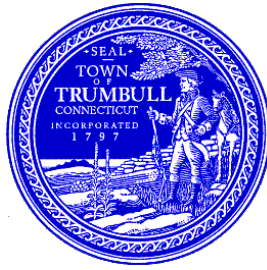


**PENSION
BOARD**



Town Hall
5866 Main Street
Trumbull, Connecticut 06611

Date: January 31, 2020
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 2019.

Executive Summary:

(All numbers calendar year based)

- Beirne Wealth Consulting, LLC, (Beirne) provided investment advice to the Pension Board from 2017 through 2019.
- The biennial Actuarial Valuation as of July 1, 2018 was completed.
- Net cash flows for calendar year 2019 were positive as they were from 2015 through 2019.
- The fund returned a gain of 18.76% for 2019. This compares with the U.S. public pensions reported median returns of 18.90% as reported by Investor Force Public DB Net Universe.
- The funded ratio is, and continues 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 is reviewed annually. The Town's Internal Auditor conducted an audit of the retirement plan in 2018-19.

Pension Investments:

The Investment returns for 2019 realized a gain of 18.76%, which was higher than the assumed return rate of 7.5%; the annualized 3 and 5-year results for this same period were 8.65% and 6.50% respectively.

Calendar Year	2019	2018	2017	2016	2015
Investment Performance	18.76%	(6.62%)	15.6%	7.4%	(0.5%)
Plans Assets (millions)	\$ 40.4	\$33.5	\$35.3	\$30.3	\$27.9
Town Contributions		\$ 5.1	\$ 4.6	\$ 4.2	\$ 4.2
a. Current		\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
b. Make-up	\$ 5.6 (total)	\$ 4.1	\$ 3.6	\$ 3.2	\$ 3.2
Employee Contributions	\$ 0.9	\$1.0	\$ 1.0	\$ 1.0	\$ 1.0
Less: Payments	\$ 5.8	\$5.5	\$ 5.2	\$ 5.0	\$ 4.6
Net Cash Flow (thousands)	\$ 622	\$541	\$341	\$250	\$ 616

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 who performed the biennial valuation in July 2018, will perform the biennial valuation in July 2020. See the chart below for previous valuation results:

	July 1, 2018	July 1, 2016	July 1, 2014	July 1, 2012
Participants				
Active	365	406	376	436
Deferred Vested	72	79	68	74
Receiving Benefits	<u>372</u>	<u>355</u>	<u>340</u>	<u>325</u>
Total	809	840	784	835
Total Liabilities	\$85,295,652	\$80,087,551	\$71,162,375	\$67,905,000
Actuarial Value of Assets	\$35,032,614	\$30,705,246	\$24,997,527	\$19,096,003
Funded Status (unfunded)	(\$35,032,614)	(\$49,382,305)	(\$46,164,848)	(\$48,808,997)
Funded Ratio	41.1%	38.3%	35.1%	28.1%

The Pension Board did not make any technical Plan changes.

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 Investment Policy Statement received its annual review with alternative investments added to the policy for liquid and illiquid investments.

The Pension Board decided to maintain the 7.5% Assumed Rate of Return for another year.

There were no changes to the Pension Board membership during 2019.

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