



CONSULTING GROUP

Town of Trumbull Retirement Plan

Actuarial Valuation Report as of July 1, 2024, for the
Town of Trumbull Retirement Plan

July 1, 2024



USI Consulting Group
5301 Virginia Way
Suite 400
Brentwood, TN 37027
www.usicg.com
Tel: 615.665.1640

January 21, 2025

Ms. Maria Pires
Director of Finance
Town of Trumbull
5866 Main Street
Trumbull, CT 06611

Dear Ms. Pires:

Re: Actuarial Valuation as of July 1, 2024

Attached please find our report that presents the final results of our actuarial valuation of the Town of Trumbull Retirement Plan for the Plan year beginning July 1, 2024. The purposes of this report are:

- To present the basic valuation results; and
- To determine the actuarially determined contribution to the Plan.

Highlights of the valuation are outlined in the Summary of Results section of the report. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink that reads "S. Kevin Sullivan, F.S.A." The signature is fluid and cursive, with "S. Kevin" on the first line and "Sullivan, F.S.A." on the second line.

S. Kevin Sullivan, F.S.A.

Table of Contents

Summary of Results	1
Valuation Results	1
Participant Summary	1
Commentary	2
Actuarial Certification	3
Actuarially Determined Contribution (“ADC”)	5
Allocation of ADC by Department	5
Normal Cost and Amortization of Unfunded Liability	6
Valuation Assets	7
Actuarial Basis.....	8
Summary of Principal Plan Provisions	8
Summary of Actuarial Cost Methods	11
Summary of Actuarial Assumptions	12
Summary of Participant Data	14

Summary of Results

This report contains the results of our actuarial valuation of the Town of Trumbull Retirement Plan. The valuation was performed as of July 1, 2024 for the Plan year ending June 30, 2025. A summary of primary results is given below.

Valuation Results

	July 1, 2024	July 1, 2022	July 1, 2020
Market Value of Assets	\$ 52,152,766	\$ 43,381,220	\$ 38,579,025
Actuarial Value of Assets	52,120,490	47,710,223	40,676,176
Entry Age Actuarial Liability	104,932,862	99,472,897	90,959,094
Funded Ratio	49.7%	48.0%	44.7%
Normal Cost	\$ 643,000	\$ 659,000	\$ 700,000
Actuarially Determined Contribution	5,897,000	5,613,000	5,299,000
- Percent of covered payroll	45.2%	39.5%	32.2%

Participant Summary

Number of Participants	July 1, 2024	July 1, 2022	July 1, 2020
- Active participants	221	263	322
- Former employees due benefits	87	85	78
- Retirees and beneficiaries	418	400	381
- Total participants	726	748	781
- Covered payroll	\$13,051,000	\$14,224,000	\$16,460,000

Commentary

The Actuarially Determined Contribution (“ADC”) for the Plan year beginning July 1, 2024 increased from the ADC determined at the prior valuation by \$284,000. This increase was attributable to the updating of the discount rate assumption from 7.25% to 7.00%, as described in the Summary of Actuarial Assumptions section of the report. In the absence of the assumed discount rate change, the ADC would have increased by approximately \$71,000.

There was a decrease in the total number of Plan participants; however, the number of inactive participants increased. Town contributions during the Plan year ended June 30, 2024 added \$5,613,000 to trust holdings. The actuarial value of assets and market value of assets returned 11.6% and 11.8% respectively during the Plan year ended June 30, 2024, compared to the prior assumed rate of return on the actuarial value of assets of 7.25%.

The financing objective of the Plan is to fully fund all current costs based on the normal contribution rate payable by the Town, and to amortize the unfunded accrued liability as a level dollar amount over the closed amortization period of 25 years that began in 2016. The ADC described within this report is determined to be sufficient to support the benefits of the Plan and achieve the financing objective set forth above.

Actuarial Certification

Purpose and Use

This report has been prepared exclusively for Town of Trumbull to determine an appropriate contribution level for the Plan. USI Consulting Group is not responsible for consequences resulting from the use of any part of this report without prior authorization and approval. Determinations for other purposes, such as judging benefit security upon plan termination, may be significantly different from the results shown in this report. This report provides actuarial advice and does not constitute legal, accounting, tax, or investment advice.

Data

The actuarial valuation shown in this report has been prepared using employee data and plan documentation furnished by Town of Trumbull as of July 1, 2024, and plan assets furnished by the trustee for the twelve month period ending June 30, 2024. While we have not audited the data, we have reviewed it for reasonableness and internal consistency, and to the best of our knowledge, there are no material limitations to the data provided. A summary of the plan provisions can be found in the Actuarial Basis section of this report.

Assumptions, Methods and Procedures

The actuarial calculations contained in the report are built on deterministic actuarial modeling, making a single determination of liabilities and costs. Further, these actuarial calculations are based on a combination of demographic and asset data, as well as assumptions concerning future changes in these data. As such, the actuarial calculations contained herein are an estimate of projected future occurrences.

Regulatory Issues

The determinations of this report have been prepared based on applicable law, final and proposed regulations, and other regulatory guidance provided by the Internal Revenue Service and the Department of Labor. Events such as the enactment of technical corrections to current law, issuance of final regulations, and other guidance may impact the determinations of this report. USI Consulting Group reserves the right to reissue this report should such events materially impact the determinations found in this report.

Professional Qualifications

This report has been prepared under the supervision of S. Kevin Sullivan, a member of the American Academy of Actuaries, a Fellow of the Society of Actuaries, and a consulting actuary with USI Consulting Group of Brentwood, Tennessee, who has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein. To the best of our knowledge this report has been prepared in accordance with generally accepted actuarial standards, including the overall appropriateness of the analysis, assumptions, and results and conforms to appropriate Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis for the actuarial report. We are not aware of any direct or material indirect financial interest or relationship, including investment management or other services that could create, or appear to create, a conflict of interest that would impair the objectivity of our work.

S. Kevin Sullivan, F.S.A. _____
S. Kevin Sullivan _____
Fellow, Society of Actuaries
Enrolled Actuary No. 23-06235 _____
January 21, 2025 _____
Date _____

Actuarially Determined Contribution (“ADC”)

The Actuarially Determined Contribution for the Plan year beginning July 1, 2024 is based on the Plan's normal cost plus an amortization amount for unfunded actuarial liability. The Actuarially Determined Contribution includes interest through the end of the 2024-25 Plan year.

Normal Cost	\$643,000
Amortization of Unfunded Liability	5,055,000
Interest	<u>199,000</u>
Actuarially Determined Contribution	\$5,897,000

Allocation of ADC by Department

The Actuarially Determined Contribution is allocated to departments relative to the plan compensation amounts of those departments, as follows:

	Compensation	ADC Allocation
Board of Education		
A: Teachers Aides	\$ 2,110,000	\$ 982,000
C: Custodians	2,594,000	1,207,000
L: Lunch Program	409,000	190,000
S: Supervisors, Dept. Heads, Non-Represented	487,000	227,000
T: Secretaries	<u>1,269,000</u>	<u>591,000</u>
Sub-Total	\$ 6,869,000	\$ 3,197,000
Town		
H: Highway Local 1303	\$ 2,172,000	\$ 1,010,000
M: Municipal Association	330,000	154,000
N: Nurses	303,000	141,000
S: Supervisors, Dept. Heads, Non-Represented	2,471,000	1,150,000
Y: Administrators	<u>526,000</u>	<u>245,000</u>
Sub-Total	\$ 5,802,000	\$ 2,700,000
Total	\$ 12,671,000	\$ 5,897,000

Normal Cost and Amortization of Unfunded Liability

The Actuarially Determined Contribution would equal the normal cost plus interest if there were no unfunded actuarial liability. Unfunded actuarial liability and normal cost are determined under the Plan's funding method. Additional unfunded liability for changes in Plan provisions, or actuarial methods, as of the valuation date is amortized as a level dollar amount over a closed future period.

	July 1, 2024	July 1, 2022
Present Value of Future Benefits	\$112,903,313	\$108,207,347
Actuarial Value of Assets	(52,120,490)	(47,710,223)
Unfunded Actuarial Liability	<u>(52,812,372)</u>	<u>(51,762,674)</u>
Present Value of Future Normal Costs	\$7,970,451	\$8,734,450
Normal Cost, Gross	1,256,000	1,329,000
Employee Portion	(613,000)	(670,000)
Normal Cost, Net of Employee Contributions	643,000	659,000

Amortization Schedule:

- Unfunded Actuarial Liability	\$ 52,812,372	\$ 51,762,674
- Amortization Factor (17 / 19 years)	10.446649	10.880097
- Annual Amortization	<u>\$ 5,055,000</u>	<u>\$ 4,758,000</u>

Town of Trumbull Retirement Plan

July 1, 2024

Valuation Assets

The development of Valuation assets is shown below.

	2023/2024	2022/2023
Market Value of Assets, Beginning of Year	\$ 47,085,579	\$ 43,381,220
Employer contributions	5,613,000	5,325,000
Employee contributions	715,953	754,868
Benefit Payments	(6,629,859)	(6,364,595)
Contribution Refunds	(81,106)	(52,093)
Administrative Expenses	(84,186)	(81,966)
Net Investment return	<u>5,533,385</u>	<u>4,123,145</u>
Market Value of Assets, End of Year	\$ 52,152,766	\$ 47,085,579
 Rate of Return		
Market Value	11.8%	9.6%
Actuarial Value	11.6%	-0.3%
 Investment Gain/(Loss)		
Expected return at 7.25% Interest	\$ 3,396,805	\$ 3,129,957
Actual return	5,533,385	4,123,145
Investment (gain)/loss	(2,136,580)	(993,188)
 Actuarial Value of Assets	<u>July 1, 2024</u>	<u>July 1, 2023</u>
Market value of assets	\$ 52,152,766	\$ 47,085,579
80% prior year (gain)/loss	(1,709,264)	(662,125)
60% second prior year (gain)/loss	(595,913)	3,123,324
40% Third Prior Year (Gain)/Loss	3,747,989	(2,950,177)
20% Fourth Prior Year (Gain)/Loss	<u>(1,475,088)</u>	<u>550,416</u>
Actuarial Value of Assets	\$ 52,120,490	\$ 47,147,017
 Historical Investment (Gain)/Loss		
2021/2022	9,369,972	
2020/2021	(7,375,442)	
2019/2020	2,752,081	

Actuarial Basis

This summary is not a Summary Plan Description or a Plan document. You should not rely solely on this summary in making a determination of eligibility for the Plan or its benefits.

Summary of Principal Plan Provisions

Effective Date:	The original effective date is July 1, 1973; amended and restated effective July 1, 2015.
Eligibility:	Previously, all full-time employees not otherwise covered by a plan to which the Town makes a contribution. At its August 2011 meeting, the Trumbull Town Council took action to close the plan to new entrants at various future dates. No employees hired in the future are eligible for this plan.
Service:	Continuous employment with the Town. A period of six months or more but less than one year shall be deemed to be a full year of service; a period of less than six months shall be disregarded. Service will not be credited without corresponding employee contributions for participants who, prior to current plan, did not contribute when first eligible.
Normal Retirement Age:	Later of age 62 and 10 th anniversary of service, or age 60 and age plus service is at least 85.
Normal Retirement Benefit:	A monthly benefit equal to the number of years of service (maximum of 30) multiplied by 2.00% of his average monthly compensation, determined as his average base compensation during the 36 consecutive calendar months preceding his retirement date (or other date of calculation) which produce the highest average. The minimum annual pension is \$1,200.
Early Retirement Benefit:	On termination of employment on or after age 55 with at least 10 years of service, a monthly benefit is payable computed in the same manner as the normal retirement benefit. If payment commences prior to normal retirement age, the immediate benefit is reduced at the rate of 0.5% for each month by which the early retirement date precedes the member's normal retirement date.
Disability Retirement Benefit:	A participant who becomes Social Security disabled after completing 10 years of Service shall be entitled to a monthly benefit, payable immediately and during his continued disability. The amount of the monthly benefit shall be 100% of the participant's deferred accrued benefit, calculated as of the date of his disability. If the disability is work related, the 10 year service requirement does not apply, and the minimum benefit will be 66-2/3% of salary at time

of disability. In no event will the pension benefit plus workers compensation and social security disability benefit exceed 100% of salary at time of disability.

Termination Benefit:

If a participant terminates employment after completion of 5 or more years of service, he is entitled to a deferred vested benefit to commence at his normal retirement date, or age 62 if earlier. The amount of the benefit is computed in the same manner as the deferred benefit for normal retirement described above, with the computation being made as of his date of termination, and is multiplied by the vesting percentage in the following table:

Years of Service	Vesting Percentage
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

Employee contributions must remain in the Plan or vested benefit will be forfeited. A cash refund of contributions with credited interest to the date of termination is made to non-vested terminations and vested terminations who agree to forfeit retirement benefit.

**Death Benefit
(Prior to Retirement):**

Employee contributions will be paid with credited interest to date of death. In addition, the Pension Board will maintain a \$25,000 term life insurance policy for each participating employee (not part of pension plan).

Beneficiaries of fully vested deceased participants have the option to receive 120 months of retirement benefits at the deceased participant's normal retirement date. To receive this benefit, however, the beneficiary may not receive the participant's employee contributions with interest, and must assign the proceeds from the \$25,000 life insurance policy to the pension plan.

Forms of Benefit Payment:

Optional payment forms available include 120 months certain and life annuity, 100% joint and survivor annuity, and 66 2/3% joint and survivor annuity.

Participant Contributions:

Each participant contributes to the plan at rates varying from 3.5% to 6.0% of earnings depending on Town/BOE contract. Interest is credited at the rate of 5.0% per year compounded annually.

Employer Contributions:

Town of Trumbull contributes actuarially determined amounts to finance the plan benefits not provided by participant contributions.

Town of Trumbull Retirement Plan

July 1, 2024

Plan Funding:	All contributions are held in a tax-exempt trusts custodied by Principal and ALPS Holdings, Inc.
Changes from Prior Year:	None.

Summary of Actuarial Cost Methods

Actuarial Valuation Method

Entry Age Normal (level percentage of pay)

Asset Valuation Method

The actuarial value of assets used in the development of plan contributions phases in recognition of gains and losses (the difference between actual and expected asset value). Gain and losses are recognized over a five-year period at 20% per year.

Amortization Method

Level dollar, closed period

Changes from Prior Year

None

Summary of Actuarial Assumptions

Unless noted below, all assumptions are a combination of estimated future experience and estimates inherent in market data or plan experience.

Mortality Rates

PubG-2010 Mortality Table with adjustments for future mortality improvements utilizing Scale MP-2021 projected generationally from the base year of 2010

Withdrawal Decrement

Age	Males	Females
20	7.94%	7.94%
25	7.72%	7.72%
30	7.40%	7.40%
35	6.86%	6.86%
40	6.11%	6.11%
45	5.16%	5.16%
50	3.62%	3.62%
55	1.37%	1.37%
60	0.13%	0.13%

Disability Decrement

0.25% per year at each age (non-occupational)

Rate of Retirement

Age	Rate
55-59	3.00%
60-64	10.00%
65-74	20.00%
75-79	25.00%
80+	100.00%

Salary Scale

3.50% per annum

Discount Rate/Rate of Investment Return

7.00% per annum

Other Assumptions

85% of participants are married with spouses assumed to be 3-years younger for male participants and 3-years older for female participants

Changes from Prior Year

The discount rate assumption was changed from 7.25% to 7.00%.

Town of Trumbull Retirement Plan

July 1, 2024

Summary of Participant Data

Distribution of Active Participants and Average Compensation

Age Group	Years of Service										TOTAL
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-UP		
1-24	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0
30-34	0	1	1	0	0	0	0	0	0	2	
	0	68,623	40,929	0	0	0	0	0	0	54,776	
35-39	0	1	2	2	0	0	0	0	0	5	
	0	56,841	76,444	56,726	0	0	0	0	0	64,636	
40-44	0	0	7	0	0	0	0	0	0	7	
	0	0	75,620	0	0	0	0	0	0	75,620	
45-49	0	0	2	7	2	1	0	0	0	12	
	0	0	63,454	54,067	106,595	100,494	0	0	0	68,255	
50-54	0	0	10	10	5	5	0	0	0	30	
	0	0	48,547	58,899	65,502	77,850	0	0	0	59,707	
55-59	0	0	15	16	14	4	0	4	0	53	
	0	0	47,279	50,525	57,752	96,279	0	73,669	0	56,715	
60-64	0	3	9	22	16	5	4	8	1	68	
	0	58,624	46,160	48,360	50,951	56,411	63,231	81,278	63,846	54,699	
65-69	0	2	4	6	9	9	1	2	1	34	
	0	69,031	82,283	52,335	58,456	51,839	65,810	66,185	81,668	60,403	
70-UP	0	0	2	1	0	4	0	2	1	10	
	0	0	91,959	91,581	0	60,286	0	71,267	103,581	76,276	
TOTAL	0	7	52	64	46	28	5	16	3	221	
	0	62,771	57,177	52,482	58,490	66,593	63,747	76,238	83,032	59,340	

Distribution of Inactive Participants with Average Annual Benefit

Attained Age	Retirees and Beneficiaries		Former Employees Due Benefits		
	Number	Average Annual Benefits	Number	Average Annual Benefits	Average Refund of Contributions
Under 30	1	4,708	1	872	
30 to 34			1	2,157	
35 to 39			2	6,172	
40 to 44	1	11,232	2	4,700	
45 to 49	1	11,188	8	14,828	387
50 to 54			14	8,308	334
55 to 59			20	11,819	
60 to 64	22	17,761	16	7,379	
65 to 69	75	18,898	12	8,968	
70 to 74	88	18,721	4	1,147	
75 to 79	96	16,781	3	5,800	
80 to 84	61	13,176	1	2,592	
85 to 89	43	12,393	2	2,305	
90 to 94	22	9,401			
95 & up	8	4,978	1	955	
Total	418	15,974	87	8,643	89

* Four beneficiaries with unidentified ages and receiving certain benefits only are shown in the 65 to 69 age grouping.