

**Pension Board
Minutes
April 26, 2016**

CALL TO ORDER

Chairman Jim Lavin called the Pension Board meeting to order at 6:30 p.m. at the Town Hall, Trumbull, Connecticut.

Members present were as follows:

PRESENT

James Lavin
Donna Pellitteri
Michael Knight
Maria Pires
Anthony Musto
James Daly
James Meisner (entered at 6:45)

ABSENT

Also present: Brad Fisher, FSA, EA, MAA, BPS&M

BPS&M Presentation – Review Valuation and Assessment Options – Brad Fisher, FSA, EA, MAA

Mr. Fisher indicated that he wanted to address the following:

- Information regarding our next Valuation
- Experience Study– what it is and considerations
- Results for the prior Valuation done in 2014

When we talk about doing an Actuarial Valuation, there are actually 3 separate Valuations. The Governmental Standards Accounting Board has requirements for the following:

- Plan's Financial Reporting
- Town Financial Reporting
- Valuation to determine the Actuarially Determined Contribution

GASB prescribes a certain funding method for the Financial Reporting.

- Actuarial Cost Method – Projected unit Credit
- Asset Valuation Method – Smoothed Asset Value
- Amortization Method – For funding purposes, amortized over a 25 year open period (each year we start with a new 25 year amortization period); a level amortization with a target of 90% of the accrued liability.

BPS&M is recommending the following changes in the Actuarial Methods, which do not have to be implemented, since they are only recommendations:

- Amortization Target: Change from funding 90% of Accrued Liability to 100%, since 100% of liability must be paid.
- Amortization Period: Change from a 25-year open period to a 25 year closed period, since it is best practice; there is no immediate effect and there is an advantage for financial reporting.
- Actuarial Cost Method: Change from a Projected Unit Credit to an Entry Level % of Pay, since it is consistent with GASB financial reporting.

He went on to add that this is a long-term plan and we are modeling the plan so it will fluctuate. We keep measuring the liabilities every other year, so we know what we are moving towards, and as we go forward there is less uncertainty and more certainly, especially now that the Plan is closed to new entrants.

He then moved on to discuss the Actuarial Assumptions currently being used. Reduction of salary from 3.5% to 2.5% was discussed. A 1% reduction would be noticeable. Salary increases will be limited to current employees. The Assumption of 7.5% per year for Assumed Return on Plan Assets appears to be a bit ambitious. All Assumptions will impact the ARC.

He went on to explain that an Experience Study will allow you to see what has been happening so you can adjust your Assumptions accordingly. It would seem best practice to perform a study to justify the Assumptions you are using. We would have 5-6 years to study. The study is more relevant with a larger plan. Trumbull is a small town and you can look at experience, retirement rates and turnover. Past experience is not always an indicator of what will occur in the future.

In addition he noted that the Assumptions made will not determine the actual cost of your plan. The actual cost is going to be determined on what people are actually paid, when they actually retire and how long they actually collect. Assumptions only affect the plan when you are putting money in.

The Board decided to make the necessary decisions and will get back to him.

Overpaid Pension Update – Letter from Robert Nicola, Esq.

- The Board decided not to continue pursuing Mr. Ladzinski.
- The Board decided to continue to accept payments from Ms. Teasley and take no further action.

Approval of Pension Benefits

| | | |
|-----------------------------|-----------|------------|
| JoAnn Verespej | 4/1/2016 | \$2,478.50 |
| Rosemary Rotzal | 2/1/2016 | \$2,997.37 |
| Margaret Cook (Beneficiary) | 10/1/2016 | \$2,064.87 |
| Kenneth J. Mair | 5/1/2016 | \$2,228.21 |

Approval of Contribution Distributions

| | | |
|------------------------------------|------------|------------|
| Theresa J Kliczewski (Beneficiary) | 10/28/1992 | \$8,217.97 |
| Laura Heyder | 8/01/2014 | \$2,044.87 |
| Stephen Kosisko | 8/28/2015 | \$3,155.53 |

Ms. Pries moved, seconded by Mr. Meisner, to approve the Pension Benefit and Contribution Distribution requests.

Vote: 7-0-0

Approval of Minutes

Mr. Meisner moved, seconded by Mr. Knight, to approve the minutes of the January 28, 2016 meeting as presented.

Vote: 7-0-0

Annual Letter to the First Selectman

It was decided to review the existing letter and send comments to the Clerk to compile. The Chairman will do a rough draft, etc. for approval and eventually for presentation to the Town Council

Other Business

- Consultants – FIA always does a good job; good reporting; Mr. Kachmar is very conscientious. The Board felt that it was time to put out a bid for RFQ for consultants; we haven't gone out since 2014; we did not contact anyone after we went out in 2014. We never went out to interview, so we may contact those individuals.

Mr. Meisner moved, seconded by Ms. Pires, that we seek bids for renewing our consulting contract.

Vote: 7-0-0

The Board then discussed the report Mr. Fisher had presented with his recommendations. The 25 year closed seemed to make the most sense and 100% of the liability rather than 90%. It was decided to have Mr. Fisher prepare Valuations using those recommended Assumptions, along with the Assumptions used in the last Valuation. The Valuations will then be reviewed to see what the impact to the ARC will be prior to making any final changes to the Assumptions; we will be leaning towards his recommendations.

The Experience Study was put off until after the next Valuation.

Adjournment

By unanimous consent, the meeting adjourned at 8:07 pm.

Phyllis C. Collier - Pension Board Clerk