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Town of Coventry Pension Plan

Actuarial Valuation Report
Cash Contribution Purposes
For the Fiscal Year beginning
July 1, 2013

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December 28, 2012

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Certification

This report presents the results of the July 1, 2012 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 Annual Required Contribution (ARC) for the fiscal year ending June 30, 2014. 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

December 28, 2012

Introduction

Purpose of the Valuation

The primary purpose of this valuation report is to furnish actuarial advice which will provide a sound basis for the determination of an appropriate contribution by the Town for the Plan 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</i>	=	<i>Benefits</i>	+	<i>Expenses</i>	-	<i>Investment</i>
<i>Cost</i>		<i>Paid</i>		<i>Incurred</i>		<i>Return</i>

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, 2013 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, 2013 through June 30, 2014 Fiscal Year

The calculated contribution for the July 1, 2013 through June 30, 2014 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	\$138,487	\$137,443	\$97,460	\$373,390
Payment on Unfunded	<u>112,231</u>	<u>111,521</u>	<u>131,157</u>	<u>354,909</u>
Total Town Contribution	\$250,718	\$248,964	\$228,617	\$728,299
Payroll	1,296,194	2,520,758	1,994,125	5,811,077
Percentage of Payroll	19.3%	9.9%	11.5%	12.5%
Est. Employee Cost	\$83,729	\$82,422	\$60,892	\$227,043

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

The Town's overall Normal Cost (when taken alone) is 6.4% of payroll for all members.

The plan experienced losses on the Actuarial Value of assets which returned 5.6% compared to the 7.5% assumed which was offset by some liability gains.

Budget Estimate for July 1, 2014 through June 30, 2015

In the absence of any plan changes and/or major changes in plan demographics, the July 1, 2014 through June 30, 2015 fiscal year contribution for the Town is estimated to be about 12.5% of the July 1, 2013 payroll (19.3% for Police, 9.9% for Board of Education and 11.5% for all other groups).

Changes Reflected in the Valuation

There have been no changes in the actuarial cost method since the last valuation. Please see the Description of Actuarial Assumptions and the Plan Provisions for detail on changes reflected in this valuation.

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

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 (ADC). One possible ADC 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, 2012	July 1, 2011
Number of members		
Active	136	149
Terminated vested	28	24
Retired	<u>10</u>	<u>8</u>
Total	174	181
Total plan salaries	\$5,811,077	\$6,183,478
Average plan salary	42,729	41,500
Actuarial present value of future benefits	15,670,622	16,451,773
Total market value	8,865,730	7,899,541
Total actuarial asset value	8,980,090	7,449,103
Town normal cost		
For dollar estimate	373,390	553,942
For percentage of payroll	6.4%	9.0%
Unfunded actuarial accrued liability	3,132,820	4,634,977
Annual amortization payment	354,909	525,084
Amortization period	15 years	15 years
Contributions		
Town contribution	728,299	1,079,026
Percentage of payroll	12.5%	17.5%
Estimated Employee Cost*	227,043	169,013

**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 136 active employees who met the Plan's minimum age and service requirements as of July 1, 2012.

On the following page is a breakdown of data by location as of July 1, 2012.

Participant Data				
	Active	Terminated Vested	Retired	Total
Total Participants 7/1/2011	149	24	8	181
Adjustments	0	0	0	0
Terminations				
Vested	-6	+6	N/A	0
Non-vested without break	-5	0	N/A	-5
Deaths				
Without death benefit	0	0	-1	-1
With death benefit	0	0	0	0
New beneficiaries	N/A	0	0	0
Retirements (annuity)	-1	-2	+3	0
Retirements (lump sum/purchases)	-2	0	0	-2
Rehires	0	0	0	0
New entrants				
Through 6/30/2012	0	N/A	N/A	0
On 7/1/2012	<u>+1</u>	<u>N/A</u>	<u>N/A</u>	<u>+1</u>
Total Participants 7/1/2012	136	28	10	174
Total annual plan salaries				
7/1/2011	\$6,183,478			
7/1/2012	5,811,077			
Total annual benefits				
7/1/2011		\$149,331	\$49,772	
7/1/2012		222,677	69,832	

**Membership Data Reported by the Town as of July 1, 2012
By Location**

Input	Number of Members			Avg Age of Actives		Total Annual Plan Salaries	Average Plan Salary
	Active	Term Vested	Retired	At Entry	Current		
<i>Board of Education</i>							
Custodians	15	1	1	41	51.5	530,228	35,349
Para-Professionals	39	3	2	39	53.4	847,700	21,736
Nurses	4	0	0	37	52.8	167,882	41,971
Secretaries	17	4	5	41	53.4	554,087	32,593
Food Service	6	3	0	41	53.2	121,558	20,260
Others	6	2	0	38	50.0	299,303	49,884
Town Hall	7	7	2	36	43.6	342,931	48,990
Public Works	13	5	0	28	45.5	745,297	57,331
Non-Classified	5	1	0	41	53.2	427,326	85,465
Supervisors	7	0	0	39	50.4	478,571	68,367
Non-Uniformed Police	4	0	0	29	43.3	233,493	58,373
Sworn Officers	13	2	0	28	44.9	1,062,701	81,746
Grand Total	136	28	10	37	50.5	5,811,077	42,729

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, 2012	July 1, 2011
Liabilities		
Actuarial present value of future benefits		
Active members	\$13,155,731	\$14,911,043
Terminated vested members*	1,798,255	992,101
Retired members and beneficiaries	<u>716,636</u>	<u>548,629</u>
Total	15,670,622	16,451,773
Assets		
Current valuation assets		
Actuarial value of assets	8,980,090	7,449,103
Prospective valuation assets		
Unfunded actuarial accrued liability	3,132,820	4,634,977
Present value of future Town normal cost contributions	2,133,866	3,385,169
Present value of future Employee normal cost contributions	<u>1,423,846</u>	<u>982,524</u>
Total	15,670,622	16,451,773

**Includes one employee on temporary layoff.*

Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value 7/1/2011		
a. Trust assets	\$ 7,899,541	\$ 7,449,103
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	7,899,541	7,449,103
2. Contributions		
a. Contributions during year	1,436,380	1,436,380
b. Change in accrued contribution	0	0
c. Total for plan year	1,436,380	1,436,380
3. Disbursements		
a. Benefit payments during year	351,563	351,563
b. Administrative expenses during year	25,723	25,723
c. Change in benefits payable	0	0
d. Change in administrative expenses pay	0	0
e. Total for plan year	377,286	377,286
4. Net investment return		
a. Earnings	(58,506)	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	667,797
f. Recognized gain (loss)	N/A	(195,904)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustm	N/A	0
i. Investment-related expenses	(34,399)	N/A
j. Total	(92,905)	471,893
5. Ending value 7/1/2012		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	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
6. Approximate rate of return 2011-2012	-1.0%	5.6%

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 7/1/2012	\$	8,865,730
2. Gain / (loss) not recognized in actuarial value 7/1/2012		(114,360)
3. Preliminary actuarial value 7/1/2012: (1)-(2)		8,980,090
4. Preliminary actuarial value as a percentage of market value: (3)		101.3%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2012 after corridor min/max: (3)+(5)		8,980,090
7. Actuarial value as a percentage of market value: (6)÷(1)		101.3%

Development of Asset Gain / (Loss) for 2011-2012 Plan Year		
1. Market value 7/1/2011	\$	7,899,541
2. Contributions		1,436,380
3. Benefit payments		351,563
4. Administrative expenses		25,723
5. Expected return at 7.50%		667,797
6. Expected value 7/1/2012: (1)+(2)-(3)-(4)+(5)		9,626,432
7. Market value 7/1/2012		8,865,730
8. Asset gain / (loss) for -1 Plan Year: (7)-(6)		(760,702)

Recognition of Gain / (Loss) in Actuarial Value					
	(a)	(b)	(c)	(d)	(e)
Year	Gain / (loss)	Recognized as of 7/1/2011	Recognized in current year: 25% of (a)	Total recognized as of 7/1/2012: (b)+(c)	Not recognized as of 7/1/2012: (a)-(d)
2008-2009	\$ (1,055,781)	\$ (791,835)	\$ (263,946)	\$ (1,055,781)	\$ 0
2009-2010	241,085	120,542	60,271	180,813	60,272
2010-2011	791,788	197,947	197,947	395,894	395,894
2011-2012	(760,702)	0	(190,176)	(190,176)	(570,526)
Total			(195,904)		(114,360)

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 Projected Unit Credit 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 as the actuarial present value of the projected benefits that are attributed to expected service in the current plan year.

Normal Cost		
	July 1, 2012	July 1, 2011
1. Employer Normal cost end of year	\$343,390	\$523,942
2. Administrative expenses	30,000	30,000
3. Total normal cost: (1)+(2)	373,390	553,942
4. Plan salaries for employees under retirement age	5,552,482	6,183,478
5. Total normal cost as a percentage of plan salaries: (3)+(5)	6.7%	9.0%

Town Contribution Levels for Year Beginning July 1, 2013

Based on the membership data and asset information provided to us we have calculated the Town's Annual Recommended Contribution for 2013-2014 as a percentage of payroll.

The calculations are based on 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 7/1/13 to 6/30/14 Fiscal Year: (1) + (5)	Town's Contribution as Percent of Pay
<i>Board of Education</i>							
Custodians	23,110	593,882	355,659	238,223	26,988	50,098	9.4%
Para-Professionals	46,100	1,404,228	1,291,055	113,173	12,821	58,921	7.0%
Nurses	9,271	240,085	237,868	2,217	251	9,522	5.7%
Secretaries	25,934	1,415,905	1,150,067	265,838	30,116	56,050	10.1%
Food Service	7,097	311,635	250,731	60,904	6,900	13,997	11.5%
Others	25,931	473,496	169,443	304,053	34,445	60,376	20.2%
<i>Total Board of Education</i>	<i>137,443</i>	<i>4,439,231</i>	<i>3,454,823</i>	<i>984,408</i>	<i>111,521</i>	<i>248,964</i>	<i>9.9%</i>
Town Hall	7,473	627,026	89,199	537,827	60,929	68,402	19.9%
Public Works	16,857	1,405,422	1,251,342	154,080	17,455	34,312	4.6%
Non-Classified	54,387	955,590	664,671	290,919	32,957	87,344	20.4%
Supervisors	18,743	526,369	351,455	174,914	19,816	38,559	8.1%
Non-Uniformed Police	7,754	290,906	102,159	188,747	21,383	29,137	12.5%
Sworn Officers	130,733	3,868,366	3,066,441	801,925	90,848	221,581	20.9%
<i>Total Town less BOE</i>	<i>235,947</i>	<i>7,673,679</i>	<i>5,525,267</i>	<i>2,148,412</i>	<i>243,388</i>	<i>479,335</i>	<i>14.6%</i>
Grand Total	373,390	12,112,910	8,980,090	3,132,820	354,909	728,299	12.5%

Funded status

Actuarial Accrued Liability 12,112,910
 Actuarial Value of Assets 8,980,090
 Funded Status 74%

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

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 7/1/2012

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.)

- Valuation interest rate basis
- Retirement

The assumptions indicated were changed to represent the Enrolled Actuary's best estimate of anticipated experience of the Plan.

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. Prior Valuation: 6.5% per year for all divisions.
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

Current Valuation: Attainment of age and years of service, as shown below.

	All Except Sworn and Non <u>Uniformed Police</u>	Police <u>Sworn</u>	Non Uniformed <u>Police</u>
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.*

Prior Valuation: As above, including a minimum of age on valuation date plus one year.

Mortality

Pre-retirement

RP-2000 combined table projected ten years from valuation date.

Post-retirement

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

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 expenses

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.

	Non- Org	Supvr	Town Union	Sworn	Police Non- Uniformed	Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
Plan Year: July 1												
Effective Date												
Original: 7/1/1969												
Latest resolution	7/1/2003	7/1/2003	7/1/2001	7/1/2007	7/1/2007	7/1/2003	7/1/2003	1/4/2002	7/1/2003	7/1/2003	7/1/2003	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 	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Plan Provisions
continued

Required Employee Contributions	Non- Org	Supvr	Town Union	Police			Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
				Sworn	Non- Uniformed								
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%					✓								

Plan Provisions
continued

	Non-Org	Supvr	Town Union	Police			Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
				Sworn	Non-Uniformed								
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)						hired on or > 2/12/08							

Plan Provisions
continued

	Non-Org	Supvr	Town Union	Police		Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
				Sworn	Non-Uniformed							
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 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 7/1/07	new retirees >7/1/03 and before 7/1/2014						
2. Rule of 85: Age plus service equals 85.					eff. 7/1/07							
3. Age 45, 20 years of continuous service.					retirees >7/1/07							
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							
6. Age 65		Effective 7/1/2014	Effective 7/1/2014			Effective 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			
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		
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								
2. 100% after 10 years of continuous service	prior to 7/1/04	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓

Plan Provisions
continued

Benefit	Non-Org	Supvr	Town Union	Police				Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria	Other (BOE)
				Sworn	Non-Uniformed									
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.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Plan Provisions
continued

	Police											Other (BOE)	
	Non-Org	Supvr	Town Union	Sworn	Non-Uniformed	Public Works	Custodians	Paraprof	Nurses	Secretaries	Cafeteria		
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	6/3/2003

Police employees hired prior to 7/1/1999 may receive a lump sum option at retirement. The lump sum amount shall be reduced by 4% for Police employees separating from service during the plan year ending after 6/30/2002:

- 1% for Police employees separating from service during the Plan Year ended 6/30/2000
- 2% for Police employees separating from service during the Plan Year ended 6/30/2001
- 3% for Police employees separating from service during the Plan Year ended 6/30/2002
- For all other divisions except for Police and 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.