Town of East Hartford Pension Plan

Actuarial Valuation and Review as of July 1, 2012

SEGAL

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June 26, 2013

Mr. Joseph Carlson, Pension Board Chairman
Town of East Hartford Pension Plan
740 Main Street
East Hartford, CT, 06108-3140

Dear Mr. Carlson:

We are pleased to submit this Actuarial Valuation and Review as of July 1, 2012. It summarizes the actuarial data used in the valuation, establishes the funding requirements for fiscal year ending June 30, 2014 and analyzes the plan's experience from July 1, 2011 to June 30, 2012.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census and financial information on which our calculations were based was prepared by the Town of East Hartford. That assistance is gratefully acknowledged. The actuarial calculations were directed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. Ms. Brigham is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

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 asset smoothing method); and changes in plan provisions or applicable law.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the 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,

THE SEGAL COMPANY

By: Thomas P. Dawidowicz

Thomas P. Dawidowicz, FSA, MAAA, EA
Vice President and Consulting Actuary

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Vice President and Actuary

SECTION 1

VALUATION SUMMARY

SECTION 2

VALUATION RESULTS

SECTION 3

SUPPLEMENTAL INFORMATION

SECTION 4

REPORTING INFORMATION

Purpose

This report has been prepared by The Segal Company to present a valuation of the Town of East Hartford Pension Plan as of July 1, 2012. 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, 2012, provided by the Town;
- The assets of the Plan as of June 30, 2012, 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

1. This July 1, 2012 valuation is used to determine the Annual Required Contribution (ARC) for the fiscal year beginning July 1, 2013. As a dollar amount the ARC has increased over the 2012-2013 fiscal year calculation, from $9,330,687 to $10,186,709. As a percentage of pay the ARC increased from 21.19% to 23.91%. The development of the ARC is shown in this valuation report on page 12. The allocation of the contribution by group is shown on page 22.
2. Plan actuarial experience was less favorable than expected based on the plan's actuarial assumptions. The total experience loss was $12.5 million, including $3.2 million from investment experience. Retiree mortality experience contributed to the overall non-investment loss. The loss also included a data correction for 17 retirees. As a result of January 1, 2011 data provided, these 17 individuals were valued with temporary annuities rather than lifetime annuities in the 2011 valuation, resulting in a non-investment gain last year. A loss occurred when they were corrected in this year's valuation. See Section 2, Chart 14 for a detailed reconciliation of the change in the ARC.
3. The recommended contribution is based on an actuarial value of assets that reflects a smoothing of market value investment gains and losses. The market value rate of return for the year ended June 30, 2012 was -0.31%. The rate of return on an actuarial basis was 6.47%, which was lower than the assumption of 8.25% that was in effect for the year ended June 30, 2012. This resulted in an investment loss of $3,190,491 on an actuarial basis for the year ended June 30, 2012. As of the valuation date, the smoothed actuarial value of assets is equal to 107.31% of market value.

4. The following assumption changes were included with this valuation:
   - The investment return assumption was changed from 8.25% to 8.00%.
   - A separate disability mortality table (RP-2000 Disabled Retiree) was introduced for disabled participants.
   - The mortality tables for healthy and disabled participants were projected 12 years with Scale BB.
   - Annual assumed salary increases decreased from 5.00% to 4.00%.
   - Withdrawal rates for Police and Fire employees are no longer cut off at age 41; they continue until the earlier of age 49 or the year prior to projected Normal Retirement.

   The combined impact of these assumption changes was an increase in the ARC of $193,334.

5. The amortization period for the unfunded actuarial accrued liability was extended from a closed period with 27 years remaining to a closed 30-year period. This change lowered the ARC by $352,581.

6. The GASB Schedule of Funding Progress, provided in Exhibit III of Section 4, shows that the funded ratio has decreased from 67.63% as of July 1, 2011 to 63.85% as of July 1, 2012.

7. As indicated in Section 2, Subsection B of this report, the total unrecognized investment loss as of June 30, 2012 is $12,761,963. 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 will still increase in each of the next few years. To illustrate the effect of the net unrecognized investment losses, if the current year's actuarial value of assets were equal to the current market value of assets, the plan's funded ratio would decrease from 63.85% to 59.50%. The annual required contribution calculated as a level percentage of pay would be $10,579,676 (25.70% of pay) rather than $10,186,709 (23.91% of pay).

8. The actuarial valuation report as of July 1, 2012 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.

9. Please note that new GASB Statements, No. 67 and 68, will replace the provisions of GASB 25 and 27. GASB 67 will first impact your Plan effective for the plan year beginning July 1, 2013. Details for the new statements will be provided under separate cover.

Summary of Key Valuation Results

	2013	2012	2011
Funding elements for plan year beginning July 1:			
Normal cost, including administrative expenses		$6,830,897	$7,062,556
Market value of assets*		174,497,468	181,312,668
Actuarial value of assets*		187,259,431	181,960,021
Actuarial accrued liability		293,268,287	269,046,695
Unfunded actuarial accrued liability		106,008,856	87,086,674
GASB 25/27 for fiscal year beginning July 1:			
Annual required contributions (ARC)**	$10,186,709	$9,330,687	$9,206,982
Actual contributions		--	9,206,982
Percentage of ARC contributed		--	100.00%
Funded ratio		63.85%	67.63%
Covered payroll		$41,163,691	$42,373,777
Demographic data for plan year beginning July 1:			
Number of retired participants disabled participants and beneficiaries		608	599
Number of vested former participants		20	14
Number of active participants		672	705
Total pay		$41,163,691	$42,373,777
Average pay		61,255	60,105

* *Does not include DROP assets. This amount was also excluded from plan liabilities. As of July 1, 2012 the DROP assets are $5,326,572. As of July 1, 2011, the DROP account assets were $5,639,190.*

***The 2013 ARC is developed in the current valuation, the 2012 ARC was developed in the July 1, 2011 valuation, and the 2011 ARC was developed in the July 1, 2010 valuation.*

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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.

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: 2003 – 2012

Year Ended June 30	Active Participants	Vested Terminated Participants*	Retired Participants and Beneficiaries**	Ratio of Non-Actives to Actives
2003	804	17	533	0.68
2004	818	19	551	0.70
2005	843	17	554	0.68
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

**Excludes terminated participants due a refund of employee contributions (85 in fiscal year ended June 30, 2012)*

*** Includes disabled participants (35 in fiscal year ended June 30, 2012)*

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 672 active participants with an average age of 48.9, average years of benefit service of 13.7 years and average pay of $61,255. The 705 active participants in the prior valuation had an average age of 48.5, average service of 13.3 years and average pay of $60,105.

Inactive Participants

In this year's valuation, there were 20 participants with a vested right to a deferred or immediate vested benefit. In addition, there were 85 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, 2012

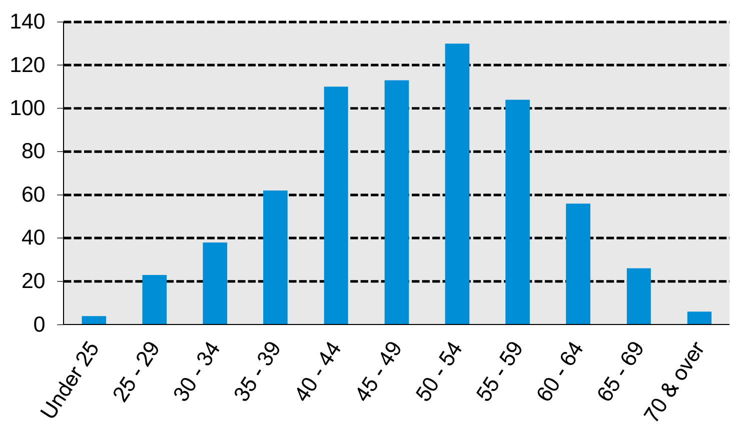
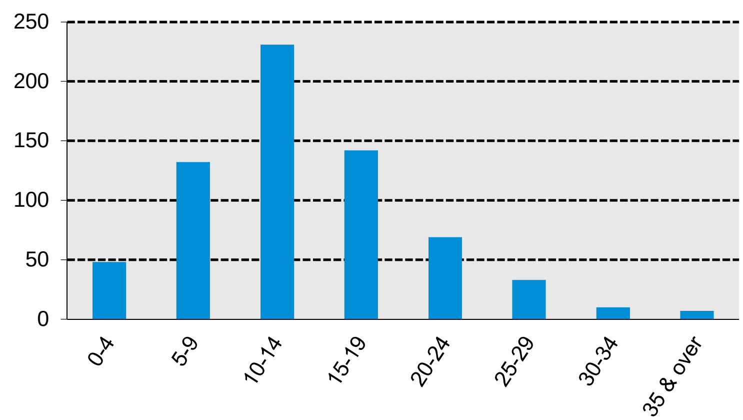


CHART 3

Distribution of Active Participants by Years of Benefit Service as of June 30, 2012



Retired Participants and Beneficiaries

As of June 30, 2012, 532 retired and disabled participants and 76 beneficiaries were receiving total monthly benefits of $1,442,797. For comparison, in the previous valuation, there were 528 retired and disabled participants and 71 beneficiaries receiving monthly benefits of $1,380,540. There were no retired participants in suspended status this year and one retired participant in suspended status in the prior valuation.

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, 2012

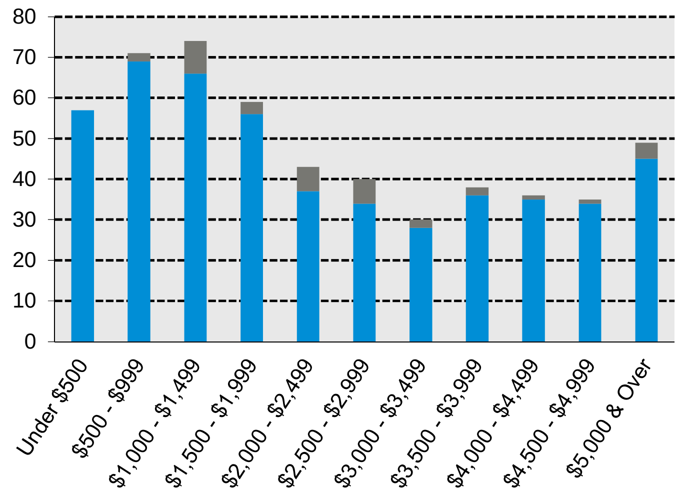
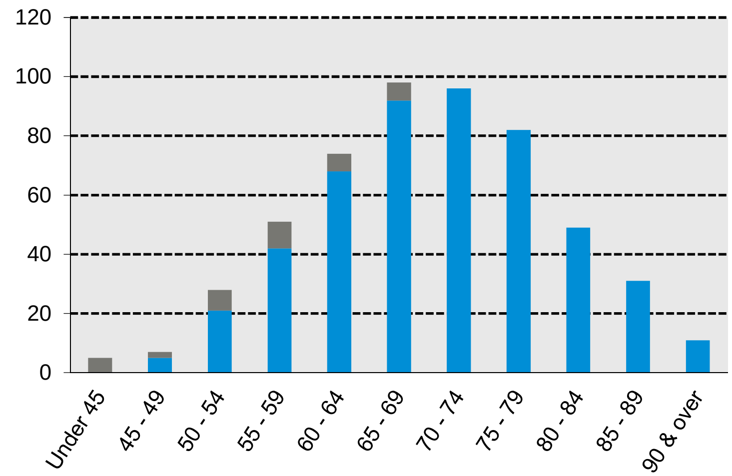


CHART 5

Distribution of Retired Participants by Type and by Age as of June 30, 2012



■ Disability
■ Regular

B. FINANCIAL INFORMATION

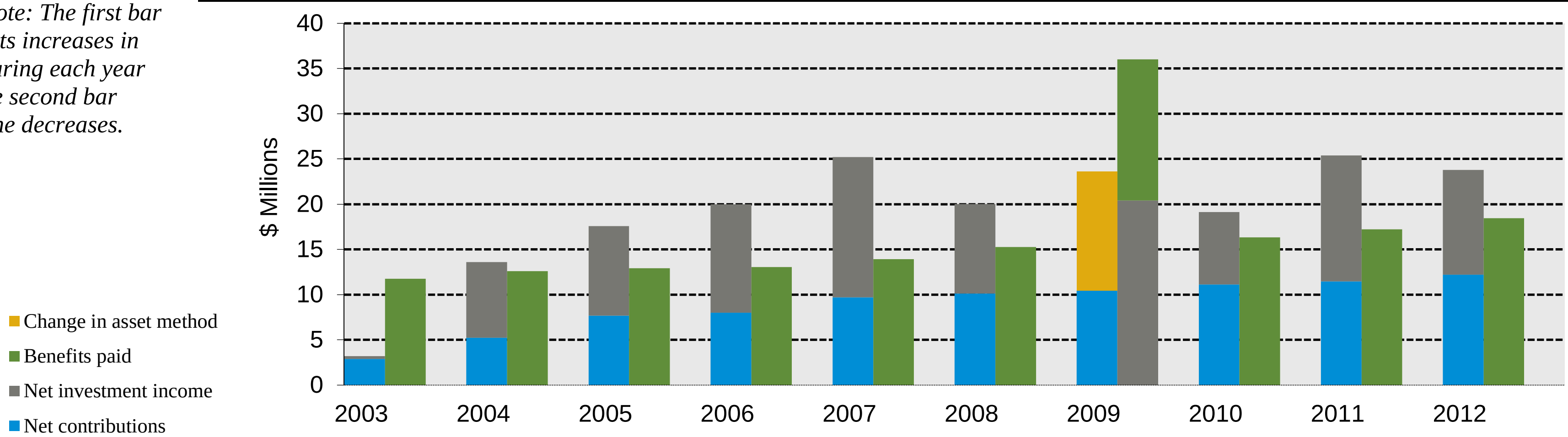
Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments.

Retirement plan assets change as a result of the net impact of these income and expense components. Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.

CHART 6

Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2003 – 2012



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 7

Determination of Actuarial Value of Assets for Year Ended June 30, 2012

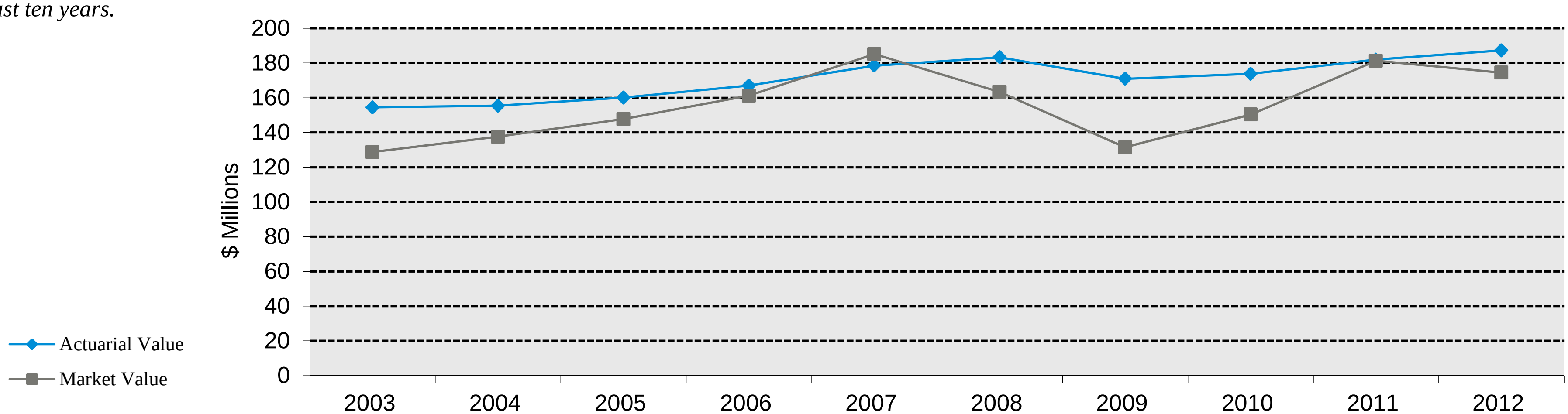
1.	Actuarial value of assets at beginning of year	$181,960,021
2.	Contributions less benefit payments and expenses	-6,263,434
3.	Average asset value: (1) + 50% of (2)	178,828,304
4.	Expected investment return: 8.25% of (3)	14,753,335
5.	Expected assets at end of year: (1) + (2) + (4)	190,449,922
6.	Market value of assets as of June 30, 2011	174,497,468
7.	Adjustment toward market value: 20% of [(6) – (5)]	-3,190,491
8.	Adjustment to be within 30% corridor	0
9.	Final actuarial value of assets: (5) + (7) + (8)	$187,259,431
10.	Actuarial value as a percentage of market value: (9) ÷ (6)	107.31%

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 8

Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2003 – 2012



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 $12,505,414, including a loss of $3,190,491 from investments and a net loss of $9,314,923 from all other sources. The net experience variation from individual sources other than investments was 3.2% 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 9

Actuarial Experience for Year Ended June 30, 2012

1.	Net loss from investments*	-$3,190,491
2.	Net loss from administrative expenses	-21,158
3.	Net loss from other experience	-9,293,765
4.	Net experience loss: (1) + (2) + (3)	-$12,505,414

** Details in Chart 10*

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 was 8.25% for the plan year ended June 30, 2012. The actual rate of return on an actuarial basis for the 2011-2012 plan year was 6.47%, while the market value rate of return was -0.31%.

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, 2012 with regard to its investments.

This chart shows the loss due to investment experience.

CHART 10

Actuarial Value Investment Experience for Year Ended June 30, 2012

1.	Actual return	$11,562,844
2.	Average value of assets	178,828,304
3.	Actual rate of return: (1) ÷ (2)	6.47%
4.	Assumed rate of return	8.25%
5.	Expected return: (2) x (4)	$14,753,335
6.	Actuarial loss: (1) – (5)	-$3,190,491

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.

Effective with this valuation, the assumed interest rate has been lowered from 8.25% to 8.00%. At their January 23, 2013 meeting the Pension and Retiree Benefits Board voted to recommend this change to the Mayor. In March, the Town Council approved a budgeted contribution on this basis.

This chart shows a history of actuarial value and market value investment returns.

CHART 11

Investment Return – Actuarial Value vs. Market Value: 2003 – 2012

Year Ended June 30	Actuarial Value Investment Return Amount	Actuarial Value Investment Return Percent	Market Value Investment Return Amount	Market Value Investment Return Percent
2003	$323,078	0.20%	$1,751,000	1.33%
2004	8,353,757	5.54	16,249,010	13.00
2005	9,882,976	6.47	15,299,193	11.33
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
Total	$82,474,975		$96,882,748	
	Five-year average return	4.15%		2.10%
	Ten-year average return	4.97%		6.49%

Note: Each year's yield is weighted by the average asset value in that year.
** Includes effect of change in asset method, widening the corridor around market value from 20% to 30%.*

Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

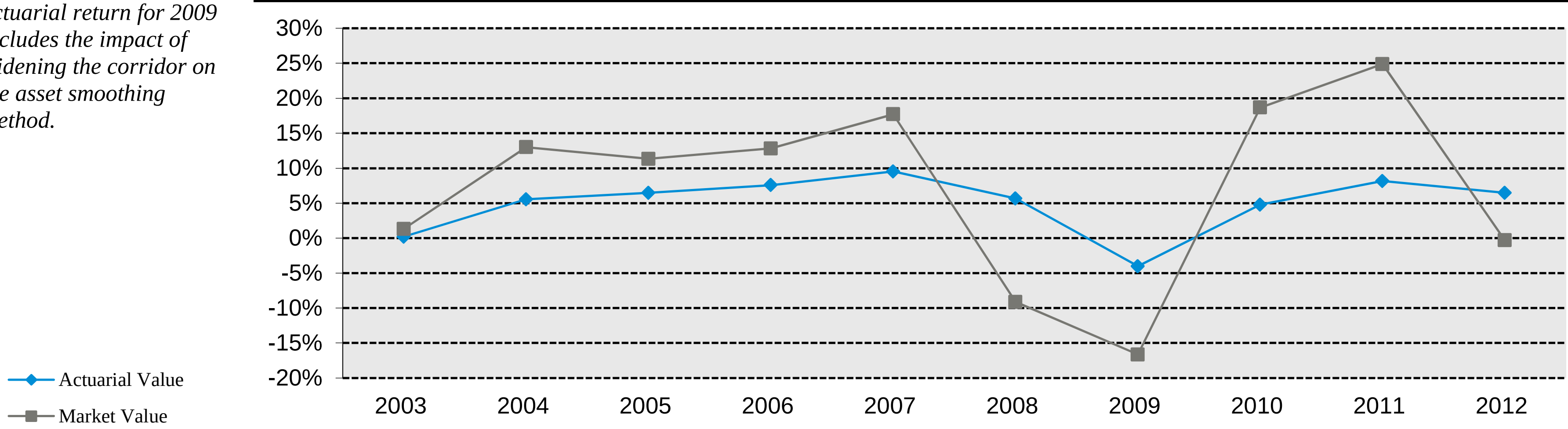
Administrative Expenses

Administrative expenses for the year ended June 30, 2012 totaled $173,328 compared to the beginning-of-year assumption of $160,000. This resulted in a loss of $21,158 for the year including an adjustment for interest.We have maintained the assumption of $160,000 for the current year, but adjusted the timing to assume monthly payments.

This chart illustrates how this leveling effect has actually worked over the years 2003 - 2012. The actuarial return for 2009 includes the impact of widening the corridor on the asset smoothing method.

CHART 12

Market and Actuarial Rates of Return for Years Ended June 30, 2003 - 2012



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, 2012 amounted to $9,293,765, which is 3.2% of the actuarial accrued liability. Retiree mortality experience contributed to this loss. Also, additional analysis revealed that there were 17 retired individuals in the data received for the 2011 valuation who were identified as having a "benefit end date" prior to 2017. All 17 individuals were valued with temporary annuities rather than lifetime annuities in the 2011 valuation, resulting in a non-investment gain last year. An offsetting loss occurred when they were corrected in this year's valuation.

Changes in Assumptions

In March, the Town Council approved a budgeted pension contribution that reflects lowering the assumed interest rate from 8.25% to 8.00%. In conjunction with this change, the assumed annual salary increases were lowered from 5.0% to 4.0%, the payroll growth rate used to amortize the unfunded liability as a percentage of pay was changed from 4.00% to 3.50%, and the amortization period was extended from 27 years to 30 years.

In addition to the changes in economic assumptions above, the demographic assumptions for mortality and turnover were updated and approved by the Pension Board.

- A review of the Plan's experience in recent years indicates that the assumed mortality tables were not providing sufficient margin to account for future improvements in the life expectancy of the participants. Therefore, we have updated the existing mortality tables to include a 12-year projection with Scale BB.
- A separate mortality table has been added for disabled lives, specifically the RP-2000 Disabled Retiree Table projected 12 years with Scale BB.
- The turnover rates for Police and Fire employees have been extended to the earlier of 49 or the year prior to Normal Retirement Age, rather than cutting off at age 41.

The Town has approved a five-year study of all experience, to be completed later this year for the period July 1, 2008 through June 30, 2013.

D. ANNUAL 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 actuarial accrued liability. This total amount is then divided by the pay for active members to determine the funding rate of 23.91% of pay.

The recommended contribution is based on an amortization schedule adopted by the Town. As of July 1, 2012, the amortization period was reset to 30 years. In addition, amortization payments are assumed to increase 3.5% annually.

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

CHART 13

Annual Required Contribution

	Year Beginning July 1			
	2012		2011	
	Amount	% of Pay	Amount	% of Pay
1. Total normal cost	$6,677,115	16.22%	$6,908,774	16.30%
2. Administrative expenses	153,782	0.37%	160,000	0.38%
3. Expected employee contributions	-3,114,349	-7.56%	-3,162,166	-7.46%
4. Employer normal cost: (1) + (2) + (3)	$3,716,548	9.03%	$3,906,608	9.22%
5. Annual accrued liability	293,268,287		269,046,695	
6. Actuarial value of assets	187,259,431		181,960,021	
7. Unfunded actuarial accrued liability	$106,008,856		$87,086,674	
8. Payment on projected unfunded actuarial accrued liability	6,125,683		5,071,361	
9. Total Town cost	$9,842,231	23.91%	$8,997,969	21.19%
10. Total pay	$41,163,691		$42,373,777	
11. Annual required contribution for plan years ending June 30, 2014 and June 30, 2013	$10,186,709		$9,330,687	

The contribution requirements as of July 1, 2012 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 14

Reconciliation of Annual Required Contribution from July 1, 2012 to July 1, 2013

Annual required contribution as of July 1, 2012	$9,330,687
Effect of expected change in amortization payment due to payroll growth	210,968
Effect of change in amortization period, from 27 to 30 years	-352,581
Effect of investment loss	197,118
Effect of other gains and losses on accrued liability	575,503
Effect of changes in actuarial assumptions	193,334
Net effect of other changes	31,680
Total change	$856,022
Annual required contribution as of July 1, 2013	$10,186,709

E. INFORMATION REQUIRED BY THE GASB

Governmental Accounting Standards Board (GASB) reporting information provides standardized information for comparative purposes of governmental pension plans. This information allows a reader of the financial statements to compare the funding status of one governmental plan to another on relatively equal terms.

Critical information to the GASB is the historical comparison of the GASB required contribution to the actual contributions. This comparison demonstrates whether a plan is being funded within the range of the GASB reporting requirements. Chart 15 below presents a graphical representation of this information for the Plan.

The other critical piece of information regarding the Plan's financial status is the funded ratio. This ratio compares the actuarial value of assets to the actuarial accrued liabilities of the Plan as calculated under the GASB Standards. High ratios indicate a well-funded plan with assets sufficient to cover the plan's actuarial accrued liabilities. Lower ratios may indicate recent changes to benefit structures, funding of the plan below actuarial requirements, poor asset performance, or a variety of other factors.

Although the GASB requires that the actuarial value of assets be used to determine the funded ratio, Chart 16 shows the funded ratio calculated using both the actuarial value of assets and the market value of assets.

The details regarding the calculations of these values and other GASB numbers may be found in Section 4, Exhibits II, III, and IV.

These graphs show key GASB factors.

CHART 15

Required Versus Actual Contributions

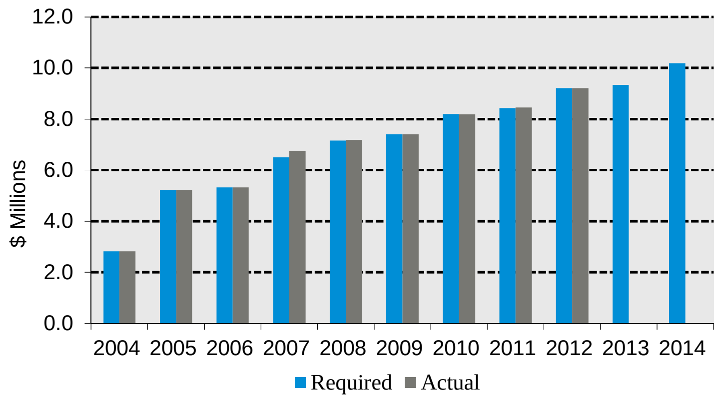


CHART 16

Funded Ratio

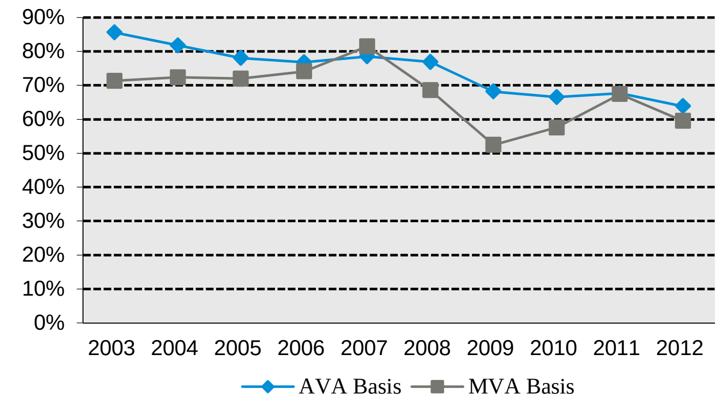


EXHIBIT A

Table of Plan Coverage

Category	Year Ended June 30 2012	Year Ended June 30 2011	Change From Prior Year
Active participants in valuation:			
Number	672	705	-4.7%
Average age	48.9	48.5	N/A
Average years of benefit service	13.7	13.3	N/A
Total pay	$41,163,691	$42,373,777	-2.9%
Aerage pay	61,255	60,105	1.9%
Account balances	40,486,780	39,079,750	3.6%
Total active vested participants	466	469	-0.6%
Vested terminated participants	20	14	42.9%
Retired participants:			
Number in pay status	497	494	0.6%
Average age	71.1	71.0	N/A
Average monthly benefit	$2,495	$2,413	3.4%
Number in suspended status	0	1	-100.0%
Disabled participants:			
Number in pay status	35	34	2.9%
Average age	56.0	55.2	N/A
Average monthly benefit	$2,634	$2,543	3.6%
Beneficiaries in pay status:			
Number in pay status	76	71	7.0%
Average age	76.6	76.3	N/A
Average monthly benefit	$1,454	$1,441	0.9%
Inactive non-vested participants	85	75	13.3%

EXHIBIT B

Participants in Active Service as of June 30, 2012
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	4	4	- -	- -	- -	- -	- -	- -	- -	- -
	$46,140	$46,140	- -	- -	- -	- -	- -	- -	- -	- -
25 - 29	23	15	8	- -	- -	- -	- -	- -	- -	- -
	51,418	54,085	$46,418	- -	- -	- -	- -	- -	- -	- -
30 - 34	38	7	19	12	- -	- -	- -	- -	- -	- -
	66,501	46,029	76,267	$62,981	- -	- -	- -	- -	- -	- -
35 - 39	62	7	11	31	13	- -	- -	- -	- -	- -
	70,327	41,088	61,903	76,232	$79,117	- -	- -	- -	- -	- -
40 - 44	110	6	21	32	43	8	- -	- -	- -	- -
	75,275	39,375	57,007	71,400	88,328	$95,491	- -	- -	- -	- -
45 - 49	113	2	19	23	37	24	8	- -	- -	- -
	69,343	23,274	40,433	58,311	83,324	82,644	$76,668	- -	- -	- -
50 - 54	130	4	22	51	16	19	9	8	1	- -
	56,876	17,605	45,674	43,458	70,457	85,147	73,740	$78,208	$67,862	- -
55 - 59	104	1	18	39	23	8	10	2	3	- -
	52,608	12,433	47,126	36,867	57,718	69,153	72,139	110,397	116,590	- -
60 - 64	56	2	8	25	7	6	5	- -	2	1
	49,289	20,598	43,983	42,314	51,416	73,140	48,245	- -	87,895	$93,524
65 - 69	26	- -	6	14	2	4	- -	- -	- -	- -
	37,768	- -	45,027	24,935	51,480	64,938	- -	- -	- -	- -
70 & over	6	- -	- -	4	1	- -	1	- -	- -	- -
	31,001	- -	- -	22,011	50,224	- -	47,734	- -	- -	- -
Total	672	48	132	231	142	69	33	10	6	1
	$61,255	$41,927	$52,590	$51,489	$76,602	$81,406	$69,313	$84,646	$98,904	$93,524

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, 2011	705	14	75	34	495*	71	1,394
New participants	15	N/A	3	N/A	N/A	N/A	18
Terminations – with vested rights	-7	7	0	0	0	0	0
Terminations – without vested rights	-11	N/A	11	N/A	N/A	N/A	0
Retirements	-24	-1	0	N/A	25	N/A	0
New disabilities	-2	0	0	2	N/A	N/A	0
Return to work	2	0	0	0	-2	N/A	0
Deceased	-3	0	0	-1	-22	-2	-28
New beneficiaries	0	0	0	0	0	7	7
Lump sum payoffs	-2	0	-3	0	0	0	-5
Data adjustments	-1	0	-1	0	1	0	-1
Number as of July 1, 2012	672	20	85	35	497	76	1,385

** Includes one suspended pensioner*

EXHIBIT D

Summary Statement of Income and Expenses on an Actuarial Value Basis

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Net assets at actuarial value at the beginning of the year:		$181,960,021		$173,764,491
Contribution income:				
Employer contributions	$9,206,982		$8,450,588	
Employee contributions	3,166,597		3,202,897	
Less administrative expenses	-173,328		-168,672	
Net contribution income		$12,200,251		$11,484,813
Investment income:				
Interest, dividends and other income	-$551,766		$36,693,049	
Adjustment toward market value	12,114,610		-22,756,148	
Net investment income		11,562,844		13,936,901
Total income available for benefits		$23,763,095		$25,421,714
Less benefit payments		-$18,463,685		-$17,226,184
Change in reserve for future benefits		$5,299,410		$8,195,530
Net assets at actuarial value at the end of the year:		$187,259,431		$181,960,021

EXHIBIT E

Summary Statement of Income and Expenses on a Market Value Basis

	Year Ended June 30, 2012		Year Ended June 30, 2011	
Net assets at market value at the beginning of the year:		$181,312,668		$150,360,990
Contribution income:				
Employer contributions	$9,206,982		$8,450,588	
Employee contributions	3,166,597		3,202,897	
Less administrative expenses	-173,328		-168,672	
Net contribution income		$12,200,251		$11,484,813
Investment income		-551,766		36,693,049
Total income available for benefits		$11,648,485		$48,177,862
Less benefit payments		-$18,463,685		-$17,226,184
Change in reserve for future benefits		-$6,815,2500		$30,951,678
Net assets at market value at the end of the year:		$174,497,468		$181,312,668

EXHIBIT F

Development of the Fund Through June 30, 2012

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
2003	$683,000	$2,331,000	$0	$323,078	$143,000	$11,762,000	$154,450,879
2004	2,821,000	2,547,000	0	8,353,757	127,000	12,604,000	155,441,636
2005	5,219,000	2,626,000	0	9,882,976	158,000	12,910,000	160,101,612
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	170,922,522
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

** Net of investment fees and effect of smoothing*

EXHIBIT G

Development of Unfunded Actuarial Accrued Liability for Year Ended June 30, 2012

1. Unfunded actuarial accrued liability at beginning of year		$87,086,674
2. Normal cost at beginning of year		7,062,556
3. Employer contributions		-9,206,982
4. Employee contributions		-3,166,597
5. Interest		
(a) For whole year on (1) + (2) + (3)	$7,007,735	
(b) For half year on (4)	-130,622	
(c) Total interest		6,877,113
6. Expected unfunded actuarial accrued liability		$88,652,764
7. Changes due to:		
(a) Experience loss	$12,505,414	
(b) Assumptions	4,850,678	
(c) Total changes		17,356,092
8. Unfunded actuarial accrued liability at end of year		$106,008,856

EXHIBIT H

Allocation of Contributions for Fiscal Year Ending June 30, 2014

	Town and Board of Education	Police	Fire	Para-professionals	Dispatchers	Total
1. a.) Total normal cost	$2,208,615	$1,881,603	$2,095,044	$341,742	$150,111	$6,677,115
b.) Projected employee contributions	1,209,692	707,840	901,627	200,582	94,608	3,114,349
c.) Town normal cost: (a) – (b)	$998,923	$1,173,763	$1,193,417	$141,160	$55,503	$3,562,766
2. Accrued liability						
a.) Active	$44,214,980	$32,779,977	$35,372,324	$3,964,072	$2,913,528	$119,244,881
b.) Inactive vested	1,347,500	336,984	83,868	479,854	77,958	2,326,164
c.) Retirees, beneficiaries and disabled	60,191,367	53,425,641	57,626,890	453,344	0	171,697,242
d.) Total AL: (a) + (b) + (c)	$105,753,847	$86,542,602	$93,083,082	$4,897,270	$2,991,486	$293,268,287
3. Assets at smoothed value*	67,526,581	55,259,704	59,435,970	3,127,034	1,910,142	187,259,431
4. Unfunded accrued liability: (2d) – (3)	38,227,266	31,282,898	33,647,112	1,770,236	1,081,344	106,008,856
5. Payment on unfunded accrued liability (30-year amortization, effective interest rate 4.35%)	2,208,948	1,807,671	1,944,287	102,292	62,485	6,125,683
6. Administrative expenses	72,061	25,205	29,757	23,872	2,887	153,782
7. Annual Town Cost: (1c) + (5a) + (6)	3,279,932	3,006,639	3,167,461	267,324	120,875	9,842,231
8. Payroll	16,044,147	9,059,634	11,534,262	3,343,042	1,182,606	41,163,691
a.) Cost as % of Payroll	20.44%	33.19%	27.46%	8.00%	10.22%	23.91%
9. Annual Required Contribution for Fiscal Year ending June 30, 2014						
a.) Normal cost	$1,033,650	$1,214,570	$1,234,907	$146,068	$57,433	$3,686,628
b.) Amortization payment	2,286,261	1,870,939	2,012,337	105,872	64,672	6,340,081
c.) Expenses	74,817	26,362	31,079	24,741	3,001	160,000
d.) Annual Required Contribution payable July 1, 2013	$3,394,728	$3,111,871	$3,278,323	$276,681	$125,106	$10,186,709

EXHIBIT I
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) Turnover 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 made with respect to the following data supplied to us:

1.	Retired participants as of the valuation date (including 76 beneficiaries in pay status)		608
2.	Participants inactive during year ended June 30, 2012 with vested rights		20
3.	Participants active during the year ended June 30, 2012		672
	Fully vested	466	
	Not vested	206	
4.	Inactive non-vested participants as of June 30, 2012		85

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

1.	Normal cost, including administrative expenses		$6,830,897
2.	Actuarial accrued liability		293,268,287
	Retired participants and beneficiaries	$171,697,242	
	Inactive participants with vested rights	1,825,548	
	Active participants	119,244,881	
	Inactive non-vested participants	500,616	
3.	Actuarial value of assets ($174,497,468 at market value as reported by Scully & Wolf, LLP)		187,259,431
4.	Unfunded actuarial accrued liability		$106,008,856

EXHIBIT I (continued)

Summary of Actuarial Valuation Results

The determination of the recommended contribution is as follows:

1.	Total normal cost	$6,677,115
2.	Administrative expenses	153,782
3.	Expected employee contributions	-3,114,349
4.	Employer normal cost: (1) + (2) + (3)	$3,716,548
5.	Payment on unfunded actuarial accrued liability	6,125,683
6.	Total recommended contribution: (5) + (6), adjusted for timing	$9,842,231
7.	Total pay	$41,163,691
8.	Total Town cost as a percentage of total pay: (6) ÷ (7)	23.91%
9.	Annual required contribution projected for fiscal year ending June 30, 2014	$10,186,709
10.	Projected pay	42,604,420
11.	Projected cost as a percentage of projected pay: (9) ÷ (10)	23.91%

EXHIBIT II

Supplementary Information Required by the GASB – Schedule of Employer Contributions

Plan Year Ended June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2004	$2,820,649	$2,820,649	100.0%
2005	5,218,656	5,218,656	100.0%
2006	5,321,154	5,321,154	100.0%
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	--	--
2014	10,186,709	--	--

EXHIBIT III

Supplementary Information Required by the GASB – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2003	$154,450,879	$180,464,416	$26,013,537	85.59%	$37,511,465	69.35%
07/01/2004	155,441,636	190,131,569	34,689,933	81.75%	39,383,401	88.08%
07/01/2005	160,101,612	205,159,143	45,057,531	78.04%	42,313,564	106.48%
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%

EXHIBIT IV

Supplementary Information Required by the GASB

Valuation date	July 1, 2012
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level percent of payroll, 3.50% annual increase (previously, 4.00%)
Remaining amortization period	30 years remaining as of July 1, 2012, closed (previously, 27 years remaining)
Asset valuation method	Asset smoothing based on the expected actuarial assets. 20% of the difference between the expected asset value and the actual market value is added to the expected actuarial value, and the result is adjusted to be within a 30% corridor of market value.
Actuarial assumptions:	
Investment rate of return	8.00% (previously, 8.25%)
Projected salary increases	4.00% (previously, 5.00%)
Plan membership:	
Retired participants and beneficiaries receiving benefits	608
Terminated participants entitled to, but not yet receiving benefits*	20
Active participants	672
Total	1,300

** Excludes 85 inactive non-vested participants due a refund of employee contributions.*

EXHIBIT V

Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27

Plan Year Ended June 30	Employer Annual Required Contribution (a)	Employer Amount Contributed* (b)	Interest on NPO (h) x 8.25%* (c)	ARC Adjustment (h) / (e) (d)	Amortization Factor (e)	Pension Cost (a) + (c) – (d) (f)	Change in NPO (f) – (b) (g)	NPO Balance NPO + (g) (h)
2003	$702,897	$683,088	$142,396	$221,553	7.5613	$623,740	-$59,348	$1,615,894
2004	2,820,649	2,820,649	137,351	168,756	9.5753	2,789,244	-31,405	1,584,489
2005	5,218,656	5,218,656	134,682	170,298	9.3042	5,183,040	-35,616	1,548,873
2006	5,321,154	5,321,154	131,654	103,881	14.9101	5,348,927	27,773	1,576,646
2007	6,496,087	6,759,087	134,015	109,689	14.3738	6,520,413	-238,674	1,337,972
2008	7,147,444	7,175,658	113,728	104,018	12.8629	7,157,154	-18,504	1,319,468
2009	7,407,015	7,407,017	112,155	106,613	12.3762	7,412,557	5,540	1,325,008
2010	8,188,649	8,180,360	112,626	74,396	17.8101	8,226,879	46,519	1,371,527
2011	8,434,252	8,450,588	113,151	78,386	17.4972	8,469,017	18,429	1,389,956
2012	9,206,982	9,206,982	114,671	80,946	17.1714	9,240,707	33,725	1,423,681
2013	9,330,687	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	10,186,709	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** Prior to 2009, interest was 8.50%. For plan years beginning in 2012 and later, the interest rate will be 8.00%.*

EXHIBIT VI

Actuarial Assumptions and Actuarial Cost Method

Mortality Rates: RP-2000 Combined Healthy Mortality Table, projected 12 years with Scale BB

Healthy: RP-2000 Disabled Retiree Table, projected 12 years with Scale BB

Disabled: The RP-2000 mortality tables, projected to the 2012 valuation date, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The experience will be fully reviewed with an experience study to be completed in the second half of 2013.

Termination rates before retirement:

General, Dispatchers and Paraprofessional Employees

	Rate (%)			
	Mortality		Disability*	Withdrawal
Age	Male	Female	Male & Female	Male & Female
20	0.03	0.02	0.03	6.58
25	0.04	0.02	0.04	5.27
30	0.04	0.03	0.06	4.83
35	0.07	0.05	0.07	4.47
40	0.10	0.07	0.11	3.84
45	0.15	0.11	0.18	3.21
50	0.21	0.16	0.30	1.52
55	0.35	0.26	0.50	0.33
60	0.62	0.45	0.81	0.00

** 100% of disabilities are assumed to be non-service related. Rates apply to General and Dispatchers only.*

Termination rates before retirement (continued):

Police and Fire Employees

Rate (%)

	Mortality		Disability	Withdrawal
Age	**Male**	**Female**	**Male & Female**	**Male & Female**
20	0.03	0.02	0.06	5.44
25	0.04	0.02	0.09	4.89
30	0.04	0.03	0.11	3.70
35	0.07	0.05	0.15	2.35
40	0.10	0.07	0.22	1.13
45	0.15	0.11	0.36	0.27
50	0.21	0.16	0.60	0.00
55	0.35	0.26	1.01	0.00
60	0.62	0.45	1.63	0.00

75% of deaths and disabilities are assumed to be service related and 25% are assumed to be non-service related.

Retirement rates:

General Employees

Age	Annual Rate
50 – 59	2%
60	10%
61	5%
62	20%
63 – 64	5%
65	100%

Retirement rates for general employees are increased by 15% for the year the participant satisfies requirements for the Rule of 85.

Dispatchers

50% upon first becoming eligible for Normal Retirement, followed by 20% for each of the next four years and then 100% in the fifth year.

Paraprofessional Employees

100% at Normal Retirement Age

Retirement age:	
Police Employees	Completion of 25 years of service, but not earlier than age 54 or later than age 65.
Fire Employees	Completion of 27 years of service, but not earlier than age 57 or later than age 65.
Inactive vested participants	62
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%
Salary increases:	4.00% 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	9.0%	7.0%	7.0%	5.0%
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	13.5%	11.5%	11.5%	9.5%
Fire hired on or after 01/01/1995	0%	0%	0%	0%
Police	13.5%	13.5%	25.0%	13.5%
Paraprofessionals	0%	0%	0%	0%

Administrative expenses:	$160,000 per year, added to normal cost, equivalent to $153,782 at the beginning of the year.
Actuarial value of assets:	Expected return is calculated based on the prior year's actuarial value of assets. 20% of the difference between the expected assets and the market value of assets is added to adjust the assets. The final actuarial value must be less than 130% of market value and not more than 80% of market value.
Actuarial cost method:	Projected Unit Credit Actuarial Cost Method. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by service. The amortization payment is expected to increase 3.5% each year.
Changes in assumptions:	The following changes in assumptions and methods were made effective with this valuation: ➤ The investment return assumption was changed from 8.25% to 8.00%. ➤ A separate disability mortality table (RP-2000 Disabled Retiree) was introduced for disabled participants. ➤ The mortality tables for healthy and disabled participants were projected 12 years with Scale BB. ➤ Annual assumed salary increases decreased from 5.00% to 4.00%. ➤ Withdrawal rates for Police and Fire employees are no longer cut off at age 41; they continue until the earlier of age 49 or the year prior to projected Normal Retirement. ➤ The amortization period for the unfunded actuarial accrued liability was extended from a closed period with 27 years remaining to a closed 30-year period. ➤ The annual increase for level percentage amortization of the unfunded actuarial accrued liability was decreased from 4.0% to 3.5%. ➤ The timing for administrative expenses was changed from beginning of year to monthly.

EXHIBIT VII

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 is credited at 4.00% per year.
Cost-of-Living:	2% per year for participants retiring after July 1, 2005. The first increase is paid with the January payment that is five full years after retirement. Retirees and beneficiaries who retired on a Disability Pension after December 1, 1996 and prior to December 31, 2005: 1% increase each year with the first increase starting on July 1, 2006 and annually thereafter. Retirees and beneficiaries retiring prior to December 1, 1996 but on or after January 1, 1980: 1% increase beginning on July 1, 2006 and annually thereafter. Employees retiring December 1, 1996 through December 31, 1998 receive a 1% annual increase beginning October 1, 2008. Retirees and beneficiaries retiring prior to January 1, 1980: 2% cost of living increase each year beginning on July 1, 2006 and annually thereafter.

	<u>General Employees (Town & Board of Education) *continued*</u>
Participation:	The plan was closed to new entrants on July 1, 2006.
Plan Changes:	The only plan changes made for this valuation was to extend the 1% cost-of-living adjustment to retirees who retired during the period December 1, 1996 through December 31, 1998.

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 <u>not</u> 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 is credited at 4.00% per year.
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:	There were no plan changes made for this valuation.

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.
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.

Dispatchers *continued*

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.
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.

	Dispatchers *continued*
Employee contributions:	8% of regular compensation. Contributions are no longer required after 31 years and 10 months of plan participation. Interest on employee contributions is credited at 4.00% per year.
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	There were no plan changes for this valuation.

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 15 years of service.
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.
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.

Police and Fire Employees *continued*

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
Dependent's benefit – Service:	
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.

Police and Fire Employees *continued*

Employee contributions:	8% of regular compensation. No contributions are required after 30 years of plan participation. Interest on employee contributions is credited at 4.00% per year.
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:	Employees retiring prior to December 1, 1996 receive a 1% annual increase beginning July 1, 2006. Employees retiring December 1, 1996 through December 31, 1998 receive a 1% annual increase beginning October 1, 2008. An additional 1% annual increase is provided for retirees and beneficiaries who retired prior to January 1, 1980 beginning July 1, 2006.
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 only plan changes made for this valuation was to extend the 1% cost-of-living adjustment to retirees who retired during the period December 1, 1996 through December 31, 1998.

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