



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

PENSION COMMISSION
SPECIAL MEETING
ZOOM MEETING

Join Zoom Meeting

<https://zoom.us/j/93842563473>

Meeting ID: 938 4256 3473

Dial In: (929) 205-6099

Monday, December 5, 2022

10:00 A.M.

AGENDA

1. Call to Order
2. Public Comment
3. Approval of Minutes-October 27, 2022 Pension Commission Meeting
4. Discuss and Possible Vote-Use of Updated Mortality Table for Recommended FY23-24 Pension Plan Contributions
5. Discuss and Possible Vote-Maintain the Current Pension Plan Asset Allocation & Interest Rate Assumptions for FY23-24
6. Public Comment
7. Adjournment

Received by email on 12/1/2022 @ 11:07 a.m.
by Chrystie M. Bontempo, Asst. Town Clerk, New Fairfield

Town and Board of Education Retirement Plans – Mortality Table Update (Preliminary)

Proposal:

- Use the latest Society of Actuaries Mortality Table (MP-2021) to calculate the Town and Board of Education’s annual Actuarial Determined Contribution

Financials:

Fiscal Year	<u>2022-23</u>	Baseline <u>2023-24</u>	Update Paraprofessional Vesting Sched. <u>2023-24</u>	Update Mortality Table <u>2023-24</u>
Town	\$447,876	\$485,490	N/A	\$481,543
YTY \$	\$5,467	\$37,614		\$33,667
YTY %	1.2%	8.4%		7.5%
<i>Delta vs. Baseline</i>				(\$3,947)
Board of Education	\$460,638	\$480,242	\$481,536	\$476,803
YTY \$	(\$17,975)	\$19,604	\$20,898	\$16,165
YTY %	-3.80%	4.3%	4.5%	3.5%
<i>Delta vs. Update Para Vesting Sched</i>				(\$4,733)
<i>Total Mortality Table Impact:</i>				(\$8,680)

Recommendation:

- Utilize the latest Society of Actuaries Mortality Table (MP-2021) to calculate the Town and Board of Education’s FY2023-24 Pension Plan contributions

Town and Board of Education Retirement Plans Asset Allocation and Interest Rate Assumptions

Proposal:

- Maintain the same asset allocation and interest rate assumptions for FY2023/2024 vs. FY2022/2023

Recommendation:

- Accept Proposal
 - Rationale: Current interest rate environment favors investing in Fixed Income
- Continue to monitor on an on-going basis via discussions with our Investment Advisors (Fiducient)

BACKUP
(Provided by Milliman)

The Town of New Fairfield Retirement Income Plan Highlights of the July 1, 2022 Valuation

Summary of Key Results

	2022 Valuation		
	2021 Valuation	Baseline	Update Mortality Table
Interest Rate	6.75%	6.75%	6.75%
Mortality	PUB-2010/MP 2019 Ultimate hyphen	Same as 2021	PUB-2010/MP 2021 Ultimate hyphen
Accrued Liability	✓ \$12,686,292 ✓	\$13,381,898	\$13,340,472
Actuarial Value of Assets	11,050,135 ✓	11,630,879	11,630,879
Unfunded Accrued Liability	1,636,157 ✓	1,751,019	1,709,593
Funded Ratio	87.1%	86.9%	87.2%
Amortization Period	16 ✓	15	15
Amortization Growth Rate	3.50% ✓	3.50%	3.50%
Past Service Cost	127,647 ✓	143,656	140,258
Total Normal Cost	269,909 ✓	282,536	282,236
Expected Employee Contributions	0 ✓	0	0
Expected Expenses	22,000 ✓	28,600	28,600
Net Normal Cost	291,909 ✓	311,136	310,836
Interest	28,320 ✓	30,698	30,449
Actuarially Determined Contribution	447,876 ✓	485,490	481,543
For Fiscal Year	2022-23	2023-24	2023-24

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, 2022 Valuation

Summary of Key Results

	2022 Valuation			
	2021 Valuation	Baseline	Update Paraprofessional Vesting Schedule	Update Mortality Table
Interest Rate	6.25%	6.25%	6.25%	6.25%
Mortality	PUB-2010/MP- 2019 Ultimate	Same as 2021	Same as 2021	PUB-2010/MP- 2021 Ultimate
Accrued Liability	\$11,364,957	\$12,249,262	\$12,247,521	\$12,194,839
Actuarial Value of Assets	10,302,991	10,905,472	10,905,472	10,905,472
Unfunded Accrued Liability	1,061,966	1,343,790	1,342,049	1,289,367
Funded Ratio	90.7%	89.0%	89.0%	89.4%
Amortization Period	16	15	15	15
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%
Past Service Cost	80,211	106,949	106,810	102,618
Total Normal Cost	330,431	309,243	310,600	310,338
Expected Employee Contributions	0	0	0	0
Expected Expenses	22,900	35,800	35,800	35,800
Net Normal Cost	353,331	345,043	346,400	346,138
Interest	27,096	28,250	28,326	28,047
Actuarially Determined Contribution	460,638	480,242	481,536	476,803

For Fiscal Year

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Town of New Fairfield
Other Post-Employment Benefits Plan
July 1, 2021 OPEB Valuation
Fiscal Year 2023-2024 Actuarially Determined Contribution

	Police	BOE Certified	BOE Non-Certified	Total
July 1, 2021 Accrued Liability	\$133,995	\$4,206,258	\$54,493	\$4,394,746
July 1, 2021 Actuarial Value of Assets*	124,581	3,910,747	50,665	4,085,993
July 1, 2021 Unfunded Accrued Liability	9,414	295,511	3,828	308,753
Amortization Period	16	16	16	16
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%
Past Service Cost	711	22,320	289	23,320
Net Normal Cost	549	110,915	942	112,406
Interest	79	8,327	77	8,483
ADC for FY 2024	1,339	141,562	1,308	144,209
Expected Benefit Payouts	(14,421)	(227,641)	(12,128)	(254,190)
Net Budget Impact	(13,082)	(86,079)	(10,820)	(109,981)

The ADC is assumed to be paid at the beginning of the Fiscal Year.

*The Actuarial Value of Assets are allocated in proportion to the Accrued Liability.

Assumptions: as per July 1, 2021 OPEB Valuation, including 6.25% discount rate and baseline health care trend.

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 discount rate and health care trend 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. 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. Except as otherwise indicated above, the explanatory notes contained in the July 1, 2021 valuation report dated December 9, 2021 including statements of reliance and limitations on use, continue to apply.