



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

**PENSION COMMISSION**  
**SPECIAL MEETING**  
**ZOOM MEETING**

Join Zoom Meeting

<https://zoom.us/j/98122652524>

Meeting ID: 981 2265 2524

Dial In: (929) 205-6099

**Tuesday, April 18, 2023**

**10:00 A.M.**

**AGENDA**

1. Call to Order
2. Public Comment
3. Approval of Minutes-December 5, 2022 Pension Commission Meeting
4. Discuss and Possible Vote to Shift Pension Fund Asset Allocations Towards Fixed Income (+10 pts) and Away from Equities (-10 pts)
5. Public Comment
6. Adjournment

Received by email on 4/14/2023 @ 10:39 AM  
by Tricia Quinn, Asst. Town Clerk, New Fairfield

## Pension Committee Meeting – Asset Allocation Analysis Town, Board of Education & OPEB Plans

### Proposal:

- Increase investment in Fixed Assets by 10 percentage points, decrease investment in Equities by 10 percentage points

### Rationale:

- Take advantage of increased bond yields, expectation is bond prices will begin to stabilize
- Fixed income is more conservative than equities – shift reduces volatility & risk

### Approach:

- Judiciously and opportunistically shift over the next 8 – 12 months, taking advantage of any run ups in equities

<u>Town (\$10.97M as of 2/28/23)</u>	<u>Current Investment Policy Statement (IPS)</u>		<u>Recommended Investment Policy Statement (IPS)</u>		<u>Impact to Actuarial Determined Contribution of Lower Potential Discount Rate</u>
Discount Rate	6.75%		Potential phase in to 6.5%, Evaluate in conjunction with annual ADC* discussion		~\$50K gradual phase-in over FY25-26 and out
Funded Ratio as of July 1, 2022	87.2%				
	<u>IPS Range</u>	<u>IPS Target</u>	<u>IPS Range</u>	<u>IPS Target</u>	<u>Actual Allocation as of 2/28/23</u>
- Fixed Income	24.5% - 54.5%	39.5%	40% - 60%	50%	38.7%
- Domestic Equity	26% - 46%	36.0%	19% - 39%	29%	36.4%
- International Equity	13.5% - 35.5%	24.5%	11% - 31%	21%	23.8%
- Short Term Liquidity					<u>1.1%</u>
Total		100.0%		100%	100.0%

<u>BOE (\$10.23M as of 2/28/23)</u>	<u>Current Investment Policy Statement (IPS)</u>		<u>Recommended Investment Policy Statement (IPS)</u>		<u>Impact to Actuarial Determined Contribution of Lower Potential Discount Rate</u>
Discount Rate	6.25%		Potential phase in to 6.0%, Evaluate in conjunction with annual ADC* discussion		~\$40-50K gradual phase-in over FY25-26 and out
Funded Ratio as of July 1, 2022	89.4%				
	<u>IPS Range</u>	<u>IPS Target</u>	<u>IPS Range</u>	<u>IPS Target</u>	<u>Actual Allocation as of 2/28/23</u>
- Fixed Income	38.5% - 68.5%	53.5%	55% - 75%	65%	51.6%
- Domestic Equity	23.5% - 33.5%	28.5%	11% - 31%	21%	30.0%
- International Equity	12% - 22%	18.0%	4% - 24%	14%	17.9%
- Short Term Liquidity		<u>0.0%</u>		<u>0%</u>	<u>0.6%</u>
Total		100.0%		100%	100.0%

\* Actuarial Determined Contributio

<u>OPEB (\$3.96M as of 2/28/23)</u>	<u>Current Investment Policy Statement (IPS)</u>		<u>Recommended Investment Policy Statement (IPS)</u>		<u>Impact to Actuarial Determined Contribution</u>
Discount Rate	6.25%		6.25%		N/A
Funded Ratio	91%				
	<u>IPS Range</u>	<u>IPS Target</u>	<u>IPS Range</u>	<u>IPS Target</u>	<u>Actual Allocation as of 2/28/23</u>
- Fixed Income	25% - 50%	40%	40% - 60%	50%	34.3%
- Domestic Equity	15% - 40%	30%	23% - 43%	33%	36.3%
- International Equity	10% - 35%	25%	3% - 23%	13%	24.2%
- Real Estate	0% - 10%	5%	0% - 9%	4%	4.9%
- Short Term Liquidity		<u>0%</u>		<u>0%</u>	<u>0.4%</u>
Total		100%		100%	100.0%