



**TOWN OF NEWINGTON
ADMINISTRATIVE EMPLOYEES' PENSION PLAN**

**Actuarial Valuation as of July 1, 2014
For Fiscal Year 2015-16**

Prepared by

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Certification

We have performed an actuarial valuation of the Plan as of July 1, 2014 for fiscal year 2015-16. This report presents the results of our valuation.

The ultimate cost of a pension plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. Pension costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable government regulations. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Information needed to meet disclosure requirements.
- Review of plan experience for the previous year to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

Milliman's work is prepared solely for the internal business use of the Town. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s): (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Certification

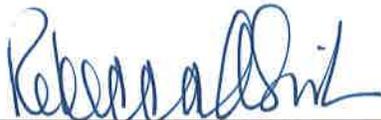
The calculations reported herein have been made on a basis consistent with our understanding of ERISA and the related sections of the tax code. Additional determinations may be needed for purposes other than meeting funding requirements, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices.

We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations or would, in the aggregate, result in a total contribution equivalent to that which would be determined if each such assumption, method, or technique were reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period 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 the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuary is independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Rebecca A. Sielman, FSA
Consulting Actuary

Section I - Executive Summary

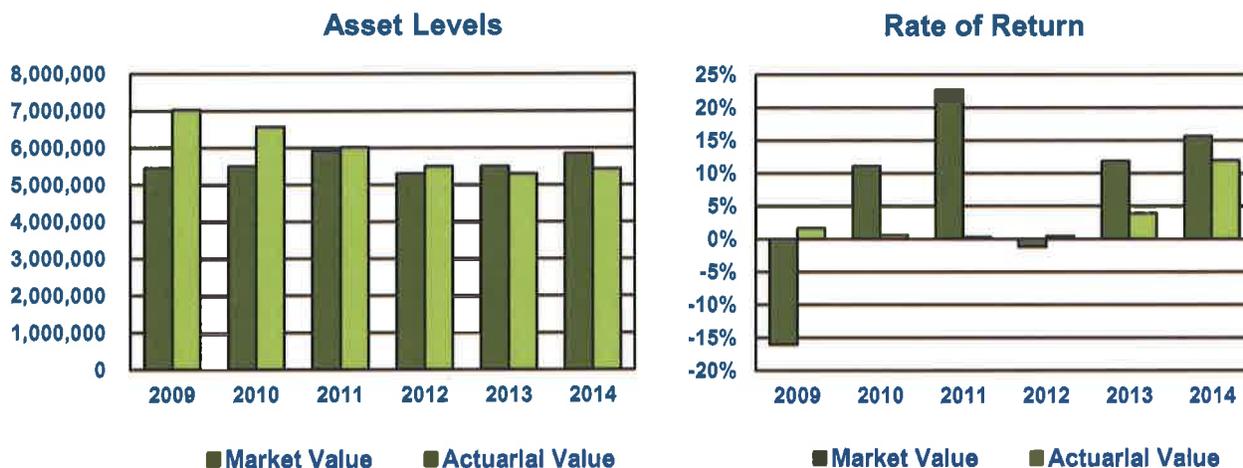
A. Highlights

Assets

There are two different measures of the plan's assets that are used throughout this report. The **Market Value** is a snapshot of the plan's investments as of the valuation date. The **Actuarial Value** is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses over five years.

	Market	Actuarial
Value as of July 1, 2013	\$5,502,429	\$5,303,177
Contributions	420,931	420,931
Investment Income	823,036	604,825
Benefit Payments and Administrative Expenses	(902,668)	(902,668)
Value as of July 1, 2014	5,843,728	5,426,265

For fiscal year 2013-14, the plan's assets earned 15.64% on a Market Value basis and 11.95% on an Actuarial Value basis. The actuarial assumption for this period was 7.50%; the result is an asset gain of \$428,400 on a Market Value basis and a gain of \$225,200 on an Actuarial Value basis. Historical asset values are shown in the graph below to the left; historical returns are shown in the graph below to the right.



Please note that the Actuarial Value currently is less than the Market Value by \$417,500. This figure represents investment gains that will be gradually recognized over the next five years. This process will exert downward pressure on the Town's contribution, unless there are offsetting market losses.

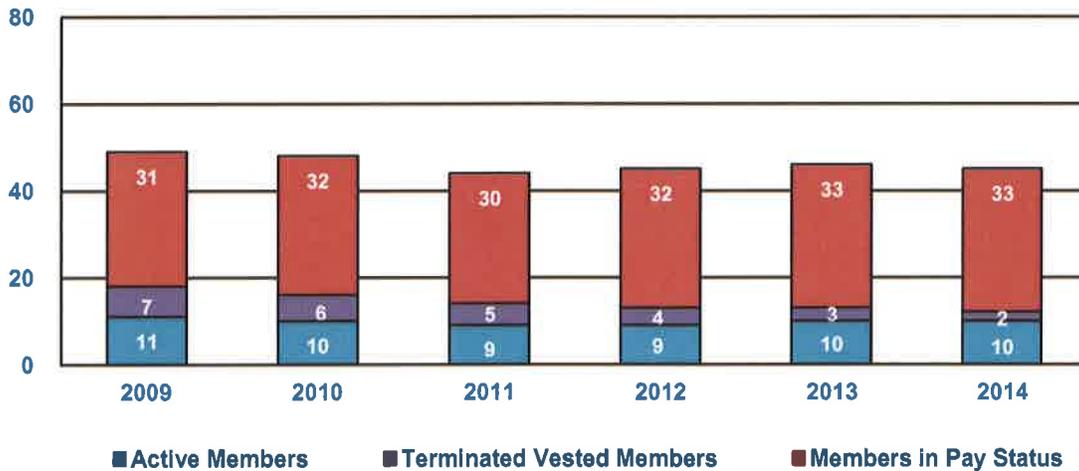
Section I - Executive Summary

A. Highlights

Membership

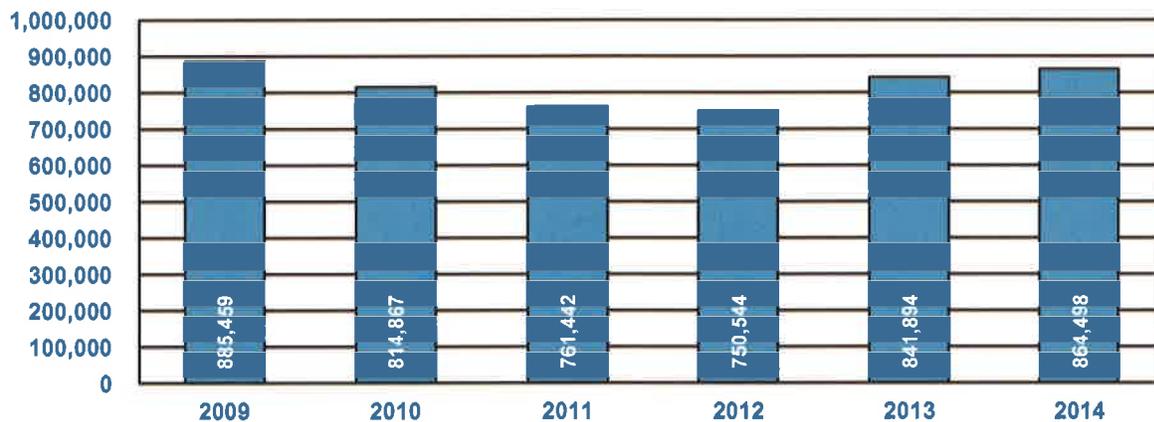
There are three basic categories of plan members included in the actuarial valuation: (1) active employees who have met the eligibility requirements for membership, (2) former employees who have a vested right to benefits but have not yet started collecting, and (3) members who are receiving monthly pension benefits.

Number of Members



From July 1, 2013 to July 1, 2014, the overall membership decreased from 46 to 45. During this period, there was one terminated vested member who retired. Two retirees died, one with benefits continuing to a beneficiary.

Payroll



Section I - Executive Summary

A. Highlights

Plan Changes

None.

Changes in Actuarial Methods or Assumptions

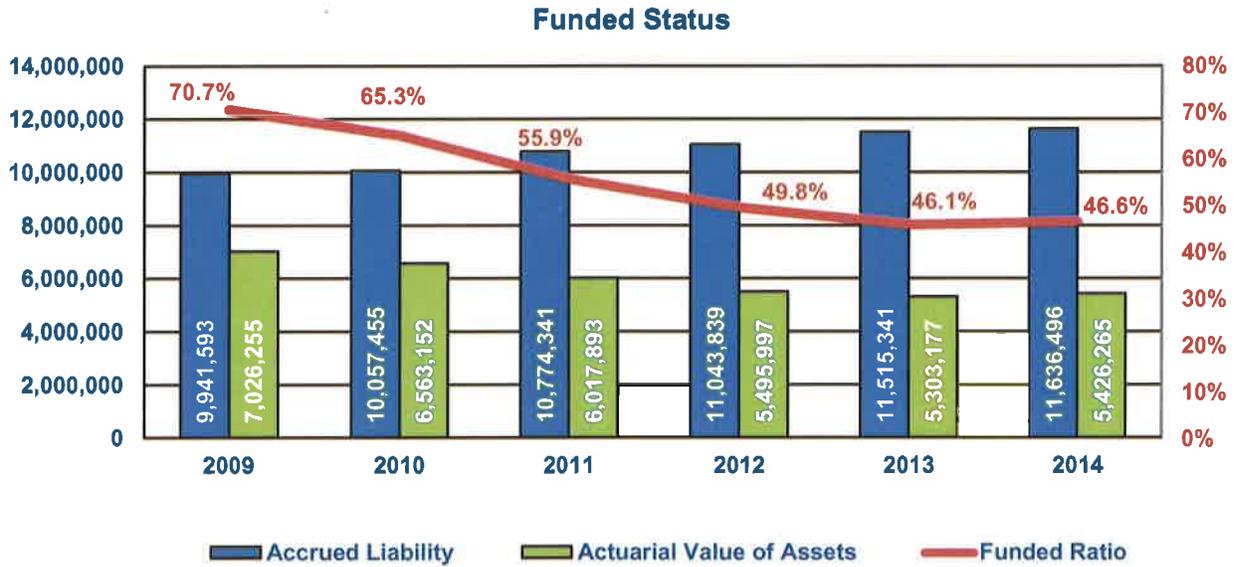
None.

Section I - Executive Summary

A. Highlights

Funded Status

The chart below shows the plan's Accrued Liability and Actuarial Value of Assets for the past few years. Since investment gains and losses are recognized gradually over a five year period, the large market losses suffered in 2007-08 and 2008-09 are manifested by a gradual decline in the funded ratio. Absent future market losses, the funded ratio should start to rise.



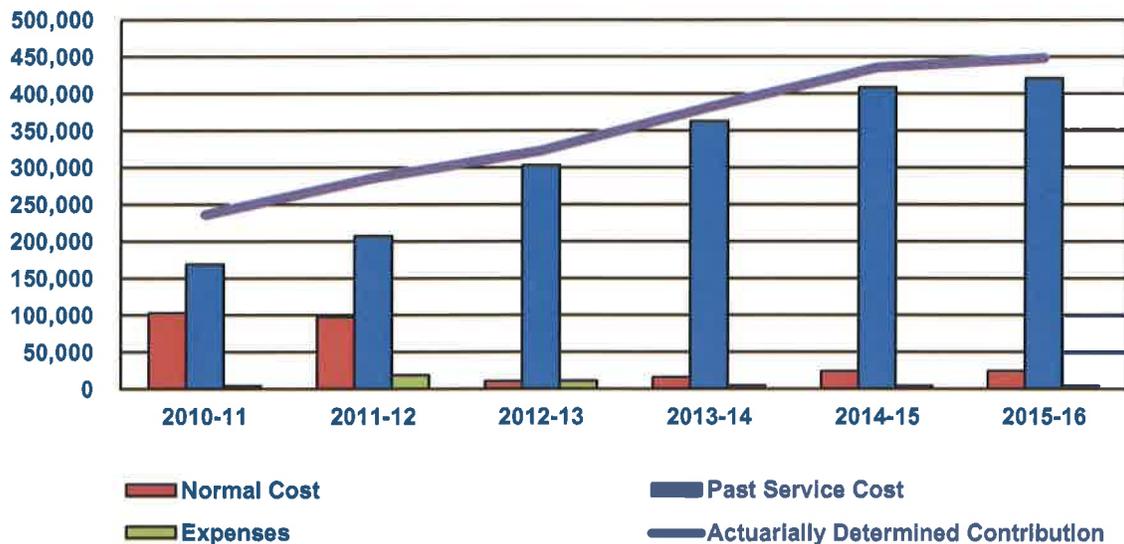
Section I - Executive Summary

A. Highlights

Actuarially Determined Contribution

The Actuarially Determined Contribution consists of three pieces: a **Normal Cost** payment to fund the benefits earned each year, a **Past Service Cost** to gradually reduce any unfunded or surplus liability, and **Expenses** expected to be paid from plan assets. If the plan has a sufficiently large surplus, the Past Service Cost may be large enough to cover the Normal Cost, in which case no contribution is required.

Contribution levels for the current year and the past few fiscal years are shown below.



The significant rise in the Actuarially Determined Contribution during this period is largely due to the large market losses suffered in 2007-09.

Section I - Executive Summary

A. Highlights

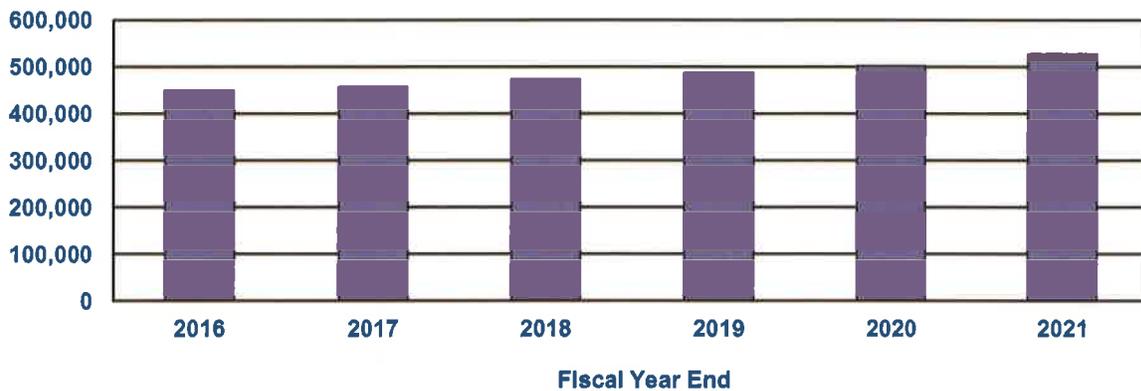
Long Range Forecast

The Town intends to reduce the interest rate assumption gradually over the next several years. This will depress the funded ratio and increase the Actuarially Determined Contribution while that process is underway.

Funded Ratio



Actuarially Determined Contribution



To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III C for more details of the long range forecast.

Section I - Executive Summary

B. Summary of Principal Results

Membership	July 1, 2013	July 1, 2014
Active Members	10	10
Terminated Vested Members	3	2
Members in Pay Status	33	33
Payroll	\$841,894	\$864,498
Assets and Liabilities	July 1, 2013	July 1, 2014
Market Value of Assets	\$5,502,429	\$5,843,728
Actuarial Value of Assets	5,303,177	5,426,265
Accrued Liability for Active Members	\$2,513,380	\$2,743,115
Accrued Liability for Terminated Vested Members	504,220	384,670
Accrued Liability for Members in Pay Status	8,497,741	8,508,711
Total Accrued Liability	11,515,341	11,636,496
Unfunded Accrued Liability	6,212,164	6,210,231
Funded Ratio	46.1%	46.6%
Actuarially Determined Contribution for Fiscal Year	2014-15	2015-16
Normal Cost	\$23,707	\$24,196
Past Service Cost	408,546	420,902
Expenses	4,100	4,300
Actuarially Determined Contribution	436,353	449,398
Actuarially Determined Contribution as a percent of pay	51.8%	52.0%
Breakdown of Actuarially Determined Contribution	2014-15	2015-16
Board of Education	\$58,797	\$61,600
Town	377,556	387,798
Total	436,353	449,398

Section II - Plan Assets

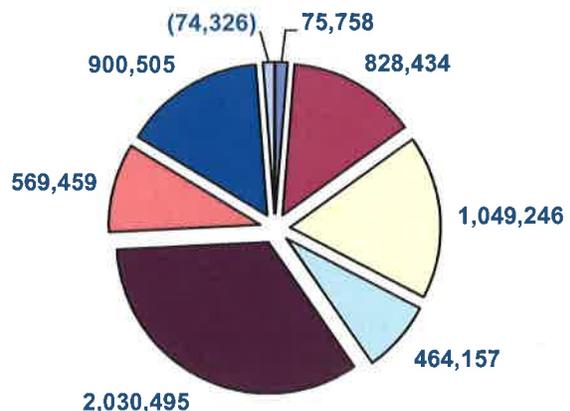
A. Summary of Fund Transactions

Market Value as of July 1, 2013	\$5,502,429
Employer Contributions	382,657
Employee Contributions	38,274
Benefit Payments	(898,522)
Interest and Dividends	59,659
Unrealized Gains/(Losses)	0
Realized Gains/(Losses)	794,255
Investment Expenses	(30,878)
Administrative Expenses	(4,146)
Market Value as of July 1, 2014	5,843,728
Accrued Transfer of Employee Contributions	0
Accrued Contribution	0
Adjusted Market Value as of July 1, 2014	5,843,728
Approximate Rate of Return	15.64%

Note: The rate shown here is not the dollar or time weighted investment yield rate which measures investment performance. It is an approximate net return assuming all activity occurred on average midway through the fiscal year.

Asset Allocation

- Cash
- Core Fixed Income
- Intermediate Term Bonds
- Non-US Fixed Income
- Large Cap US Equities
- Small Cap US Equities
- Developed Foreign Equities
- Accrued Expenses and Benefits



Section II - Plan Assets

B. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses over a five year period. The Actuarial Value of Assets as of July 1, 2014 is determined below.

1.	Expected Market Value of Assets:		
	a. Market Value of Assets as of July 1, 2013		\$5,502,429
	b. Employer and Employee Contributions		420,931
	c. Benefit Payments and Administrative Expenses		(902,668)
	d. Expected Investment Return Based on 7.50% Interest		<u>394,678</u>
	e. Expected Market Value of Assets as of July 1, 2014		5,415,370
2.	Actual Market Value of Assets as of July 1, 2014		5,843,728
3.	Market Value (Gain)/Loss: (1e) - (2)		(428,358)
4.	Delayed Recognition of Market (Gains)/Losses:		
	Plan Year End	(Gain)/Loss	Percent Not Recognized
	06/30/2014	(\$428,358)	80%
	06/30/2013	(209,989)	60%
	06/30/2012	503,023	40%
	06/30/2011	(749,964)	20%
			<u>(149,993)</u>
			(417,463)
5.	Actuarial Value as of July 1, 2014: (2) + (4)		5,426,265
6.	Approximate Rate of Return on Actuarial Value		11.95%
7.	Actuarial Value (Gain)/Loss		(225,228)

Section III - Development of Contribution
A. Past Service Cost

For determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over a period of 30 years starting on July 1, 2005.

	July 1, 2013	July 1, 2014
1. Accrued Liability		
Active Members	\$2,513,380	\$2,743,115
Terminated Vested Members	504,220	384,670
Retired Members	7,780,580	7,278,846
Disabled Members	166,431	161,880
Beneficiaries of Deceased Members	<u>550,730</u>	<u>1,067,985</u>
Total	11,515,341	11,636,496
2. Actuarial Value of Assets (see Section II B)	5,303,177	5,426,265
3. Unfunded Accrued Liability: (1) - (2)	6,212,164	6,210,231
4. Funded Ratio: (2) / (1)	46.1%	46.6%
5. Amortization Period	22	21
6. Amortization Growth Rate	3.50%	3.50%
7. Past Service Cost: (3) amortized over (5)	408,546	420,902

Section III - Development of Contribution
B. Actuarially Determined Contribution

	Fiscal Year 2014-15	Fiscal Year 2015-16
1. Total Normal Cost	\$60,636	\$62,041
2. Expected Employee Contributions	36,929	37,845
3. Expected Expenses	4,100	4,300
4. Net Normal Cost: (1) - (2) + (3)	27,807	28,496
5. Past Service Cost (see Section III A)	408,546	420,902
6. Actuarially Determined Contribution: (4) + (5)	436,353	449,398
7. Actuarially Determined Contribution as a percent of pay	51.8%	52.0%

Milliman Actuarial Valuation

**Section III - Development of Contribution
C. Long Range Forecast**

This forecast is based on the results of the July 1, 2014 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Interest Rate	Accrued Liability	Actuarial Value of Assets	Values as of the Valuation Date			Cash Flows Projected to the Following Fiscal Year					
				Unfunded Accrued Liability	Funded Ratio	Fiscal Year Ending	Town Contributions	Employee Contributions	Benefit Payments	Net Cash Flows		
7/1/2014	7.500%	\$11,636,496	\$5,426,265	\$6,210,231	46.6%	2016	\$449,398	\$36,000	(\$913,000)	(\$427,602)		
7/1/2015	7.375%	11,758,000	5,590,000	6,168,000	47.5%	2017	456,000	33,000	(921,000)	(432,000)		
7/1/2016	7.250%	11,865,000	5,599,000	6,266,000	47.2%	2018	474,000	31,000	(962,000)	(457,000)		
7/1/2017	7.125%	11,950,000	5,696,000	6,254,000	47.7%	2019	486,000	29,000	(972,000)	(457,000)		
7/1/2018	7.000%	11,981,000	5,714,000	6,267,000	47.7%	2020	502,000	27,000	(983,000)	(454,000)		
7/1/2019	6.875%	11,988,000	5,636,000	6,352,000	47.0%	2021	526,000	25,000	(990,000)	(439,000)		
7/1/2020	6.750%	11,963,000	5,550,000	6,413,000	46.4%	2022	552,000	23,000	(998,000)	(423,000)		
7/1/2021	6.750%	11,790,000	5,466,000	6,324,000	46.4%	2023	573,000	21,000	(1,008,000)	(414,000)		
7/1/2022	6.750%	11,592,000	5,394,000	6,198,000	46.5%	2024	593,000	19,000	(1,016,000)	(404,000)		
7/1/2023	6.750%	11,366,000	5,324,000	6,042,000	46.8%	2025	614,000	16,000	(1,025,000)	(395,000)		
7/1/2024	6.750%	11,113,000	5,261,000	5,852,000	47.3%	2026	637,000	14,000	(1,036,000)	(385,000)		
7/1/2025	6.750%	10,827,000	5,202,000	5,625,000	48.0%	2027	660,000	11,000	(1,038,000)	(367,000)		
7/1/2026	6.750%	10,505,000	5,149,000	5,356,000	49.0%	2028	685,000	9,000	(1,040,000)	(346,000)		
7/1/2027	6.750%	10,155,000	5,112,000	5,043,000	50.3%	2029	713,000	8,000	(1,031,000)	(310,000)		
7/1/2028	6.750%	9,775,000	5,093,000	4,682,000	52.1%	2030	744,000	6,000	(1,018,000)	(268,000)		
7/1/2029	6.750%	9,376,000	5,110,000	4,266,000	54.5%	2031	777,000	5,000	(999,000)	(217,000)		
7/1/2030	6.750%	8,960,000	5,170,000	3,790,000	57.7%	2032	815,000	4,000	(975,000)	(156,000)		
7/1/2031	6.750%	8,533,000	5,288,000	3,245,000	62.0%	2033	858,000	3,000	(961,000)	(100,000)		
7/1/2032	6.750%	8,101,000	5,476,000	2,625,000	67.6%	2034	911,000	2,000	(935,000)	(22,000)		
7/1/2033	6.750%	7,654,000	5,734,000	1,920,000	74.9%	2035	983,000	1,000	(904,000)	80,000		

For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility.

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Section IV - Accounting Information
A. Notes to Required Supplementary Information

The information presented in Section IV has been determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent
Amortization Period	Closed 30 years from July 1, 2005
Asset Valuation Method	5 Year Smoothed Market Value
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	3.50%
Amortization Growth Rate	3.50%
Inflation	2.50%
Cost-of-Living Adjustments	None

Milliman Actuarial Valuation

**Section IV - Accounting Information
B. Historical Schedule of Funding Progress**

Actuarial Valuation Date	For Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (3) / (5)
07/01/2005	2006-07	\$6,470,361	\$8,380,053	\$1,909,692	77.2%	\$1,252,590	152.5%
07/01/2006	2007-08	6,718,388	8,512,725	1,794,337	78.9%	1,132,971	158.4%
07/01/2007	2008-09	7,064,747	8,654,542	1,589,795	81.6%	1,112,489	142.9%
07/01/2008	2009-10	7,368,038	9,392,878	2,024,840	78.4%	1,131,299	179.0%
07/01/2009	2010-11	7,026,255	9,941,593	2,915,338	70.7%	885,459	329.2%
07/01/2010	2011-12	6,563,152	10,057,455	3,494,303	65.3%	814,867	428.8%
07/01/2011	2012-13	6,017,893	10,774,341	4,756,448	55.9%	761,442	624.7%
07/01/2012	2013-14	5,495,997	11,043,839	5,547,842	49.8%	750,544	739.2%
07/01/2013	2014-15	5,303,177	11,515,341	6,212,164	46.1%	841,894	737.9%
07/01/2014	2015-16	5,426,265	11,636,496	6,210,231	46.6%	864,498	718.4%

Section IV - Accounting Information
C. Schedule of Employer Contributions

Fiscal Year Ending June 30	(1) Actuarially Determined Contribution	(2) Contribution in Relation to the Actuarially Determined Contribution	(3) Contribution Deficiency/ (Excess) (1) - (2)	(4) Covered Payroll	(5) Contribution as a Percentage of Covered Payroll (2) / (4)
2007	\$203,576	\$203,576	\$0	\$1,252,590	16.3%
2008	180,095	180,095	0	1,132,971	15.9%
2009	172,719	172,719	0	1,112,489	15.5%
2010	196,104	196,104	0	1,131,299	17.3%
2011	237,105	237,105	0	885,459	26.8%
2012	286,830	286,830	0	814,867	35.2%
2013	323,910	422,081	(98,171)	761,442	55.4%
2014	382,657	382,657	0	750,544	51.0%
2015	436,353	TBD	TBD	841,894	TBD
2016	449,398	TBD	TBD	864,498	TBD

Section IV - Accounting Information

D. Accrued and Vested Benefits

The actuarially computed Value of Accrued Benefits represents the present value of (a) the benefits based on earnings and service to date expected to become payable at future dates to present employees, (b) the benefits expected to become payable to former employees who have terminated service with vested rights or who have become inactive, and (c) the benefits currently payable to retired participants and beneficiaries.

	As of July 1, 2013	As of July 1, 2014
1. Value of Vested Benefits		
Active Members	\$1,645,292	\$1,868,625
Terminated Vested Members	504,220	384,670
Retired Members	7,780,580	7,278,846
Disabled Members	166,431	161,880
Beneficiaries of Deceased Members	<u>550,730</u>	<u>1,067,985</u>
Total Value of Vested Benefits	10,647,253	10,762,006
2. Value of Non-Vested Benefits	44,358	30,701
3. Total Value of Accrued Benefits: (1) + (2)	10,691,611	10,792,707
4. Market Value of Assets	5,502,429	5,843,728
5. Vested Funded Ratio: (4) / (1)	51.7%	54.3%
6. Accrued Funded Ratio: (4) / (3)	51.5%	54.1%

Section IV - Accounting Information
E. Statement of Changes in Accrued Plan Benefits

Increase/(Decrease) during the 2013-2014 plan year attributable to:

Increase for interest due to the decrease in the discount period	\$768,176
Benefits Accumulated/(Forfeited)	231,442
Benefit Payments	(898,522)
Plan Amendments	0
Changes in Actuarial Assumptions	0
Net Increase/(Decrease)	101,096

Value of Accrued Plan Benefits:

July 1, 2014	\$10,792,707
July 1, 2013	10,691,611
Net Increase/(Decrease)	101,096

Section V - Membership Data
A. Reconciliation of Membership from Prior Valuation

Details of the changes in the Plan membership since the last valuation are shown below. Additional details on the Plan membership are provided in the remainder of Section V.

	Active	Term. Vested	Retirees	Disabled	Bene- ficiaries	Total
Count as of July 1, 2013	10	3	28	1	4	46
Terminated not vested	-	-	-	-	-	0
Terminated, benefits due	-	-	-	-	-	0
Retired	-	(1)	1	-	-	0
Died, with beneficiary	-	-	(1)	-	1	0
Died, no beneficiary	-	-	(1)	-	-	(1)
Transfer in from other plan	-	-	-	-	-	0
New member	-	-	-	-	-	0
New beneficiary	-	-	-	-	-	0
Correction	-	-	-	-	-	0
Count as of July 1, 2014	10	2	27	1	5	45

As of July 1, 2014, the active membership included 3 Board of Education members with payroll of \$224,662 and 7 Town members with payroll of \$639,836.

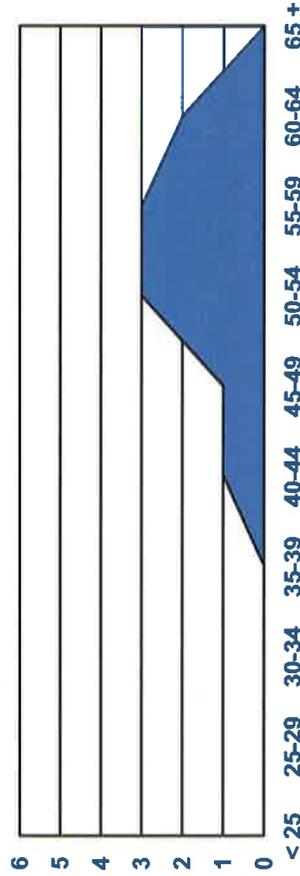
Section V - Membership Data
B. Statistics of Membership

	As of July 1, 2013	As of July 1, 2014
Active Members		
Number	10	10
Average Age	52.9	53.9
Average Service	19.0	20.0
Total Payroll	\$841,894	\$864,498
Average Payroll	84,189	86,450
Terminated Vested Members		
Number	3	2
Total Annual Benefit	\$65,604	\$40,584
Average Annual Benefit	21,868	20,292
Average Age	56.3	56.5
Retired Members		
Number	28	27
Total Annual Benefit	\$783,814	\$749,958
Average Annual Benefit	27,993	27,776
Average Age	70.9	71.2
Disabled Members		
Number	1	1
Total Annual Benefit	\$14,577	\$14,577
Average Annual Benefit	14,577	14,577
Average Age	62.0	63.0
Beneficiaries of Deceased Members		
Number	4	5
Total Annual Benefit	\$77,315	\$127,374
Average Annual Benefit	19,329	25,475
Average Age	80.5	77.6

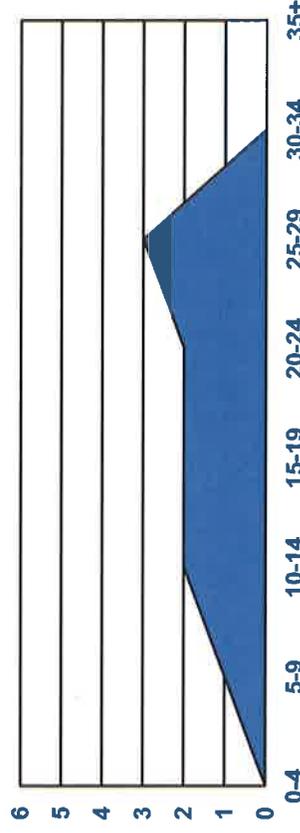
Section V - Membership Data
C. Distribution of Active Members as of July 1, 2014 - Count

Age	Years of Service										Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	35+	Total		
<25	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	1	0	0	0	0	0	1
45-49	0	0	1	0	0	0	0	0	0	0	0	1
50-54	0	1	0	1	1	0	0	0	0	0	0	3
55-59	0	0	1	0	0	2	0	0	0	0	0	3
60-64	0	0	0	1	1	0	0	0	0	0	0	2
65 +	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	1	2	2	2	3	0	0	2	3	0	10

Distribution By Age



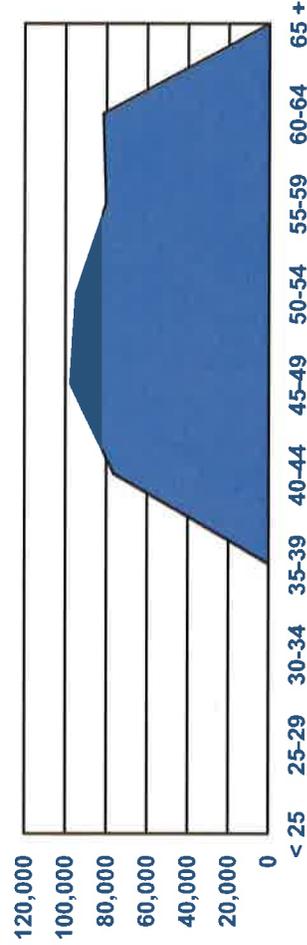
Distribution by Years of Service



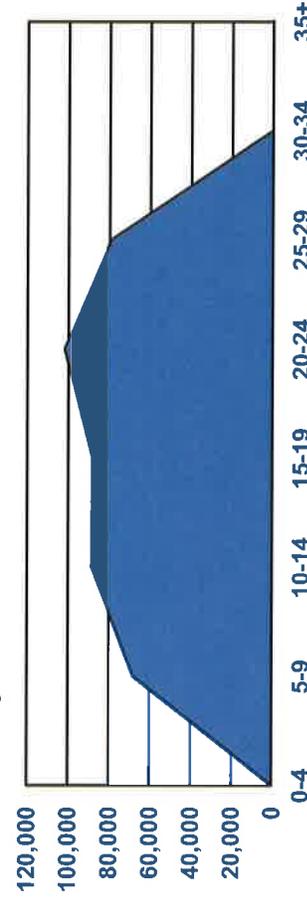
**Section V - Membership Data
D. Distribution of Active Members as of July 1, 2014 - Average Pay**

Age	Years of Service										Total	
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	35+	Total		
< 25	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	76,462	0	0	0	0	0	76,462
45-49	0	0	97,762	0	0	0	0	0	0	0	0	97,762
50-54	0	68,264	0	97,115	120,189	0	0	0	0	0	0	95,189
55-59	0	0	79,936	0	0	80,646	0	0	0	0	0	80,409
60-64	0	0	0	79,730	83,749	0	0	0	0	0	0	81,740
65 +	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	68,264	88,849	88,423	101,969	79,251	0	0	0	0	0	86,450

Distribution By Age



Distribution by Years of Service



Section V - Membership Data
E. Distribution of Inactive Members as of July 1, 2014

	Age	Number	Annual Benefits
Terminated Vested Members /	< 30	0	\$0
Members Due Refunds	30 - 39	0	0
	40 - 49	0	0
	50 - 59	2	40,585
	60 - 64	0	0
	65 +	0	0
	Total	2	40,585
Retired Members	< 50	0	\$0
	50 - 59	2	70,085
	60 - 69	12	366,319
	70 - 79	9	268,233
	80 - 89	3	21,794
	90 +	1	23,527
	Total	27	749,958
Disabled Members	< 50	0	\$0
	50 - 59	0	0
	60 - 69	1	14,577
	70 - 79	0	0
	80 - 89	0	0
	90 +	0	0
	Total	1	14,577
Beneficiaries of Deceased Members	< 50	0	\$0
	50 - 59	0	0
	60 - 69	1	50,059
	70 - 79	1	43,710
	80 - 89	3	33,604
	90 +	0	0
	Total	5	127,373

Appendix A - Actuarial Funding Method

The actuarial funding method used in the valuation of this Plan is known as the **Entry Age Normal Cost Method**. Recommended annual contributions until the accrued liability is completely funded will consist of two pieces: Normal Cost plus a payment towards the Unfunded Accrued Liability.

The **Normal Cost** is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the **Accrued Liability**. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The unfunded liability for the plan is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level percent. Beginning on July 1, 2005, the amortization period is 30 years; the amortization period will decrease each year until it reaches 10 years, after which point it will remain at 10 years.

The **Actuarial Value of Assets** is determined by recognizing asset gains and losses over **five** years.

Appendix B - Actuarial Assumptions

Interest	7.50%																				
Salary Scale	3.50%																				
Amortization Growth Rate	3.50%																				
Expenses	Administrative expenses paid in the prior year, increased by 3% and rounded to the nearest \$100.																				
Mortality	RP-2000 Combined Healthy Mortality Table, Male and Female, with generational projection of future mortality improvements per Scale AA. This assumption includes a margin for improvements in longevity beyond the valuation date.																				
Turnover	Rates according to the following table:																				
	<table border="0"> <thead> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">20</td><td style="text-align: center;">11.9%</td></tr> <tr><td style="text-align: center;">25</td><td style="text-align: center;">11.8%</td></tr> <tr><td style="text-align: center;">30</td><td style="text-align: center;">11.0%</td></tr> <tr><td style="text-align: center;">35</td><td style="text-align: center;">10.6%</td></tr> <tr><td style="text-align: center;">40</td><td style="text-align: center;">9.5%</td></tr> <tr><td style="text-align: center;">45</td><td style="text-align: center;">7.5%</td></tr> <tr><td style="text-align: center;">50</td><td style="text-align: center;">5.1%</td></tr> <tr><td style="text-align: center;">55</td><td style="text-align: center;">1.2%</td></tr> <tr><td style="text-align: center;">60</td><td style="text-align: center;">0.3%</td></tr> </tbody> </table>	Age	Rate	20	11.9%	25	11.8%	30	11.0%	35	10.6%	40	9.5%	45	7.5%	50	5.1%	55	1.2%	60	0.3%
Age	Rate																				
20	11.9%																				
25	11.8%																				
30	11.0%																				
35	10.6%																				
40	9.5%																				
45	7.5%																				
50	5.1%																				
55	1.2%																				
60	0.3%																				
Rate of Retirement	Rates according to the following table:																				
	<table border="0"> <thead> <tr> <th style="text-align: center;">Age</th> <th style="text-align: center;">Rate</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">55-59</td><td style="text-align: center;">5%</td></tr> <tr><td style="text-align: center;">60-61</td><td style="text-align: center;">10%</td></tr> <tr><td style="text-align: center;">62-64</td><td style="text-align: center;">25%</td></tr> <tr><td style="text-align: center;">65</td><td style="text-align: center;">35%</td></tr> <tr><td style="text-align: center;">66-69</td><td style="text-align: center;">50%</td></tr> <tr><td style="text-align: center;">70</td><td style="text-align: center;">100%</td></tr> </tbody> </table>	Age	Rate	55-59	5%	60-61	10%	62-64	25%	65	35%	66-69	50%	70	100%						
Age	Rate																				
55-59	5%																				
60-61	10%																				
62-64	25%																				
65	35%																				
66-69	50%																				
70	100%																				
Rate of Disability	11th Railroad Retirement Board Disability Rates.																				
Disabled Mortality	RP-2000 Disabled Mortality Table, Male and Female.																				
Marital Status	80% of members are assumed to be married with wives 3 years younger than husbands.																				

Appendix C - Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility	Employed for twenty or more hours a week for more than 5 months per calendar year.
Final Average Earnings	Highest average earnings received in any three consecutive full calendar years.
Continuous Service	Period of continuous employment with the Town beginning with the first of the month following date of employment.
Aggregate Service	The sum of all periods of Continuous Service.
Member Contributions	4.5% of after tax Earnings. Interest is credited at 4% per annum. Refund of Employee Contributions with interest to date of termination of employment or death, unless the employee is eligible for a deferred retirement income.
Normal Form of Benefit	Modified Cash Refund.
Normal Retirement Date	Earlier of age 65, or age 55 with completion of 30 years of service.
Normal Retirement Benefit	1.75% of Final Average Earnings not in excess of \$10,000 plus 2% of Final Average Earnings in excess of \$10,000 multiplied by years of Aggregate Service with a minimum of \$750 per year.
Early Retirement Date	Age 55 and 10 years of Continuous Service or 15 years of Aggregate Service.
Early Retirement Benefit	Accrued Benefit, actuarially reduced if payments begin prior to the member's 58th birthday.
Death Benefit Eligibility	Married Member (of at least one year) or with minor children. Age 30 with 5 years of Continuous Service.
Death Benefit	35% of benefit accrued to date of death.

Appendix C - Summary of Plan Provisions

Disability Retirement Eligibility	Ten years of Aggregate Service and not eligible for benefits under the Long Term Disability Contract.
Disability Retirement Benefit	Accrued Benefit, not less than \$1,000 per year, payable to the earlier of the end of disability, death or Normal Retirement Date.
Vesting	<p>Prior to July 1, 1989 - Ten years of Continuous Service or 15 years of Aggregate Service.</p> <p>Effective July 1, 1989 - Five years of Continuous Service or 15 years of Aggregate Service.</p>
Termination Benefit	Benefit accrued to date of termination with payment commencing on Normal Retirement Date.