Town of East Hartford Pension Plan

Actuarial Valuation and Review as of July 1, 2015

Segal Consulting

8345437v1/00758.001

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April 4, 2016

Mr. Donald Currey, Pension Board Chairman
Town of East Hartford Pension Plan
740 Main Street
East Hartford, CT 06108

Dear Mr. Currey:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2015. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal year ending June 30, 2017 and analyzes the preceding year's experience.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Pension Plan. The census information and financial information on which our calculations were based was prepared by the Town of East Hartford. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in plan provisions or applicable law.

The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Pension Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By: Ann D Gineo

Ann D. Gineo, FSA, MAAA, EA
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SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

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SECTION 4

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Purpose

This report has been prepared by Segal Consulting to present a valuation of the Town of East Hartford Pension Plan as of July 1, 2015. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Pension Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2015, provided by the Town;
- The assets of the Plan as of June 30, 2015, provided by the Town;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

1. This July 1, 2015 valuation is used to determine the annual recommended contribution for the fiscal year beginning July 1, 2016. As a dollar amount, the recommended contribution has increased over the 2015-2016 fiscal year calculation from $11,879,286 to $12,737,344. As a percentage of pay, it has increased from 28.03% to 30.72%. The development of the recommended contribution is shown in this valuation report on page 10 and a detailed reconciliation of the change in the recommended contribution is on page 11. The allocation of the contribution by group is shown on page 18.
2. The actuarial valuation report as of July 1, 2015 is based on financial information as of that date. Changes in the value of assets subsequent to that date, to the extent that they exist, are not reflected. Unfavorable asset experience will increase the actuarial cost of the Plan, while favorable experience will decrease the actuarial cost of the Plan. For example, a 10% change in the current year's actuarial value of assets would produce a $1,323,582 change in the recommended contribution level. Because the actuarial value of assets involves a smoothing method, a 10% change in market value would not be fully reflected immediately in the actuarial value of assets. Rather, that effect would be spread over a period of years. We have shown the full impact immediately so as to indicate the sensitivity of costs to market fluctuations.

3. As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2015 is $4,305,372. This investment loss will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years, to the extent it is not offset by recognition of investment gains derived from future experience. This implies that earning the assumed rate of investment return of 8.00% per year (net of expenses) on a **market value** basis will result in investment losses on the actuarial value of assets in the next few years. Therefore, if the actual market return is equal to the assumed 8.00% rate and all other actuarial assumptions are met, the contribution requirements would still increase in each of the next few years.
4. This report uses a discount rate of 8.00%. We believe the Town of East Hartford should consider reducing this assumption to something in the 6.75% to 7.25% range.

Summary of Key Valuation Results

	2016	2015	2014
Contributions for fiscal year beginning July 1:			
Actuarially Determined Contribution (ADC)*	$12,737,344	$11,879,286	$11,045,908
Funding elements for plan year beginning July 1:			
Normal cost, including administrative expenses		$6,079,322	$6,011,880
Market value of assets**		209,397,046	214,455,200
Actuarial value of assets**		213,702,418	208,021,544
Actuarial accrued liability		368,914,089	354,218,887
Unfunded/(overfunded) actuarial accrued liability		155,211,671	146,197,343
Demographic data for plan year beginning July 1:			
Number of retired participants and beneficiaries		670	650
Number of vested former participants		29	23
Number of active participants		579	620
Projected total pay		$40,058,612	$40,940,891
Projected average pay		69,186	66,034

**The 2016 ADC is determined in the current valuation. Prior to 2014, the ADC was known as the Annual Required Contribution (ARC).*

***Does not include DROP assets. This amount was also excluded from plan liabilities. As of July 1, 2015, the DROP account assets are $5,608,761. As of July 1, 2014, the DROP account assets were $4,955,972.*

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal Consulting ("Segal") relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the Town. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** The valuation is based on the market value of assets as of the valuation date, as provided by the Town. The Town uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Pension Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If the Town or Pension Board is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Pension Board should look to their other advisors for expertise in these areas.

As Segal Consulting has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

A. PARTICIPANT DATA

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries.

This section presents a summary of significant statistical data on these participant groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

The Plan was closed to new entrants from the Town and Board of Education groups in 2006. Therefore, the active participant count has been declining over time, and as a result the ratio of non-actives to actives is increasing.

A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.

CHART 1

Participant Population: 2006 – 2015

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries**	Ratio of Non-Actives to Actives
2006	815	18	567	0.72
2007	787	23	571	0.75
2008	770	17	582	0.78
2009	741	17	587	0.82
2010	727	18	592	0.84
2011	705	14	599	0.87
2012	672	20	608	0.93
2013	643	23	623	1.00
2014	620	23	650	1.09
2015	579	29	670	1.21

**Excludes terminated participants due a refund of employee contributions (84 as of June 30, 2015)*

***Includes disabled participants (40 as of June 30, 2015)*

Active Participants

Plan costs are affected by the age, years of benefit service and pay of active participants. In this year's valuation, there were 579 active participants with an average age of 49.2, average years of benefit service of 14.7 years and average pay of $69,186. The 620 active participants in the prior valuation had an average age of 49.1, average service of 14.4 years and average pay of $66,034.

Inactive Participants

In this year's valuation, there were 29 participants with a vested right to a deferred or immediate vested benefit.

In addition, there were 84 participants entitled to a return of their employee contributions.

These graphs show a distribution of active participants by age and by years of benefit service.

CHART 2

Distribution of Active Participants by Age as of June 30, 2015

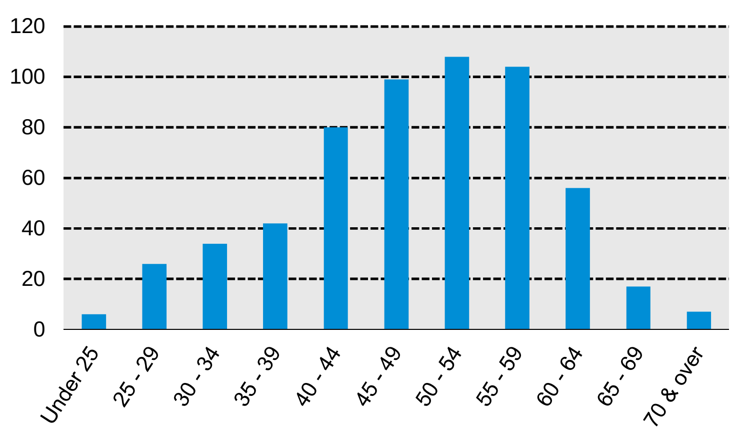
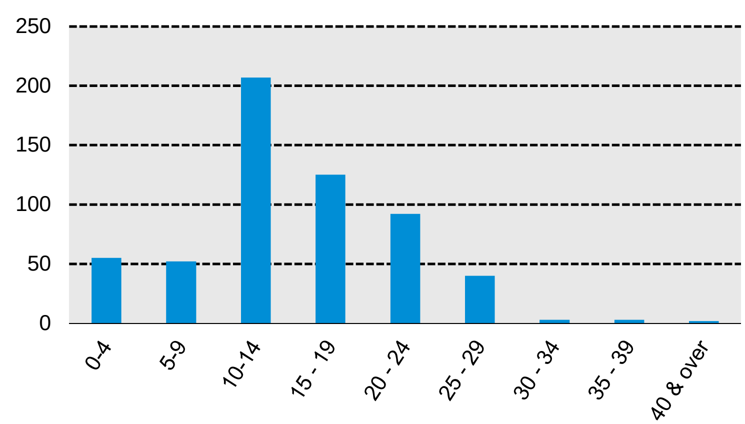


CHART 3

Distribution of Active Participants by Years of Benefit Service as of June 30, 2015



Retired Participants and Beneficiaries
As of June 30, 2015, 593 retired participants (including 40 disabled) and 77 beneficiaries were receiving total monthly benefits of $1,747,278. For comparison, in the previous valuation, there were 575 retired participants and 75 beneficiaries receiving monthly benefits of $1,629,758.

These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.

CHART 4

Distribution of Retired Participants by Type and by Monthly Amount as of June 30, 2015

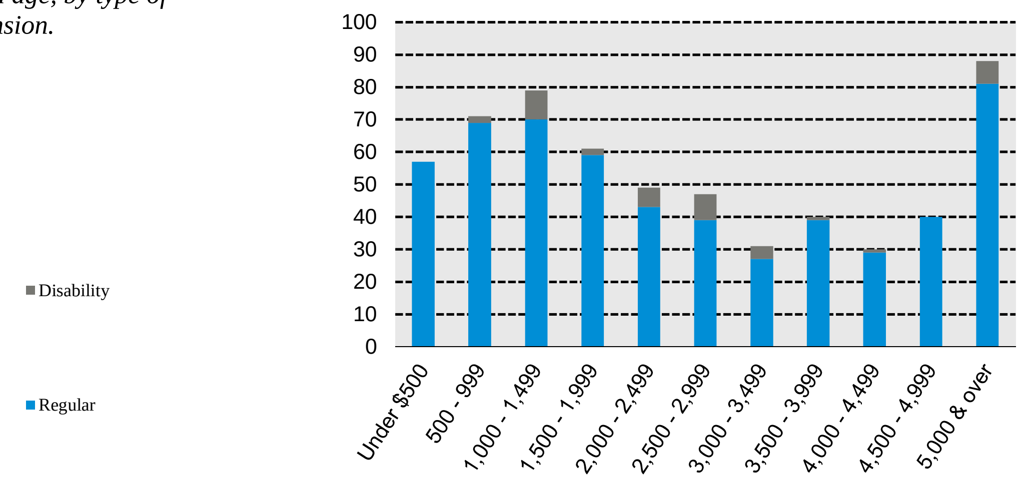
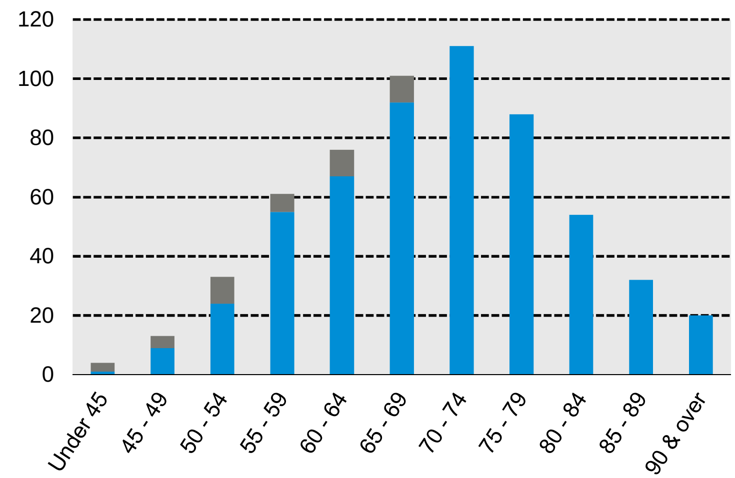


CHART 5

Distribution of Retired Participants by Type and by Age as of June 30, 2015



B. FINANCIAL INFORMATION

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Pension Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

CHART 6

Determination of Actuarial Value of Assets for Year Ended June 30, 2015

1. Market value of assets, June 30, 2015			$209,397,046
	Original	Unrecognized	
2. Calculation of unrecognized return	Amount *	Return**	
(a) Year ended June 30, 2015	($16,636,027)	($13,308,821)	
(b) Year ended June 30, 2014	14,164,859	8,498,915	
(c) Year ended June 30, 2013	8,887,183	3,554,873	
(d) Year ended June 30, 2012	(15,251,694)	(3,050,339)	
(e) Total unrecognized return			(4,305,372)
3. Preliminary actuarial value: (1) - (2e)			213,702,418
4. Adjustment to be within 20% corridor			0
5. Final actuarial value of assets as of June 30, 2015: (3) + (4)			$213,702,418
6. Actuarial value as a percentage of market value: (5) ÷ (1)			102.1%
7. Amount deferred for future recognition: (1) - (5)			($4,305,372)

**Total return minus expected return on a market value*

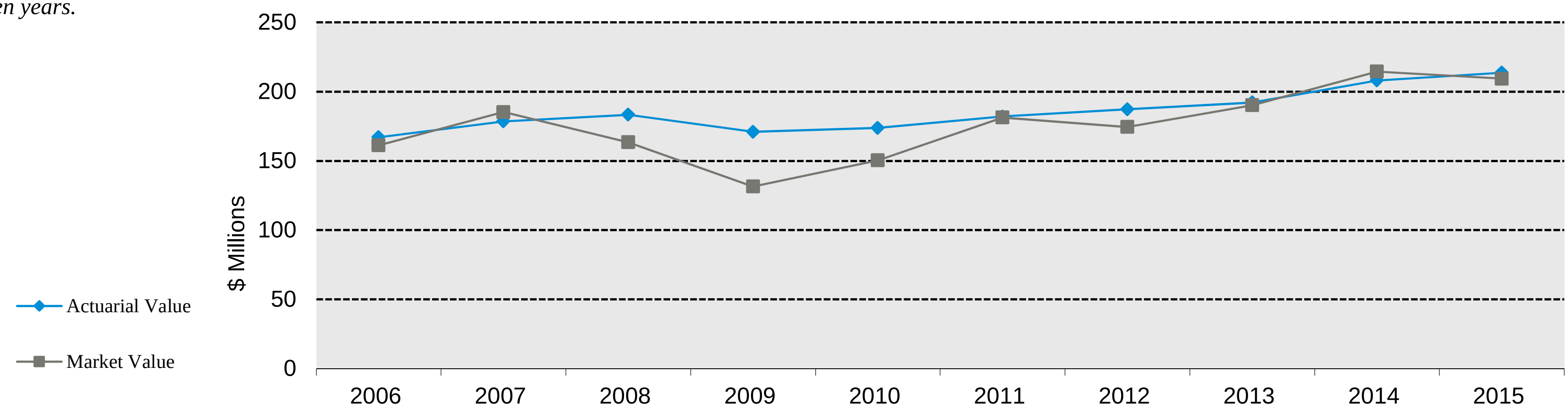
***Recognition at 20% per year over 5 years*

Both the actuarial value and market value of assets are representations of the Plan's financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Plan's liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

This chart shows the change in the actuarial value of assets versus the market value over the past ten years.

CHART 7

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2006 – 2015



C. ACTUARIAL EXPERIENCE

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is \$5,716,999, \$5,382,306 from investment losses and \$334,693 in losses from all other sources. The net experience variation from individual sources other than investments was 0.1% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

This chart provides a summary of the actuarial experience during the past year.

CHART 8

Actuarial Experience for Year Ended June 30, 2015

1.	Net gain/(loss) from investments*	(\$5,382,306)
2.	Net gain/(loss) from administrative expenses	18,446
3.	Net gain/(loss) from other experience**	(353,139)
4.	Net experience gain/(loss): (1) + (2) + (3)	(\$5,716,999)

** Details in Chart 9*

*** Details in Chart 12*

Investment Rate of Return
A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 8.00%. The actual rate of return on an actuarial basis for the 2014/2015 plan year was 5.38%, while the market rate of return was 0.14%.

Since the actual return for the year was less than the assumed return, the Plan experienced an actuarial loss during the year ended June 30, 2015 with regard to its investments.

This chart shows the gain/(loss) due to investment experience.

CHART 9

Actuarial Value Investment Experience for Year Ended June 30, 2015

1.	Actual return (AVA basis)	$11,044,858
2.	Average value of assets	205,339,552
3.	Actual rate of return: (1) ÷ (2)	5.38%
4.	Assumed rate of return	8.00%
5.	Expected return: (2) x (4)	$16,427,164
6.	Actuarial gain/(loss): (1) – (5)	($5,382,306)

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the market value investment return for the last ten years, including five-year and ten-year averages.

CHART 10

Investment Return – Actuarial Value vs. Market Value: 2006 - 2015

	Actuarial Value Investment Return		Market Value Investment Return	
Year Ended June 30	**Amount**	**Percent**	**Amount**	**Percent**
2006	$11,952,154	7.59%	$18,615,869	12.83%
2007	15,696,700	9.52	28,189,382	17.72
2008	9,975,120	5.67	(16,658,929)	-9.12
2009	(7,244,535)	-4.01*	(26,780,198)	-16.65
2010	8,035,980	4.77	24,076,138	18.68
2011	13,936,901	8.16	36,693,049	24.88
2012	11,562,844	6.47	(551,766)	-0.31
2013	11,850,003	6.45**	22,570,696	13.20
2014	20,707,294	10.91**	29,182,221	15.55
2015	11,044,858	5.38	305,830	0.14
	Five-year geometric average return	7.46%		10.27%
	Ten-year geometric average return	6.02%		6.89%

Note: Each year's yield is weighted by the average asset value in that year.

**Includes effect of widening the corridor around the market value in the actuarial asset method from 20% to 30%.*

***Includes effect of change in asset method.*

Other Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the year ended June 30, 2015 amounted to $353,139, which is 0.1% of the actuarial accrued liability.

D. RECOMMENDED CONTRIBUTION

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded/(overfunded) actuarial accrued liability. This total amount is then divided by the projected pay for active members to determine the funding rate of 30.72% of pay.

The unfunded actuarial accrued liability is amortized on a level percent basis, with 3.5% annual increases in the payments anticipated. This methodology is generally tied to payroll with the contribution expected to remain constant as a percentage of pay. Payroll is decreasing, since the Plan is partially closed to new entrants. Thus, the recommended contribution will increase as a percentage of pay over time, if all assumptions are met.

The recommended contribution is based on an amortization schedule adopted by the Town. As of July 1, 2013, the amortization period was reset to 30 years. There are 28 years remaining as of July 1, 2015.

The valuation results are used to determine the contributions for the subsequent fiscal year, and thus the recommended contribution is projected for a full year in the chart below.

The chart compares this valuation's recommended contribution with the prior valuation.

CHART 11

Recommended Contribution

	Year Beginning July 1			
	2015		2014	
	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$5,886,872	14.70%	$5,819,430	14.21%
2. Administrative expenses	192,450	0.48%	192,450	0.47%
3. Expected employee contributions	(3,060,778)	-7.64%	(3,126,783)	-7.64%
4. Employer normal cost: (1) + (2) + (3)	$3,018,544	7.54%	$2,885,097	7.04%
5. Actuarial accrued liability	368,914,089		354,218,887	
6. Actuarial value of assets	213,702,418		208,021,544	
7. Unfunded/(overfunded) actuarial accrued liability: (5) - (6)	$155,211,671		$146,197,343	
8. Payment on projected unfunded/(overfunded) actuarial accrued liability	9,288,068		8,592,474	
9. Total Town cost: (4) + (8)	12,306,612	30.72%	11,477,571	28.03%
10. Total pay	40,058,612		40,940,891	
11. Recommended Contribution* for plan years ending June 30, 2017 and June 30, 2016	$12,737,344		$11,879,286	

**Recommended contributions are assumed to be paid at the beginning of every year.*

The contribution requirements as of July 1, 2015 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

Reconciliation of Recommended Contribution
The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation.

The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.

CHART 12

Reconciliation of Recommended Contribution from July 1, 2015 to July 1, 2016

Recommended Contribution as of July 1, 2015	$11,879,286
Effect of plan amendment(s)	0
Expected increase in normal cost	104,512
Effect of expected change in amortization payment due to payroll growth	311,263
Effect of change in administrative expense assumption	0
Effect of change in other actuarial assumptions	0
Effect of contributions (more)/less than recommended contribution	0
Effect of investment (gain)/loss	329,096
Effect of other gains and losses on accrued liability	113,187
Total change	$858,058
Recommended Contribution as of July 1, 2016	$12,737,344

EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2015	Year Ended June 30 2014	Change From Prior Year
Active participants in valuation:			
Number	579	620	-6.6%
Average age	49.2	49.1	N/A
Average years of benefit service	14.7	14.4	N/A
Projected total pay	$40,058,612	$40,940,891	-2.2%
Projected average pay	69,186	66,034	4.8%
Account balances	43,173,649	43,468,162	-0.7%
Total active vested participants	454	472	-3.8%
Vested terminated participants	29	23	26.1%
Retired participants:			
Number in pay status	553	537	3.0%
Average age	71.1	71.2	N/A
Average monthly benefit	$2,729	$2,623	4.0%
Disabled participants:			
Number in pay status	40	38	5.3%
Average age	57.6	56.6	N/A
Average monthly benefit	$2,798	$2,676	4.6%
Beneficiaries in pay status:			
Number in pay status	77	75	2.7%
Average age	77.3	77.6	N/A
Average monthly benefit	$1,642	$1,590	3.3%
Inactive non-vested participants with balances	84	88	-4.5%

EXHIBIT B

Participants in Active Service as of June 30, 2015
By Age, Years of Benefit Service, and Average Pay

		Years of Benefit Service								
Age	Total	0-4	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over
Under 25	6	6	- -	- -	- -	- -	- -	- -	- -	- -
	$72,080	$72,080	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	26	20	6	- -	- -	- -	- -	- -	- -	- -
	64,111	62,079	$70,881	- -	- -	- -	- -	- -	- -	- -
30 - 34	34	14	9	10	1	- -	- -	- -	- -	- -
	69,725	61,550	79,322	$73,133	$63,715	- -	- -	- -	- -	- -
35 - 39	42	3	13	17	9	- -	- -	- -	- -	- -
	77,607	59,410	84,267	69,335	89,678	- -	- -	- -	- -	- -
40 - 44	80	5	4	17	40	13	1	- -	- -	- -
	85,876	46,400	25,468	84,900	93,848	$93,863	$118,785	- -	- -	- -
45 - 49	99	4	6	26	22	37	4	- -	- -	- -
	81,799	38,422	40,557	61,014	91,974	101,177	86,927	- -	- -	- -
50 - 54	108	3	6	37	18	23	21	- -	- -	- -
	68,062	23,963	23,244	44,695	79,794	94,827	88,965	- -	- -	- -
55 - 59	104	- -	2	52	21	13	12	3	1	- -
	57,580	- -	25,534	44,803	59,303	70,937	80,003	$130,638	$87,987	- -
60 - 64	56	- -	6	31	11	4	1	- -	2	1
	51,551	- -	22,397	42,105	65,847	65,795	83,250	- -	123,804	$128,846
65 - 69	17	- -	- -	10	3	2	1	- -	- -	1
	54,762	- -	- -	28,948	58,522	147,690	59,297	- -	- -	111,242
70 & over	7	- -	- -	7	- -	- -	- -	- -	- -	- -
	29,168	- -	- -	29,168	- -	- -	- -	- -	- -	- -
Total	579	55	52	207	125	92	40	3	3	2
	$69,186	$57,665	$55,861	$51,798	$81,838	$93,756	$85,933	$130,638	$111,865	$120,044

EXHIBIT C

Reconciliation of Participant Data

	Active Participants	Vested Former Participants	Inactive Non-Vested Participants	Disableds	Retired Participants	Beneficiaries	Total
Number as of July 1, 2014	620	23	88	38	537	75	1,381
New participants	19	N/A	2	N/A	N/A	N/A	21
Terminations – with vested rights	(6)	6	0	0	0	0	0
Terminations – without vested rights	(6)	N/A	6	N/A	N/A	N/A	0
Retirements	(40)	0	0	N/A	40	N/A	0
New disabilities	(2)	0	0	2	N/A	N/A	0
Died with beneficiary	0	0	0	0	(5)	5	0
Died without beneficiary	0	0	0	0	(19)	(4)	(23)
Lump sum payoffs	(6)	0	(12)	0	0	0	(18)
Data adjustments	0	0	0	0	0	1	1
Number as of July 1, 2015	579	29	84	40	553	77	1,362

EXHIBIT D

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2015		Year Ended June 30, 2014	
Net assets at market value at the beginning of the year		$214,455,200		$190,161,061
Contribution income:				
Employer contributions	$11,045,908		$10,251,091	
Employee contributions	3,284,777		3,233,330	
Less administrative expenses	(175,370)		(203,350)	
Net contribution income		$14,155,315		$13,281,071
Investment income:		$305,830		$29,182,221
Total income available for benefits		$14,461,145		$42,463,292
Less benefit payments:		($19,519,299)		($18,169,153)
Change in reserve for future benefits		($5,058,154)		$24,294,139
Net assets at market value at the end of the year		$209,397,046		$214,455,200

Note: above figures do not include the DROP

EXHIBIT E

Development of the Fund Through June 30, 2015

Year Ended June 30	Employer Contributions	Employee Contributions	Other Contributions	Net Investment Return*	Administrative Expenses	Benefit Payments	Actuarial Value of Assets at End of Year
2006	$5,321,000	$2,803,000	$1,277	$11,952,154	$139,000	$13,041,000	$166,999,043
2007	6,759,000	3,073,000	0	15,696,700	136,000	13,925,000	178,466,743
2008	7,175,658	3,391,062	0	9,975,120	430,790	15,254,845	183,322,948
2009	7,407,017	3,243,280	0	(7,244,535)	197,387	15,608,801	170,922,521
2010	8,180,360	3,069,803	0	8,035,980	121,327	16,322,847	173,764,491
2011	8,450,588	3,202,897	0	13,936,902	168,672	17,226,184	181,960,021
2012	9,206,982	3,166,597	0	11,562,844	173,328	18,463,685	187,259,431
2013	9,371,591	3,201,993	0	11,850,003	169,296	19,311,391	192,202,331
2014	10,251,091	3,233,330	0	20,707,294	203,350	18,169,153	208,021,544
2015	11,045,908	3,284,777	0	11,044,858	175,370	19,519,299	213,702,418

** Net of investment fees, actuarial basis*
Note: Above figures do not include the DROP

EXHIBIT F

Development of Unfunded/(Overfunded) Actuarial Accrued Liability for Year Ended June 30, 2015

1. Unfunded/(overfunded) actuarial accrued liability at beginning of year		$146,197,343
2. Normal cost at beginning of year, including expense load		6,011,880
3. Total contributions		(14,330,685)
4. Interest at 8.00%		
(a) For whole year on (1) + (2)	$12,176,738	
(b) For half year on (3)	(560,604)	
(c) Total interest		11,616,134
5. Expected unfunded/(overfunded) actuarial accrued liability		$149,494,672
6. Changes due to:		
(a) (Gain)/loss	$5,716,999	
(b) Assumptions	0	
(c) Plan provisions	0	
(d) Total changes		5,716,999
7. Unfunded/(overfunded) actuarial accrued liability at end of year		$155,211,671

EXHIBIT G

Allocation of Contributions for Fiscal Year Ending June 30, 2017

	Town and Board of Education	Police	Fire	Para-professionals	Dispatchers	Total
1. (a) Total normal cost	$1,499,859	$1,988,011	$2,041,666	$262,963	$94,373	$5,886,872
(b) Administrative expenses*	86,193	34,901	37,162	30,238	3,956	192,450
(c) Projected employee contributions	1,045,701	774,779	953,344	199,510	87,444	3,060,778
(d) Employer normal cost: (a) + (b) – (c)	$540,351	$1,248,133	$1,125,484	$93,691	$10,885	$3,018,544
2. Actuarial accrued liability						
(a) Active	$47,398,511	$38,425,665	$56,373,735	$4,885,600	$1,586,284	$148,669,795
(b) Inactive vested	1,785,123	283,533	86,506	472,853	125,952	2,753,967
(c) Retirees, beneficiaries and disabled	74,202,005	75,695,830	64,729,551	829,242	2,033,699	217,490,327
(d) Total AAL: (a) + (b) + (c)	$123,385,639	$114,405,028	$121,189,792	$6,187,695	$3,745,935	$368,914,089
3. Assets at smoothed value	71,474,119	66,271,882	70,202,121	3,584,372	2,169,924	213,702,418
4. Unfunded accrued liability: (2d) –(3)	51,911,520	48,133,146	50,987,671	2,603,323	1,576,011	155,211,671
5. Payment on unfunded accrued liability (28-year amortization, effective interest rate 4.35%)						
(a) Payment	$3,106,453	$2,880,350	$3,051,168	$155,786	$94,311	$9,288,068
(b) Amortization years	28	28	28	28	28	28
(c) Interest rate	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
6. Annual cost as of July 1, 2015: (1d) + (5a)	$3,646,804	$4,128,483	$4,176,652	$249,477	$105,196	$12,306,612
7. Payroll	13,638,050	9,684,732	12,317,616	3,325,159	1,093,054	40,058,611
8. Cost as percent of payroll	26.74%	42.63%	33.91%	7.50%	9.62%	30.72%
Recommended contribution for fiscal year ending June 30, 2017						
(a) Normal cost and expenses	$559,261	$1,291,818	$1,164,876	$96,970	$11,266	$3,124,192
(b) Amortization payment	3,215,180	2,981,162	3,157,959	161,239	97,612	9,613,152
(c) Recommended contribution payable July 1, 2016	$3,774,441	$4,272,980	$4,322,835	$258,209	$108,878	$12,737,344

**Allocated based on number of participants*

EXHIBIT H

Definitions of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions: The estimates on which the cost of the Plan is calculated including:

(a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;

(b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;

(c) Retirement rates — the rate or probability of retirement at a given age;

(d) Withdrawal rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

Normal Cost: The amount of contributions required to fund the benefit allocated to the current year of service.

Actuarial Accrued Liability For Actives: The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

Actuarial Accrued Liability For Pensioners: The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

Unfunded Actuarial Accrued Liability: The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

Amortization of the Unfunded Actuarial Accrued Liability:	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment Return:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

EXHIBIT I

Summary of Actuarial Valuation Results

The valuation was prepared using the following data supplied to us:

1.	Retired participants as of the valuation date (including 77 beneficiaries in pay status)		670
2.	Participants inactive as of June 30, 2015 with vested rights		29
3.	Participants active as of June 30, 2015		579
	Fully vested	454	
	Not vested	125	
4.	Inactive non-vested participants as of June 30, 2015		84

The actuarial factors as of the valuation date are as follows:

1.	Normal cost, including administrative expenses		$6,079,322
2.	Actuarial accrued liability		368,914,089
	Retired participants and beneficiaries	$217,490,327	
	Inactive participants with vested rights	2,294,496	
	Active participants	148,669,795	
	Inactive non-vested participants	459,471	
3.	Actuarial value of assets ($209,397,046 at market value)		213,702,418
4.	Unfunded actuarial accrued liability		$155,211,671

EXHIBIT II

History of Employer Contributions

Plan Year Ended June 30	Actuarially Determined Employer Contributions (ADEC)*	Actual Contributions	Percentage Contributed
2007	$6,496,087	$6,759,087	104.0%
2008	7,147,444	7,175,658	100.4%
2009	7,407,015	7,407,017	100.0%
2010	8,188,649	8,180,360	99.9%
2011	8,434,252	8,450,588	100.2%
2012	9,206,982	9,206,982	100.0%
2013	9,330,687	9,371,591	100.4%
2014	10,186,709	10,251,091	100.6%
2015	11,045,908	11,045,908	100.0%
2016	11,879,286	--	--
2017	12,737,344	--	--

**Prior to 2014, this amount was the Annual Required Contribution (ARC)*

EXHIBIT III

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll* [(b) - (a)] / (c)
07/01/2006	$166,999,043	$217,546,261	$50,547,218	76.76%	$41,608,662	121.48%
07/01/2007	178,466,743	227,288,386	48,821,643	78.52%	41,758,749	116.91%
07/01/2008	183,322,948	238,447,108	55,124,160	76.88%	41,999,715	131.25%
07/01/2009	170,922,522	250,681,901	79,759,379	68.18%	41,055,544	194.27%
07/01/2010	173,764,491	261,203,500	87,439,009	66.52%	41,404,040	211.18%
07/01/2011	181,960,021	269,046,695	87,086,674	67.63%	42,373,777	205.52%
07/01/2012	187,259,431	293,268,287	106,008,856	63.85%	41,163,691	257.53%
07/01/2013	192,202,331	330,793,117	138,590,786	58.10%	40,450,971	342.61%
07/01/2014	208,021,544	354,218,887	146,197,343	58.73%	40,940,891	357.09%
07/01/2015	213,702,418	368,914,089	155,211,671	57.93%	40,058,612	387.46%

** Not less than zero*

EXHIBIT IV

Actuarial Assumptions and Actuarial Cost Method

Rationale for Demographic and Noneconomic Assumptions:	Current data is reviewed in conjunction with each annual valuation. Based on professional judgment, no assumption changes are warranted at this time.
Mortality Rates:	
Males:	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, projected 14 years with Scale BB
Females:	RP-2000 Combined Healthy Mortality Table, projected 14 years with Scale BB
	The above mortality tables were determined to contain a margin of about 10% to reasonably reflect future mortality improvement, based on a five-year review of mortality experience ended June 30, 2013.
	The mortality rates were based on historical and current data, adjusted to reflect estimated future experience and professional judgment

Termination rates before retirement (unisex unless otherwise noted):

	Rate (%)					
	Mortality		Disability		Withdrawal	
Age	Male	Female	General Employees and Dispatchers	Police and Fire	General Employees and Dispatchers	Paraprofessionals
20	0.03	0.02	0.02	0.06	10.41	36.38
25	0.04	0.02	0.03	0.09	6.31	21.02
30	0.07	0.03	0.03	0.11	4.54	14.41
35	0.10	0.05	0.04	0.15	3.50	10.54
40	0.13	0.07	0.07	0.22	2.77	7.80
45	0.17	0.11	0.11	0.36	2.20	5.67
50	0.23	0.16	0.18	0.61	1.74	3.93
55	0.40	0.25	0.30	1.01	1.34	2.46
60	0.75	0.44	0.49	1.63	1.00	1.19

Note: Paraprofessionals are not eligible for disability benefits, and therefore have no disability assumption separate from the withdrawal rates.

The termination rates and disability rates were based on historical and current data, adjusted to reflect estimated future experience and professional judgment. As part of the analysis, a comparison was made between the actual number of terminations by age and the projected number based on the prior years' assumptions.

Withdrawal rates for Police and Fire: 2.50% per year for the first 10 years of service; none thereafter

Service-related benefits: 75% of Police and Fire deaths and disabilities are assumed to be service-related. For the other groups, no service-related decrements are assumed.

Retirement rates:

General Employees Age	Rate*	*Paraprofessionals* Age	Rate
Under 55	0%	Under 65	0%
55 – 59	2%	65-69	40%
60 - 61	5%	70	100%
62 – 63	10%		
64	25%		
65 – 69	30%		
70	100%		

**If age is less than 65, rates are increased to 25% upon eligibility for the Rule of 85.*

Police Employees Years of Service	Rate*	*Fire Employees* Years of Service	Rate*
Less than 25	0%	Less than 25	0%
25	90%	25	25%
26-29	2%	26-29	2%
30+	35%	30+	35%

**Rate increases to 100% upon attainment of age 65.*

Retirement rates for Dispatchers: 100% upon first becoming eligible for Normal Retirement, but not prior to age 62

Retirement Age for Inactive Vested Participants: Age 62; Age 65 for Paraprofessionals

The retirement rates were based on historical and current data, adjusted to reflect estimated future experience and professional judgment. As part of the analysis, a comparison was made between the actual number of retirements by age and the projected number based on the prior years' assumptions.

Percent Married: 75% of male participants and 65% of female participants are assumed to be married.

Age of Spouse: Females three years younger than males

Net Investment Return:	8.00%. The net investment return assumption is a long-term estimate derived from historical data, current and recent market expectations, and professional judgment. As part of the analysis, a building block approach was used that reflects inflation expectations and anticipated risk premiums for each of the portfolio's asset classes, as well as the Plan's target asset allocation.

Salary Increases:

General, Dispatcher and Paraprofessional Employees		***Police and Fire Employees***	
Age	**Rate***	**Age**	**Rate***
20	6.50%	20	22.00%
25	5.75%	25	14.50%
30	5.00%	30	7.00%
35	4.25%	35	4.00%
40	3.50%	40	4.00%
45	3.50%	45	4.00%
50	3.50%	50	4.00%
55	3.50%	55	4.00%
60	3.50%	60	4.00%

**Includes allowance for inflation of 3.50% per year*

Liability load for unused sick and vacation pay:

To approximate the effect of including unused sick and vacation pay in the final average salary, plan liabilities are increased by the percentages listed below:

	Retirement Liability	Death Liability	Disability Liability	Withdrawal Liability
General Employees and Dispatchers hired before 12/01/1996	14.0%	6.0%	6.0%	2.0%
General Employees and Dispatchers hired on or after 12/01/1996	3.0%	2.0%	2.0%	2.0%
Fire hired before 01/01/1995	21.0%	12.0%	12.0%	2.0%
Fire hired on or after 01/01/1995	0.0%	0.0%	0.0%	0.0%
Police	13.5%	10.0%	10.0%	2.0%
Paraprofessionals	0.0%	0.0%	0.0%	0.0%

Administrative Expenses:

$200,000 per year, added to normal cost, equivalent to $192,450 at the beginning of the year.

The annual administrative expenses were based on historical and current data, adjusted to reflect estimated future experience and professional judgment.

Actuarial Value of Assets:

Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value. On July 1, 2014, there was a one-time write-up to 97% of the market value of assets.

Actuarial Cost Method:

Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service, with Normal Cost determined as if the current benefit accrual rate had always been in effect.

Changes in Assumptions:

There have been no changes in actuarial assumptions since the last valuation.

EXHIBIT V

Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

General Employees (Town & Board of Education)

Plan Status:	Closed to new entrants
Plan Year:	July 1 through June 30
Normal retirement:	
Eligibility requirement	For employees hired prior to March 1, 1983, the later of age 62 and 8 years of service. For employees hired on or after March 1, 1983, the later of age 65 and the completion of 10 years of service, or age 62 and the completion of 25 years of service if earlier.
Amount	2.333% of final average salary per year of service to a maximum of 70% of final average salary. Final average salary is defined as the average of salary earned during the highest 36 consecutive months of employment based upon the Plan Year prior to termination. Final average salary includes a lump sum amount for unused vacation (40 days maximum) and sick leave (90 days maximum) at retirement for those hired prior to December 1, 1996. For employees hired on or after December 1, 1996, final average salary includes a lump sum amount for unused vacation pay (40 days maximum) only. Minimum monthly benefit is $125 after 20 years of service.
Early retirement:	
Age requirement	For employees hired prior to March 1, 1983: age 52. For employees hired on or after March 1, 1983: age 55.
Service requirement	For employees hired prior to March 1, 1983: 8 years. For employees hired on or after March 1, 1983: 10 years.
Amount	Normal accrued pension reduced by 0.4167% for each month of age less than normal retirement age. In addition, unreduced benefits are available upon meeting the Rule of 85.

General Employees (Town & Board of Education) *continued*

Non-service connected disability:	
Age requirement	None
Service requirement	10 years
Amount	2.333% of final average salary multiplied by years and full months of credited service, payable immediately.
Service connected disability:	
Age requirement	None
Service requirement	None
Amount	50% of final average salary or annual pay (whichever is greater) plus 2.333% of such salary for each year of service in excess of 25 years, subject to a maximum pension of 70% of final average salary, payable immediately. Payments from this benefit plus Workers' Compensation and Social Security may not exceed 100% of final average salary at disability.
Vesting:	
Age requirement	None
Service requirement	For employees hired prior to March 1, 1983: 8 years. For employees hired on or after March 1, 1983: 10 years.
Amount	For employees hired prior to March 1, 1983: normal pension accrued payable at age 62, or a reduced early retirement benefit accrued payable as early as age 52. For employees hired on or after March 1, 1983: normal pension accrued payable at age 65 or a reduced early retirement benefit payable as early as age 55.
Termination benefit	Return of contributions with interest if not vested, or if vested, employee does not elect to receive a retirement benefit.

General Employees (Town & Board of Education) *continued*

Spouse's Pre-retirement death benefit:	
Age requirement	None
Service requirement	10 years and active participant
Amount	80% of the benefit employee would have received upon retirement with a life annuity the day before the employee died. The benefit is payable immediately.
Pre-retirement death benefit:	
Eligibility	Not eligible for Spouse's pre-retirement death benefit
Amount	Return of employee contributions
Post-retirement death benefit:	
Amount	100% of employee contributions, with interest, less benefits paid.
Employee contributions:	8% of regular compensation. No contributions are required after 30 years of plan participation. Interest on employee contributions was credited at 4.00% per year prior to July 1, 2015. For the 2015 plan year, interest on employee contributions is credited at 0%. Effective July 1, 2016, the contributions are credited at 120% of the Federal Mid-Term rate as of July.
Cost-of-Living:	Retirees and beneficiaries who retired prior to January 1, 1991 receive a 2% annual cost of living increase each year. Retirees and beneficiaries who retired on or after January 1, 1991 but prior to January 1, 2002 receive a 1% annual cost-of-living increase each year. Retirees and beneficiaries who retired on a Disability Pension after December 1, 1996 and prior to December 31, 2005 receive a 1% annual cost-of-living increase each year. Participants retiring after July 1, 2005 receive a 2% annual cost-of-living increase; the first increase is paid with the January payment that is five full years after retirement.

	<u>General Employees (Town & Board of Education) *continued*</u>
Participation:	The plan was closed to new entrants on July 1, 2006.
Plan Changes:	The crediting rate on employee contributions was changed to 0% for the 2015-2016 plan year and 120% of the July Federal Mid-Term rate for the 2016-2017 and later plan years.

Paraprofessional Employees

Plan Status:	Ongoing
Plan Year:	July 1 through June 30
Normal retirement:	
Eligibility requirement	The earliest of the following conditions: (1) attainment of age 65 and completion of 10 Years of Credited Service; (2) attainment of age 62 and completion of 25 Years of Credited Service; or (3) the Rule of 85.
Amount	2.2% of the employee's final average salary multiplied by the number of years and full months of his or her Credited Service, not to exceed 70% of the employee's final average salary. Final average salary is defined as the average of salary earned during the highest 36 consecutive months of employment based upon the Plan Year prior to termination. Lump sum payouts of sick and vacation pay are not included in the calculation of final average salary.
Vesting:	
Age requirement	None
Service requirement	10 years
Amount	Monthly benefit payable at Normal Retirement. An employee is also 100% vested upon attainment of age 65 with five or more years of plan participation.
Termination benefit	Return of contributions with interest if not vested, or if vested employee does not elect to receive a retirement benefit.
Pre-retirement death benefit:	Return of employee contributions with interest

Paraprofessional Employees *continued*

Post-retirement death benefit:	Return of employee contributions, with interest, less benefits paid.
Employee contributions:	6% of regular compensation. Contributions are no longer required after 31 years and 10 months of plan participation. Interest on employee contributions was credited at 4.00% per year prior to July 1, 2015. For the 2015 plan year, interest on employee contributions is credited at 0%. Effective July 1, 2016, the contributions are credited at 120% of the Federal Mid-Term rate as of July.
Participation:	Paraprofessionals become participants in the plan upon date of hire. Participation is a condition of employment and participants are required to make contributions to the plan.
Plan changes:	The crediting rate on employee contributions was changed to 0% for the 2015-2016 plan year and 120% of the July Federal Mid-Term rate for the 2016-2017 and later plan years.

Dispatchers

Plan Status:	Ongoing
Plan Year:	July 1 through June 30
Normal Retirement:	
Eligibility requirement	The earliest of the following conditions: (1) attainment of age 65 and completion of 5 Years of Credited Service; (2) 25 years of Credited Service; or (3) Rule of 75.
Amount	2.2% of final average salary multiplied by years and full months of Credited Service, not to exceed 70% of final average salary. Final average salary is the average of salary during the highest 36 consecutive months of employment based upon the Plan Year prior to termination. Final average salary includes a lump sum amount for unused vacation (40 days maximum) and sick leave (90 days maximum) at retirement for those hired prior to December 1, 1996. For employees hired on or after December 1, 1996, final average salary includes only a lump sum amount for unused vacation pay (40 days maximum).
Early retirement:	
Age requirement	55
Service requirement	5 years
Amount	Normal accrued pension, reduced by 0.4167% for each month of age less than normal retirement age.

Dispatchers *continued*

Vesting:	
Age requirement	None
Service requirement	5 years
Amount	Monthly benefit payable at Normal Retirement.
Termination benefit	Return of contributions with interest if not vested, or if vested employee does not elect to receive a retirement benefit.
Non-service connected disability:	
Age Requirement	None
Service Requirement	5 years
Amount	2.2% of final average salary multiplied by years and full months of credited service, payable immediately.
Service connected disability:	
Age Requirement	None
Service Requirement	None
Amount	50% of final average salary or annual rate of pay, whichever is greater, plus 2.2% of such salary for each year of service in excess of 25 years, subject to a maximum pension of 70% of final average salary, payable immediately. Payments from this benefit plus Workers' Compensation and Social Security may not exceed 100% of final average salary at disability.

<u>Dispatchers *continued*</u>

Spouse's pre-retirement death benefit:	
Age Requirement	55
Service Requirement	5 years, die while in active service
Amount	100% of the benefit employee would have received upon retirement with a 100% Joint and Survivor the day before death.
Pre-retirement death for unmarried or non-vested participants:	Return of employee contributions with interest
Post-retirement death benefit:	
Amount	100% of employee contributions, with interest, less benefits paid.
Employee contributions:	8% of regular compensation. Contributions are no longer required after 31 years and 10 months of plan participation. Interest on employee contributions was credited at 4.00% per year prior to July 1, 2015. For the 2015 plan year, interest on employee contributions is credited at 0%. Effective July 1, 2016, the contributions are credited at 120% of the Federal Mid-Term rate as of July.
Participation:	New employees under age 45 are required to participate in the plan within three months of employment. New employees over age 45 are not required to participate, but must elect to do so within two years of their date of hire.
Plan Changes	The crediting rate on employee contributions was changed to 0% for the 2015-2016 plan year and 120% of the July Federal Mid-Term rate for the 2016-2017 and later plan years.

Police and Fire Employees

Plan Status:	Ongoing
Plan Year:	July 1 through June 30
Normal retirement:	
Eligibility requirement	25 years of service regardless of age, or mandatory retirement at age 65 with the completion of 10 years of service for Fire and 15 years of service for Police.
Amount	
Police Plan:	2.5% of final average salary per year of service, to a maximum of 75% of final average salary. Final average salary is defined as the average of salary earned during the highest 36 consecutive months of employment based upon the Plan Year prior to termination. Final average salary includes a lump sum amount for unused vacation and sick leave at retirement. The minimum monthly benefit is $125.
Fire Plan:	Same as Police except that a lump sum amount for unused vacation and sick leave is not included in the calculation of final average salary if the employee was hired on or after January 1, 1995.
Non-service connected disability:	
Age requirement	None
Service requirement	5 years
Amount	Normal pension based on service accrued and final average salary at disability, payable immediately. The minimum benefit is 20% of final average salary.

Police and Fire Employees *continued*

Service connected disability:	
Age requirement	None
Service requirement	None
Amount	For employees with fewer than 20 years of credited service, 50% of the greater of the employee's final average salary or regular compensation. For employees with 20 or more years of credited service, this benefit is calculated in the same manner as the normal retirement benefit. Payments from this benefit plus Workers' Compensation may not exceed 100% of final average salary at disability. For *Police* only, regular compensation includes any lump sum of sick or unused vacation time.
Vesting:	
Age requirement	None
Service requirement	Police: 15 years Fire: 10 years
Amount	Normal pension accrued, payable when employee would have met normal retirement criteria if he/she had continued working.
Termination benefit	Return of contributions with interest if not vested.
Dependent's benefit – Non-service connected:	
Age Requirement	None
Service Requirement	5 years, die while in active service
Amount	Normal pension based on service accrued and final average salary at death. Minimum benefit is 20% of final average salary. If a participant passes away before becoming vested, return of employee contributions with interest

Police and Fire Employees *continued*

Dependent's benefit – Service connected:

Age Requirement	None
Service Requirement	None, die while in active service
Amount	Same as above, except 50% minimum benefit.

Post-retirement death benefit:

Lump - sum benefit	100% of employee contributions, with interest, less benefits paid (if dependent's benefit is not paid).
Dependent's benefit	75% of the pension the employee was receiving with a minimum guarantee of the employee contributions with interest.

Employee contributions:	8% of regular compensation. No contributions are required after 30 years of plan participation. Interest on employee contributions was credited at 4.00% per year prior to July 1, 2015. For the 2015 plan year, interest on employee contributions is credited at 0%. Effective July 1, 2016, the contributions are credited at 120% of the Federal Mid-Term rate as of July.

Cost-of-Living:

Police Plan only:	2% per year for participants retiring after January 1, 2000. The first increase is paid in the fifth year of retirement.
Fire Plan only:	1% annual increase beginning in the fifth year of retirement, increasing to 2% annually beginning in the 9th year of retirement for participants retiring after July 1, 2005.
Both Fire and Police:	Retirees and beneficiaries who retired prior to January 1, 1991 receive a 2% annual cost-of-living increase each year. Retirees and beneficiaries who retired on or after January 1, 1991 but prior to January 1, 2002 receive a 1% annual cost-of-living increase each year. (The 2% Police COLA supersedes the 1% for retirees and beneficiaries who retired in 2000 or 2001.)

Police and Fire Employees *continued*

Participation:	New employees under age 45 are required to participate in the Plan within three months of employment. New employees over age 45 are not required to participate, but must elect to do so within two years of their date of hire.
Plan Changes:	The crediting rate on employee contributions was changed to 0% for the 2015-2016 plan year and 120% of the July Federal Mid-Term rate for the 2016-2017 and later plan years.

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