

December 14, 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, 2021. 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 2022-2023 Fiscal Year of the Town, our recommended contributions are as follows:

	<u>Recommended (2022-23)</u>	<u>Prior Year (2021-22)</u>
Selectmen	\$ 551,024	\$ 632,672
Police (see separate rpt.)	<u>1,099,390</u>	<u>1,164,195</u>
Total Town of Newtown	\$1,650,414	\$1,796,867
Board of Education:	\$ 601,197	\$ 680,222
Total all Plans:	\$2,251,611	\$2,477,089

The above amounts are based on the July 1, 2021 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, 2022, interest at 6.5% 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-2020. This represents a change from 2020 only in that the projection scale has been updated, which is an immaterial change.

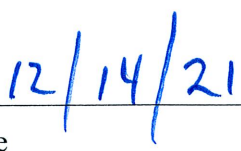
To the best of our knowledge, the information supplied in this report is complete and accurate. There was an error in which an immaterial liability was left out of the calculations, which has been disclosed and will be corrected in next year's valuation.

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, 2021

Prepared by:

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

December 14, 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, 2021	
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, 2020 TO JUNE 30, 2021	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, 2021 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, 2021 <u>Valuation</u>		July 1, 2020 <u>Valuation</u>	
1. Recommended Annual Contributions:*				
a. Board of Selectmen	\$551,024	(9.3%)	\$632,672	(10.4%)
b. Board of Education	\$601,197	(9.4%)	\$680,222	(9.9%)
c. Total Town Plan	\$1,152,220	(9.4%)	\$1,312,894	(10.2%)
2. Covered Payroll of Participants (pension earnings projected for the fiscal year following the valuation date)				
a. Board of Selectmen	\$5,905,617		\$6,062,173	
b. Board of Education	\$6,407,744		\$6,862,579	
c. Total Town Plan	\$12,313,361		\$12,924,752	
3. Net Normal Cost (EAN)	\$874,100	(7.1%)	\$882,878	(6.8%)
4. Accrued Actuarial Liability (EAN)	\$39,361,925		\$37,168,197	
5. Assets - Market Value (MV)	\$37,453,543		\$29,675,787	
- Valuation Assets (VA)	\$33,552,012		\$30,391,791	
6. Unfunded Accrued Liability (VA)	\$5,809,913		\$6,776,406	
7. Actuarial Value of Benefits (total plan):	at 6.5%		at 6.5%	
a. Value of Vested Accrued Benefits	\$33,013,193		\$31,863,033	
b. Value of Non-Vested Accrued Bens.	\$798,477		\$807,063	
c. MV Assets in excess of Vested Benefits (5 minus 7a)	\$4,440,350		(\$2,187,246)	
8. Number of Participants:	<u>Sel.</u>	<u>Bd. of Ed.</u>	<u>Sel.</u>	<u>Bd. of Ed.</u>
a. Active Participants	93	135	101	152
b. Retired and Beneficiaries	79	81	74	77
c. Terminated Vested Participants (includes refunds only due)	31	29	31	22
d. Total	203	245	206	251

* 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, 2021 valuation report was prepared on a group of 93 active members in the Selectmen's accounts, and 135 actives from the Board of Education. This represents a decrease of twenty-five (25) active members from 2020, with 8 of the twenty-five coming from the Selectmen's group and a decrease of 17 in the Board of Education.

The recommended contribution produced by the July 1, 2021 valuation decreased by \$160,674, to a recommended level of \$1,152,220 for the 2022-23 fiscal year. The Selectman group's recommended contribution decreased by about \$81,600, and the Board of Education decreased by approximately \$79,000.

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>
2021-22 Recommendation:	\$632,672	\$680,222
Actives Chg. in Normal Cost:	\$ 50,148	\$ 34,965
Retired/Term Gains	(37,245)	(81,739)
Valuation Asset (Gains)/Losses:	(132,813)	(117,498)
New Members/Transfers:	(5,212)	5,212
Change in Assumptions (phased in interest rates)	48,828	44,255
Misc. Actuarial Factors:	(5,324)	35,780
Total Changes:	\$(81,648)	\$(79,025)
2022-23 Recommendation:	\$551,024	\$601,197

It should be noted that the breakdown of the different factors above are estimates. The Miscellaneous Actuarial Factors represents what is left over when all the other items have been taken into account. At less than a third of a percent (0.3%) on the Board side, this item is immaterial and is not directly traceable.

For July 1, 2022, the plan experienced the second year of the phase in to 6.5% interest rates. 60% of the valuation contribution was based on 7.0% valuation results, and 40% is from the 6.5% calculations.

As you can see in the table above, the increases from the phase in were significantly overshadowed by the valuation gains from a trust return of more than 25%.

Because of our smoothed valuation asset method, which recognizes 20% of asset gains each year, we can count on additional help from the 2021 trust asset performance through the 2025 annual valuation report. Coincidentally, that is the first valuation year that will fully be prepared on the 6.5% assumed interest rate.

TOWN OF NEWTOWN PENSION PLAN

II. GENERAL COMMENTS

We can thus expect the phase in to continue without increasing the annual contribution, assuming that the trust can perform close to the 6.5% assumed rate over the next few years. Additional reductions will also occur as the active population continues to decline.

There were again four deaths among the 151 retirees as of the beginning of the year, with a net gain of 9 retirees (three prior vested terminated members also began their retirement payments this year).

This year's valuation sees the inactive population almost catching up to the plan's frozen active membership, with 228 actives and 220 inactives. We can safely project that the 2022 valuation will feature more inactives than actives, as several members have retired or terminated since July 1, 2021.

While the valuation asset smoothing method provides for a gradual recognition of the past year's strong asset performance, the funding ratios found on page 10 are prepared on market value. As such, the ratios increased dramatically across the board, with the Accrued Actuarial Liability measure increasing above 95% and the funded ratio for the accrued benefits climbing to greater than 100% for both groups. All of the above ratios are based fully on the 6.5% assumptions, as well.

TOWN OF NEWTOWN PENSION PLAN
III. PLAN ASSETS

A. Summary

Investment	07/01/2020 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income	Trust Expenses	Transfer EEs Distributions	Transfers out	06/30/2021 Ending Balance
ER Contrib. Receivable/(Payable)	0	0	0	0	0	0	0	0
EE Contrib. Receivable	0	0	0	0	0	0	0	0
Distribution Due PARS	0	0	0	0	0	0	0	0
Prepaid Benefits	216,269	0	0	0	0	8,595	0	224,864
<u>Comerica</u>								0
Cash	295,399	2,485,983	422,844	1,229,565	(74,656)	(2,703,122)	(1,247,818)	408,195
Investments	47,197,786	0	0	11,251,600	0	0	1,247,818	59,697,204
Accrued Interest	31,404	0	0	(31,404)	0	0	0	0
<u>PLAN TOTALS</u>	47,740,857	2,485,983	422,844	12,449,761	(74,656)	(2,694,528)	0	60,330,263

Distribution of Assets by Department

Plan Category	07/01/2020 Beginning Balance	Employer Contribs.	Employee Contribs.	Net Investment Income*	Distributions	06/30/2021 Ending Balance	06/30/2021 Valuation Asset Balance
Town Plan	29,675,787	1,390,665	233,180	7,667,791	(1,513,880)	37,453,543	33,552,012
Elected officials	141,699	11,639	3,861	39,435	0	196,633	N/A
Police Plan	17,923,372	1,083,679	185,803	4,667,879	(1,180,647)	22,680,086	20,317,504
Grand Total	47,740,857	2,485,983	422,844	12,375,105	(2,694,528)	60,330,263	53,869,516

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

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 current 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.

This method was installed in 2015 and 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, 2021:

1. Assumed market value yield at valuation rate*	\$3,172,964
2. Actual MV Yield for June 30, 2021 **	12,410,327
3. Current Year (Gain)/Loss on Market value yield* (1) - (2)	(9,237,363)
4. Portion of Curr. Yr. Loss to be Recognized in 2021 (3) x 20%	(1,847,473)
5. Portion of Current Years (Gain)/Loss Not Recognized in 2021	(7,389,890)
6. Prior Unrec. (Gains)/ losses - June 30, 2021 - see next page	1,125,777
7. Total Unrecognized (Gains)/Losses (5) + (6)	(6,264,113)
8. Market Value of Trust Assets as of June 30, 2021	60,133,629
9. Preliminary Actuarial Value of Assets - June 30, 2021 (7)+(8)	\$53,869,516
10. (a) 80% corridor of Market Value	48,106,903
(b) 120% corridor of Market Value	72,160,355
11. Final Actuarial Value of Assets - June 30, 2021***	\$53,869,516

The Preliminary Actuarial Value of Assets is 89.6% of the Market Value, and thus falls within the 80% to 120% corridor of actual June 30, 2021 Market Value.

The yield on Valuation Assets for the 2020-2021 Plan Year was 10.61%.

* 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 2021 <u>Valuation</u> (b)	Amts. recog. in Val. Asset Calc. <u>thru 6/30/2021</u> (c)	Deferred Recognition as of <u>June 30, 2021</u> (a) - (c)	Remaining <u>Years</u>
2017	(\$1,933,632)	(\$386,726)	(\$1,933,632)	\$0	0
2018	(128,560)	(25,712)	(102,848)	(25,712)	1
2019	769,239	153,848	461,543	307,696	2
2020	1,406,323	281,265	562,529	843,794	3
2021	<u>(9,237,363)</u>	<u>(1,847,473)</u>	<u>(1,847,473)</u>	<u>(7,389,890)</u>	4
Totals		(\$1,824,798)		(\$6,264,113)	

Recognition for 2021 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, 2021 - this number is added to / (Subtracted from) the market value of the assets to determine the valuation basis.

Scheduled recognition dates for current bases in future actuarial value of assets calculations and expected unrecognized balances:

	<u>Recog. in Year</u>	<u>Exp. Unrecognized</u>
2022	(\$1,438,072)	(4,826,040)
2023	(1,412,360)	(3,413,680)
2024	(1,566,208)	(1,847,473)
2025	(1,847,473)	0

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, 2021

a. Calculation of Recommended Contributions Assumes 7.00%

	SELECTMEN	BOARD OF ED.	TOTALS
1. Gross Normal Cost as of 7/1/2021	\$474,974	\$502,590	\$977,565
2. Expenses	10,000	10,000	20,000
3. Expected Employee Contributions	107,418	122,611	230,029
4. Net Normal Cost (1 + 2 - 3) as of 7/1/2021	377,557	389,979	767,536
5. Accrued Liability:			
i. Active Employees	10,384,507	10,991,289	21,375,796
ii. Inactive Employees	1,023,962	996,867	2,020,829
iii. Retired Participants	8,056,328	5,933,093	13,989,421
6. Total Accrued Liability	\$19,464,797	\$17,921,249	\$37,386,046
7. Plan Assets - Blended Value	17,650,187	15,901,825	33,552,012
8. Unfunded (overfunded) Accrued Liability (6 - 7)	1,814,610	2,019,424	3,834,035
9. Amortization of Unfunded (Overfunded) Accd. Liability*	165,344	198,485	363,829
10. Normal Cost plus Amortization 7/1/2021 (4 + 9)	542,901	588,464	1,131,365
11. Recommended Contrib.- 2022-2023 to be paid 7/01/2022 (10 adjusted for time passage**)	\$482,753	\$537,774	\$1,020,527

* 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, 2021

b. Calculation of Recommended Contributions Assumes 6.50%

	SELECTMEN	BOARD OF ED.	TOTALS
1. Gross Normal Cost as of 7/1/2020	\$527,045	\$557,083	\$1,084,129
2. Expenses	10,000	10,000	20,000
3. Expected Employee Contributions	107,418	122,611	230,029
4. Net Normal Cost (1 + 2 - 3) as of 7/1/2020	429,628	444,472	874,100
5. Accrued Liability:			
i. Active Employees	11,029,664	11,646,907	22,676,572
ii. Inactive Employees	1,122,840	1,065,203	2,188,043
iii. Retired Participants	8,349,159	6,148,152	14,497,311
6. Total Accrued Liability	\$20,501,663	\$18,860,262	\$39,361,925
7. Plan Assets - Blended Value	17,650,187	15,901,825	33,552,012
8. Unfunded (overfunded) Accrued Liability (6 - 7)	2,851,476	2,958,437	5,809,913
9. Amortization of Unfunded (Overfunded) Accd. Liability*	283,596	289,282	572,877
10. Normal Cost plus Amortization 7/1/2020 (4 + 9)	713,223	733,754	1,446,977
11. Recommended Contrib.- 2021-2022 to be paid 7/01/2021 (10 adjusted for time passage**)	\$653,430	\$696,330	\$1,349,760

* 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, 2021

c. Calculation of Blended Contributions

	SELECTMEN	BOARD OF ED.	TOTALS
1. Recommended Contrib. - 7.0%	\$482,753	\$537,774	\$1,020,527
2. Recommended Contrib. - 6.5%	\$653,430	\$696,330	\$1,349,760
3. Recommended Contrib.- 2022-2023 Blended: 3/5 (7.0%) + 2/5 (6.5%)	\$551,024	\$601,197	\$1,152,220

d. Comparison of Results

	SELECTMEN	BOARD OF ED.	TOTALS
4. Gross Normal Cost			
a. Normal Cost at 7.0%	\$474,974	\$502,590	\$977,565
b. Normal Cost at 6.5%	527,045	557,083	1,084,129
c. Difference	52,071	54,493	106,564
5. Accrued Liability:			
a. Liability at 7.0%	\$19,464,797	\$17,921,249	\$37,386,046
b. Liability at 6.5%	20,501,663	18,860,262	39,361,925
c. Difference	1,036,866	939,013	1,975,879
6. Plan Assets - Blended Value	17,650,187	15,901,825	33,552,012
7. Unfunded (overfunded)			
Accrued Liability (5 - 6)			
a. Unfunded at 7.0%	1,814,610	2,019,424	3,834,035
b. Unfunded at 6.5%	2,851,476	2,958,437	5,809,913
c. Difference	1,036,866	939,013	1,975,879

* 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, 2021

e. Summary of Funding Bases

SELECTMEN

Summary of Funding Bases	Initial Base	Rem. Bal. -21	Minimum Amort. - 7%	Minimum Amort. - 6.5%
Initial Base - 7/1/17	\$ 2,447,983	\$ 2,378,005	\$ 215,955	\$ 216,205
(Gain)/Loss/Amend/Changes - 2018	277,987	234,951	39,579	34,371
(Gain)/Loss/Amend/Changes - 2019	(24,042)	(21,658)	(3,199)	(3,140)
(Gain)/Loss/Amend/Changes - 2020	(307,215)	(299,578)	(40,879)	(40,127)
Assumption Changes - 2020	961,981	938,067	-	125,649
(Gain)/Loss/Amend/Changes - 2021	(377,925)	(377,925)	(46,112)	(49,363)
Totals -	\$ 2,978,769	\$ 2,851,861	\$ 165,344	\$ 283,596

Remaining Balances shown at 6.5%, amortizations shown at 6.5% and 7.0%.

BOARD OF EDUCATION

Summary of Funding Bases	Initial Base	Rem. Bal. -21	Minimum Amort. - 7%	Minimum Amort. - 6.5%
Initial Base - 7/1/17	\$ 2,365,758	\$ 2,246,252	\$ 208,702	192,758
(Gain)/Loss/Amend/Changes - 2018	107,537	91,644	15,311	12,787
(Gain)/Loss/Amend/Changes - 2019	186,134	175,697	24,768	24,312
(Gain)/Loss/Amend/Changes - 2020	56,880	56,275	7,569	7,429
Assumption Changes - 2020	893,855	884,344		116,751
(Gain)/Loss/Amend/Changes - 2021	(495,775)	(495,775)	(57,865)	(64,755)
Totals -	\$ 3,114,389	\$ 2,958,437	\$ 198,485	\$ 289,282

Remaining Balances shown at 6.5%, amortizations shown at 6.5% and 7.0%.

TOWN OF NEWTOWN PENSION PLAN

IV. ANNUAL VALUATION - JULY 1, 2021

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

	SELECTMEN	BOARD OF ED.	TOTALS
I. ACTUARIAL ACCRUED LIABILITY - 6.50%			
a. Retirees/Benefic./Terminated	\$9,471,999	\$7,213,355	\$16,685,354
b. Current Employees			
I. EE Contr. & Intr.	2,026,134	2,071,174	4,097,308
II. ER Financed Vested	8,114,221	8,724,681	16,838,902
III. ER Financed Non-Vested	889,308	851,053	1,740,361
c. TOTALS	\$20,501,663	\$18,860,262	\$39,361,925
d. ASSETS - Market Value	\$19,702,605	\$17,750,938	\$37,453,543
e. FUNDED RATIO (7/1/2021)	96.10%	94.12%	95.15%
f. FUNDED RATIO (7/1/2020)	81.08%	78.49%	79.84%
<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 - 6.50%			
a. Retirees/Benefic./Terminated	\$9,471,999	\$7,213,355	\$16,685,354
b. Current Employees			
I. EE Contr. & Intr.	2,026,134	2,071,174	4,097,308
II. ER Financed Vested	5,901,554	6,328,978	12,230,531
III. ER Financed Non-Vested	388,305	410,172	798,477
c. TOTALS	\$17,787,992	\$16,023,678	\$33,811,670
d. ASSETS - Market Value	\$19,702,605	\$17,750,938	\$37,453,543
e. FUNDED RATIO (7/1/2021) at 6.5%	110.76%	110.78%	110.77%
f. FUNDED RATIO (7/1/2020) at 6.5%	91.23%	90.39%	90.83%

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
7/1/2000	161	58	5,400,600	6,647,849	8,409,663	(1,761,814)	79,486	(1.47%)	80,297
7/1/2010	341	111	13,109,110	17,709,414	14,861,965	2,847,449	663,805	(5.06%)	651,581
7/1/2017	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
7/1/2019	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	687,277	(10.44%)	687,278
2020 Board	152	99	6,862,579	17,758,941	13,939,370	3,819,571	703,387	(9.91%)	703,387
2020 Total	253	204	12,924,752	37,168,197	29,675,787	7,492,410	1,390,664	(10.16%)	1,390,665
2021 Select.	93	110	5,905,617	20,501,663	19,702,605	799,058	632,672	(10.71%)	
2021 Board	135	110	<u>6,407,744</u>	<u>18,860,262</u>	<u>17,750,938</u>	<u>1,109,324</u>	<u>680,222</u>	(10.62%)	
2021 Total	228	220	12,313,361	39,361,925	37,453,543	1,908,382	1,312,894	(10.66%)	

* 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 2021 valuation produced a Recommended Contribution of \$1,152,220 for the 2022-2023 plan

**** 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, 2020:	101	152	253
Decreases:			
Non-Vested Terminations:	(3)	(3)	(6)
Vested Terminations:	(1)	(7)	(8)
Retirements:	(3)	(8)	(11)
Deaths, Transfers:	<u>(1)</u>	<u>1</u>	<u>0</u>
Total Increases/(Decreases):	(8)	(17)	(25)
New Entrants during 2020-2021: - includes rehires/reinstatements	<u>0</u>	<u>0</u>	<u>0</u>
Net Change:	<u>(8)</u>	<u>(17)</u>	<u>(25)</u>
Number of Active Participants as of July 1, 2021:	93	135	228
Also as of July 1, 2021:			
**Total Vested Terminated:	31	29	60
Total Retired:	<u>79</u>	<u>81</u>	<u>160</u>
TOTAL PARTICIPANTS:	203	245	448

* Active participants include Late Retirees and exclude Inactives.

** Includes 9 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, 2021

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, 2021 Valuation was the prepared prepared using a weighting of 60% at 7% and 40% at 6.5%. assumed interest, with 6.5% phased in over the next three 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-2020 scale. This represents a change from 2020 only in that the projection scale has been updated, which is an immaterial change.

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.

TOWN OF NEWTOWN ELECTED OFFICIALS PENSION PLAN

ALLOCATION REPORT for the Period
July 1, 2020 to June 30, 2021

	7/1/2020 BEGINNING BALANCE	PAYMENTS	CONTRI- BUTIONS	26.39% INVESTMENT EARNINGS	06/30/2021 ENDING BALANCE
<u>DEBBIE HALSTEAD</u>					
EMPLOYER ACCOUNT	88,835.38	0.00	5,011.42	24,102.00	117,948.81
EMPLOYEE ACCOUNT	29,525.25	0.00	1,662.50	8,010.11	39,197.87
	-----	-----	-----	-----	-----
Participant Total	118,360.64	0.00	6,673.92	32,112.12	157,146.67
<u>DANIEL ROSENTHAL</u>					
EMPLOYER ACCOUNT	17,581.43	0.00	6,627.58	5,513.58	29,722.60
EMPLOYEE ACCOUNT	5,756.44	0.00	2,198.65	1,809.02	9,764.11
	-----	-----	-----	-----	-----
Participant Total	23,337.87	0.00	8,826.23	7,322.60	39,486.71
 Plan Totals	 141,698.51	 0.00	 15,500.15	 39,434.72	 196,633.38

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