



14 Commerce Road • Newtown, Connecticut 06470-5508 • (800) 678-8161 • FAX (203) 426-1565

January 4, 2021

The Honorable Dan Rosenthal
TOWN OF NEWTOWN
Edmond Town Hall
3 Primrose St.
Newtown, CT 06470

Re: Town of Newtown Pension Plan - Selectmen and
Board of Education Personnel & Elected Officials Pension Plan
& Police Union Pension Plan
Our File No. 2823

Dear First Selectman Rosenthal:

We are pleased to present your Annual Valuation Report as of July 1, 2020. Again this year we have separated the report into two sections, with Part I containing the general calculations and disclosures, and Part II covering the individual participants benefit data (to be completed).

For the 2021-2022 Fiscal Year of the Town, our recommended contributions are as follows:

	<u>Recommended (2021-22)</u>	<u>Prior Year (2020-21)</u>
Selectmen	\$ 632,672	\$ 687,277
Police (see separate rpt.)	<u>1,164,195</u>	<u>1,083,679</u>
Total Town of Newtown	\$1,796,867	\$1,770,956
Board of Education:	\$ 680,222	\$ 703,387
Total all Plans:	\$2,477,089	\$2,474,343

The above amounts are based on the July 1, 2020 valuation results projected forward to be applicable to the following fiscal year, and have been calculated using a blend of 7.0% and 6.5% assumed discount rate valuations.

If the deposits are to be made substantially later than July 1, 2021, interest at 7.0% per annum should be added.

Please see the General Comments section of the valuation report for information regarding changes in the plan's contribution requirements. At the end of the report is the information on the Elected Officials Pension Plan.

Please let me know if you have any questions or comments concerning this report.

Sincerely,

David G. Leonard, A.S.A.
Account Executive

cc: Ellen Whelan
Robert Tait

ACTUARIAL CERTIFICATION

This report has been prepared in accordance with generally accepted actuarial standards and procedures and conforms to the Guidelines for Professional Conduct of the American Academy of Actuaries.

The valuation is based on employee and plan financial data which were provided by the Plan Administrator, Plan Trustee, and various financial institutions. All information submitted to us has been reviewed for reasonableness and consistency, but has otherwise been accepted and relied upon without audit. The plan provisions and other material assumptions are disclosed in report in their respective sections.

Projected mortality improvements have been recognized through the use of SOA tables Pub-10 "General" with projection scale MP-2019. This represents a change from 2019 when RP-2014 was employed, with the prior year's projection scale, MP-2018.

To the best of our knowledge, the information supplied in this report is complete and accurate. There was an error in which an immaterial liability was left out of the calculations, which has been disclosed and will be corrected in next year's valuation.

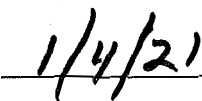
Future actuarial measurements may differ significantly from the current measurement presented in this report due to such factors as the following: plan experience differing from that anticipated; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation 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.

I, David G. Leonard, A.S.A., E.A., am a member of the Society of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained here



David G. Leonard, A.S.A.

Enrollment #20-03604



Date

ANNUAL VALUATION REPORT
FOR
TOWN OF NEWTOWN PENSION PLAN
BOARDS OF SELECTMEN AND EDUCATION
AS OF JULY 1, 2020

Prepared by:

David G. Leonard, ASA
T R PAUL, INC.

January 4, 2021

TOWN OF NEWTOWN PENSION PLAN

TABLE OF CONTENTS – PART I

	PAGE
I. HIGHLIGHTS	1
II. GENERAL COMMENTS	2
III. PLAN ASSETS	
a. Summary	3
b. Development of Valuation Assets (Actuarial Value of Assets)	4
c. Smoothed Valuation Asset and Unrecognized (G)/L Detail	5
IV. ANNUAL VALUATION – JULY 1, 2020	
a. Calculation Of Recommended Contribution Assumes 7.00%	6
b. Calculation Of Recommended Contribution Assumes 6.50%	7
c. Calculation Of Blended Contribution	8
d. Comparison of Results	8
e. Summary of Outstanding Funding Bases	9
f. GAS No. 67 and FAS Nos. 35 & 36 Information	10
V. HISTORY OF PLAN CONTRIBUTIONS & LIABILITIES	11
VI. PARTICIPANT DATA RECONCILIATION	12

APPENDICES

A. PENSION TRUST SUMMARY	13
B. ACTUARIAL ASSUMPTIONS	17
C. ELECTED OFFICIALS PLAN - ALLOCATION REPORT THE PERIOD JULY 1, 2019 TO JUNE 30, 2020	15
D. ASOP-51 DISCLOSURE (to be prepared)	N/A

TOWN OF NEWTOWN PENSION PLAN

I. HIGHLIGHTS

This section of the report summarizes the results of the July 1, 2020 actuarial valuation and provides a comparison with the results of the prior valuation. The development of these items for the current valuation is shown in the remaining sections of the report. The percentage in parenthesis express each amount as a percentage of covered payroll:

	July 1, 2020 <u>Valuation</u>		July 1, 2019 <u>Valuation</u>	
1. Recommended Annual Contributions:*				
a. Board of Selectmen	\$632,672	(10.4%)	\$687,277	(10.7%)
b. Board of Education	\$680,222	(9.9%)	\$703,387	(9.8%)
c. Total Town Plan	\$1,312,894	(10.2%)	\$1,390,664	(10.3%)
2. Covered Payroll of Participants (pension earnings projected for the fiscal year following the valuation date)				
a. Board of Selectmen	\$6,062,173		\$6,411,843	
b. Board of Education	\$6,862,579		\$7,142,960	
c. Total Town Plan	\$12,924,752		\$13,554,803	
3. Net Normal Cost (EAN)	\$882,878	(6.8%)	\$817,292	(5.8%)
4. Accrued Actuarial Liability (EAN)	\$37,168,197		\$33,987,873	
5. Assets - Market Value (MV)	\$29,675,787		\$28,275,000	
- Valuation Assets (VA)	\$30,391,791		\$28,595,505	
6. Unfunded Accrued Liability (VA)	\$6,776,406		\$5,392,368	
7. Actuarial Value of Benefits (total plan):	<i>at 6.5%</i>		<i>at 7.0%</i>	
a. Value of Vested Accrued Benefits	\$31,863,033		\$28,959,527	
b. Value of Non-Vested Accrued Bens.	\$807,063		\$703,815	
c. MV Assets in excess of Vested Benefits (5 minus 7a)	(\$2,187,246)		(\$684,527)	
8. Number of Participants:	<u>Sel.</u>	<u>Bd. of Ed.</u>	<u>Sel.</u>	<u>Bd. of Ed.</u>
a. Active Participants	101	152	110	164
b. Retired and Beneficiaries	74	77	70	70
c. Terminated Vested Participants (includes refunds only due)	31	22	28	20
d. Total	206	251	208	254

* Calculated assuming end of the fiscal year payment, for use in following fiscal year as of July 1.

TOWN OF NEWTOWN PENSION PLAN

II. GENERAL COMMENTS

The July 1, 2020 valuation report was prepared on a group of 101 active members in the Selectmen's accounts, and 152 actives from the Board of Education. This represents a decrease of twenty-one (21) active members from 2019, with 9 of the twenty coming from the Selectmen's group and a decrease of 12 in the Board of Education.

The recommended contribution produced by the July 1, 2020 valuation decreased by \$77,770, to a recommended level of \$1,312,894 for the 2021-22 fiscal year. The Selectman group's recommended contribution decreased by about \$55,000, and the Board of Education decreased by approximately \$23,000.

A summary of the factors in the change for the year reveals the following:

Estimated Changes Due to:	<u>Selectmen</u>	<u>Bd. of Education</u>
Actives Chg. in Normal Cost:	\$ 13,123	\$ 17,576
Retired/Term Gains	(107,415)	(67,154)
Valuation Asset Losses:	15,841	13,588
New Members/Transfers:	8,470	1,937
Change in Assumptions (phased in interest rates)	37,808	34,847
Misc. Actuarial Factors:	(22,432)	(23,959)
Total Changes:	\$(54,605)	\$(23,165)

It should be noted that the breakdown of the different factors above are estimates. The Miscellaneous Actuarial Factors are mainly decreases from active participants continuing to work beyond their retirement ages, and deaths among the retirees.

For July 1, 2022, there was minor change in the assumed mortality tables, plus the beginning of a phase in for a change in interest rates from 7.0% to 6.5%. The change in assumption factor shown above includes both changes.

The change in mortality table was to the Pub-10 tables, a set of mortality tables published by the Society of Actuaries based on the experience of municipal and other public employees. For this valuation, the "General Tables" were used, which created some gains and losses depending on the prior tables in use from 2019.

The interest rate change is being phased in over a five year period, beginning with this valuation that is the basis for the 2021-22 fiscal year recommendations. It is important to note that each year for the next four years, you can expect an increase of \$50,000 per year as the 6.5% rate is phased in.

The trust assets earned 4.26% using the GASB weighted method of calculating the yield. This created another actuarial loss that will be partially deferred for four more years by the valuation asset smoothing calculation.

TOWN OF NEWTOWN PENSION PLAN

II. GENERAL COMMENTS

The (smoothed) valuation yield was 5.17%, which created a loss against the assumed 7% rate. The impact of this loss on the recommended contribution for next year was somewhat muted by the anticipation of 2020 recognition of prior losses, meaning we had already built in much of the loss that occurred.

Next year's valuation is scheduled to show recognition of only a small portion of the accumulated unrecognized trust asset loss of \$1,148,449. We have created a new schedule on page 5 that outlines the glide path of recognition of past gains and losses, and barring gains over the next two years, the expected recognition for 2022-2024 are somewhat substantial.

On the participant experience side, the main factor helping to reduce the recommended contribution (even as we move towards more conservative assumptions) is the continued contraction of the active participant base,. There were 10 retirements and another 13 terminations among the active staff, with two new members being added.

There were also four deaths among the 140 retirees as of the beginning of the year, with a net gain of 11 retirees (five prior vested terminated members also began their retirement payments this year).

The plan's market value funding ratios decreased as the change in the interest assumption boosted the present value of accrued benefits by about 7.5%. The funding of accrued actuarial liabilities at 6.5% interest decreased 6.8% points to 79.8%, while the accrued benefit measure decreased 5.5% points to 90.8%. On page 10 we also note that at 7%, the present value funded ratio would have increased about 2.0% points.

These ratios do not recognize the phasing in of the 6.5% interest rates – they are fully calculated using the new rate. Both measures shown indicate a reasonably healthy plan, but improvement would certainly be welcome.

Note that the trust assets in this report differ from the GASB statement in that prepaid benefits are not included in the GASB disclosures. Additionally, the GASB liabilities represent a projection from the prior year's base results. The 7% July 1, 2020 liabilities in this report are fairly close to the projections from last year, however the increase in liability due to the assumption changes will create a \$3.5 million GASB amortization base plan wide, including the Police plan.

When preparing the final valuation pages we discovered that one new retiree's temporary benefit had been omitted from the liability totals. The amount of the omission was slightly more than 0.1% of the total liability of the plan, and would have resulted in an additional contribution of about \$7,600. Since the budget recommendation has already been presented, and the amount of the error could be deemed immaterial, we have determined it is acceptable, actuarially, to defer the recognition of the liability to next year's valuation calculations.

TOWN OF NEWTOWN PENSION PLAN
III. PLAN ASSETS

A. Summary

Investment	07/01/2019 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income	Trust Expenses	Transfer EEs Distributions	Transfers out	06/30/2020 Ending Balance
ER Contrib. Receivable/(Payable)	0	0	0	0	0	0	0	0
EE Contrib. Receivable	14,389	0	(14,389)	0	0	0	0	0
Distribution Due PARS	(1,693)	0	0	0	0	1,693	0	0
Prepaid Benefits	194,433	0	0	0	0	21,836	0	216,269
<u>Wells Fargo / Westport Resources</u>								0
Cash	92,467	2,389,078	450,027	1,211,496	(98,943)	(2,562,107)	(1,186,619)	295,399
Investments	45,336,404	0	0	674,763	0	0	1,186,619	47,197,786
Accrued Interest	328	0	0	31,076	0	0	0	31,404
<u>PLAN TOTALS</u>	45,636,327	2,389,078	435,639	1,917,335	(98,943)	(2,538,577)	0	47,740,857

Distribution of Assets by Department

Plan Category	07/01/2019 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income*	Distributions	06/30/2020 Ending Balance	06/30/2020 Valuation Asset Balance
Town Plan	28,276,001	1,389,297	244,824	1,123,470	(1,357,805)	29,675,787	30,391,791
Elected officials	121,106	11,272	3,781	5,540	0	141,699	N/A
Police Plan	17,239,221	988,509	187,034	689,380	(1,180,772)	17,923,372	18,355,819
Grand Total	45,636,327	2,389,078	435,639	1,818,391	(2,538,577)	47,740,857	48,747,610

* Income reduced for trust expenses; allocated on a weighted basis by Wells Fargo.

TOWN OF NEWTOWN PENSION PLAN

III. PLAN ASSETS (Continued)

B. Development of Valuation Assets (Actuarial Value of Assets)

The Actuarial Valuation of Assets is calculated by recognizing 20% of the current year's actuarial gain or loss (to the 7.0% assumed rate of return), along with recognition of prior year's gains or losses that are also being recognized 20% per year. The final Valuation Asset level is subject to a corridor of 80% to 120% of the Market Value.

The prior smoothed actuarial asset valuation method was changed for the July 1, 2015 valuation, using the initial unrecognized gains from July 1, 2015 as the only prior base in place.

This method was then modified slightly for 2016 to anticipate Market Value yield at the assumed rate, rather than Expected Valuation Asset Value yield. Please see following page for additional detail.

The following illustrates the calculation of the Actuarial Value of Assets for June 30, 2020:

1. Assumed market value yield at valuation rate*	\$3,279,011
2. Actual MV Yield for June 30, 2020 **	1,872,688
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	1,406,323
4. Portion of Curr. Yr. Loss to be Recognized in 2020 (3) x 20%	281,265
5. Portion of Current Years (Gain)/Loss Not Recognized in 2020	1,125,058
6. Prior Unrec. (Gains)/ losses - June 30, 2020 - see next page	23,393
7. Total Unrecognized (Gains)/Losses (5) + (6)	1,148,451
8. Market Value of Trust Assets as of June 30, 2020	47,599,159
9. Preliminary Actuarial Value of Assets - June 30, 2020 (7)+(8)	\$48,747,610
10. (a) 80% corridor of Market Value	38,079,327
(b) 120% corridor of Market Value	57,118,991
11. Final Actuarial Value of Assets - June 30, 2020***	\$48,747,610

The Preliminary Actuarial Value of Assets is 102.4% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2020 Market Value.

The yield on Valuation Assets for the 2019-2020 Plan Year was 5.17%.

* Assumed income is calculated based on a weighted balance which takes into account the date that the contributions and distributions are made to the fund.

** All items shown exclude the Money Purchase Plan assets. There was an immaterial receivable contribution as of the end of the fiscal year which has been included in the totals.

*** Includes both Town Plan and Police Plan

TOWN OF NEWTOWN PENSION PLAN

III. PLAN ASSETS (Continued)

B. History of Valuation Assets Gains & Loss Recognition

The Valuation Asset calculation spreads out gains and losses over a five year period. As such, in any given year gains or losses from five different years are in the process of being recognized, while amounts remain unrecognized waiting for future years' calculations

The table below displays the bases in use this year, as well as reporting on the current unrecognized status of prior gains and losses, with their scheduled recognition dates.

Initial Year of Base	<u>(Gain) or Loss</u> (a)	Recognition for 2020 <u>Valuation</u> (b)	Amts. recog. in Val. Asset Calc. <u>thru 6/30/2020</u> (c)	Deferred Recognition as of <u>June 30, 2020</u> (a) - (c)	Remaining <u>Years</u>
2016	\$3,747,481	\$749,496	\$3,747,481	\$0	0
2017	(1,933,632)	(386,726)	(1,546,904)	(386,728)	1
2018	(128,560)	(25,712)	(77,136)	(51,424)	2
2019	769,239	153,848	307,696	461,543	3
2020	1,406,323	<u>281,265</u>	281,265	<u>1,125,058</u>	4
Totals		\$772,171		\$1,148,449	

Recognition for 2020 Valuation - a positive number indicates losses that impacted the valuation calculation this year. See below for the expected impact in future years.

Deferred recognition as of June 30, 2020 - this number is added to the market value of the assets to determine the valuation basis.

Scheduled recognition dates for current bases in future actuarial value of assets calculations:

2021	\$22,675
2022	409,401
2023	435,113
2024	281,265

Note that future years' gains and losses will be added, as they are recognized, to the amounts shown in the above schedule.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2020

a. Calculation of Recommended Contributions Assumes 7.00%

	SELECTMEN	BOARD OF ED.	TOTALS
1. Gross Normal Cost as of 7/1/2020	\$474,619	\$525,664	\$1,000,283
2. Expenses	10,000	10,000	20,000
3. Expected Employee Contributions	112,499	131,776	244,275
4. Net Normal Cost (1 + 2 - 3) as of 7/1/2020	372,120	403,887	776,008
5. Accrued Liability:			
i. Active Employees	9,497,147	10,590,860	20,088,007
ii. Inactive Employees	1,258,855	736,147	1,995,001
iii. Retired Participants	7,691,273	5,538,080	13,229,353
6. Total Accrued Liability	\$18,447,274	\$16,865,086	\$35,312,361
7. Plan Assets - Blended Value	16,116,098	14,275,693	30,391,791
8. Unfunded (overfunded) Accrued Liability (6 - 7)	2,331,176	2,589,393	4,920,569
9. Amortization of Unfunded (Overfunded) Accd. Liability*	212,208	256,210	468,418
10. Normal Cost plus Amortization 7/1/2020 (4 + 9)	584,328	660,098	1,244,426
11. Recommended Contrib.- 2021-2022 to be paid 7/01/2021 (10 adjusted for time passage**)	\$594,864	\$645,375	\$1,240,238

* Initial EAN Base amortized over 20 years. (Gains)/losses starting with July 1, 2018 will be amortized over 10 years.

** 2021 adjustment takes into account the expected changes from unrec. trust asset (gains)/losses for 2020, plus normal cost changes assumed in the funding method.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2020

b. Calculation of Recommended Contributions Assumes 6.50%

	SELECTMEN	BOARD OF ED.	TOTALS
1. Gross Normal Cost as of 7/1/2020	\$525,425	\$581,728	\$1,107,153
2. Expenses	10,000	10,000	20,000
3. Expected Employee Contributions	112,499	131,776	244,275
4. Net Normal Cost (1 + 2 - 3) as of 7/1/2020	422,926	459,952	882,878
5. Accrued Liability:			
i. Active Employees	10,063,053	11,227,768	21,290,821
ii. Inactive Employees	1,368,446	788,888	2,157,334
iii. Retired Participants	7,977,756	5,742,285	13,720,041
6. Total Accrued Liability	\$19,409,256	\$17,758,941	\$37,168,197
7. Plan Assets - Blended Value	16,116,098	14,275,693	30,391,791
8. Unfunded (overfunded) Accrued Liability (6 - 7)	3,293,158	3,483,248	6,776,406
9. Amortization of Unfunded (Overfunded) Accd. Liability*	349,041	375,346	724,387
10. Normal Cost plus Amortization 7/1/2020 (4 + 9)	771,968	835,297	1,607,265
11. Recommended Contrib.- 2021-2022 to be paid 7/01/2021 (10 adjusted for time passage**)	\$783,906	\$819,610	\$1,603,517

* Initial EAN Base amortized over 20 years. (Gains)/losses starting with July 1, 2018 will be amortized over 10 years.

** 2021 adjustment takes into account the expected changes from unrec. trust asset (gains)/losses for 2020, plus normal cost changes assumed in the funding method.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2020

c. Calculation of Blended Contributions

	SELECTMEN	BOARD OF ED.	TOTALS
1. Recommended Contrib. - 7.0%	\$594,864	\$645,375	\$1,240,238
2. Recommended Contrib. - 6.5%	\$783,906	\$819,610	\$1,603,517
3. Recommended Contrib.- 2021-2022 Blended: 4/5 (7.0%) + 1/5 (6.5%)	\$632,672	\$680,222	\$1,312,894

d. Comparison of Results

	SELECTMEN	BOARD OF ED.	TOTALS
4. Gross Normal Cost			
a. Normal Cost at 7.0%	\$474,619	\$525,664	\$1,000,283
b. Normal Cost at 6.5%	525,425	581,728	1,107,153
c. Difference	50,806	56,065	106,871
5. Accrued Liability:			
a. Liability at 7.0%	\$18,447,274	\$16,865,086	\$35,312,361
b. Liability at 6.5%	19,409,256	17,758,941	37,168,197
c. Difference	961,981	893,855	1,855,836
6. Plan Assets - Blended Value	16,116,098	14,275,693	30,391,791
7. Unfunded (overfunded)			
Accrued Liability (5 - 6)			
a. Unfunded at 7.0%	2,331,176	2,589,393	4,920,569
b. Unfunded at 6.5%	3,293,158	3,483,248	6,776,406
c. Difference	961,981	893,855	1,855,836

* Initial EAN Base amortized over 20 years. Future (gains)/losses will be amortized over 10 years.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2020

e. Summary of Funding Bases

SELECTMEN

Summary of Funding Bases	Initial Base	Rem. Bal. -20	Minimum Amort. - 7%	Minimum Amort. - 6.5%
Initial Base - 7/1/17	\$ 2,447,983	\$ 2,419,155	\$ 215,955	\$ 230,258
(Gain)/Loss/Amend/Changes - 2018	277,987	241,532	39,579	36,605
(Gain)/Loss/Amend/Changes - 2019	(24,042)	(22,295)	(3,199)	(3,344)
(Gain)/Loss/Amend/Changes - 2020	(307,215)	(307,215)	(40,127)	(40,127)
Assumption Changes - 2020	961,981	961,981		125,649
Totals - 7.0%	\$ 2,394,713	\$ 2,331,177	\$ 212,208	
Totals - 6.5%	\$ 3,356,694	\$ 3,293,158		\$ 349,041

BOARD OF EDUCATION

Summary of Funding Bases	Initial Base	Rem. Bal. -20	Minimum Amort. - 7%	Minimum Amort. - 6.5%
Initial Base - 7/1/17	\$ 2,365,758	\$ 2,261,954	\$ 208,702	211,655
(Gain)/Loss/Amend/Changes - 2018	107,537	92,753	15,311	13,618
(Gain)/Loss/Amend/Changes - 2019	186,134	177,807	24,768	25,892
(Gain)/Loss/Amend/Changes - 2020	56,880	56,880	7,429	7,429
Assumption Changes - 2020	893,855	893,855		116,751
Totals - 7.0%	\$ 2,716,309	\$ 2,589,394	\$ 256,210	
Totals - 6.5%	\$ 3,610,163	\$ 3,483,248		\$ 375,346

Funding Bases shown at both 7.0% and 6.5%.

Amortization of the 2020 base at 7% was calculated at 6.5% in error, and will be adjusted in the 2021 Valuation Report.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2020

f. GASB Statement 67 and FASB Statement 35/36 Information

	SELECTMEN	BOARD OF ED.	TOTALS
I. ACTUARIAL ACCRUED LIABILITY - 6.50%			
a. Retirees/Benefic./Terminated	\$9,346,203	\$6,531,173	\$15,877,376
b. Current Employees			
I. EE Contr. & Intr.	1,900,266	2,095,183	3,995,449
II. ER Financed Vested	7,631,316	7,753,389	15,384,705
III. ER Financed Non-Vested	531,472	1,379,197	1,910,668
c. TOTALS	\$19,409,256	\$17,758,941	\$37,168,197
d. ASSETS - Market Value	\$15,736,417	\$13,939,370	\$29,675,787
e. FUNDED RATIO (7/1/2020)	81.08%	78.49%	79.84%
f. FUNDED RATIO (7/1/2019)	86.95%	86.33%	86.67%
<i>- These results will differ from the actual GASB disclosures, which are based on projected liabilities in order to ensure timely delivery.</i>			
II. PRESENT VALUE OF ACCRUED BENEFITS - 7.00%			
a. Retirees/Benefic./Terminated	\$9,346,203	\$6,531,173	\$15,877,376
b. Current Employees			
I. EE Contr. & Intr.	1,900,266	2,095,183	3,995,449
II. ER Financed Vested	5,773,625	6,216,584	11,990,208
III. ER Financed Non-Vested	228,751	578,311	807,063
c. TOTALS	\$17,248,844	\$15,421,251	\$32,670,096
d. ASSETS - Market Value	\$15,736,417	\$13,939,370	\$29,675,787
e. FUNDED RATIO (7/1/2020) at 6.5%	91.23%	90.39%	90.83%
<i>- Funded Ratio at 7% interest (2020)</i>	<i>98.32%</i>	<i>98.22%</i>	<i>98.27%</i>
f. FUNDED RATIO (7/1/2019) at 7%	96.48%	96.10%	96.30%

TOWN OF NEWTOWN PENSION PLAN

V. HISTORY OF PLAN CONTRIBUTIONS AND LIABILITIES

Plan Year Beginning	Participants Act. - Other		Compensation*	Accrued Liability***	Market Value Assets	Unfunded Accrued Liability**	Recommended Contribution	(***)	Actual Town Contribution
1/1/1990	91	37	\$2,050,023	\$1,902,884	\$2,141,739	(\$238,855)	\$102,982	(5.02%)	\$114,531
7/1/1995	130	35	3,708,414	3,751,830	3,840,917	(89,087)	208,274	(5.62%)	208,274
7/1/2000	161	58	5,400,600	6,647,849	8,409,663	(1,761,814)	79,486	(1.47%)	80,297
7/1/2005	274	86	9,809,015	11,515,670	11,857,942	(342,272)	416,365	(4.24%)	420,381
7/1/2010	341	111	13,109,110	17,709,414	14,861,965	2,847,449	663,805	(5.06%)	651,581
7/1/2015	340	130	14,648,086	24,619,393	21,638,928	2,980,465	836,136	(5.71%)	836,137
7/1/2016	321	147	14,390,882	26,188,592	21,154,338	5,034,254	1,001,871	(6.96%)	1,001,870
7/1/2017	323	155	14,981,541	30,630,006	24,245,131	6,384,875	1,070,329	(7.14%)	1,070,328
7/1/2018	305	168	14,745,073	32,456,485	26,552,509	5,903,978	1,268,930	(8.61%)	1,268,930
2019 Select.	110	98	6,411,843	18,055,869	15,108,934	2,946,935	720,920	(11.24%)	720,214
2019 Board	163	90	<u>7,142,960</u>	<u>15,932,004</u>	<u>13,167,066</u>	<u>2,764,938</u>	<u>669,086</u>	(9.37%)	<u>669,083</u>
2019 Total	273	188	13,554,803	33,987,873	28,276,000	5,711,873	1,390,006	(10.25%)	1,389,297
2020 Select.	101	105	6,062,173	19,409,256	15,736,417	3,672,839	632,672	(10.44%)	
2020 Board	152	99	<u>6,862,579</u>	<u>17,758,941</u>	<u>13,939,370</u>	<u>3,819,571</u>	<u>680,222</u>	(9.91%)	
2020 Total	253	204	12,924,752	37,168,197	29,675,787	7,492,410	1,312,894	(10.16%)	

* Compensation shown is expected for the twelve months following the valuation date for active members only.

**Based on Market Value, not Valuation Assets.

*** Figures in parenthesis are Recommended Contribution as a percentage of compensation. Recommended Contribution is based on prior year's valuation rolled forward, not on current valuation. The 2020 valuation produced a Recommended Contribution of \$1,603,517 for the 2021-2022

**** Beginning 2017 the actuarial liability is calculated at a 7.0% interest rate, as of 2020 - 6.5%.

TOWN OF NEWTOWN PENSION PLAN

VI. PARTICIPANT DATA RECONCILIATION

The total number of active plan participants as of the current valuation date is reconciled with the total number as of the prior valuation date as follows:

	<u>Selectmen's Accounts</u>	<u>Board of Education</u>	<u>Plan Totals</u>
Number of Active Participants as of July 1, 2019:	110	164	274
Decreases:			
Non-Vested Terminations:	(1)	(2)	(3)
Vested Terminations:	(5)	(5)	(10)
Retirements:	(4)	(6)	(10)
Deaths, Transfers:	<u>(1)</u>	<u>1</u>	<u>0</u>
Total Increases/(Decreases):	(11)	(12)	(23)
New Entrants during 2019-2020: - includes rehires/reinstatements	<u>2</u>	<u>0</u>	<u>2</u>
Net Change:	<u>(9)</u>	<u>(12)</u>	<u>(21)</u>
Number of Active Participants as of July 1, 2020:	101	152	253
Also as of July 1, 2020:			
**Total Vested Terminated:	31	22	53
Total Retired:	<u>74</u>	<u>77</u>	<u>151</u>
TOTAL PARTICIPANTS:	206	251	457

* Active participants include Late Retirees and exclude Inactives.

** Includes 8 participants due refunds of contributions and interest,
and other inactive participants who may not have terminated.

TOWN OF NEWTOWN PENSION PLAN

APPENDIX APENSION TRUST SUMMARY

PLAN SPONSOR: Town of Newtown
 EFFECTIVE DATE: July 1, 1965
 ANNIVERSARY DATE: July 1 of each year.
 VALUATION DATE: JULY 1, 2020

DEFINITIONS

Compensation: Base Salary as of July 1 each year. For departments that do not report base salary, actual earnings from prior plan year are used. Final Average Compensation includes the participants five (5) highest consecutive years.

Participation: Eligibility - Service: 6 Months
 Maximum Age: 60

Entry Date: On the first day of the month following satisfaction of eligibility, with the participant's election to make employee contributions (2% of base salary).

Service: Continuous employment with the Town.

Credited Service: Service used in the determination of plan benefits. Includes all service except:

- (1) Service in excess of 30 years.
- (2) Service after July 1, 1965 during which an employee could have made employee contributions but did not.
- (3) Service prior to July 1, 1965 if an employee did not elect to be covered on that date.

Normal Retirement Benefit: Greater of:

- (1) 2% of Final Average Compensation times years of Credited Service, less 50% of Social Security (at SSNRA),
- or
- (2) 1.15% of Final Average Compensation times years of Credited Service.

If a participant retires on or after his Normal Retirement Age (earlier of 30 years of Service or age 65), he will receive an additional temporary benefit equal to 50% of Social Security from his retirement date to his 65th birthday.

Normal Form of Benefit: Modified Cash Refund Annuity.

Death Benefits: Greater of Qualified Survivor Annuity or return of Employee Contributions plus interest (active and terminated only).

Vesting: 100% vesting in Employer portion of Normal Retirement Benefit at the completion of 10 years of Credited Service. Town Hall contract employees and department heads are eligible for 100% vesting after 5 years of Credited Service.

TOWN OF NEWTOWN PENSION PLAN

APPENDIX BACTUARIAL ASSUMPTIONSFUNDING METHOD

Entry Age Normal Method – This method calculates an annual normal cost for each active employee, and adds an amortization of the unfunded accrued actuarial liability for all participants. The initial funding base was re-established as of July 1, 2017 (when the funding method was changed from Projected Unit Credit), and will be amortized over 20 years. Future changes in accrued liability due to experience gains or losses, changes in assumptions, and/or plan provisions will be amortized over 10 years.

The July 1, 2020 Valuation was the first prepared prepared using a weighting of 80% at 7% and 20% at 6.5%. assumed interest, with 6.5% phased in over the next four years until the July 1, 2025 valuation is based fully on 6.5%.

INTEREST ASSUMPTION

(See above)

Pre-Retirement: 6.5%/7.0% Compounded Annually
Post-Retirement: 6.5%/7.0% Compounded Annually

MORTALITY ASSUMPTION

Pub-10 General Mortality with future generational increase projected using the MP-2019 scale. Previously: RP-2014 Society of Actuaries Mortality Table, with future generational increases projected with the MP-2018 scale. (for the July 1, 2019 valuation).

TURNOVER

Participants are assumed to terminate at the following rates:

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	10 %	15 %
30	7½	10
35	5	7½
40	3	5
45	1½	2½
50	0	0

SALARY SCALE & SOCIAL SECURITY BENEFITS

Salaries are assumed to increase at 3% per year. Since prospective salaries are reported, the increase applies after the end of the valuation year. Social Security laws projected using 3% COLA, with increases of 3% for the TWB and the NAMW.

RETIREMENT AGE

Participants are assumed to retire 50% of the time at their Normal Retirement Age and the remainder of the time at age 65. Participants past age 65 are assumed to retire one year after the valuation date.

ESTIMATED EXPENSES

Direct expenses of the trust are assumed to be \$20,000.
(This is an increase from \$15,000.)

TOWN OF NEWTOWN ELECTED OFFICIALS PENSION PLAN

ALLOCATION REPORT for the Period
July 1, 2018 to June 30, 2019

	7/1/2019 BEGINNING BALANCE	PAYMENTS	CONTRI- BUTIONS	4.53% INVESTMENT EARNINGS	06/30/2020 ENDING BALANCE
<u>DEBBIE HALSTEAD</u>					
EMPLOYER ACCOUNT	80,330.02	0.00	4,754.91	3,750.46	88,835.38
EMPLOYEE ACCOUNT	26,653.75	0.00	1,626.00	1,245.51	29,525.25
	-----	-----	-----	-----	-----
Participant Total	106,983.76	0.00	6,380.91	4,995.96	118,360.64
<u>DANIEL ROSENTHAL</u>					
EMPLOYER ACCOUNT	10,723.32	0.00	6,230.59	627.53	17,581.43
EMPLOYEE ACCOUNT	3,398.47	0.00	2,155.00	202.97	5,756.44
	-----	-----	-----	-----	-----
Participant Total	14,121.79	0.00	8,385.59	830.49	23,337.87
Plan Totals	121,105.55	0.00	14,766.50	5,826.46	141,698.51

Note: Allocation basis includes a 50% weight for current year contributions.