annually. This year the Board modified the Investment Policy to allow the total allocation to Inflation Protection & Alternatives assets to a high of 20% from the current limit of 10%. No other changes to the investment policy were made at this time.

Pension Investments:

The Investment returns for 2022 realized a loss of 13.45% which was lower than the assumed return rate of 7.25%; the annualized 3 and 5-year results for this same period were 2.42% and 3.60% respectively.

Calendar Year	2022	2021	2020	2019	2018
Investment Performance	(13.45%)	12.70%	10.09%	18.76%	(6.62%)
Plans Assets (millions)	\$42.5	\$50.9	\$43.8	\$ 40.4	\$33.5
Town Contributions					\$ 5.1
a. Current	\$4.0	\$5.3	\$5.3 (total)	\$5.6 (total)	\$ 1.0
b. Make-up					\$ 4.1
Employee Contributions	\$1.0	\$.8	\$.9	\$ 0.9	\$1.0
Less: Payments	\$6.3	6.0	\$5.7	\$ 5.8	\$5.5
Net Cash Flow (thousands)	(\$1.4)	\$1.04	\$511	\$ 622	\$541

Each quarter, the Pension Board along with the investment consultant reviews 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.

The following changes in investments were made by the Pension Board, based on the recommendations of Beirne, during 2022:

- Allocated \$1 M to Golub Capital
- Allocated \$1 M to Greywold Opportunities Offshore fund
- Allocated \$1 M to Silver Point Capital

Actuarial Report:

USI, the Plan actuary, performed the biennial valuation as of July 1, 2022. See chart below for previous valuation results:

	July 1, 2022	July 1, 2020	July 1, 2018	July 1, 2016
Participants				
Active	263	322	365	406
Deferred Vested	85	78	72	79
Receiving Benefits	<u>400</u>	<u>381</u>	<u>372</u>	<u>355</u>
Total	748	781	809	840
Total Liabilities	\$99,472,897	\$90,959,094	\$85,295,652	\$80,087,551
Actuarial Value of Assets	\$47,710,223	\$40,676,176	\$35,032,614	\$30,705,246
Funded Status (unfunded)	(\$51,762,674)	(\$50,282,918)	(\$50,263,038)	(\$49,382,305)
Funded Ratio	48.0%	44.7%	41.1%	38.3%

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.

For the 2022 actuarial valuation, the Board approved the implementation of the 2020 mortality tables utilizing scale MP-2021. In addition, they also approved the change to the asset valuation smoothing method from recognizing gains or losses over 3 year to 5 years.

There were no changes to the Pension Board membership during 2022.

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

Patrick Clark
Chairman

Anthony Musto

Maria Pires

Donna Pellitteri

James Daly

James Meisner
Secretary

Eric Paulson