

**TOWN OF TRUMBULL
PENSION BOARD
Special Meeting
November 30, 2022**

In accordance with Sec. 1-19 of the General Statutes Right-to-Know Law, the Pension Board will have a virtual meeting on Wednesday, November 30, 2022 at 7:00 P.M. via Zoom.

Pension Board Special Meeting

Nov 30, 2022 7:00 PM

<https://us06web.zoom.us/j/85891720812?pwd=RDJ3eHlwY1RTQjdGU2g4SmcvdFA5QT09>

Webinar ID: 858 9172 0812

Password: 111646

Join by telephone: (646) 931-3860 or (833) 548-0276 (Toll Free) / Webinar ID: 858 9172 0812

A G E N D A

Call to Order

2022 Preliminary Valuation Presentation: Brad Fischer, FSA

Adjournment

Town of Trumbull Retirement Plan

July 1, 2022 Review

Brad Fisher, FSA
November 30, 2022

Kevin Sullivan, FSA



Purpose

- Review preliminary July 1, 2022 valuation results
 - Process
 - Comparison to prior year results
 - Plan funded status
 - Actuarially Determined Contribution
 - Results with alternative assumptions
 - Selection of assumption set by Board

Valuation Overview

Input	Responsible Party
Plan Terms	Town of Trumbull
Census Data	Town of Trumbull/Principal
Plan Assets	Beirne/Principal/Town of Trumbull
Actuarial Methods	Town of Trumbull/USI/GASB
Actuarial Assumptions	Town of Trumbull/USI/GASB

Actuarial Valuation(s)

In fact, three valuations are required.

Purpose	Funding	Town's Financial Reporting	Plan's Financial Reporting
Authority	Local/State Law	GASB Statement 68	GASB Statement 67
Frequency	Bi-annual	Bi-annual	Bi-annual
Actuarial Cost Method	Entry-Age Level% of Pay *	Entry-Age Level% of Pay	Entry-Age Level% of Pay
Asset Valuation Method	Smoothed Asset Value	Market Value	Market Value
Amortization Method	Level dollar, closed 25-year period, based on 100% of accrued liability *	Level dollar, closed variable period, based on 100% of accrued liability	N/A

* Modified in 2016

Actuarial Assumptions for Prior Valuation

Assumed Return on Plan Assets	7.25% per annum
Mortality Table	Unisex Pension 1994 with Improvement Projected Through Current Year
Assumed Salary Increases	3.50% per annum
Employee Turnover Rates	Low
Retirement	Graded Rates from Age 55 to 80

Summary Valuation Results - Preliminary

	<u>July 1, 2022</u>	<u>July 1, 2020</u>	<u>July 1, 2018</u>
Number of Participants			
- Active participants	263	322	365
- Former employees due benefits	85	78	72
- Retirees and beneficiaries	<u>400</u>	<u>381</u>	<u>372</u>
- Total participants	748	781	809
- Covered payroll	\$14,224,000	\$16,460,000	\$17,938,000

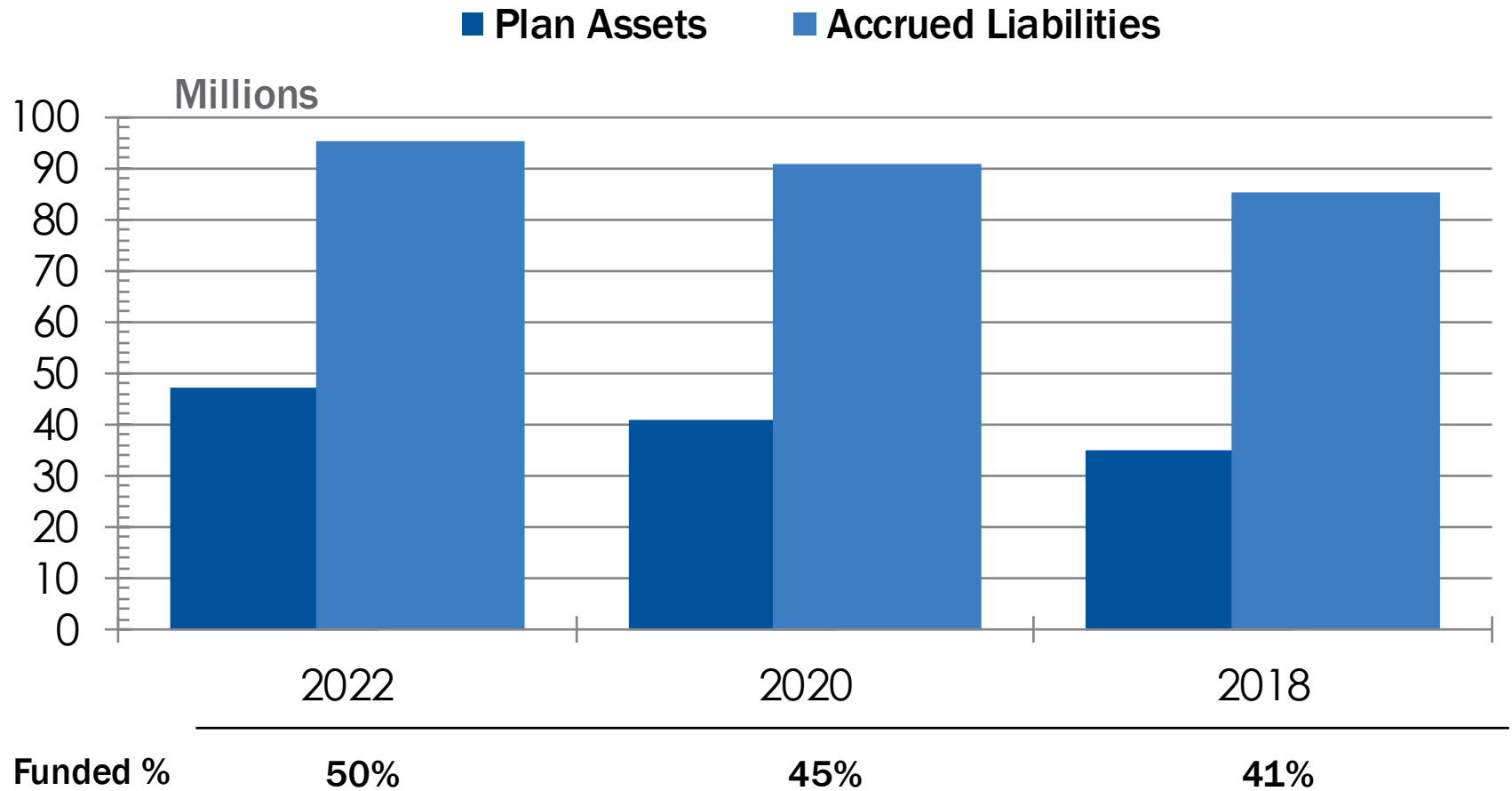
Summary Valuation Results - Preliminary

	<u>July 1, 2022</u>	<u>July 1, 2020</u>	<u>July 1, 2018</u>
Market Value of Assets	\$ 43,381,220	\$ 38,579,025	\$ 35,368,617
Actuarial Value of Assets	47,169,387	40,676,176	35,032,614
Entry Age Actuarial Liability	95,084,098	90,959,094	85,295,652
Funded Ratio	49.6%	44.7%	41.1%
Normal Cost	\$ 586,000	\$ 700,000	\$ 711,000
Actuarially Determined Contribution	5,171,000	5,299,000	5,227,000
- Percent of covered payroll	36.4%	32.2%	29.1%

Note that 2022 results are based on prior valuation assumptions (with mortality improvement through the current valuation date).

Plan Funded Status - Preliminary

JULY 1



Plan Funded Status - Preliminary

	Town of Trumbull Plan	73 Public Municipal Plans*
2022 Funded Status	50%	N/A
2020 Funded Status	45%	71%
2018 Funded Status	41%	73%
2016 Funded Status	38%	67%
Assumed Discount Rate	7.25%	7.00%

* 2022 Wilshire Report on City and County Retirement Systems

Actuarially Determined Contribution

	Status Quo	Update Mortality Assumption	Also Decrease Discount Rate to 7.00%
Normal Cost	\$586,000	\$659,000	\$730,000
Unfunded Liability Amortization (by 2041)	4,404,000	4,807,000	\$4,938,000
Interest Adjustment	181,000	198,000	198,000
Total	\$5,171,000	\$5,664,000	\$5,866,000

To finalize the report, we need direction from the Pension Board and Town about the selection of the assumptions.

Role of Actuarial Assumptions

- Actuarial assumptions will affect how the plan's liabilities are measured for financial reporting and for determining funded levels.
- Actuarial assumptions do not determine the actual cost of operating the plan. That is affected by actual experience and not assumed experience. Actual experience includes things like actual returns on plan assets, how long participants and beneficiaries live, when employees retire and what their compensation is at that time.
- If assumptions are more optimistic than actual experience, then the plan will eventually have to recognize losses that will increase necessary funding levels.
- If assumptions are less optimistic than actual experience, then the plan will eventually recognize gains that will decrease necessary funding levels.

New Mortality Table

- A set of new mortality tables for public pension plans from the Society of Actuaries (SOA) was published in January of 2019, reflecting substantially improved mortality rates over the current mortality assumption.
- In 2014, the SOA released a similar table for private employers that increased liabilities due to longer life expectancies.
- In 2020 we recommended consideration of a mortality assumption update for the 2020 or 2022 valuation.

Disclosure

Limitations:

This report has been prepared exclusively for the Town of Trumbull to provide a preliminary update on the funding progress of the plan. Census data, plan provisions, and actuarial assumptions and methods will be set forth, and valuation results will be finalized, in a July 1, 2022 valuation report to be issued subsequently. These results should be viewed in conjunction with that report.

Contact Information:

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