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Town of Coventry Pension Plan

Actuarial Valuation Report
Cash Contribution Purposes
For the Fiscal Year beginning
July 1, 2014

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January 7, 2014

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Certification

This report presents the results of the July 1, 2013 Actuarial Valuation for the Town of Coventry Pension Plan (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2015. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Town, and on asset and contribution information provided by the Trustee, and the Town. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

The valuation report does not reflect any local ordinances, or other agreements, that require a minimum or maximum funding amount.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: 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 or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Richard S. Sych, F.S.A., M.A.A.A., Enrolled Actuary
11-05065

January 7, 2014

Introduction

Purpose of the Valuation

The primary purpose of this valuation is to furnish actuarial advice which will provide a sound basis for the determination of an appropriate plan contribution by the Town for the current year.

The valuation report does not reflect any local ordinances, or other agreements, that require a minimum or maximum funding amount.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses.

<i>Ultimate Cost</i>	=	<i>Benefits Paid</i>	+	<i>Expenses Incurred</i>	-	<i>Investment Return</i>	-	<i>Employee Contributions</i>
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The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, plus an amortization payment toward the unfunded past costs equals the total contribution for a particular plan year.

Information Available in the Valuation Report

The Executive Summary and Valuation Highlights emphasize the notable results of the valuation from the perspective of the Town. Supporting technical detail is documented in Valuation Exhibits and Actuarial Basis. A summary of the principal provisions of the Plan concludes the report.

Information needed as of June 30, 2014 under Governmental Accounting Standards Board Statement No. 25 and No. 27 will be presented in a separate report.

Executive Summary

Town Contribution for July 1, 2014 through June 30, 2015 Fiscal Year

The calculated contribution for the July 1, 2014 through June 30, 2015 fiscal year, payable by the Town for the pension plan, is disclosed in this report. Shown below are the components of the calculated contribution.

Town Contribution				
	Police	Board of Education	Town less Police	Total
Town Normal Cost	\$ 60,903	\$124,651	\$121,323	\$306,877
Payment on Unfunded	<u>117,743</u>	<u>99,685</u>	<u>149,460</u>	<u>366,888</u>
Total Town Contribution	\$178,646	\$224,336	\$270,783	\$673,765
Payroll	1,313,518	2,330,288	2,205,673	5,849,479
Percentage of Payroll	13.6%	9.6%	12.3%	11.5%
Est. Employee Cost	\$84,913	\$79,153	\$66,919	\$230,985

A breakdown of the Town Contribution by location can be found in Exhibit E.

The Town's overall Normal Cost (when taken alone) is 5.2% of payroll for all members.

The plan experienced gains on the Actuarial Value of assets which returned 9.2% compared to the 7.5% assumed. There were also some liability gains from changes in demographics.

Budget Estimate for July 1, 2015 through June 30, 2016

In the absence of any plan changes and/or major changes in plan demographics, the July 1, 2015 through June 30, 2016 fiscal year contribution for the Town is estimated to be about 11.5% of the July 1, 2014 payroll (13.6% for Police, 9.6% for Board of Education and 12.3% for all other groups).

Changes Reflected in the Valuation

This valuation reflects a change in the Actuarial Cost Method from Projected Unit Credit to Entry Age Normal. The Preretirement Mortality Table has also been updated this year. Please refer to the Description of Actuarial Assumptions for more detail.

New Accounting Standards

In June of 2012, The Government Accounting Standards Board (GASB) issued statements 67 and 68. GASB 67 is a new standard that pertains to financial reporting for pension plans. In general, it replaces GASB 25 and it is effective for fiscal years beginning after June 15, 2013. GASB 68 is a new standard that pertains to accounting and financial reporting for pensions. In general, it replaces GASB 27 and it is effective for fiscal years beginning after June 15, 2014. Both statements replace the relevant provisions of GASB 50.

Currently, your annual financial report tracks the Net Pension Obligation (NPO) and the NPO is displayed in the footnote section of the annual financial report. With GASB 68, the NPO will no longer be tracked. A new item called Net Pension Liability (NPL) will be displayed not as a footnote but directly on your balance sheet. For both standards, liabilities are calculated using the Entry Age Normal Cost Method. In general, the NPL is EAN Accrued Liability less the Market Value of Assets. A table that displays the NPL for the Town's pension plan is below.

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Market Value Of Assets</u>	<u>Net Pension Liability</u>
July 1, 2011	13,045,233	7,899,541	5,145,692
July 1, 2012	13,040,566	8,865,730	4,174,836
July 1, 2013	13,640,340	10,538,181	3,102,159

In addition to replacing the NPO with NPL, the Annual Required Contribution (ARC) will also be eliminated. Even though the ARC will be eliminated, we will work with you to develop a contribution policy. The new term for this is called the Actuarially Determined Contribution (ADEC). One possible ADEC is to use the same concepts that were used to develop the ARC which would mean no change in the present funding policy.

Under the prior standards the ARC served as both the contribution policy and the accounting expense. As noted above the ARC is eliminated and replaced with the ADC with regard to the funding policy. The new pension expense will be quite different from the ARC and it has several components (including normal cost, interest cost, amortization components, actual return, and plan changes). The new pension expense will help reconcile the change in the Net Pension Liability each year. In addition, it will be more volatile than the ARC and so not suitable for use as a contribution policy.

If the Town wants to see how the pension expense works, please let us know and we will prepare a sample exhibit. Like the Net Pension Liability, the calculation of the pension expense is based upon the Entry Age Normal Cost Method and will no longer be a footnote but reported directly in the annual financial report.

Valuation Highlights - Total Town and Police		
	July 1, 2013	July 1, 2012
Number of members		
Active	130	136
Terminated vested	29	28
Retired	<u>15</u>	<u>10</u>
Total	174	174
Total plan salaries	\$5,849,479	\$5,811,077
Average plan salary	44,996	42,729
Actuarial present value of future benefits	16,332,639	15,670,622
Total market value	10,538,181	8,865,730
Total actuarial asset value	10,401,777	8,980,090
Town normal cost		
For dollar estimate	306,877	373,390
For percentage of payroll	5.2%	6.4%
Unfunded actuarial accrued liability	3,238,563	3,132,820
Annual amortization payment	366,888	354,909
Amortization period	15 years	15 years
Contributions		
Town contribution	673,765	728,299
Percentage of payroll	11.5%	12.5%
Estimated Employee Cost*	230,985	227,043

**Please refer to the Plan Provisions section of this report for more detail.*

Participant Data

The data reported by the Plan Sponsor for this valuation includes 130 active employees who met the Plan's minimum age and service requirements as of July 1, 2013.

On the following page is a breakdown of data by location as of July 1, 2013.

Participant Data				
	Active	Terminated Vested	Retired	Total
Total Participants 7/1/2012	136	28	10	174
Adjustments	0	0	0	0
Terminations				
Vested	-7	+7	N/A	0
Non-vested without break	-1	0	N/A	-1
Deaths				
Without death benefit	0	0	-1	-1
With death benefit	-1	0	0	-1
New beneficiaries	N/A	+1	0	+1
Retirements (annuity)	-1	-5	+6	0
Retirements (lump sum)	-1	-2	0	-3
Rehires	0	0	0	0
New entrants				
Through 6/30/2013	+2	N/A	N/A	+2
On 7/1/2013	<u>+3</u>	<u>N/A</u>	<u>N/A</u>	<u>+3</u>
Total Participants 7/1/2013	130	29	15	174
Total annual plan salaries				
7/1/2012	\$5,811,077			
7/1/2013	5,849,479			
Total annual benefits				
7/1/2012		\$222,677	\$69,832	
7/1/2013		203,055	144,029	

**Deferred beneficiary.*

**Membership Data Reported by the Town as of July 1, 2013
By Location**

	Number of Members				Avg Age of Actives		Total Annual Plan Salaries	Average Plan Salary
	Active	Term Vested	Retired	Total	At Entry	Current		
<i>Board of Education</i>								
Custodians	14	0	2	16	40	51.6	501,469	35,819
Para-Professionals	37	3	3	43	39	54.3	819,105	22,138
Nurses	3	1	0	4	35	52	125,999	42,000
Secretaries	13	7	5	25	41	53.5	469,239	36,095
Food Service	6	3	0	9	41	54.2	157,864	26,311
Others	5	2	1	8	37	49.4	256,612	51,322
Town Hall	8	5	3	16	36	43.9	396,201	49,525
Public Works	12	5	0	17	29	47.2	735,663	61,305
Non-Classified	7	1	0	8	44	54.5	583,150	83,307
Supervisors	7	0	0	7	40	52.4	490,659	70,094
Non-Uniformed Police	4	0	0	4	29	44.3	234,443	58,611
Sworn Officers	14	2	1	17	29	43.1	1,079,075	77,077
Grand Total	130	29	15	174	37	50.8	5,849,479	44,996

Actuarial Balance Sheet

Total Plan

The key elements of the actuarial funding process are presented in the Actuarial Balance Sheet. The format of the balance sheet captures the essential purpose of an actuarial cost method — the determination of assets sufficient to provide for pension benefits. The valuation components presented below are for the Projected Unit Credit Actuarial Cost Method.

The actuarial present value of current and prospective plan benefits is the liability that must be balanced by current and prospective assets. The Unfunded Actuarial Accrued Liability is included with prospective assets because it is the present value of amortization payments that will be made for costs allocated to the past. The Present Value of Future Normal Cost Contributions is the balancing item. It represents the prospective assets from contributions that will be made for costs allocated to the future.

Actuarial Balance Sheet		
	July 1, 2013	July 1, 2012
Liabilities		
Actuarial present value of future benefits		
Active members	\$13,253,568	\$13,155,731
Terminated vested members	1,362,926	1,798,255
Retired members and beneficiaries	<u>1,716,145</u>	<u>716,636</u>
Total	16,332,639	15,670,622
Assets		
Current valuation assets		
Actuarial value of assets	10,401,777	8,980,090
Prospective valuation assets		
Unfunded actuarial accrued liability	3,238,563	3,132,820
Present value of future normal cost contributions	<u>2,692,299</u>	<u>3,557,712</u>
Total	16,332,639	15,670,622

Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value 7/1/2012		
a. Trust assets	\$ 8,865,730	\$ 8,980,090
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	8,865,730	8,980,090
2. Contributions		
a. Contributions during year	1,296,303	1,296,303
b. Change in accrued contribution	0	0
c. Total for plan year	1,296,303	1,296,303
3. Disbursements		
a. Benefit payments during year	735,838	735,838
b. Administrative expenses during year	25,514	25,514
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	761,352	761,352
4. Net investment return		
a. Interest and dividends	1,171,686	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	0	N/A
d. Unrealized gain (loss)	0	N/A
e. Expected return	N/A	712,424
f. Recognized gain (loss)	N/A	174,312
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	(34,186)	N/A
j. Total	1,137,500	886,736
5. Ending value 7/1/2013		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	10,538,181	10,401,777
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	10,538,181	10,401,777
6. Approximate rate of return 2012-2013	12.0%	9.2%

Development of Asset Values

Development of Actuarial Value of Assets

The Actuarial Value of assets is used in the determination of plan contributions. It phases in recognition of asset gains and losses. A method of smoothing is used because the Market Value can swing widely from one year to the next, resulting in undesirable fluctuations in pension contributions. The smoothing is accomplished by recognizing asset gains and losses over a four-year period at 25% per year.

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2013	\$	10,538,181
2. Gain / (loss) not recognized in actuarial value 7/1/2013		136,404
3. Preliminary actuarial value 7/1/2013: (1)-(2)		10,401,777
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		98.7%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2013 after corridor min/max: (3)+(5)		10,401,777
7. Actuarial value as a percentage of market value: (6)÷(1)		98.7%

Development of Market Value Gain / (Loss) for 2012-2013 Plan Year		
1. Market value 7/1/2012	\$	8,865,730
2. Contributions		1,296,303
3. Benefit payments		735,838
4. Administrative expenses		25,514
5. Expected return at 7.50%		712,424
6. Expected value 7/1/2013: (1)+(2)-(3)-(4)+(5)		10,113,105
7. Market value 7/1/2013		10,538,181
8. Market value gain / (loss) for -1 Plan Year: (7)-(6)		425,076

Recognition of Gain / (Loss) in Actuarial Value					
Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2012	(c) Recognized in current year: 25% of (a)	(d) Total recognized as of 7/1/2013: (b)+(c)	(e) Not recognized as of 7/1/2013: (a)-(d)
2009-2010	\$ 241,085	\$ 180,813	\$ 60,272	\$ 241,085	\$ 0
2010-2011	791,788	395,894	197,947	593,841	197,947
2011-2012	(760,702)	(190,176)	(190,176)	(380,352)	(380,350)
2012-2013	425,076	0	<u>106,269</u>	106,269	<u>318,807</u>
Total			174,312		136,404

Development of Normal Cost

The Normal Cost is the portion of the Actuarial Present Value of Future Benefits that a funding method allocates to the current plan year.

Under the Entry Age Actuarial Cost Method, the Normal Cost for plan benefits is the total of the individual Normal Costs for active participants. The cost method derives the Normal Cost for each active participant by distributing the individual's Actuarial Present Value of Future Benefits over expected salary-weighted by the expected salary in that year in order to produce an individual annual Normal Cost that will remain level as a percentage of salary.

Normal Cost		
	July 1, 2013	July 1, 2012
1. Employer Normal cost end of year	\$276,877	\$343,390
2. Administrative expenses	30,000	30,000
3. Total normal cost: (1)+(2)	306,877	373,390
4. Plan salaries for employees under retirement age	5,610,548	5,552,482
5. Total normal cost as a percentage of plan salaries: (3)÷(5)	5.5%	6.7%

Town Contribution Levels for Year Beginning July 1, 2014

Based on the membership data and asset information provided to us we have calculated the Town's Annual Recommended Contribution for 2014-2015 as a percentage of payroll.

The calculations are based on the Entry Age Normal funding method and the actuarial assumptions and on the plan's provisions outlined in the final section of this report.

	1	2	3	4	5	6	7
	Town Normal Cost	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability (UAAL)	15 year Amortization of UAAL	Contribution for the 7/1/14 to 6/30/15 Fiscal Year: (1) + (5)	Town's Contribution as Percent of Pay
<i>Board of Education</i>							
Custodians	26,217	671,409	404,560	266,849	30,231	56,448	11.3%
Para-Professionals	36,186	1,674,443	1,507,360	167,083	18,928	55,114	6.7%
Nurses	4,337	297,492	278,349	19,143	2,169	6,506	5.2%
Secretaries	24,917	1,409,891	1,317,550	92,341	10,461	35,378	7.5%
Food Service	8,570	381,677	298,208	83,469	9,456	18,026	11.4%
Others	<u>24,424</u>	<u>523,911</u>	<u>272,864</u>	<u>251,047</u>	<u>28,440</u>	<u>52,864</u>	<u>20.6%</u>
<i>Total Board of Education</i>	<i>124,651</i>	<i>4,958,823</i>	<i>4,078,891</i>	<i>879,932</i>	<i>99,685</i>	<i>224,336</i>	<i>9.6%</i>
Town Hall	14,685	520,088	5,263	514,825	58,323	73,008	18.4%
Public Works	7,657	1,443,279	1,076,106	367,173	41,596	49,253	6.7%
Non-Classified	74,839	1,066,998	867,357	199,641	22,617	97,456	16.7%
Supervisors	24,142	689,980	452,321	237,659	26,924	51,066	10.4%
Non-Uniformed Police	5,217	351,029	168,500	182,529	20,678	25,895	11.0%
Sworn Officers	<u>55,686</u>	<u>4,610,143</u>	<u>3,753,339</u>	<u>856,804</u>	<u>97,065</u>	<u>152,751</u>	<u>14.2%</u>
<i>Total Town less BOE</i>	<i>182,226</i>	<i>8,681,517</i>	<i>6,322,886</i>	<i>2,358,631</i>	<i>267,203</i>	<i>449,429</i>	<i>12.8%</i>
Grand Total	306,877	13,640,340	10,401,777	3,238,563	366,888	673,765	11.5%

Funded status

Actuarial Accrued Liability	13,640,340
Actuarial Value of Assets	10,401,777
Funded Status	76%

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in asset gains and losses. Asset gains and losses are recognized over a four-year period a 25% per year.

The asset gain or loss is determined by comparing the current year fair value of assets to the expected fair value of assets. The expected fair value of assets is determined by applying the prior year's expected return on assets to the prior year fair value of assets, plus contributions less distributions. The Actuarial Value is limited to be within 80% to 120% of Market Value.

Actuarial Cost Method

Current Year:

1. Basic cost method: Entry Age Actuarial Normal Cost Method. The normal cost for the plan is the sum of the employee's Normal Costs. The Normal Cost for the Plan is the difference between the total Normal Cost for the year and the anticipated participant contributions for that year.
2. The effects of increases since the last valuation in the IRC Sec. 415 dollar limitation on benefits and the IRS Sec. 401(a)(17) limitation on compensation are treated as part of the actuarial gain (loss).

Prior Year:

1. Basic cost method: Projected Unit Credit Actuarial Cost Method. The allocation of projected benefit between past years and future years is in proportion to the applicable rates of benefit accrual under the Plan.
2. The effects of increases since the last valuation in the IRC Sec. 415 dollar limitation on benefits and the IRS Sec. 401(a)(17) limitation on compensation are treated as part of the actuarial gain (loss).

Amortization Method

The unfunded (over-funded) actuarial accrued liability as of the valuation date is amortized over a fifteen-year period.

Description of Actuarial Assumptions Contributory and Non-Contributory Plans

Changes in Actuarial Assumptions as of 7/1/2013

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Mortality

Description of Actuarial Assumptions

Valuation date	Liabilities and assets measured as of July 1.
Investment return	
Pre-retirement	7.5% per year, net of investment expenses.
Post-retirement	7.0% per year for all divisions other than Non-Union divisions and all Police Officers. 6.5% per year for Non-Union divisions and all Police Officers.
Cost-of-living increases	None.
Salary increases	
For determination of benefits	3% per year.
For determination of present value of future salary	3% per year.
Entry date	Valuation date anniversary coincident with or next following completion of eligibility requirements (determined as if Plan had always been in effect).

Retirement

Attainment of age and years of service, as shown below.

	All Except Sworn and Non Uniformed Police	Police Sworn	Non Uniformed Police
Age/Service	62/10*	45/20	Rule of 85

** Supervisors and Non-Bargaining employees who were employed on 7/1/2004 were grandfathered under the earlier of age 55 with 25 years of service or age 62. Effective July 1, 2014, all existing and future bargaining unit employees is age 65.*

Mortality

Current Year:

Pre-retirement

RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale BB.

Post-retirement

IRC 417(e) applicable mortality (IRS Revenue Ruling 2007-67).

Prior Year:

Pre-retirement

RP-2000 combined table projected to the valuation date.

Post-retirement

IRC 417(e) applicable mortality (IRS Revenue Ruling 2007-67).

Mortality Improvement

Current Year: Projected to date of decrement using Scale BB (generational mortality).

Prior Year: Projected ten years from valuation date.

Termination prior to retirement

Males: Travelers Turnover Schedule C.
Females: Travelers Turnover Schedule C.

Sample male rates: Sample female rates:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	20.00%	20	30.00%
25	13.00	25	13.00
30	9.00	30	9.00
35	6.00	35	6.00
40	4.00	40	4.00
45	3.00	45	3.00
50	2.00	50	2.00
55	1.00	55	2.00
60	0.00	60	1.00
65	0.00	65	0.00

Administrative expense

The normal cost for benefits is increased by an estimate of the administrative expenses for the upcoming year.

General Outline of Plan Provisions

This summary is being provided for valuation purposes only. This summary outlines the major features of the Plan. It does not give full details or cover all aspects of the Plan. The actual terms and conditions of the Plan are stated in the formal Plan document and any applicable collective bargaining agreement.

				Police								
	Non-Org	Supvr	Town Union	Sworn	Non-Uniformed	Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
Plan Year: July 1												
Effective Date												
Original: 7/1/1969												
Latest resolution/ratification	7/1/2003	5/7/2012	5/7/2012	7/1/2007	7/1/2007	5/7/2012	5/7/2012	5/7/2012	5/7/2012	5/7/2012	5/7/2012	7/1/2003
Participation												
<ul style="list-style-type: none"> Participate at hire (if scheduled for at least 20 hours per week and at least 5 months per year) 				✓								
<ul style="list-style-type: none"> Participate on the July 1 coinciding with or following attainment of age 21 and completion of 2 years of continuous service (if scheduled for at least 20 hours per week and at least 5 months per year) 	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
<ul style="list-style-type: none"> Employees hired after 2/12/2008 will not participate in the pension plan. 					✓							
<ul style="list-style-type: none"> Employee contributions are required 	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

	Non- Org	Supvr	Town Union	Police		Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
				Sworn	Non- Uniformed							
Required Employee Contributions												
Schedule 1												
7/1/99 - 6/30/01 = 3%				✓								
7/1/01 - 6/30/02 = 4%				✓								
7/1/02 to 7/1/07 = 4.5%				✓								
2/12/08 – 6/30/08 = 5.5%				✓								
7/1/08 – 6/30/09 = 6.5%				✓								
7/1/09 and after = 7.0%				✓								
Schedule 2												
7/1/02 - 6/30/03 = 0.75%			✓					✓				
7/1/03 - 6/30/04 = 1%	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
7/1/04 - 6/30/05 = 1.25%	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
7/1/05 - 6/30/06 = 1.5%	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
7/1/06 – 6/30/10 = 1.75%	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓
7/1/10 – 6/30/11 = 2.25%		✓	✓			✓	✓	✓	✓	✓	✓	
7/1/11 – 6/30/12 = 2.75%		✓	✓			✓	✓	✓	✓	✓	✓	
7/1/12 – 6/30/13 = 3.25%		✓	✓			✓	✓	✓	✓	✓	✓	
7/1/13 – 6/30/14 = 3.75%		✓	✓			✓	✓	✓	✓	✓	✓	
7/1/14 and after = 4.0%		✓	✓			✓	✓	✓	✓	✓	✓	
Schedule 3												
02/12/08 – 6/30/08 = 1%					✓							
7/1/08 – 6/30/09 = 2%					✓							
7/1/09 – 6/30/10 = 3%					✓							
7/1/10 and after = 4%					✓							

Continuous Service												
Aggregate period of uninterrupted employment.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Credited Service												
Credited Past Service (CPS): Full years and fractions rounded to the nearer month of Continuous Service to Credited Past Service Date. Past Service Date is:												
7/1/1969	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
7/1/1985					✓							
Current Credited Service (CCS): Prior to 7/1/96: full years and fractions rounded to nearer month from date above. After 7/1/96: Each plan year of at least 1,000 hours.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

				Police								
	Non- Org	Supvr	Town Union	Sworn	Non- Uniformed	Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
Monthly Earnings												
Monthly salary paid during any plan year, including college incentives, regular overtime, holiday pay and longevity pay; excluding special duty wages.				✓								
Monthly salary paid during plan year, including overtime and longevity pay, excluding bonuses, and amounts identified as payment toward business expenses.	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Average Monthly Earnings (AME)												
1. Average of the highest 5 completed plan years. Maximum overtime pay is capped at 19% of base salary.				12% cap prior to 7/1/07 ✓								
2. Average of the highest 5 consecutive plan years (or portions of) during employment.	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Accrued Benefit												
1. 2% of AME times Credited Service prior to 7/1/88 plus 2.25% of AME times Credited Service after 7/1/88. Max ben = 70% of AME.				eff. 7/1/99								
1 (a). 1.5% of AME times Credited Service (New Sworn Officers only). (No maximum)				hired on or > 2/12/08								

Plan Provisions
continued

				Police									
	Non- Org	Supvr	Town Union	Sworn	Non- Uniformed	Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)	
2. 1.25% of AME times Cred Serv.							eff. 7/1/97			eff. 7/1/98			
3. 1% of AME times CPS plus 1.25% of AME times CCS to 1/1/90, plus 1.5% of AME times CCS on or after 1/1/90.	eff. 7/1/03	eff. 7/1/03	eff. 7/1/02			eff. 7/1/03	eff. 7/1/03	eff. 1/4/02	eff. 7/1/03	eff. 7/1/03	eff. 7/1/03	eff. 7/1/03	
4. 1% of AME times CPS plus 1.25% of AME times CCS.	prior to 7/1/03	prior to 7/1/03	prior to 7/1/02			prior to 7/1/03		prior to 1/4/02	prior to 7/1/03		prior to 7/1/03		
5. 1% of AME times CPS plus 1.25% of AME times CCS. Credited Service maximum is 40 years.					✓								
Normal Retirement Date													
1. Later of age 62 and 10 (5 years for Non-Org and Other (BOE)) years of continuous service.	new retirees >7/1/03	new retirees >7/1/03 and before 7/1/2014	new retirees >7/1/03 and before 7/1/2014			prior to 6/30/2002	new retirees >6/30/1993 and before 7/1/2014	new retirees >6/30/2002 and before 7/1/2014	new retirees 6/30/2002 and before 7/1/2014	new retirees 6/30/2003 and before 7/1/2014	new retirees 6/30/2002 and before 7/1/2014	new retirees 6/30/2003 and before 7/1/2014	Terms > 6/30/2003
2. Rule of 85: Age plus service equals 85.						eff. 2/12/2008							
3. Age 45, 20 years of continuous service.						retirees 2/12/2008							
4. Earlier of age 62, or age 55 with 25 years of continuous service.	retirees 7/1/96 to 7/1/03	retirees 9/1/91 to 7/1/03											
5. Later of age 65, or completion of 10 years of continuous service, max age 70.						prior to 7/1/99	prior to 7/1/2003	prior to 7/1/97	prior to 1/4/02	prior to 7/1/03	prior to 7/1/98	prior to 7/1/03	prior to 7/1/03
6. Age 65, retiring from active employment after:		7/1/2014	7/1/2014				7/1/2014	7/1/2014	7/1/2014	7/1/2014	7/1/2014	7/1/2014	

Plan Provisions
continued

	Non- Org	Supvr	Town Union	Police		Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
				Sworn	Non- Uniformed							
Early Retirement Date												
Eligibility: The first day of the month following the later of age 55 and 10 years of continuous service.	✓	✓	✓	None	✓	✓	✓	✓	✓	✓	✓	✓
Early retirement reduction factors:												
4% per year	eff. 7/1/03	eff. 7/1/03 – 5/6/12	✓			✓	eff. 7/1/03 – 5/6/12	eff. 7/1/02 – 5/6/12	eff. 7/1/03 – 5/6/12	eff. 7/1/03 – 5/6/12	eff. 7/1/03 – 5/6/12	eff. 7/1/03
6% per year					✓							
4% per year for the first 3 years (65 to 62) and 5% per year for the next 7 years (62-55)		eff. 5/7/12	eff. 5/7/12			eff. 5/7/12	eff. 5/7/12	eff. 5/7/12	eff. 5/7/12	eff. 5/7/12	eff. 5/7/12	
Late Retirement Date												
Greater of actual accrued benefit as of date of actual retirement or actuarial equivalent of the benefit payable as of the end of the preceding plan year.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Termination prior to retirement												
Vesting												
1. 100% after 5 years of continuous service.	eff. 7/1/04			eff. 7/1/93								eff. 7/1/04
2. 100% after 10 years of continuous service.	prior to 7/1/04	✓	✓		✓	✓	✓	✓	✓	✓	✓	prior to 7/1/04

				Police								
	Non- Org	Supvr	Town Union	Sworn	Non- Uniformed	Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
Benefit												
Vested portion of accrued benefit as of date of termination, first payable upon normal retirement eligibility. Earlier benefit commencement may be elected, subject to early retirement eligibility and reduction factors.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Death prior to Retirement												
Eligibility												
Must be eligible for early retirement.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Benefit												
Surviving spouse's benefit is 50% of the benefit that would have been payable to the participant if the participant had: (1) terminated immediately before death, (2) elected to retire, and (3) elected a 50% joint and survivor annuity. The surviving spouse's benefit is payable on the first day of the month coinciding with or next following the participant's death.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

			Police										
	Non- Org	Supvr	Town Union	Sworn	Non- Uniformed	Public Works	Custodia ns	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)	
Disability - Eligibility													
1. Completion of 10 years of continuous service.			✓	✓									
2. Completion of 10 years of continuous service and age 50.	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	
Disability - Benefit													
Actuarial equivalent of the monthly accrued benefit as of the date that disability commenced. This benefit is payable the first day of the sixth month following disability, and can be taken in a lump sum. Police employees hired after 7/1/1999 are not eligible to take a lump sum.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Form of Benefit													
Normal Form													
Life Annuity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Optional Forms													
50%, 75% or 100% contingent annuitant options, life annuity guaranteed for the first 10 years or lump sum payment.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Lump Sum Option: A lump sum is payable except for new hires after this date.*	7/1/2003	6/3/2003	7/1/2001	7/1/1999	7/1/1999	6/3/2003	12/6/99	1/4/2002	6/3/2003	12/6/1999	6/3/2003	6/3/2003	

- For all divisions except for Non-Bargained divisions (Non-Org and Other), the lump sum amount shall be reduced by 4% for employees separating from service after 5/7/2012.

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