



Town of New Fairfield
4 Brush Hill Road
New Fairfield, Connecticut

PENSION COMMISSION
SPECIAL MEETING
ZOOM MEETING

Join Zoom Meeting

<https://zoom.us/j/94814201439>

Meeting ID: 948 1420 1439

Dial In: (929) 205-6099

Tuesday, February 8, 2022

2:00 P.M.

AGENDA

1. Call to Order
2. Review of the 2021 Valuation reports for the Town and BOE pension plans and OPEB plan from Millman
3. Discuss and possible vote on plan asset allocations and discount rates
4. Public Comment
5. Adjournment

Received by email on 2/2/2022 @ 3:30 p.m.
By: Holly Z. Smith, Town Clerk, New Fairfield

The Town of New Fairfield Retirement Income Plan

Highlights of the July 1, 2021 Valuation

Summary of Key Results

	2021		
	2020 Valuation	Baseline	Lower Interest Rate
Interest Rate	6.75%	6.75%	6.50%
Accrued Liability	\$11,665,902	\$12,686,292	\$13,057,193
Actuarial Value of Assets	9,959,707	11,050,135	11,050,135
Unfunded Accrued Liability	1,706,195	1,636,157	2,007,058
Funded Ratio	85.4%	87.1%	84.6%
Amortization Period	17	16	16
Amortization Growth Rate	3.50%	3.50%	3.50%
Past Service Cost	127,066	127,647	154,081
Total Normal Cost	256,569	269,909	286,497
Expected Expenses	30,800	22,000	22,000
Net Normal Cost	287,369	291,909	308,497
Interest	27,974	28,320	30,068
Actuarially Determined Contribution	442,409	447,876	492,646
For Fiscal Year	2021-22	2022-23	2022-23

The valuation results were developed using models intended for valuations that use standard actuarial techniques. In addition to the models described previously, Milliman has developed certain models to develop the expected long term rate of return on assets used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models, including all input, calculations, and output may not be appropriate for any other purpose.

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

The New Fairfield Board of Education Retirement Income Plan

Highlights of the July 1, 2021 Valuation

Summary of Key Results

	2021		
	2020 Valuation	Baseline	Lower Interest Rate
Interest Rate	6.25%	6.25%	6.00%
Accrued Liability	\$10,770,894	\$11,364,957	\$11,692,602
Actuarial Value of Assets	9,371,897	10,302,991	10,302,991
Unfunded Accrued Liability	1,398,997	1,061,966	1,389,611
Funded Ratio	87.0%	90.7%	88.1%
Amortization Period	17	16	16
Amortization Growth Rate	3.50%	3.50%	3.50%
Past Service Cost	100,670	80,211	103,250
Total Normal Cost	317,489	330,431	348,739
Expected Expenses	32,300	22,900	22,900
Net Normal Cost	349,789	353,331	371,639
Interest	28,154	27,096	28,493
Actuarially Determined Contribution	478,613	460,638	503,382
For Fiscal Year	2021-22	2022-23	2022-23

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Town of New Fairfield Other Post-Employment Benefits Plan Highlights of the July 1, 2021 Valuation

Summary of Key Results

	2021			
	2019 Full Valuation	2020 Interim Valuation	Full Valuation Baseline	Update Assumptions*
Accrued Liability	\$5,148,708	\$5,308,658	\$4,350,929	\$4,295,861
Actuarial Value of Assets	3,402,541	3,585,616	3,909,247	3,909,247
Unfunded Accrued Liability	1,746,167	1,723,042	441,682	386,614
Funded Ratio	66.1%	67.5%	89.8%	91.0%
Amortization Period	19	18	17	17
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%
Past Service Cost	115,175	118,526	31,783	27,821
Total Normal Cost	119,251	141,113	116,263	90,549
Expected Expenses	16,400	23,300	5,200	5,200
Net Normal Cost	135,651	164,413	121,463	95,749
Interest	15,677	17,684	9,577	7,723
Actuarially Determined Contribution	266,503	300,623	162,823	131,293
Expected Benefit Payouts	(317,273)	(349,839)	(289,339)	(282,600)
Net Budget Impact	(50,770)	(49,216)	(126,516)	(151,307)
For Fiscal Year	2020-21	2021-22	2022-23	2022-23
Allocation of ADC by Group				
Police	5,894	5,639	1,429	1,293
BOE Certified	259,214	293,719	160,418	129,078
BOE Non-Certified	1,395	1,265	976	922
Total	266,503	300,623	162,823	131,293
Allocation of NBI by Group				
Police	(26,930)	(30,040)	(33,397)	(33,533)
BOE Certified	(18,653)	(13,223)	(81,572)	(106,174)
BOE Non-Certified	(5,187)	(5,953)	(11,547)	(11,600)
Total	(50,770)	(49,216)	(126,516)	(151,307)

*Updated the demographic assumptions for Teachers & Administrators to reflect the assumptions used in the June 30, 2020 Valuation of the Connecticut State Teachers' Retirement System.

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Pension Assumptions & Contributions

1. Should the target interest rate on the Town and Board of Education's pension plans be lowered?

	<u>Town</u>		<u>Board of Education</u>	
	<u>(Current Interest Rate Assumption = 6.75%)</u>		<u>(Current Interest Rate Assumption = 6.25%)</u>	
Interest Rate Assumption	6.75%	6.50%	6.25%	6.00%
Funded Ratio	87.1%	84.6%	90.7%	88.1%
2022/2023 Contribution	\$447,876	\$492,646	\$460,638	\$503,382
2021/2022 Contribution	\$442,409	\$442,409	\$478,613	\$478,613
YTY	\$5,467	\$50,237	-\$17,975	\$24,769
YTY %	1.2%	11.4%	-3.8%	5.2%

Recommendation for FY 2022/2023:

- Fund based on current interest rate assumptions
- Revisit reducing the interest rate assumptions for FY 2023/2024

2. Should New Fairfield begin using the OPEB Benefit Plan Fund for retiree medical costs?

• Funded Ratio	91.0%
• 2022/2023 Expected Medical Payments, take from OPEB:	\$282,600
• 2022/2023 Required Fund Contributions:	<u>\$131,293</u>
Net FY Budget Savings	\$151,307

Recommendation:

- Pay retiree medical costs from OPEB

Note: Requires separating Health Care costs for active employees vs. retirees