



TOWN OF LEDYARD CONNECTICUT

741 Colonel Ledyard Highway
Ledyard, Connecticut 06339

Retirement Board

~ AGENDA ~

Chairman
John Rodolico

Special Meeting

Tuesday, January 23, 2024

10:00 AM

Council Chambers - Hybrid Format

REMOTE MEETING INFORMATION

Meeting ID: 865 7675 0280

Passcode: 894508

Zoom Meeting Link:

<https://us06web.zoom.us/j/86576750280?pwd=08mPcAdnle1m21Ft9k1J0biUFmDOEo.1>

Dial by your location:

+1 646 558 8656 US (New York)

I. CALL TO ORDER

II. ROLL CALL

III. REVIEW AND APPROVAL OF MINUTES

1. Motion to APPROVE Regular Meeting Minutes from December 19, 2023, as written.

Attachments: [Retirement Board minutes 12-19-23](#)

V. OLD BUSINESS

1. Discussion on a review of applicable labor contracts and retirement documents for Town of Ledyard employee groups with applicability to retirement eligibility and benefits continued.

Review of Retirement Plan amendments, see attachments.

Attachments: [Plan Amendment-2021-1-Amended and Restated-July 1, 2012-Rule 82-Approved 2021-09-08 20240111095220294 Defined Benefit Plan Pension Plan Amendment 2015-1dated 2015-10-14](#)

VI. NEW BUSINESS

1. Motion to APPROVE a monthly retirement benefit for Sharon Dutra in the amount of \$690.12 in the form of a modified cash refund annuity effective February 1, 2024.

Attachments: [Dutra, Sharon - Benefit Package](#)

2. Discussion and Possible vote on FY24-25 Pension Contribution.

Attachments: [7-1-2023 Valuation Report - Town of Ledyard DB Plan \(FINAL\)](#)

3. Motion to APPROVE payment of invoice #609_12312023, to Fiducient Advisors, dated January 17, 2024, in the amount of \$12,475.39, for consulting costs for billing period October 1, 2023, to December 31, 2023.

Attachments: [12312023Ledyard, Town of-Defined Benefit](#)

VII. ADJOURNMENT

DISCLAIMER: Although we try to be timely and accurate these are not official records of the Town.



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

File #: 24-0025

Agenda Date: 1/23/2024

Agenda #: 1.

MINUTES

Minutes:

Motion to APPROVE Regular Meeting Minutes from December 19, 2023, as written.



TOWN OF LEDYARD

741 Colonel Ledyard Highway
Ledyard, Connecticut 06339

Retirement Board Meeting Minutes

Chairman
John Rodolico

Regular Meeting

Tuesday, December 19, 2023

10:00 AM

Council Chambers - Hybrid Format

I. CALL TO ORDER

Chairman Rodolico called the meeting to order at 10:04 a.m.

II. ROLL CALL

Present Board Member Roger Coddling
Board Member Sharon Wadecki
Chairman John Rodolico
Board Member Daniel Panosky
Excused Board Member William Thorne

Also in attendance was Naomi Rodriguez, Town Council.

Staff present:

Ian Stammel, Assistant Finance Director
Matt Bonin, Finance Director
Christina Hostetler, Town Hall Assistant via zoom

III. PRESENTATIONS

1. Chris Rowllins, Fiducient Advisors will be presenting the 3Q investment review and the November performance flash report.

Chris Rowllins, Fiducient Advisors started by saying that overall plans have stepped back and taken a pause. This is due mostly to the combination of a difficult 2022 and the restoration of higher yields. Since 2015 the averages and medians have come down significantly, approximately 68 basis points from FY2015 to FY2022. Now plans are in the early stages of evaluating stances in the current overall interest rate cycle. In FY2022 36% of pension plans exceeded the 80% funded mark which is a meaningful decrease from FY2021, when 65% of pension plans exceeded the 80% funded mark. FY2021 was a year of outsized investment performance which improved the average funded ratio followed by challenges in FY2022, resulting in a return to historical averages. FY2023 performance jumped up a bit but not as significantly as in FY2021.

Mr. Rowllins said that the first half of the calendar year 2023 resulted in good numbers. Interest rates were still stubbornly high in the third quarter with signs that the Federal Reserve would

keep the rates high or maybe even raise the rates again during the fourth quarter. Bond yields spiked during the quarter. The month of November held the best bond market return in over 30 years.

The equity sleeve of the Capital Market performance was negative pretty much across the board with no place to hide. YTD growth outperformed value. Big Tech stocks tethered to AI have emerged as market leaders and have become a bigger representation of the S&P 500 as well as a bigger weight of the Russell 1000 growth. Large cap growth has outperformed small and medium cap growth. The thinking is that higher borrowing costs impacted smaller companies who can't pass off costs to their consumers. The third quarter had a very concentrated narrow market. S&P Real Assets were down about 2.6 % for the quarter. The energy sector was a bright spot for the quarter.

The portfolio performance for the quarter was down 3.8% net and the benchmark was down 3.4%. The YTD (January through September) was up 4.2% net vs 3.8% benchmark. One year was up 11.1% net vs 10.8% benchmark.

There are two active Core Plus managers and Black Rock was brought in as an unconstrained manager. Black Rock has done a great job in a volatile interest rate environment. Although the trend may be towards a lower interest rate Mr. Rowlins still believes Black Rock has a role in the portfolio going forward.

Met West has been placed on watch status given the announcement of some portfolio manager changes. Although Met West has been delivering on performance there were some significant changes announced that warrant elevation to a watch status. Neuberger Berman is on discuss status because of the role that Judy Vale, CFA is playing at the firm on a go forward basis. Most likely NB will be taken off a discuss status next quarter.

Chairman Rodolico asked at what point does FA do re-allocations? Mr. Rowlins answered that there are mid and max ranges to keep the portfolio aligned and when the ranges edge close to 4-5% from the target then there will be a re-balancing recommendation/effort.

November Flash -

- After a difficult third quarter, November brought a good print on inflation and signs that the labor market is strong although weakening a bit which is good from the lens of the Federal Reserve because it means less wage pressure.

- The economy is fairly strong and there was lessening of student debt. Fixed income was positive across the board and it improved the YTD numbers. Big numbers in Global equities such as seen in the S&P. NASDAQ which is a tech heavy benchmark was up 37% YTD.

- Also, some good performance for Small Cap Companies at 8.9% for the month of December, which is three times higher than the S&P 500.

- International markets were higher. The dollar weakened a bit and interest rates came down across the board.

- There was some weakness in emerging markets particularly China. Both China and Multi Nationals that rely on China have been struggling, on the contrary India has done very well.
- The portfolio performance was up 6.7% for the month of November which in turn improved the YTD performance.
- Mr. Coddling commented that it appears that the William Blair Small Cap underperformed the benchmark for this year and asked Mr. Rowlins to comment. Mr. Rowlins said earlier in the year some of the regional banking stocks hurt their portfolio which caused a lag on their performance and affected their longer-term numbers however, since they were put in the portfolio they outperformed the benchmark by about 170 basis points. He doesn't recommend any action on William Blair at this time.
- International allocation had a bit of weakness particularly with Invesco and T. Rowe Price. Invesco's allocation to China especially in the second half of the year has dragged them down.
- Real Assets was up 6.6% for the month and 4.5% for the quarter although it has normally been lagging in the portfolio.

Recap - A good November, a solid December and a little bit of a Christmas rally. Mr. Rowlins said that FU will look at the underlying management structure and will come back with different scenarios for discussion. FU may conclude to remain where the portfolio is at today's allocation and structural wise or there may be some tweaks such as adjusting the asset allocations.

Mr. Rowlins ended the meeting by saying he will provide a December Flash report for the Board.

IV. REVIEW AND APPROVAL OF MINUTES

1. Motion to APPROVE Regular Meeting Minutes from November 21, 2023, as written.

RESULT: APPROVED AND SO DECLARED

MOVER: John Rodolico

SECONDER: Sharon Wadecki

AYE 3 Coddling Wadecki Rodolico

EXCUSED 1 Thorne

ABSTAIN 1 Panosky

V. DIRECTOR OF HUMAN RESOURCES UPDATE

1. Director of Human Resources update.

No report.

VI. FINANCE DIRECTOR'S REPORTS

1. Finance Director's Report.

Matt Bonin, Finance Director said he would like to add a late invoice from USI to Any Other New Business. Chairman Rodolico said the Board would take this up under Any Other New Business.

RESULT: DISCUSSED

VII. OLD BUSINESS

1. Discussion on a review of applicable labor contracts and retirement documents for Town of Ledyard employee groups with applicability to retirement eligibility and benefits continued.

Chairman Rodolico said he is working on a draft document and added that Human Resources has volunteered to help. It would be good to consolidate labor contracts into a chart to either provide the information or to document where to find the information instead of having to search each time. Chairman Rodolico said he would like to put off this agenda item until the New Year.

RESULT: DISCUSSED

2. Any Other Old Business to come before the Board.

None.

VIII. NEW BUSINESS

1. Motion to APPROVE payment of USI invoice #90086413, dated September 30, 2023, in the amount of \$8,500.00 for Core Installment Fee (50%) - Actuarial Services - 2023 Plan Year

Mr. Panosky asked to confirm that the Board would only pay the core actuarial services not the OPEB charge too, Mr. Bonin agreed.

RESULT: APPROVED AND SO DECLARED

MOVER: John Rodolico

SECONDER: Sharon Wadecki

AYE 4 Coddington Wadecki Rodolico Panosky

EXCUSED 1 Thorne

2. Any other New Business to come before the Board.

The USI invoice was received after the agenda was posted; Mr. Bonin requested that it be added to Any Other New Business.

RESULT: APPROVED AND SO DECLARED

MOVER: John Rodolico

SECONDER: Sharon Wadecki

AYE 4 Coddington Wadecki Rodolico Panosky

EXCUSED 1 Thorne

IX. ADJOURNMENT

Motion to ADJOURN the Regular Meeting at 10:53 a.m.

RESULT: APPROVED AND SO DECLARED

MOVER: Sharon Wadecki

SECONDER: John Rodolico

AYE 4 Coddington Wadecki Rodolico Panosky

EXCUSED 1 Thorne

DISCLAIMER: Although we try to be timely and accurate these are not official records of the Town.



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

File #: 23-2178

Agenda Date: 1/23/2024

Agenda #: 1.

AGENDA REQUEST
GENERAL DISCUSSION ITEM

Subject:

Discussion on a review of applicable labor contracts and retirement documents for Town of Ledyard employee groups with applicability to retirement eligibility and benefits continued.

Review of Retirement Plan amendments, see attachments.

Background:

From the December 19, 2023, meeting:

Chairman Rodolico said he is working on a draft document and added that Human Resources has volunteered to help. It would be good to consolidate labor contracts into a chart to either provide the information or to document where to find the information instead of having to search each time. Chairman Rodolico said he would like to put off this agenda item until the New Year.

Department Comment/Recommendation:

(type text here)

**AMENDMENT 2021-1 TO THE
RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF THE TOWN OF
LEDYARD**

Amended and Restated July 1, 2012

WHEREAS, The Town of Ledyard, hereinafter referred to as the “Employer” established a Plan which reserves in Section 10.01, the Ledyard Town Council’s right and authority to amend the Plan; and

WHEREAS, the Employer desires to amend the Plan in regard to a change to the collective bargaining agreement which impacts Appendix C of the Plan;

NOW THEREFORE, effective July 1, 2021, the Employer hereby amends the Plan as follows:

Section 1 of Appendix C is amended to read as follows:

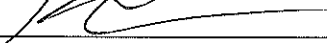
1. Normal Retirement Age

The Normal Retirement Age shall mean the earliest of the following events:

- (i) Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service; or
- (ii) Attained any combination of Credited Service and age equaling eighty-two (82) (Rule of 82).

IN WITNESS WHEREOF, this 2021-1 Amendment is signed this 8th day of September, 2021.

**RETIREMENT PLAN FOR FULL-TIME
EMPLOYEES OF THE TOWN OF LEDYARD**

By 

Kevin Dombrowski
Chairman Pro tem, Town Council

AMENDMENT 2

TO THE

RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF THE TOWN OF LEDYARD

Amended and Restated July 1, 2001

WHEREAS, The Town of Ledyard, hereinafter referred to as the "Employer" established a Plan which reserves in Section 7.01 the Ledyard Town Council's right and authority to amend the Plan; and

WHEREAS, the Employer desires to amend the Plan's provisions regarding the restoration of the Accrued Benefit following the reemployment of a former Active Member who terminated employment prior to becoming eligible for nonforfeitable benefits from the Plan; and;

NOW THEREFORE, effective July 1, 2011, the Employer hereby amends the Plan as follows:

1. Section 5.07 is amended by deleting paragraph (a-3) and replacing it with the following new paragraph:

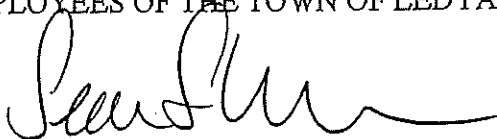
(a-3) his years of Service for vesting purposes accrued at the time he terminated Service exceeded the number of his consecutive one-year breaks in Service immediately following the date he terminated employment.

Adopted by the Ledyard Town Council on December 28, 2011

IN WITNESS WHEREOF, this Amendment 2 is signed this 29th day of Dec 2011

RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF THE TOWN OF LEDYARD

By



Sean Sullivan, Chairman
Ledyard Town Council

**Retirement Plan for
Full-Time Employees of the
Town of Ledyard**

Amended and Restated
Effective July 1, 2012

Drafted November 13, 2012

11569336-v5

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INTRODUCTION

Effective June 1, 1977, the Town of Ledyard (the “Town”), a Connecticut municipality, adopted the retirement system known as the Retirement Plan for full-time Employees of the Town of Ledyard (the “Plan”). The Plan was and is intended to be a governmental plan, as defined in Code Section 414(d), and was and is intended to qualify as a defined benefit plan under Code Section 401(a). It is also intended that all Member Contributions to the Plan be “picked-up” pursuant to Code Section 414(h). The Plan is maintained for the exclusive benefit of eligible Members and their Beneficiaries.

The Plan was most recently set forth in the Ordinances of the Town of Ledyard and in a separate amended and restated plan document. The Plan has been amended from time to time, and is hereby further amended and restated effective July 1, 2012. As part of this amendment and restatement the Town desires to consolidate the Plan into one document as set forth herein.

Unless otherwise stated herein, the rights of Members who terminated service on or before June 30, 2012 shall be determined under the version of the Plan, including any underlying bargaining agreements, in effect on such Member’s date of termination and shall not be affected by any provision of this amendment and restatement, except as otherwise specifically provided in this Plan.

Non-union Employees hired by the Town on or after July 1, 2009 will not be eligible to participate in the Plan and union Employees of the Town hired on or after the date provided in the applicable collective bargaining agreement will not be eligible to participate in the Plan.

**ARTICLE I
DEFINITIONS**

- 1.01 “Accrued Benefit” means as of any date, the portion of a Member’s Retirement Benefit accrued as of that date determined under Article IV using a Member’s Years of Credited Service and Final Average Earnings as of such date.
- 1.02 “Actuarial Equivalent” means a benefit of equivalent current value to the benefit which would otherwise have been provided to the Member in the normal form of benefit, determined on the following assumptions:

Generally

Interest: 2.5%

Mortality: The 1951 Group Annuity Table (-1, -6)

For Lump Sums

Interest: The applicable interest rate as set forth under Section 417(e)(3) of the Code as of the June 1 preceding the Plan Year.

Mortality: The applicable mortality table as set forth under Section 417(e)(3) of the Code as of the June 1 preceding the Plan Year.

- 1.03 “Annuity Starting Date” means the first day of the first period for which an amount is paid as an annuity, or, in the case of a single sum payment, the first day on which all events have occurred which entitle the Member, or the Member’s Beneficiary, if applicable, to such benefit.
- 1.04 “Authorized Leave of Absence” means any absence authorized by the Town under the Town’s standard personnel practices, provided that all persons under similar circumstances must be treated alike in the granting of such Authorized Leaves of Absence and provided further that the Employee returns within the period of authorized absence. An absence due to service in the armed forces of the United States shall be considered an Authorized Leave of Absence to the extent required under Section 414(u) of the Code.
- 1.05 “Beneficiary” means the individual or individuals and/or trusts designated by the Member to receive benefits from the Plan upon the death of the Member in accordance with Article VII hereof.
- 1.06 “Code” means the Internal Revenue Code of 1986, as such has been and as such may be amended from time to time, and any regulations promulgated thereunder and interpretations thereof as such may affect this Plan.
- 1.07 “Continuous Service” means an Employee’s uninterrupted period of employment without a Period of Severance, provided that absence from employment for a period of up to six

(6) months due to Total and Permanent Disability as determined by a medical examination and a period of up to one (1) year for an Authorized Leave of Absence shall not be considered as an interruption in service. For purposes of determining Continuous Service, a Period of Severance of less than three months shall be disregarded.

- 1.08 “Credited Interest” means interest to be credited to the Member Contributions, compounded annually at the rate as the Town may from time to time prospectively determine. Currently, interest is credited at the rate of 5% per annum.
- 1.09 “Early Retirement Date” means the first day of the month coinciding with or next following the date on which the Member attains the Early Retirement Date set forth in the applicable Appendix.
- 1.10 “Earnings” means:
- (a) For all Employees except as otherwise set forth in this Section, the regular basic compensation paid to an Employee for services rendered to the Town each Plan Year, excluding any overtime payments, sick pay or vacation pay.
 - (b) For Police Employees covered under Local 2693, Council No. 15, AFSCME, AFL-CIO who are employed on or after June 30, 2003, straight-time wages plus overtime paid to such Police Employee. Earnings shall specifically exclude any vacation, sick, comp time and longevity pay. With respect to any retroactive pay, such amounts shall be included in Earnings in the year it is paid.
 - (c) Effective July 1, 2006, for Fire Employees covered under the Association of International Firefighters, Earnings means the gross wages as reported on the Employee’s Federal Income Tax Withholding Statement (Form W-2).

Notwithstanding any other provision of the Plan to the contrary, in no event shall a Member’s Earnings taken into account for purposes of the Plan exceed \$250,000, (for the Plan Year beginning July 1, 2012), increased as permitted under Section 401(a)(17) of the Code to reflect cost-of-living adjustments.

- 1.11 “Eligible Employee” means an Employee, including a full-time elected official and a non-certified employee of the Board of Education of the Town. An Employee who is accruing pension benefits under another defined benefit or defined contribution plan maintained by the Town shall not be considered an Eligible Employee.
- 1.12 “Employee” means an employee of the Town who renders regular service to the Town.
- 1.13 “Final Average Earnings” means a Member’s average annual Earnings prior to the Member’s Normal, Early or Late Retirement Date, as set forth in the applicable Appendix attached hereto.
- 1.14 “Late Retirement Date” means the first day of the month coinciding with or next following the date on which a Member, who is not a Police Employee, actually retires following his Normal Retirement Date as set forth in the applicable Appendix.

- 1.15 “Member” means any Eligible Employee who has become covered under the Plan pursuant to Article II.
- 1.16 “Normal Retirement Date” means the first day of the month coinciding with or next following the date on which the Member attains the Normal Retirement Age set forth in the applicable Appendix.
- 1.17 “Period of Severance” means each month period during which a Member does not perform any hours of service. Solely for purposes of determining whether an Employee has a Period of Severance, an Employee shall not be considered to have a Period of Severance for up to twelve months for any period during which the Employee does not perform any duties by reason of:
- (i) the pregnancy of the Employee; the placement of a child with the Employee in connection with the adoption of such child by such individual; or the caring for such child for a period beginning immediately following such birth or placement; or
 - (ii) Periods of Authorized Leaves of Absence, as defined in Section 1.04 herein.
- 1.18 “Required Beginning Date” means the first day of April of the calendar year following the calendar year in which: (i) the Member attains age 70½, or (ii) if later, the year the Member terminates employment with the Town.
- 1.19 “Retirement Benefit” means the retirement benefit pension payable to a Member on his Normal, Early or Late Retirement Date as described in Article IV herein.
- 1.20 “Severance from Employment” means the date of an Employee’s death, retirement, resignation or discharge, or any absence that causes such Employee to cease to be an Employee of the Town.
- 1.21 “Totally and Permanently Disabled” means a Member who has been found, on the basis of medical evidence satisfactory to the Town, to suffer from any physical or medical condition that: (i) has continued for a period of at least six (6) consecutive months; (ii) is expected to be permanent; and (iii) which prevents the Member from performing or engaging in any occupation or employment for remuneration or profit. In no event shall a Total and Permanent Disability include any incapacity which was contracted, suffered or incurred while the Member was engaged in or resulted from having engaged in a felonious, criminal enterprise, nor shall it include any incapacity which results from an intentionally self-inflicted injury.
- 1.22 “Town” means the Town of Ledyard, Connecticut.
- 1.23 “Trust” means the trust created by the Town and the Trustee by a trust agreement to hold and invest the assets contributed under the terms of this Plan.

- 1.24 “Trustee” means such individual or corporate fiduciary or fiduciaries as may be duly appointed by the Town to hold the assets of the Plan pursuant to the terms of this Plan and the Trust.
- 1.25 “Year of Credited Service” means an Eligible Employee’s completed years and months of employment with the Town that qualified him for a Retirement Benefit under the Plan, determined in accordance with the following rules:
- (a) Years of Credited Service for each Eligible Employee who automatically became a Member of the Plan on June 1, 1977, means the sum of (i) plus (ii):
 - (i) The years and months of Continuous Service from June 1, 1977, to the earliest of the Member’s Retirement Date, date of termination, date of death or date of disability;
 - (ii) Years and months of Service from the Employee’s date of hire to June 1, 1977, subject to a maximum of ten (10) years.
 - (b) Years of Credited Service for each Eligible Employee who became a Member of the Plan after June 1, 1977, means his years and months of Continuous Service to the earliest of the Member’s Retirement Date, date of termination, date of death or date of Total and Permanent Disability.
 - (c) Any Plan Year during which the Eligible Employee did not make the required Member Contributions shall be disregarded for purposes of determining Years of Credited Service.
 - (d) Any Year of Service during which the Employee worked prior to becoming a Member as a part-time employee shall be disregarded for purposes of determining Years of Credited Service.

Years of Credited Service will be given from June 1, 1966, to April 1, 1979, for Employees who elected to participate in the Plan on its effective date. Notwithstanding any provision of this Plan to the contrary, Years of Credited Service with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code.

- 1.26 “Year of Vesting Service” means an Employee’s service commencing with the Employee’s first day of employment or reemployment with the Town. The first day of employment is the first day the Employee performs an Hour of Service. Notwithstanding the foregoing, a Member who is accruing pension benefits under another defined benefit or defined contribution plan maintained by the Town shall continue to earn Years of Vesting Service. Notwithstanding any provision of this Plan to the contrary, Years of Vesting Service with respect to qualified military service shall be provided in accordance with Section 414(u) of the Code. Fractional periods of a year will be expressed in terms of days.

ARTICLE II MEMBERSHIP

2.01 Conditions of Membership

An Eligible Employee who is a Member in the Plan on or before July 1, 2001 shall continue to be a Member in the Plan.

Each other Eligible Employee of the Town shall be included in the Plan as a condition of employment on the first day of the month coinciding with or next following the date after he fulfills each of the following requirements:

- (a) he is an Eligible Employee;
- (b)
 - (i) he was a non-union employee hired prior to July 1, 2009, or
 - (ii) he is a collectively bargained employee whose relevant collective bargaining agreement provides that Employees who are hired as a member of the relevant union on or prior to the date of his hire are eligible to participate in the Plan;
- (c) he has completed one Year of Service; and
- (d) he works twenty (20) or more hours per week or at least five (5) months per year.

Each participating Member shall sign an application form as the Town prescribes, authorize payroll deductions, designate a Beneficiary to receive any death benefits hereunder, and furnish such other data as the Town deems necessary and desirable.

2.02 Membership After Reemployment

If in any Plan Year a Member has a Severance from Employment, his participation in the Plan shall cease. In the event of such termination of participation, such former Member shall not be eligible to resume participation in the Plan.

A Member's participation in the Plan shall cease when he or his Beneficiaries have received all benefits due to them under the Plan.

ARTICLE III CONTRIBUTIONS

3.01 Member Contributions

Each Member shall be required to make a Member Contribution to the Plan each pay period. The amount of such Member Contribution shall be as specified in the applicable Appendix.

3.02 Town Pick-Up Contributions

Pursuant to Section 414(h)(2) of the Code, except as otherwise provided in the applicable Appendix, the Town shall pick-up and pay the contributions that otherwise would be payable by each Member. The contributions so “picked-up” shall be treated as employer contributions for purposes of determining the amount of federal income taxes to withhold from each Member’s Earnings.

Member contributions picked up by the Town shall be paid from the same source of funds used for the payment of salaries to Employees. A deduction shall be made from each Member’s Earnings equal to the amount of the Member Contributions picked up by the Town, provided that such deduction shall not reduce the Member’s Earnings for purposes of computing benefits under this Plan.

Member Contributions picked-up by the Town shall be credited to a separate account for each Member, so that Member Contributions made prior to July 1, 1999 may be distinguished from the Member Contributions picked-up by the Town on and after July 1, 1999.

**ARTICLE IV
RETIREMENT BENEFITS**

4.01 Normal Retirement Benefit

Each Member shall be entitled to receive, commencing on his Normal Retirement Date, an annual Retirement Benefit calculated using the formula as set forth in the applicable Appendix. Such benefit shall be payable following the later of (i) the first day of the month coinciding with or next following the Member's Normal Retirement Date, or (ii) the first day of the month in which the Member applies for the benefit to commence, but not later than the date specified in Section 5.05.

4.02 Late Retirement Benefit

Each Member who has reached his Late Retirement Date may elect to receive an annual Retirement Benefit on the first day of the month next following or coinciding with his actual retirement date after his Normal Retirement Date. Such Retirement Benefit shall be the Actuarial Equivalent of the Member's Normal Retirement Benefit, calculated as described in Section 4.01 and the applicable Appendix, using the Member's Final Average Earnings and Years of Credited Service completed prior to the Member's actual retirement date. Such benefit shall be payable following the later of (i) the first day of the month coinciding with or next following the Member's actual retirement date, or (ii) the first day of the month in which the Member applies for the benefit to commence, but not later than the date specified in Section 5.05.

4.03 Early Retirement Benefit

Each Member who has reached his Early Retirement Date may elect to receive a reduced annual Retirement Benefit commencing on the first day of the month next following or coinciding with his actual retirement date prior to his Normal Retirement Date, provided that such Member is not eligible for, or does not elect to receive, a Disability Retirement Benefit as described in Section 4.04. Such Retirement Benefit shall be the Actuarial Equivalent of the Member's Normal Retirement Benefit, calculated as described in Section 4.01 and the applicable Appendix, using the Member's Final Average Earnings and Years of Credited Service completed prior to the Member's actual retirement date, subject to the following applicable provisions:

- (a) if the Member elects to have his retirement benefit payments begin on his Early Retirement Date, the benefit determined above will be reduced by one-half percent (1/2%) for each month by which his Early Retirement Date precedes his Normal Retirement Date.
- (b) if the Member elects to defer receiving his retirement benefit payments until his Normal Retirement Date, the above reduction will not be applied.

Payment of such Early Retirement Benefit shall commence on the later of the first day of the month coinciding with or next following the Member's actual retirement date or the date on which the Member applies for early retirement in writing, but shall in no event commence later than the Member's Normal Retirement Date.

4.04 Disability Retirement Benefit

- (a) A Member who retires from employment with the Town prior to his Normal Retirement Date due to Total and Permanent Disability is eligible to receive a Disability Retirement Benefit, provided that:
 - (i) the Member is certified by the Town to have a Total and Permanent Disability;
 - (ii) the Member has completed at least ten (10) Years of Credited Service; and
 - (iii) the Member is not eligible for, or does not elect to receive, an Early Retirement Benefit as described in Section 4.03.
- (b) A Member eligible for a benefit under this Section 4.04 shall be entitled to receive a Disability Retirement Benefit commencing on the date of disability certification and ending on the earliest of:
 - (i) the date the Member ceases to have a Total and Permanent Disability;
 - (ii) the date the Member fails to submit requested satisfactory proof of the continuance of such Total and Permanent Disability; or
 - (iii) the Member's Normal Retirement Date or, if duly elected, the Member's Early Retirement Date.
- (c) The amount of such Disability Retirement Benefit for all Members shall be equal to the Member's Normal Retirement Benefit as calculated in Section 4.01, using the Member's Final Average Earnings and Years of Credited Service completed prior to the Member's Disability Retirement Date. Any awards or payments received by the Member under the provisions of the Connecticut Workers' Compensation Act, Social Security Act, or any other such program or benefit shall be deducted from the benefits otherwise payable under this Section.
- (d) In any case where the Town deems it necessary or advisable, the Town shall accept as evidence of Total and Permanent Disability: (i) a Social Security Disability Award, or (ii) may require a Member applying for a Disability Retirement Benefit to submit to physical examinations, including but not limited to diagnostic tests, by a physician or physicians selected and paid for by the Town. If a Member refuses to permit any such physical examination or test, unless the examination or test is shown to be dangerous to the Member's life or health, the Town shall have the right to determine without regard to any other evidence that the Member is not Totally and Permanently Disabled.
- (e) Any such determination by the Town shall be conclusive and binding upon all persons. In the event a Member's application for a Disability Retirement Benefit is denied, such Member may appeal the decision to the Town one-time and

provide additional medical evidence. The Town shall have the right to request any additional medical examinations by a physician(s) of its choosing.

- (f) A Member who is receiving a Disability Retirement Benefit may be required to submit proof to the Town of the continuance of Total and Permanent Disability once every six (6) months and shall, as required by the Town and permit, once every six (6) months, a physical examination or examinations, including diagnostic tests, made by a physician or physicians selected and paid for by the Town. If a Member refuses to permit such physical examination or test, unless the examination or test is shown to be dangerous to the Member's life or health, the Town shall have the right to determine, without regard to any other evidence, that the Member is no longer Totally and Permanently Disabled.
- (g) The form of benefit payable to a Member under this Section shall be governed by Section 5.01.

4.05 Retirement Benefit for Certain Transferred Members

If a Member transfers to another department or position that continues to qualify him for a Retirement Benefit, without incurring a Severance from Employment, his Retirement Benefit shall be determined using the Member's Final Average Earnings as of his actual retirement date and the sum of:

- (a) the formula as set forth in the applicable Appendix as of his Normal Retirement Date, using the Member's Years of Credited Service completed subsequent to the Member's transfer date; and
- (b) the formula as set forth in the applicable Appendix as of his transfer date, using the Member's Years of Credited Service completed prior to the Member's transfer date.

4.06 Maximum Benefit Limitation

- (a) Regardless of any other provision of this Plan, pursuant to Section 415(b) of the Code, the annual benefit payable hereunder (expressed as a straight life annuity with no ancillary benefits, as provided in regulations pursuant to Section 415(b)(2)(B) of the Code), except as otherwise provided below, shall not exceed \$200,000 (for the Plan Year commencing July 1, 2012), as adjusted in subsequent years pursuant to Code Section 415(d) to reflect cost-of-living increases. For purposes of applying Section 415(b) of the Code, the limitation year shall be the Plan Year as it relates to this Plan.
- (b) In the case of a benefit beginning after the Member attains age sixty-five (65), such dollar limitation shall be of Actuarial Equivalent value to the defined benefit dollar limitation applicable to the Member at age sixty-five (65) (adjusted as provided in paragraph (a) above, if required).

- (c) In the case of a benefit beginning prior to the Member's attainment of age sixty-two (62), the dollar limitation described in Section 415(b)(1)(A) of the Code shall be of Actuarial Equivalent value to the maximum benefit payable at age sixty-two (62) (adjusted as provided in paragraph (a) above, if required). However, such adjustment shall not be applied to reduce the benefit of a Member who is under age 62 and who is a uniformed member of the police department who has at least fifteen (15) Years of Credited Service as a full-time employee of the police department providing police protection services.
- (d) If the retirement allowance is payable neither as a life annuity nor a qualified joint and survivor annuity with the Member's Spouse as Beneficiary, the maximum limitation shall be of Actuarial Equivalent value to the maximum limitation otherwise payable. No mortality adjustment shall be made in determining such maximum benefit, provided that: (i) the Plan continues to grant a qualified preretirement survivor annuity for which no charge is made, or (ii) there is otherwise no forfeiture of benefits upon the Member's death prior to the annuity commencement date with respect to benefits paid prior to attainment of age sixty-two (62), or between the Member's attainment of age sixty-five (65) and the annuity commencement date for benefits commencing after attainment of age sixty-five (65).
- (e) For purposes of applying Section 415(b) of the Code, "Compensation" shall be compensation as defined in Section 415 of the Code and Treasury Regulations issued thereunder. Compensation shall also include differential wage payments made to active duty members of the uniformed services in accordance with Code Section 3401(h). For this purpose, differential wage payments shall mean any payment which:
 - (i) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) while on active duty for a period of more than 30 days, and
 - (ii) represents all or a portion of the wages the individual would have received from the employer if the individual were performing service for the employer.
- (f) Exception to Basic Limitation. The limitation in subparagraphs (a), (b) (c) and (d) above shall not be applied to reduce the benefit of any Member below \$10,000.
- (g) Secondary Limitations. The dollar limitation in paragraph (a) shall be reduced in the case of any Member who has had less than ten (10) years of participation in the Plan by multiplying the limitation by a fraction whose numerator is the number of years (or part thereof) of participation in the Plan and the denominator of which is ten (10).

- (h) Notwithstanding any other Plan provisions to the contrary, Actuarial Equivalent value for purposes of this Section shall be determined in accordance with Section 415(b) of the Code and the regulations or rulings issued thereunder. Benefits paid in a form to which Section 417(e)(3) does not apply shall be computed using whichever of the following factors produce the greatest Actuarial Equivalent straight life annuity benefit: (a) the Plan's early retirement, late retirement, or optional factors, as appropriate, or (b) the IRS Mortality Table, if applicable, and an interest rate of five percent (5%). Benefits paid in a form to which Section 417(e)(3) applies shall be computed using whichever of the following three factors produce the greatest Actuarial Equivalent straight life annuity benefit:
- (i) the Plan's early retirement, late retirement, or optional factors, as appropriate;
 - (ii) the IRS Mortality Table, if applicable, and an interest rate of five and one-half percent (5.5%); or
 - (iii) the applicable interest rate under Treas. Reg. § 1.417(e)-1(d)(3) and the IRS Mortality Table, divided by 1.05.

If the maximum benefit payable to a Member must be adjusted, such adjustment shall be made in accordance with the provisions of Section 415(b) of the Code.

- (i) For the purpose of this Section, "Annual Benefit" means the benefit the Member would be entitled to at his Normal Retirement Date payable in the form of a straight life annuity with no ancillary benefits. If the Annual Benefit is payable in any form other than a straight life annuity with no ancillary benefits, then for the purposes of applying the general limitations of this Section, the Annual Benefit shall be adjusted to a value equivalent to the straight life annuity.
- (j) Exception for Death Benefits and Permanent and Total Disability Benefits. The limitation in Section 4.05(c) shall not be applied to reduce (i) the benefit of a Member who receives a Permanent and Total Disability Retirement Benefit in accordance with the provisions of Article IV of the Plan, or (ii) the Death Benefits payable to the Beneficiary under Article VII of the Plan.
- (k) Exception for Certain Police Department Members. The limitation in Section 4.05(c) shall not be applied to reduce the benefit of a Member who is a uniformed member of the Town's Police Department who has at least fifteen (15) Years of Credited Service as a full-time employee of the Police Department providing police protection services.

**ARTICLE V
DISTRIBUTION OF BENEFITS**

5.01 Normal Form of Benefit

Retirement benefits equal to one-twelfth (1/12) of the Member's annual retirement benefit shall be made monthly to any Member eligible to receive a retirement benefit from the Plan, commencing on the Member's Normal, Early, or Late Retirement Date and continuing to the first day of the month in which the Member's death occurs. Notwithstanding the foregoing, retirement benefits shall not commence prior to the date that the Pension Board approves such payments; provided, however, that upon approval of such payments, benefits shall be paid retroactively commencing on the Member's Normal, Early, or Late Retirement Date, whichever is applicable.

Upon the death of a Member, his accumulated Member Contributions, with Credited Interest thereon, shall be paid to such deceased Member's Beneficiary in a single lump sum payment if the total of all benefit payments made or due to such Member does not equal or exceed his accumulated Member Contributions, with Credited Interest thereon.

5.02 Optional Forms of Benefit

Within the election period described in Section 5.04, a Member who is eligible to receive a Normal, Early, or Late Retirement Benefit may elect to receive payment of such benefit in accordance with any one of the following options:

- (a) Joint and Survivor Annuity. The Member shall receive a reduced monthly retirement benefit payable for his lifetime. After the Member's death, monthly payments shall be made to the Beneficiary designated by the Member in an amount equal to 100%, 75%, 66 2/3% or 50% of the amount payable each month during the Member's lifetime as determined in accordance with the attached Table E. The percentage of the Member's monthly benefit payable as a survivor annuity is determined by the Member at the time he elects this optional form of benefit. The last monthly payment under this option shall be made for the month in which the Beneficiary's death occurs.
- (b) Ten-Year Certain and Life Annuity. The Member shall receive a monthly retirement benefit payable for his lifetime in accordance with the attached Table H. If the Member's death occurs after one hundred and twenty (120) monthly benefit payments have been made to the Member, payments will cease with the payment made for the month in which the Member death occurs. If the Member's death occurs prior to one hundred and twenty (120) payments being made to the Member, the Member's Beneficiary shall receive a monthly benefit payment each month after the Member's death until a total of one hundred and twenty (120) payments have been made. The amount of each monthly payment made to the Beneficiary after the Member's death shall be equal to the amount of the monthly payment made to the Member during his life.

If the Member's Beneficiary dies after becoming eligible to receive a benefit hereunder, but prior to a total of one hundred and twenty (120) payments being made, the Actuarial Equivalent of the remaining unpaid monthly benefits shall be paid in a single lump sum payment to the successor Beneficiary designated by the member to receive payment in such event or, if none, the Beneficiary's estate.

- (c) Social Security Adjustment Option. A Member whose first retirement payment is due before his social security date and who has not elected any other annuity payment option, may elect the Social Security Adjustment Option. The Member will then receive increased annuity payments before his social security date and decreased or no payments, thereafter, in order to provide him as nearly as possible with a level income for his lifetime from social security and this Plan.

For the purposes of this option, the Member shall name a social security date. If the Member elects to receive social security benefits at age 62, his social security date will be the first day of the month following his sixty-second birthday, if his birthday occurs on the first or second day of the month. If his sixty-second birthday does not occur on the first or second day of the month, the social security date will be the first day of the second month following his sixty-second birthday. The social security date for a Member electing to receive social security benefits at age 65, will be the first day of the month coinciding with or next following his sixty-fifth birthday.

If a Member elects this option, the amount of each pension payment payable to him, before his social security date, will equal the amount of Retirement Benefit which would have been provided for him, if he had not elected this option, plus the product of item (1) and (2) below:

- (i) the appropriate percentage determined from Table D-1 attached hereto; and
- (ii) his old-age insurance benefit or, if greater, his monthly spouse's insurance benefit, determined by the plan administrator from the provisions of the social security act as constituted on the Member's Retirement Date.

If the above total is less than item (2), the amount payable to him before his social security date will instead equal the amount of annuity which would have been provided for him, if he had not elected this option, times the appropriate percentage from Table D-2.

The amount of each pension payment, if any, payable to him on and after his social security date will equal the amount of each annuity payment payable to him before his social security date determined from the preceding paragraph, minus item (2) above.

To elect this option, a Member must fill out the appropriate form, before his first pension payment is payable to him. The election cannot be changed or revoked, after pension payments commence.

5.03 Payment of Small Benefit

Notwithstanding any provision in this Plan, if the amount of retirement benefit payable to the Member or his Beneficiary is less than \$50 per month, a lump sum payment of the Member's entire nonforfeitable benefit may be made in lieu of benefit payments, provided that if the present value of such benefit is in excess of \$1,000, a lump sum payment may be made only with the consent or acceptance of the payee. If such lump sum payment occurs due to Member's termination of employment, payment shall be made by the end of the second Plan Year following the date that the Member terminates. The amount of any such lump sum payment will be actuarially determined by the Plan Administrator.

5.04 General Election Requirements

A Member may, by written notice to the Plan Administrator, make his election under these options at any time prior to his Normal, Early or Late Retirement Date, provided, however, that a Member may not elect these options within one (1) year of his Normal, Early or Late Retirement Date unless at the time of making such election, he furnishes to the Plan Administrator evidence of his good health which is satisfactory to the Plan Administrator.

Once a choice as to a form of retirement benefit payment is made and accepted by the Plan Administrator, it cannot be rescinded by the Member without the written consent of the Plan Administrator conditioned upon satisfactory evidence of the good health of the Member and any person entitled to receive payments upon the death of the Member. In no event shall the consent of any person entitled to receive payments upon the death of the Member be required as a condition of the right of a Member to revoke or change any option previously elected.

The effective date of the option for a Member who retires on or before his Normal Retirement Date will be the Member's retirement date. The effective date of the option for a Member who elects a Late Retirement Benefit is the later of his Normal Retirement Date and the date as of which his election of the option is made.

An election cannot be changed or revoked after benefit payments have commenced.

The election of an option becomes void and the rights of all parties will be the same as if the option had never been elected under the following circumstances:

- (a) if the Member elects the joint retirement benefit option, and the Member or his joint payee dies before the effective date of the option; or
- (b) if the Member (excluding any Member who has elected a Late Retirement Benefit and any Member who has elected an Early Retirement Benefit with payments deferred to his Normal Retirement Date) elects the ten-year certain and continuous option and dies before the effective date of the option.

5.05 Commencement of Benefits

The entire interest of a Member must be distributed or begin to be distributed no later than the Member's Required Beginning Date. All distributions required under this Article V shall be

determined and made in accordance with Section 401(a)(9) of the Code and its accompanying regulations, including the minimum distribution incidental benefit requirement set forth in Treas. Regs. Section 1.401(a)(9)-6.

5.06 Suspension of Benefits

If a Member continues employment with the Town after reaching his Normal Retirement Date, any benefits payable to such Member or retired or former Eligible Employee under the Plan shall be suspended during the period of such continued employment.

5.07 Rollover Distribution Requirements

- (a) The Town shall furnish each Member, no less than thirty (30) days and no more than ninety (90) days prior to the date such Member will receive a distribution which is not paid in the form of an annuity, with a written explanation of his right to elect a Direct Rollover and the withholding consequences of not making such election. A Member may waive the thirty (30) day minimum time period set forth above.
- (b) Unless a Member elects a Direct Rollover, as defined in paragraph (c) below, twenty percent (20%) of the amount of any lump sum distribution shall be subject to Internal Revenue Service Income Tax Withholding. If a Member's retirement benefit does not exceed \$200 (or such other amount as prescribed by the Internal Revenue Service), the foregoing withholding requirement shall not apply.
- (c) A "Direct Rollover" is an eligible rollover distribution (as defined in Treasury Regulations issued pursuant to Sections 401(a)(31) or 402(c) of the Code) that is paid directly to: (a) an individual retirement account described in Section 408(a) of the Code; (b) an individual retirement annuity described in Section 408(b) of the Code; (c) an annuity plan described in Section 403(b) of the Code; (d) an eligible plan under Section 457(b) of the Code maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; or (e) a qualified plan described in Sections 401(a) or 403(a) of the Code that accepts the eligible rollover distribution. A Member may elect to have a portion of an eligible rollover distribution distributed to him and a portion distributed as a Direct Rollover. A Direct Rollover of a Member's Accrued Benefit or a portion thereof may only be made to a single recipient plan. A Member may not elect a Direct Rollover of a distribution less than \$200 (\$500 if the Member is electing a Direct Rollover of only a portion of his Retirement Benefit). A Member electing a Direct Rollover shall be required to furnish the Town with adequate information with respect to the recipient plan, including, but not limited to, the name of the recipient plan and a representation that the recipient plan is an eligible individual retirement plan or qualified defined contribution plan and that it will accept the Member's Direct Rollover.
- (d) If a Member fails to elect a Direct Rollover or provide the Town with adequate information in order to make a Direct Rollover prior to the date distribution is to be made to such Member, such Member shall be deemed not to have elected a Direct Rollover.

- (e) The foregoing requirements of this Section 5.07 shall apply to distributions made to (i) the Member's or former Member's surviving spouse; (ii) the Member's or former Member's spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order, as defined in section 414(p) of the Code; and (iii) the Member's or former Member's non-spouse Beneficiary. However, in the case of a non-spouse Beneficiary, direct rollover distributions may only be made to an individual retirement account or individual retirement annuity that has been established on behalf of the Beneficiary.

**ARTICLE VI
TERMINATION OF EMPLOYMENT**

6.01 Vesting

A Member shall become vested in his Accrued Benefit under the Plan as set forth in the applicable Appendix.

A Member whose Severance from Employment is due to Total and Permanent Disability, or who is employed by the Town on his Normal Retirement Date, shall be considered to be 100% vested regardless of such Member's Years of Vesting Service.

6.02 Non-Vested Termination

Any Member who has a Severance from Employment prior to becoming 100% vested under Section 6.01 shall receive a refund of his Member Contributions plus Credited Interest and shall not be entitled to any further benefit from the Plan.

6.03 Vested Termination

A Member whose employment with the Town is terminated after becoming 100% vested, may elect to leave his Member Contributions in the Plan, in which event he shall be entitled to a vested interest, subject to the provisions of this Article. Such vested interest shall consist of a deferred benefit to commence on the Member's Normal, Early, or Late Retirement Date in an amount determined in accordance with the provisions of the Plan in effect when the Member terminated employment based on his Final Average Earnings and number of Years of Credited Service, as of the date of his termination of employment.

If a terminated Member, entitled to a vested Accrued Benefit, shall request the return on his Member Contributions before his Normal Retirement Date, the amount of his accumulated contributions with Credited Interest thereon, shall be paid to such terminated Member, and upon such payment his vested Accrued Benefit shall be cancelled.

6.04 Restoration of Benefits Upon Return to Service of Former Member

If a former Member did not receive a refund of Member Contributions, is reemployed as an Eligible Employee and returns to service prior to completing a five-year Period of Severance, such Member shall receive credit for all prior Years of Credited Service and Years of Vesting Service. If a former Member did not receive a refund of Member Contributions, is reemployed as an Eligible Employee and returns to service after completing a five-year Period of Severance, such Member shall lose credit for all prior Years of Credited Service and Years of Vesting Service.

If a former Member who previously received a refund of Member Contributions in accordance with Sections 6.02 or 6.03 is reemployed as an Eligible Employee, such Eligible Employee shall be eligible to have his Accrued Benefit restored, subject to the conditions of paragraphs (a) and (b) below:

- (a) The former Member's Accrued Benefit credited to him prior to the date he terminated service shall be restored, subject to item (b) below, if the Member meets any of the following requirements on the date he returns to service:
 - (i) he returns to service prior to a three-month Period of Severance; or
 - (ii) he had at any time in the past attained a 100% vested interest in his Accrued Benefit; or
 - (iii) his Years of Vesting Service at the time he terminated service exceeded the Period of Severance immediately following the date he terminated employment.
- (b) Such Eligible Employee shall repay to the Trust an amount equal to his refunded Member Contributions plus Credited Interest thereon, within two years after resuming employment or reinstatement covered by the Plan.

6.05 Forfeitures

Any forfeitures arising from the termination of employment or death of a Member, or for any other reason, shall be used to reduce the Town's contributions to the Trust.

ARTICLE VII DEATH BENEFITS

7.01 Death Benefit

Upon the death of a Member prior to his retirement, his accumulated Member Contributions, with Credited Interest thereon, shall be paid to such deceased Member's Beneficiary in the form of a single lump sum payment, unless such Member elected a benefit under Section 5.02 providing a benefit for such Member's Beneficiary.

7.02 Special Death Benefit

If a Member dies prior to his Annuity Starting Date, the Member's entire interest must be distributed within five years of the Member's death unless the Beneficiary receives either: (i) a retirement benefit for life; or (ii) a retirement benefit for a period certain that does not extend beyond such Beneficiary's life expectancy. Such benefits must commence within one year of the Member's death unless the spouse is the Beneficiary and the spouse elects to defer receipt of such benefits until a date no later than the Member's Required Beginning Date. If a spouse dies before deferred benefits commence, benefits must be distributed as if the Member had died.

7.03 Beneficiaries

- (a) A Member may name a Beneficiary to receive any death benefit due on or after his death, by written request filed with the Plan Administrator. With the consent of the Town, he may name two or more co-beneficiaries or successor beneficiaries. If a Member names two or more persons as Beneficiaries, such persons or their survivors will be considered co-beneficiaries unless he provides otherwise.
- (b) If no designation of Beneficiary form is on file with the Plan Administrator at the time of the Member's death or if such designation is defective, then his spouse, or if there is no spouse, his estate shall receive the death benefit payment as Beneficiary.
- (c) A Member may change any named Beneficiary from time to time by written request filed with the Plan Administrator. The consent of his Beneficiary is not required to any naming or change thereof. Such request is effective when the Member signs it whether or not he is living at the time the request is received by the Plan Administrator.
- (d) Upon the death of the Member, a named Beneficiary, if eligible, will receive benefits in accordance with the terms of the Plan.

**ARTICLE VIII
TRUST**

8.01 Trust

The Trust is maintained by the Trustee for the Plan under a trust agreement with the Town. Benefits under the Plan shall be only such as can be provided by the assets of the Trust, and no liability for payment of benefits shall be imposed upon the Town, or any of its elected officials, or employees.

8.02 Expenses of the Plan

The expenses of administration of the Plan shall be paid from the Trust, unless the Town elects to make payment.

8.03 No Reversion

The Trust shall be for the exclusive benefit of Members, Beneficiaries and persons claiming under or through them. All contributions made to the Trust by the Town shall be irrevocable and such contributions, as well as the assets of the Trust, or any portion of the principal or income thereof, shall never revert to or inure to the benefit of the Town except that:

- (a) the residual amounts specified in Article X may be returned to the Town; and
- (b) any contributions which are made under a mistake of fact may be returned to the Town within one year after the contributions were made.

The Town shall determine, in its sole discretion, whether the contributions described above, other than the residual amounts described in paragraph (a), shall be returned to the Town. If any such contributions are to be returned, the Town shall direct the Trustee, in writing to return such amounts.

8.04 Change of Funding Medium

The Town shall have the right to change at any time the means through which benefits under the Plan shall be provided. No such change shall constitute a termination of the Plan or result in the diversion to the Town of any funds previously contributed in accordance with the Plan.

**ARTICLE IX
PLAN ADMINISTRATION**

9.01 Administration

The Plan shall be administered by the Town of Ledyard Pension Board or such other entity as may be appointed by the Town to administer the Plan. If there shall arise any misunderstanding or ambiguity concerning the meaning of any of the provisions of the Plan, the Town shall have the sole right to construe such provisions. The Town's decision shall be final. The Town may establish such rules and regulations supplementing the Plan as it considers desirable.

9.02 Benefit Estimates

Members in the Plan may request an estimate of their retirement benefit payable from the Plan. Such estimate will be prepared assuming the Member elected to commence benefits on the first day of the month following the date on which the Member attains Normal Retirement Age, unless the Member requests an estimate using his Early or Late Retirement Date. Estimates may be requested through the Department of Finance in accordance with the procedures specified by the Town.

Each estimate of retirement benefits will be provided to the Member at the actual cost charged to the Plan by the Plan's actuary to prepare such estimate. The final calculation of any retirement benefit payable to the Member from the Plan shall be provided at no cost. Payment for each estimate shall be made by the Member prior to the preparation of the estimate through after-tax payroll deductions. The Town's Department of Finance shall maintain the then-current estimate of these charges.

9.03 Agents

The Town may employ such agents to perform clerical and other services, and such counsel, accountants and actuaries as it may deem necessary or desirable for administration of the Plan. The Town may rely upon the written opinions or certificates of any agent, counsel, actuary or physician.

9.04 Procedures

The Town shall adopt such rules, bylaws and/or procedures as it deems desirable and shall keep all such books of account, records and other data as may be necessary for proper administration of the Plan. The Town shall keep a record of all actions and forward all necessary communications to the Trustee and the Town. The Town shall keep records containing all relevant data pertaining to any person affected hereby and such person's rights under the Plan.

9.05 Powers and Duties

The Pension Board shall have such powers and duties as may be necessary to discharge its function hereunder, including, but not by way of limitation, the following:

- (a) To construe and interpret the Plan, to decide all questions which may arise relative to the rights of Eligible Employees, past and present, and their Beneficiaries, under the terms of the Plan.
- (b) To obtain from Eligible Employees such information as shall be necessary for the proper administration of the Plan, and, when appropriate, to furnish such information promptly to the Trustee or other persons entitled thereto.
- (c) To prepare and distribute, in such manner as the Town determines to be appropriate, information explaining the Plan.
- (d) To furnish the Town, upon request, such reports with respect to the administration of the Plan as are reasonable and appropriate.
- (e) To obtain and review reports of the Trustee pertaining to the receipts, disbursements and financial condition of the Trust.
- (f) To establish and maintain such accounts in the name of the Town and of each Member as are necessary.
- (g) To delegate in writing all or any part of its responsibilities under the Plan to the Trustee and in the same manner revoke any such delegation of responsibility. Any action of the Trustee in the exercise of such delegated responsibilities shall have the same force and effect for all purposes as if such action had been taken by the Town. The Trustee shall have the right, in its sole discretion, by written instrument delivered to the Town, to reject and to refuse to exercise any such delegated authority.
- (h) To determine, upon the advice of the Actuary, the amount to be contributed by the Town for inclusion in the annual budget.

9.06 Pension Board

- (a) The investment of the Plan's assets shall be administered by a Pension Board consisting of such members as set forth in the Town Ordinance. The members so appointed to the Pension Board shall elect a chairperson of the Pension Board at the first meeting of the calendar year of the Pension Board.
- (b) The appointed member may, but need not be, a Member under the Plan, but, if the appointed member is a Member, he shall refrain from voting on any question relating to his benefits under the Plan. The Pension Board shall serve without remuneration. An action of the majority of the voting members of the Pension Board expressed from time to time by a vote at a meeting, or in writing without a meeting, shall constitute an action of the Pension Board.
- (c) The Pension Board shall advise the Trustee, in writing, with respect to investment and reinvestment of the contributions under the Plan; if instructions are not forthcoming, however, the Trustee shall have full power to invest and reinvest any

funds under its control. The Trustee's rights and duties relative to investments which are contained in the Trust Agreement shall inure to the benefit of, and are binding upon, the Pension Board when it renders investment advice.

9.07 Liability and Indemnification of the Pension Board

In connection with any action or determination concerning the Plan's investments, the Pension Board, or any designee, shall be entitled to rely upon information furnished by the Town. To the extent permitted by law, the Town shall indemnify the Pension Board, and any designee, against any liability or loss sustained by reason of any act or failure to act in its administrative capacity, if such act or failure to act does not involve willful misconduct, fraud or a lack of good faith. Such indemnification shall include attorney's fees and other costs and expenses reasonably incurred in defense of any action brought against the Pension Board, or any designee, by reason of any such act or failure to act.

9.08 Standard of Review

The Town, Pension Board and Trustee shall have sole discretion to make decisions regarding a Member's or Beneficiary's benefits and such decision shall be conclusive and binding on all parties. The Town, in its discretion, shall have the authority to interpret all provisions of this Plan, and to make all decisions regarding administration of the Plan and eligibility for benefits under the Plan, and such interpretation shall be conclusive and binding on all parties. All decisions of the Town with respect to this Plan, or the Pension Board with respect to the Plan's investments, shall be respected unless arbitrary and capricious.

9.09 Expenses

The Town shall pay or reimburse the Pension Board for all expenses reasonably incurred by it in the administration of the Plan.

9.10 Domestic Relations Orders

The Plan Administrator shall establish reasonable procedures to determine the status of domestic relations orders and to administer distributions under domestic relations orders which it approves.

Under the terms of the Plan, a Member's benefit may be allocated all or in part to the Member's ex-spouse (the "alternate payee") upon the divorce of the Member and the alternate payee. The allocation of benefits to the alternate payee must be set forth in a domestic relations order issued by a court pursuant to state domestic relations law.

If the Plan receives a domestic relations order, the Town in its role as Plan Administrator will make a determination as to whether the order is valid under the terms of the Plan. If the Town determines that the order is valid, the Town will instruct the Plan's actuary to calculate the alternate payee's benefit and implement the terms of the order. The Member will be responsible for the actual cost of the actuary's services for such calculation and implementation, including the review of any draft order. Such amounts shall be payable by the Members, unless the

domestic relations order provides that such expense will be paid by the Member and/or the alternate payee.

**ARTICLE X
AMENDMENT AND TERMINATION**

10.01 Amendment of Plan

The Plan may be amended by the Ledyard Town Council from time to time but any such amendment shall not affect the benefits of retired Members nor shall it have the effect of diverting any part of the Trust for purposes other than the exclusive benefit of Members, retired Members and Beneficiaries; except however, the Plan may be amended, as necessary and appropriate, to qualify and maintain the Plan as a plan meeting the requirements of Section 401(a) of the Internal Revenue Code as now in effect or hereafter amended, or any other applicable provisions of the federal tax laws as now in effect or hereafter amended or adopted, and the regulations issued thereunder.

10.02 Termination

It is intended that the Plan will be continued indefinitely, but the Town reserves the right to terminate the Plan at any time for any reason. In the event the Plan is terminated the rights of each Eligible Employee to benefits accrued as of the date of such termination shall be fully vested and non-forfeitable.

The available Plan assets will be disposed of through the purchase of annuities, for the exclusive benefit of Members and their beneficiaries, in the order of priorities stated at the end of this paragraph.

An annuity under which payments will commence immediately will be provided for each person who is receiving benefit payments immediately before the termination of the Plan, and immediately before the termination of the Plan for each Member on his Late Retirement Date.

Deferred annuities with the first payment due to commence at Normal Retirement Date will be provided for all other Members.

- Class 1. The accrued Benefit Attributable to Member Contributions.
- Class 2. Any other retirement benefits, starting at Normal Retirement Date, for Members who have met the requirements to be able to elect an Early Retirement Date.
- Class 3. Any other retirement benefits, starting at Normal Retirement Date, for Members who retain a vested interest in plan benefits.
- Class 4. All other accrued annuity benefits as to which an allocation has not been made pursuant to the above priorities.
- Class 5. All other benefits under the Plan.

Any Plan assets remaining due to an actuarial error after satisfaction of all liabilities of the Plan to Members, beneficiaries, and other parties will be distributed to the Employer provided the Employer obtains the consent of the Internal Revenue Service.

The necessary assets determined on the basis of the present value of benefits accrued as of the termination date will be fully allocated under Class 1 before any assets are allocated under Class 2; and then fully allocated under Class 2 before any allocation is made to Class 3; and, so on, allocated to the Class with the lower number before allocation to the higher number Class.

As to any assets available for allocation to Class 4 however, if such assets are not sufficient to satisfy in full the benefits accrued under Class 4 determined on the basis of the Plan provisions in effect as of the termination date, then the benefits under Class 4 to which allocation will be made will be determined instead on the basis of Plan provisions in effect at the later of (a) the beginning of the 5 year period ending on the plan termination date, or (b) the effective date of the most recent plan amendment during such 5 year period under which benefits would be fully satisfied by assets available for allocation to Class 4. Any assets remaining for allocation to Class 4 after such determination shall then be applied on a pro-rata basis to benefits for which no allocation has been made, determined from the plan on the date of termination.

10.03 Residual Assets

Subject to the provisions of any applicable collective bargaining agreement, any residual assets of the Plan shall be distributable to the Town if:

- (a) all Plan liabilities to Members and their Beneficiaries have been satisfied; and
- (b) the distribution does not contravene any provision of applicable law.

**ARTICLE XI
MISCELLANEOUS**

11.01 No Contract of Employment

This Plan shall not be construed to give any Employee the right to be retained in the employ of the Town.

11.02 Non-Assignability

All payments, benefits and refunds hereunder to a Member, Beneficiary or other payee are for the support and maintenance of such Member, Beneficiary or other payee, and shall not be assigned, commuted or anticipated, and shall be free from the claims of all creditors to the fullest extent permitted by law. If any Member, Beneficiary or other payee entitled to any benefit under the Plan shall attempt to assign, commute or anticipate any benefit under the Plan, then such benefit shall, in the discretion of the Town, cease and terminate, and in that event the Town shall have such benefit held or applied to or for the benefit of such person, his spouse, children, or other dependents or any of them in such manner and in such proportion as the Town shall determine. Notwithstanding any provision in the Plan to the contrary, that the Town shall be authorized to comply with the terms of a any judgment, decree or order which establishes the rights of another person to all or a portion of the Member's benefit under the Plan to the extent it is a domestic relations order entered by court order and does not require the Plan to provide any type or form of benefit, or any option that is not otherwise provided under the provisions of the Plan.

11.03 Facility of Payment

If, in the judgment of the Town, any Member, Beneficiary or other payee is legally, physically or mentally incapable of personally receiving and receipting for any payment due him, such payment or any part thereof, may be made to any person or institution who, in the opinion of said Town, is then maintaining or has custody of the Member, Beneficiary or other payee, until a claim is made by the duly appointed guardian or other legal representative of the Member, Beneficiary or other payee.

11.04 Claims of other Persons

Nothing in the Plan or Trust Agreement shall be construed as giving any Member or any other person, firm, or corporation, any legal or equitable right as against the Town, their officials or employees, or as against the Trustee, except such rights as are specific provided for in the Plan or Trust Agreement or hereafter created in accordance with the terms and provisions of the Plan.

11.05 Governing Law

Except as provided under federal law, the provisions of the Plan shall be governed by and construed in accordance with the laws of the State of Connecticut.

11.06 Benefit Offsets for Overpayments

If a Member or Beneficiary receives benefits hereunder for any period in excess of the amount of benefits to which he was entitled under the terms of the Plan as in effect for such period, such overpayment shall be offset against current or future benefit payments, as applicable, until such time as the overpayment is entirely recouped by the Plan.

11.07 Pronouns and Headings

The masculine pronoun shall mean the feminine wherever appropriate. Titles to sections and headings are for general information only and the Plan is not to be construed by reference thereto.

**ARTICLE XII
TERMINATION OF PLAN**

12.01 Termination of Plan

The Plan may be terminated in whole or in part by the Town at any time.

Upon termination of the Plan, the rights of each Member are nonforfeitable with respect to Plan benefits accrued to the date of such termination and subject to any curtailment or reduction necessary for qualification or continued qualification under any tax law or any other applicable law; provided, however, that each Member's recourse to satisfaction of such rights shall be limited to the extent that such benefits have been funded under the Plan and directly allocated to the Member.

IN WITNESS WHEREOF, the Town has caused this amended and restated Plan to be executed on this _____ day of _____, 2012.

The Town of Ledyard

By _____
Its

Appendix A

Town Hall Employees and Public Library Employees Covered under Local 1303-184, Council 4 AFSCME, AFL-CIO

This Appendix A lists the provisions applicable to Eligible Employees of the Town who are employed by the Town Hall or Public Library and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix A are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix A shall take precedence. For purposes of this Appendix A, "Member" means an Eligible Employee of the Town employed by the Town Hall or Public Library and who is represented by a collective bargaining unit.

1. Normal Retirement Age

Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service.

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.5% of his Final Average Earnings multiplied by his Years of Credited Service. The maximum Normal Retirement Benefit a Member may receive is 50% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the average of the annual Earnings during the three (3) consecutive Plan Years out of the last ten (10) that produce the highest annual Earnings immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date of a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member's attainment of age fifty-five (55).

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

Years of Vesting Service

Vesting Percentage

Less than 5
5 or more

0%
100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to a five percent (5%) of his Earnings.

Appendix B

Supervisors/Professional Employees

Covered under Local 1303-818, Council 4 AFSCME, AFL-CIO

This Appendix B lists the provisions applicable to Eligible Employees of the Town who are employed in a supervisory or professional position and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix B are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix B shall take precedence. For purposes of this Appendix B, "Member" means an Eligible Employee of the Town employed in a supervisory or professional position and who is represented by a collective bargaining unit.

1. Normal Retirement Age

Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service.

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.5% of his Final Average Earnings, multiplied by his Years of Credited Service. The maximum Normal Retirement Benefit a Member may receive is 50% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the average of the annual Earnings during the three (3) consecutive Plan Years out of the last ten (10) Plan Years that produce the highest annual Earnings immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date of a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member's attainment of age fifty-five (55).

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

Years of Vesting Service

Vesting Percentage

Less than 5
5 or more

0%
100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to a five percent (5%) of his Earnings.

Appendix C

Public Works Employees Covered under Teamsters Local 493

This Appendix C lists the provisions applicable to Eligible Employees of the Town who are employed by the Public Works Department and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix C are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix C shall take precedence. For purposes of this Appendix C, "Member" means an Eligible Employee of the Town employed by the Public Works Department and who is represented by a collective bargaining unit.

1. Normal Retirement Age

The Normal Retirement Age shall mean the earliest of the following events:

- (i) Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service; or
- (ii) For Eligible Employees hired prior to July 1, 2007, attained any combination of Credited Service and age equaling eighty-two (82) (Rule of 82). For Eligible Employees hired on and after July 1, 2007 attained any combination of Credited Service and age equaling eighty-five (85) (Rule of 85).

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.5% of his Final Average Earnings multiplied by his Years of Credited Service. The maximum Normal Retirement Benefit a Member may receive is 50% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the average of the annual Earnings during the three (3) consecutive Plan Years out of the last ten (10) Plan Years that produce the highest annual Earnings immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date of a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member's attainment of age fifty-five (55).

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
Less than 5	0%
5 or more	100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to five percent (5%) of his Earnings.

Appendix D

Nurse Employees

Covered under Local 1303-182, Council 4 AFSCME, AFL-CIO

This Appendix D lists the provisions applicable to Eligible Employees of the Town who are employed as nurses and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix D are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix D shall take precedence. For purposes of this Appendix D, "Member" means an Eligible Employee of the Town employed as a nurse and who is represented by a collective bargaining unit.

1. Normal Retirement Age

Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service.

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.5% of his Final Average Earnings multiplied by his Years of Credited Service. The maximum Normal Retirement Benefit a Member may receive is 50% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the average of the annual Earnings during the three (3) consecutive Plan Years out of the last ten (10) Plan Years that produce the highest annual Earnings immediately preceding the Member's Normal, Early, or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date of a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member's attainment of age fifty-five (55).

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

Years of Vesting Service

Vesting Percentage

Less than 5
5 or more

0%
100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to a five percent (5%) of his Earnings.

Appendix E

Non-Certified Board of Education

This Appendix E lists the provisions applicable to Eligible Employees of the Town who are non-certified Board of Education employees. In the event that the provisions of this Appendix E are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix E shall take precedence. For purposes of this Appendix E, "Member" means an Eligible Employee of the Town who is a non-certified Board of Education employee.

1. Normal Retirement Age

Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service.

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.0% of his Final Average Earnings as defined below, multiplied by his Years of Credited Service, not to exceed thirty (30) years.

Final Average Earnings

Final Average Earnings shall mean the Member's average yearly Earnings during the five (5) consecutive Plan Years which give the highest average out of the last ten (10) Plan Years immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date for a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member's attainment of age sixty-two (62).

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
Less than 10	0%
10 or more	100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to three percent (3%) of his Earnings.

Appendix F

Educational Secretaries

Covered under Local 1303, Council 4 AFSCME, AFL-CIO

This Appendix F lists the provisions applicable to Eligible Employees of the Town who are employed as educational secretaries and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix F are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix F shall take precedence. For purposes of this Appendix F, “Member” means an Eligible Employee of the Town who is employed as an educational secretary and is represented by a collective bargaining unit.

1. Normal Retirement Age

Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service.

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.5% of his Final Average Earnings as defined below, multiplied by his Years of Credited Service. The maximum Normal Retirement Benefit a Member may receive is 50% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the average of the annual Earnings during the three (3) consecutive Plan Years out of the last ten (10) Plan Years that produce the highest annual Earnings immediately preceding the Member’s Normal, Early or Late Retirement date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date for a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member’s attainment of age fifty-five (55).

4. Vested Percentage

A Member’s vested percentage in his Accrued Benefit shall be determined according to the following schedule:

Years of Vesting Service

Vesting Percentage

Less than 5
5 or more

0%
100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to five percent (5%) of his Earnings.

Appendix G

Fire Employees

Covered under the Association of International Firefighters

This Appendix G lists the provisions applicable to Eligible Employees of the Town who are employed as firefighters by the Town's Fire Department and who are represented by a collective bargaining unit. In the event that the provisions of this Appendix G are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix G shall take precedence. For purposes of this Appendix G, "Member" means an Eligible Employee of the Town who is employed as a firefighter by the Town's Fire Department and is represented by a collective bargaining unit.

1. Normal Retirement Age

Age fifty-five (55), provided the Member has completed at least ten (10) Years of Credited Service, or, if earlier, age sixty-five (65).

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 2% of his Final Average Earnings multiplied by his Years of Credited Service. The maximum benefit to be received annually will be 75% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the Member's average yearly Earnings during the three (3) consecutive Plan Years which give the highest average out of the last ten (10) Plan Years immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date for a Member shall be the first day of the month coinciding with or next following the Member's attainment of ten (10) Years of Credited Service.

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

Years of Vesting Service

Vesting Percentage

Less than 5
5 or more

0%
100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to five percent (5%) of his Earnings.

Appendix H

Non-Union Town Administrative and Professional Employees

This Appendix H lists the provisions applicable to Eligible Employees of the Town who are employed in non-union administrative and professional positions. In the event that the provisions of this Appendix H are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix H shall take precedence. For purposes of this Appendix H, "Member" means an Eligible Employee of the Town who is employed in a non-union administrative or professional position.

1. Normal Retirement Age

Age sixty-five (65), provided the Member has completed at least one (1) Year of Credited Service.

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 1.5% of his Final Average Earnings as defined below, multiplied by his Years of Credited Service. The maximum Normal Retirement Benefit a Member may receive is 50% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the average of the annual Earnings during the three (3) consecutive Plan Years out of the last ten (10) Plan Years that produce the highest annual Earnings immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Early Retirement Date

The Early Retirement Date of a Member who has completed at least ten (10) Years of Credited Service, including one year of participation in the Plan, shall be the first day of the month coinciding with or next following the Member's attainment of age fifty-five (55).

4. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

Years of Vesting Service

Vesting Percentage

Less than 5
5 or more

0%
100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

5. Member Contributions

The Member's Member Contributions shall be equal to five percent (5%) of his Earnings.

Appendix I

Police Employees

Covered under Local 2693, Council No. 15, AFSCNE, AFL-CIO

This Appendix I lists the provisions applicable to Eligible Employees of the Town who are employed as police officers by the Town's Police Department and are covered by a collective bargaining agreement. In the event that the provisions of this Appendix I are inconsistent with the terms contained in the remainder of the Plan, the provisions contained in this Appendix I shall take precedence. For purposes of this Appendix I, "Member" means an Eligible Employee of the Town who is a police officer employed by the Town's Police Department and is covered by a collective bargaining agreement.

1. Normal Retirement Age

The earlier of (i) age fifty-five (55) and at least ten (10) Years of Credited Service, (ii) the completion of twenty-five (25) years of Credited Service, or (iii) age sixty-five (65).

2. Normal Retirement Benefit

A Member who retires on his Normal Retirement Date shall receive a Retirement Benefit equal to 2% of his Final Average Earnings multiplied by his Years of Credited Service. The maximum benefit to be received annually will be 75% of his Final Average Earnings.

Final Average Earnings

Final Average Earnings shall mean the Member's average annual W-2 Earnings during the three (3) consecutive Plan Years which give the highest average out of the last ten (10) Plan Years immediately preceding the Member's Normal, Early or Late Retirement Date, date of Total and Permanent Disability or Severance from Employment. Earnings in the year of termination of employment in which a Member is employed at least six months and one day shall be annualized if participation in such Plan Year is not for a full twelve months.

3. Vested Percentage

A Member's vested percentage in his Accrued Benefit shall be determined according to the following schedule:

<u>Years of Vesting Service</u>	<u>Vesting Percentage</u>
Less than 5	0%
5 or more	100%

Notwithstanding the above Vesting Schedule, if a Member terminates service after his Early Retirement Date, he will be 100% vested in his Accrued Benefit regardless of his Years of Vesting Service.

4. Member Contributions

The Member's Member Contributions shall be equal to five percent (5%) of his Earnings on a post-tax basis.

TABLE D

To use these tables, enter Column 1 with the number of years, taken to completed twelfths, by which the date the Member's Normal, Early or Late Retirement Date precedes his Social Security Date. Determine the corresponding percentage from Column 2 if the Social Security Date of the Member is the first day of the month coinciding with, or next following, the 65th birthday, and from Column 3 if the Social Security Date of the Member is the date defined in the Plan in conjunction with his 62nd birthday.

TABLE D-1			TABLE D-2	
1. Number of Years	2. Percentage (age 65)	3. Percentage (age 62)	2. Percentage (age 65)	3. Percentage (age 62)
0	100.0%	100.0%	--	--
1	90.6	91.7	1064%	1205%
2	82.5	84.3	571	637
3	75.3	77.7	405	448
4	69.0	71.9	323	356
5	63.5	66.7	274	300
6	58.6	62.0	242	263
7	54.2	57.8	218	237
8	50.2	54.0	201	217
9	46.7	50.5	188	202
10	43.5	47.4	177	190
11	40.7	44.5	169	180
12	38.0	41.9	161	172
13	35.7	39.4	156	165
14	33.5	37.2	150	159
15	31.5	35.2	146	154

The actuarial assumptions used in this table are:

Mortality: 1951 Group Annuity Table with a 1-year setback for males and a 6-year setback for females.

Interest: 2½%

Unisex Blend: Blended assuming a 75%/25% male/female sex distribution.

TABLE E

To use this table, enter column 1 and column 2 with the age of the Member and joint payee on the birthday of each nearest to the date the Member actually retires or, if earlier, his Normal Retirement Date. Determine the corresponding percentage from the appropriate column. Use column 3 if the benefit payment to the joint payee equals 100% of the reduced benefit payment to the Member. Use column 4 if the benefit payment to the joint payee equals 75% of the reduced benefit payment to the Member. Use column 5 if the benefit payment to the joint payee equals 66 2/3% of the reduced benefit payment to the Member. Use column 6 if the benefit payment to the joint payee equals 50% of the reduced benefit payment.

1.	2.	3.	4.	5.	6.
<u>Age of Member</u>	<u>Age of Joint Payee</u>	<u>100%</u>	<u>75%</u>	<u>66 2/3%</u>	<u>50%</u>
65	60	70.0	75.4	77.8	82.4
65	65	76.1	81.0	82.7	86.4
65	70	82.1	86.0	87.3	90.2
62	60	75.4	80.3	82.1	86.0
62	65	81.0	85.0	86.5	89.5
62	70	86.2	89.3	90.4	92.6

Any percentage which cannot be determined directly from the above table will be determined on an actuarial basis consistent with the above.

The actuarial assumptions used in this table are:

Mortality: 1951 Group Annuity Table with a 1-year setback for males and a 6-year setback for females.

Interest: 2½%

Unisex Blend: Blended assuming a 75%/25% male/female sex distribution.

TABLE H

10-Year Certain and Continuous Option

To use this table, enter column 1 with the age of the Member on the birthday nearest to his Normal Retirement Date. Enter column 2 with the Death Benefit Ratio for the Member and determine from column 2 the corresponding percentage.

“Death Benefit Ratio” is the ratio of item (a) to item (b) taken to the nearest tenth:

- (a) the Death Benefit that would be payable to the Beneficiary if the Member were to die immediately before his Normal Retirement Date;
- (b) the yearly retirement benefit which would be provided for the Member in the Normal Form on his Normal Retirement Date.

1. <u>Age of Member</u>	2. <u>Death Benefit Ratio</u>				
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
65	92.4%	92.4%	92.6%	93.0%	93.5%

Any percentage which cannot be determined directly from the above table will be determined on an actuarial basis consistent with the above.

The actuarial assumptions used in this table are:

Mortality: 1951 Group Annuity Table with a 1-year setback for males and a 6-year setback for females.

Interest: 2½%

Unisex Blend: Blended assuming a 75%/25% male/female sex distribution.

AMENDMENT 2015-1 TO THE
TOWN OF LEDYARD 401(a) PLAN

Amended and Restated January 1, 2014

WHEREAS, The Town of Ledyard, hereinafter referred to as the "Employer" established a Plan which reserves in Section 6.1, the Employer's right and authority to amend the Plan; and

NOW THEREFORE, effective July 1, 2015, the Employer hereby amends the Plan as follows:

Matching Contributions: Money Purchase Pension Plan is hereby amended to read as follows:

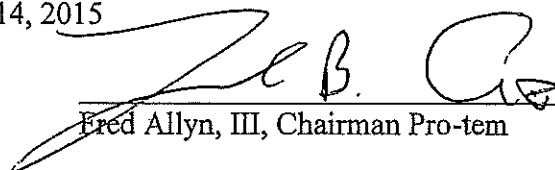
Matching Contributions ARE permitted under the Plan

Employees eligible for Matching Contributions:

All employees hired after July 1, 2009 whose participation in the Town 401(a) Defined Contribution Plan has either been approved by action of the Town Council or is mandated under a collective bargaining agreement between the Town and a collective bargaining unit.

Employees who were participants in or drawing benefits from the Retirement Plan for full-time Employees of the Town of Ledyard (Defined Benefit Plan) who are rehired are NOT eligible for Matching Contributions under the Plan.

Approved by the Ledyard Town Council on October 14, 2015


Fred Allyn, III, Chairman Pro-tem

IN WITNESS WHEREOF, this 2015-1 Amendment is signed this 16th day of October 2015.

THE TOWN OF LEDYARD

By 
Patricia A. Riley, Town Clerk



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

File #: 24-0014

Agenda Date: 1/23/2024

Agenda #: 1.

RETIREMENT-EMPLOYEE BENEFITS

Motion/Request:

Motion to APPROVE a monthly retirement benefit for Sharon Dutra in the amount of \$690.12 in the form of a modified cash refund annuity effective February 1, 2024.

Background:

(type text here)

Human Resources Comment/Recommendation:

(type text here)

Finance Director Comment/Recommendation:

(type text here)

Mayor Comment/Recommendation:

(type text here)



USI Consulting Group
95 Glastonbury Boulevard
Glastonbury, CT 06033
www.usi.com
Phone: 860.633.5283

January 8, 2024

CONFIDENTIAL

Marisa Iannella-Rodriguez
Town of Ledyard
741 Colonel Ledyard Highway
Ledyard, CT 06339

Re: Retirement Plan for Full-Time Employees of the Town of Ledyard – Calculation for Sharon Dutra

Dear Marisa:

As requested, we have prepared the attached Benefit Calculation Worksheet for Sharon Dutra for February 1, 2024, retirement date. Based on the salary provided for the period ending December 31, 2011, we've calculated that Ms. Dutra is eligible to receive a monthly early retirement benefit of \$690.12 as of February 1, 2024, payable in the normal form of a Modified Cash Refund Annuity, based on her service and earnings through this retirement date. In addition, Ms. Dutra's employee contributions with and without interest will be \$43,313.70 and \$19,446.51, respectively, as of that same date. The non-taxable portion of the monthly benefit will be \$74.79 for 260 months if she elects the Modified Cash Refund or a 10-Year Certain & Life annuity.

The calculation is based upon a 1.5% multiplier and the participant's three-year average salary. These are the current plan provisions in effect for Town employees. Our calculation of the referenced pension benefit is based on the service, compensation and other relevant information provided to us by the Town of Ledyard. USI Consulting Group has not independently confirmed the accuracy or completeness of such information.

Please forward a copy of completed forms to us for our records. If you have any questions regarding this calculation, please do not hesitate to contact me.

Sincerely,
USI CONSULTING GROUP

Nelroy Giddings
Actuarial Consultant

cc: Frederica S. Daniels, USI Consulting Group

**Town of Ledyard
Benefit Calculation**

Demographic Information:

Name:	Dutra, Sharon		
Department:	Town Hall		
Date of Birth:	5/6/1960	As of 7/1/2023:	
Original Date of Hire:	11/22/1999	Employee Contributions:	\$ 19,446.51
Date of Participation:	12/1/2000	Employee Contributions With Interest:	\$ 42,098.33
Date of Termination:	12/5/2011		
Normal Retirement Date (NRD):	6/1/2025	As of BCD:	
Benefit Commencement Date (BCD):	2/1/2024	Employee Contributions:	\$ 19,446.51
Beneficiary's Date of Birth:	4/24/1959	Employee Contributions With Interest:	\$ 43,313.70
Credited Service:	12.0000		

Salary History (Based on Plan Year Ending June 30):

2012	\$	22,995.72
2011	\$	50,503.00
2010	\$	49,762.00
2009	\$	49,762.00
2008	\$	40,915.90
2007	\$	29,357.00
2006	\$	28,344.60
2005	\$	27,493.20
2004	\$	26,988.50
2003	\$	25,826.00

3-Year Final Average Earnings (FAE): \$ 50,009.00

Benefit Formula (Amount Payable as a Modified Cash Refund):

A	3-Year Final Average Earnings (FAE):	\$	50,009.00
B	Multiplier:		1.50%
C	Credited Service:		12.00
D	Vesting Percentage:		<u>100%</u>
E	Annual Benefit Payable at NRD: [AxBxCxD]	\$	9,001.62
F	Maximum Annual Benefit: 50% of FAE	\$	25,004.50
G	Annual Benefit Payable at NRD: Lesser of [E, F]	\$	9,001.62
H	Early Retirement Factor:		<u>92%</u>
I	Monthly Benefit Payable at BCD: [GxH]/12	\$	690.12

Optional Forms of Benefit:	Factor		Participant Benefit	Spouse Benefit
Modified Cash Refund Annuity:		1.000	\$ 690.12	N/A
50% Joint & Survivor:		0.876	\$ 604.55	\$ 302.28
66-2/3% Joint & Survivor:		0.841	\$ 580.39	\$ 386.93
75% Joint & Survivor:		0.825	\$ 569.35	\$ 427.01
100% Joint & Survivor:		0.779	\$ 537.60	\$ 537.60
10 Years Certain & Continuous:		0.953	\$ 657.56	\$ 657.56

IMPORTANT NOTICE

The retirement benefit to which you are entitled is stated in the Plan's documents. This retirement benefit illustration has been prepared based on the current understanding of the Plan's provisions as in effect on the date of preparation of the calculation, and on personnel and employment data available on that date. To the extent your benefit differs from this illustration, the terms of the Plan control. If the understanding of the Plan's provisions or this data should prove to be incorrect, or if the calculation is for any reason erroneous, your Plan benefit will be adjusted retroactively to an amount which reflects the correct Plan provisions and data.



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

File #: 24-0027

Agenda Date: 1/23/2024

Agenda #: 2.

AGENDA REQUEST
GENERAL DISCUSSION ITEM

Subject:

Discussion and Possible vote on FY24-25 Pension Contribution.

Background:

Please see September 22, 2023, Actuarial Valuation Report for the discussion starting point. Specifically, page 1 "The ADC for PYB July 1, 2024, is \$689,218".

Department Comment/Recommendation:

(type text here)



Retirement Plan for Full-Time Employees of the Town of Ledyard

ACTUARIAL VALUATION REPORT

as of September 22, 2023



USI Consulting Group
95 Glastonbury Boulevard
Suites 102, 406
Glastonbury, CT 06033
www.usi.com
Tel: 860.633.5283

September 22, 2023

CONFIDENTIAL

Matthew Bonin, CPA
Director of Finance
741 Colonel Ledyard Highway
Ledyard, CT 06339

Re: Retirement Plan for Full-Time Employees of the Town of Ledyard

Dear Matt:

We are pleased to present our biennial Actuarial Valuation Report for the Plan Year Beginning (“PYB”) July 1, 2023. A summary of the principal results of the valuation is provided for your convenience on page one. Details supporting the cost calculations, as well as other information designed to assist you in preparing your reports and budgets, are also included.

The actuarially determined contribution (“ADC”) for the PYB July 1, 2023, is \$669,144, which is about 20.9% of covered payroll. Prior to extending the amortization of the unfunded liability from 4 years to 10 years, the ADC for the 2023 plan year would have been \$1,255,874, or 39.2% of covered payroll.

Actuarial valuations are performed every two years. Beginning July 1, 2023, each biennial valuation determines the ADCs for the next two plan years starting one year after the valuation date. The ADCs are developed by increasing the ADC calculated as of the valuation date by 3.0% each year. However, to transition from the prior valuation timing method to the new valuation timing method used to develop the ADCs, the July 1, 2023, valuation was the basis for the PYB 2023 ADC and the next two plan years. Thus, the ADC for PYB July 1, 2024, is \$689,218 and the ADC for PYB July 1, 2025, is \$709,895. We will calculate the ADCs once again during the 2025 valuation process.

Information related to financial calculations required under GASB Statements 67 & 68 are provided in a separate report. We would be happy to answer any questions you may have regarding this report.

Sincerely,

Frederica S. Daniels, FCA, EA, MAAA
Vice President and Managing Actuary

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD
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**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

VALUATION RESULTS AS OF 7/1/2023

PRINCIPAL RESULTS OF THE VALUATION

Below is a summary of the principal results of this year's valuation compared with the previous valuation. Amounts for each valuation period reflect the actuarial cost method, assumptions and plan benefits in effect at that time.

<u>CONTRIBUTION LEVELS - PLAN YEAR BEGINNING ("PYB")</u>	<u>7/1/2021</u>	<u>7/1/2023</u>
Actuarially Determined Contribution ("ADC")	1,096,614	669,144 *
Annual Payroll	4,254,773	3,202,829
ADC as % of Payroll	25.77%	20.89%

Actuarial valuations are completed every two years. Beginning July 1, 2023, each biennial valuation determines the ADCs for the next two plan years starting one year after the valuation date. The ADCs are developed by increasing the ADC calculated as of the valuation date by 3% each year. The ADC for PYB July 1, 2024 is 689,218. The ADC for PYB July 1, 2025 is 709,895.

ASSET INFORMATION

Market Value of Assets	32,013,838	28,790,751
Actuarial Value of Assets	28,700,912	30,367,826
Actuarial Value as a % of Market Value	89.65%	105.48%

ACTUARIAL ACCRUED LIABILITY

Active Participants	12,336,985	9,624,936
Terminated / Inactive Participants	2,076,906	2,472,283
Terminated Participants Due EE-Contributions Only	216,684	16,159
Retired Participants & Beneficiaries	18,220,028	22,120,850
Actuarial Accrued Liability	32,850,603	34,234,228
Unfunded Actuarial Accrued Liability ("UAAL")	4,149,691	3,866,402
Normal Cost (inc. Administrative Expense Load)	317,453	206,279

FUNDED RATIOS

Market Value of Assets as a % Actuarial Accrued Liability	97.45%	84.10%
Actuarial Value of Assets as a % Actuarial Accrued Liability	87.37%	88.71%

SUPPORTING INFORMATION/ASSUMPTIONS

Discount Rate / Expected Return on Assets Rate	6.25%	6.25%
Compensation Increases	4.00%	4.00%
Payroll Growth Rate	3.00%	3.00%
UAAL Amortization Period	6	10
Number of Lives Included in the Valuation	235	202
Active Participants	63	48
Terminated / Inactive Participants	35	36
Terminated Participants Due EE-Contributions Only	37	4
Retired Participants & Beneficiaries	100	114

* In order to transition from the prior valuation timing to the new valuation timing used to develop the ADCs, the July 1, 2023 valuation was the basis for the PYB 2023 ADC and the next two plan years. The July 1, 2025 valuation will be the basis for the ADCs for the plan years beginning in 2026 and 2027.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD
VALUATION AS OF 7/1/2023**

EXECUTIVE SUMMARY

Purpose and Scope

The principal purposes of this actuarial valuation report are:

1. To present our calculations of the actuarially determined contribution for the plan years beginning July 1, 2023 and July 1, 2024,
2. To review plan experience during the plan years ending June 30, 2022 and June 30, 2023 and the funded status of the plan as of July 1, 2023, and
3. To provide an assessment and disclosure of risk with respect to pension obligations and contributions.

This report represents the results of a valuation to determine a recommended annual contribution amount and includes the funded status of the Plan based on the present value of benefits accrued to date. These measurements are presented solely for the use of the Plan sponsor, are not intended to be referenced by any third party for any purpose and should not be used for any other purpose.

The valuation is based upon employee data as of July 1, 2023, provided by the Plan sponsor, and financial information provided by Webster Private Bank. This data was not audited or otherwise verified by us other than for tests of reasonable consistency with prior year data.

The actuarial liabilities shown in this report are determined using software purchased from an outside vendor which was developed for this purpose. Certain information is entered into this model in order to generate the liabilities specific to your pension plan. These inputs include economic and non-economic assumptions, plan provisions and census information. We rely on the coding within the software to value the liabilities using the actuarial methods and assumptions selected. Both the input to and the output from the model is checked for accuracy and reviewed for reasonableness.

Risk Assessment

This report includes information related to Actuarial Standard of Practice No. 51 (ASOP 51), Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Contributions – see Section III.

Traditionally, the focus of valuation reports has centered around the current funded status of the Plan, experience during the prior year, and contribution requirements for the current year. This is now supplemented with additional information regarding risks that plan sponsors face as well as more historical information and measurements.

As a note, this report does not provide risk assessments related to potential legislative and regulatory changes, investment advice, or assessments of the ability or willingness of plan sponsors to make contributions to the Plan. If the plan sponsor is interested in additional assessment of these risks, please contact us to perform additional projections under various scenarios or stochastic forecast modeling on these plan risks.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

VALUATION AS OF 7/1/2023

EXECUTIVE SUMMARY

(Continued)

Risk Assessment (continued)

The ratio of assets to liabilities is referred to as the funded ratio and the difference is the unfunded liability. The Actuarially Determined Contribution (“ADC”) is the sum of the normal cost (the present value of benefits accruing to active participants, if any, plus expenses), plus an amortization of the unfunded liability, generally over a 10 or 20-year period. Various risks, such as Investment Risk, Interest Rate Risk, Longevity Risk, and Demographic Risk, can impact the funded ratio and ADC to different degrees. Additional information about these risks are provided in the ASOP 51 Section of this report.

Plan Experience

During the period starting July 1, 2021 and ending June 30, 2023, the number of active participants decreased from 63 to 48 for the 2-year valuation period. As of the valuation date, there are also 36 deferred vested employees, 4 non-vested terminated participants due employee contributions and 114 retirees.

During the 2-year valuation period, the market value of Plan assets decreased from \$32,013,838 to \$27,120,434 in 2022 but increased to \$28,790,751 as of June 30, 2023. The gross investment returns were approximately -13.59% and 8.88%, respectively. This investment performance is below the 6.25% assumption for 2021 plan year but above for the 2022 plan year. We advise the Town to continue to monitor actual and anticipated returns relative to the assumed long-term rate of return on investments assumption of 6.25%.

The Plan experienced a combined net actuarial loss of approximately \$871,000 during 2021 and 2022. The actuarial value of plan assets increased from \$28,700,912 to \$29,695,791 during the 2021 plan year and increased additionally to \$30,367,826 during the 2022 plan year. The net investment returns were approximately 5.19% and 4.28%, respectively, for plan years 2021 and 2022. The investment return assumption is 6.25% (net of investment expenses), so actual returns created an actuarial experience loss of about \$903,000. This loss was offset by a liability gain of approximately \$32,000, due to a net mortality loss among retirees partially offset by net termination and retirement activity gains among actives. The liability gain is about 0.1% of liabilities.

Actuarial Methods and Assumptions

All actuarial assumptions used in the July 1, 2023 valuation report are the same as those used in the 2021 report with the following exceptions noted below. The mortality scaling was updated from the Pub(G)-2010 (below median) headcount weighted Mortality Tables for public plans with Scale MP-2020 to Scale MP-2021. The impact was an increase in accrued liabilities of approx. 0.2% (or \$58,000) as of July 1, 2023. The period for amortizing the unfunded liability was changed from 4 years to 10 years. This change reduced the 2023 plan year ADC by roughly \$587,000.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

VALUATION AS OF 7/1/2023

**EXECUTIVE SUMMARY
(Continued)**

Plan Provisions

All plan provisions have remained the same as those from the prior year. Please see the Summary of Plan Provisions section of this report for more details.

Funded Status

The actuarial value of assets, as a percentage of the actuarial accrued liability, increased from 87.4% to 88.7%. The market value funded ratio decreased from 97.5% to 84.1%.

Actuarially Determined Contribution

Based on the prior funding policy which amortized the unfunded liability over a period of 4 years, the actuarially determined contribution (ADC) for the plan year commencing on July 1, 2023 and ending on June 30, 2024 would have been \$1,255,874, which is approximately 39.2% of covered payroll for active participants. This is an increase in the contribution level of about \$126,000 from the 2022 plan year ADC, and a sizeable increase over the 25.8% of covered payroll from the last valuation, which is expected due to the shrinking active population. Under the new funding policy adopted for the July 1, 2023 plan year which amortizes the unfunded liability over a period of 10 years, the ADC drops by nearly \$587,000 to \$669,144, or 20.9% of covered payroll.

Actuarial valuations are performed every two years. Beginning July 1, 2023, each biennial valuation determines the ADCs for the next two plan years starting one year after the valuation date. The ADCs are developed by increasing the ADC calculated as of the valuation date by 3.0% each year. However, to transition from the prior valuation timing method to the new valuation timing method used to develop the ADCs, the July 1, 2023, valuation was the basis for the PYB 2023 ADC and the next two plan years. Thus, the ADC for PYB July 1, 2024, is \$689,218 and the ADC for PYB July 1, 2025, is \$709,895.

Funding Policy

Actuarially determined contributions to the Plan are determined each year as part of the Actuarial Valuation process. These contributions are determined according to the following funding policy:

Actuarial Cost Method: Entry Age Normal

Asset Valuation Method: The market value of assets less unrecognized returns in each of the last five (5) years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.

Amortization Method: Amortization of unfunded liability with 3.00% per year increase, closed

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

VALUATION AS OF 7/1/2023

**EXECUTIVE SUMMARY
(Continued)**

Funding Policy (continued)

The plan's current actuarial cost method, amortization method and asset valuation method make up the Plan's funding policy. The policy does not incorporate an output smoothing method. Each of the previously noted methods, on a stand-alone basis and in aggregate, are reasonable and satisfy the requirements outlined in Actuarial Standard of Practice No. 4. Therefore, by incorporating these specific methods of the Plan's funding policy to develop the ADC calculated in this report, the plan sponsor's contribution allocation procedure is reasonable if the Plan Sponsor contributes the ADC to the Plan. If the plan sponsor continually makes less/more than the ADC, we expect that future contributions will be higher/lower, and the funded status will deteriorate/improve, if all current assumptions are met.

Certification of Report

The actuarial methods and assumptions used in this valuation are, in our opinion, reasonable. Please note that the calculations in the report are for funding valuation purposes only and that computations for purposes other than this may vary significantly.

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. It is based on the employee and financial data submitted to USI Consulting Group by the plan sponsor and the retirement plan provisions outlined herein.

I, Frederica S. Daniels, FCA, EA, am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. There exists no relationship with the Plan or the Sponsor that would impair the objectivity of my work.

USI CONSULTING GROUP



Frederica S. Daniels, FCA, EA, MAAA
Vice President and Managing Actuary



Matthew J. Henderson, FSA, EA, MAAA
Senior Actuarial Consultant



Nelroy Giddings
Actuarial Consultant

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

MARKET VALUE OF ASSETS AS OF 7/1/2023

<u>Statement of Income and Expenses</u>	<u>2021 to 2022</u>	<u>2022 to 2023</u>
Net Assets at Beginning of Year (7/1/XXXX)	\$32,013,838	\$27,120,434
Contributions Received or Receivable		
Employer	1,131,235	1,163,197
Employee	195,857	176,215
Total Contributions	1,327,092	1,339,412
Net Unrealized Appreciation	(7,266,861)	1,317,095
Net Realized Gain/Loss	1,550,849	33,559
Interest and Dividends	1,370,134	672,396
Other Income	34,384	353,395
Total Income	(2,984,402)	3,715,857
Distribution of Benefits		
Directly to Participants or Beneficiaries	1,808,430	1,924,510
Total Distribution of Benefits	1,808,430	1,924,510
Administrative Expenses	30,812	18,352
Investment Expenses	69,760	102,678
Total Distributions	1,909,002	2,045,540
Net Income / (Expenses)	(4,893,404)	1,670,317
Net Assets at End of Year (6/30/XXXX)	\$27,120,434	\$28,790,751
Rates of Return		
Gross Investment Return:	-13.59%	8.88%
Net Investment Return:*	-13.80%	8.48%
Expected Rate of Return:	6.25%	6.25%

* Net of investment expenses only.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

DETERMINATION OF ACTUARIAL VALUE OF ASSETS AS OF 7/1/2023

I. MARKET VALUE OF ASSETS GAIN/(LOSS) - PLAN YEAR ENDING:	<u>6/30/2022</u>	<u>6/30/2023</u>
(1) Expected Market Value of Assets:		
(a) Market Value of Assets at Beginning of Plan Year	32,013,838	27,120,434
(b) Expected Return on Assets at 6.25%	2,000,865	1,695,027
(c) ER + EE Contributions	1,327,092	1,339,412
(d) Benefit Payments	(1,808,430)	(1,924,510)
(e) Administrative Expenses	(30,812)	(18,352)
(f) Net Interest (half year) on (c) + (d) + (e)	<u>(15,762)</u>	<u>(18,572)</u>
(g) Total: (a) + (b) + (c) + (d) + (e) + (f)	33,486,791	28,193,439
(2) Actual Market Value of Assets:	27,120,434	28,790,751
(3) Market Value of Assets Gain/(Loss): (2) - (1)(g)	(6,366,357)	597,312

II. DETERMINATION OF ACTUARIAL VALUE OF ASSETS

(1) Market Value of Assets:	27,120,434	28,790,751	
(2) Amortization of Asset Gain/(Loss) Over a 5-year Period (20% Per Year):			
Plan Year Ending	Original Amount	Unrecognized	Unrecognized
<u>June 30,</u>	<u>Asset Gain/(Loss)</u>	<u>Amount</u>	<u>Amount</u>
2019	(421,396)	(84,279)	N/A
2020	(453,253)	(181,301)	(90,651)
2021	4,638,849	2,783,309	1,855,540
2022	(6,366,357)	(5,093,086)	(3,819,814)
2023	597,312	<u>N/A</u>	<u>477,850</u>
Total Unrecognized Amount:		(2,575,357)	(1,577,075)
(3) Preliminary Actuarial Value of Assets: (1) - (2)		29,695,791	30,367,826
(4) 80% of Market Value of Assets :		21,696,347	23,032,601
(5) 120% of Market Value of Assets :		32,544,521	34,548,901
(6) Actuarial Value of Assets: max (3) or (4), but less than (5)		29,695,791	30,367,826
(7) Actuarial Value as a Percentage of Market Value: (6) / (1)		109.50%	105.48%

III. DEVELOPMENT OF ACTUARIAL VALUE ASSETS AS OF 7/1/23

(1) Actuarial Value of Assets Beginning of Year:	28,700,912	29,695,791
(2) Employer and Employee Contributions:	1,327,092	1,339,412
(3) Benefit payments:	(1,808,430)	(1,924,510)
(4) Administrative Expenses:	(30,812)	(18,352)
(5) Return on assets:	<u>1,507,029</u>	<u>1,275,485</u>
(6) Actuarial Value of Assets End of Year: (1) + (2) + (3) + (4) + (5)	29,695,791	30,367,826
Gross Investment Return (Actuarial Value of Assets):	5.30%	4.34%
Net Investment Return (Actuarial Value of Assets):	5.19%	4.28%
Assumed Rate of Return (Actuarial Value of Assets):	6.25%	6.25%

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

HISTORICAL INFORMATION: ACTUARIAL VALUE OF ASSETS & MEMBER POPULATION DATA

Development of Actuarial Value of Assets

Year Ended June 30*	Employer Contributions	Employee Contributions	Net Investment Return**	Admin Expenses	Benefit Payments	Actuarial Assets at Year-End
2008	1,100,000	390,805	(722,261)	39,150	422,495	10,237,948
2009	1,231,247	329,502	99,850	30,690	481,962	11,385,895
2010	1,000,000	352,160	752,425	32,468	461,299	12,996,713
2011	960,792	398,481	432,705	32,752	603,566	14,152,373
2012	947,690	338,740	294,984	30,605	1,416,343 [^]	14,286,839
2013	927,576	344,069	662,439	32,353	650,366	15,538,204
2014	969,442	339,724	1,554,806	20,959	644,882	17,736,335
2015	1,075,000	306,172	1,352,123	18,653	845,509	19,605,468
2016	1,109,374	273,142	907,172	49,939	986,331	20,858,886
2017	1,057,393	275,250	1,209,474	19,389	1,057,539	22,324,075
2018	1,278,376	256,415	1,309,643	30,473	1,088,259	24,049,777
2019	1,278,376	239,257	1,065,761	14,910	1,242,451	25,375,810
2020	1,066,295	219,562	1,324,567	32,004	1,468,176	26,486,054
2021	1,098,284	209,846	2,525,784	15,687	1,603,369	28,700,912
2022	1,131,235	195,857	1,507,029	30,812	1,808,430	29,695,791
2023	1,163,197	176,215	1,275,485	18,352	1,924,510	30,367,826

* Results for plan years ending prior to June 30, 2020 were calculated by the prior actuary for the plan.

** Net of investment fees but including actuarial adjustment to the market value.

[^] Including Aetna annuity contract purchase for retirees in 2011.

Member Population

Year Ended June 30*	Active Members	Terminated Vested Participants	Retirees and Beneficiaries	Total Members**	Total Non- Active Members**	Ratio of Non- Actives to Actives
2002	146	17	38	201	55	0.38
2003	152	16	41	209	57	0.38
2005	143	19	51	213	70	0.49
2007	149	24	55	228	79	0.53
2009	155	24	56	235	80	0.52
2011	151	29	64	244	93	0.62
2013	144	29	49	222	78	0.54
2015	108	43	65	216	108	1.00
2017	91	39	79	209	118	1.30
2019	74	39	92	205	131	1.77
2021	63	35	100	198	135	2.14
2023	48	36	114	198	150	3.13

* Results for plan years ending prior to June 30, 2020 were determined by the prior actuary for the plan.

** Excludes terminated non-vested members due a refund of employee contributions.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

VALUATION RESULTS AS OF 7/1/2023

(1) Present Value of Future Benefits

The value of all projected retirement, death and vested termination benefits projected to be paid to current plan participants, discounted to the valuation date with interest, mortality and withdrawal rates.

	<u>Participants</u>	<u>Liability</u>
Active Participants	48	11,869,022
Terminated / Inactive Participants	36	2,472,283
Terminated Participants Due EE-Contributions Only	4	16,159
Retired Participants & Beneficiaries	<u>114</u>	<u>22,120,850</u>
Totals	202	36,478,314
 (2) Actuarial Value of Assets		 30,367,826
(3) Actuarial Accrued Liability		34,234,228
(4) Unfunded Actuarial Accrued Liability: (3) - (2)		3,866,402
 (5) Employer Normal Cost		
a. Total Normal Cost		322,897
b. Expected Employee Contributions		<u>(146,618)</u>
c. Employer Normal Cost		176,279

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ACTUARIALLY DETERMINED CONTRIBUTION FOR PLAN YEAR ENDING 06/30/2024

ACTUARIALLY DETERMINED CONTRIBUTION ("ADC")

(1) Total Employer Normal Cost	322,897
(2) Administrative Expenses	30,000
(3) Expected Employee Contributions	(146,618)
(4) Amortization Payment of Unfunded Actuarial Accrued Liability ("UAAL")	442,886
(5) Net Interest (half year) on Items (1) + (2) + (3) + (4)	<u>19,979</u>
(6) Actuarially Determined Contribution: (1) + (2) + (3) + (4) + (5)	669,144

ADC ALLOCATED BY GROUP

	Town	Board of Education	Police	TOTAL
Accrued Liability	16,169,797	5,361,400	12,703,031	34,234,228
Allocated Assets*	14,343,586	4,755,885	11,268,355	30,367,826
ADC	296,407	111,482	261,255	669,144

* Assets have been allocated, for illustration purposes only, to each major group based upon the actuarial accrued liability for each group as of the beginning of the current plan year.

AMORTIZATION SCHEDULE FOR FUNDING POLICY (EAN COST METHOD)

<u>Description</u>	<u>Plan Year</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>	<u>Amortization Payment **</u>	<u>Years Remaining</u>
UAAL	2023	3,866,402	<u>3,866,402</u>	<u>442,886</u>	10
			3,866,402	442,886	

** The Town set the funding policy to calculate the amortization payment of the UAAL based on a closed amortization period with payments increasing 3.0% each year.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ACTUARIAL EXPERIENCE FOR THE TWO-YEAR PERIOD ENDING 6/30/2023

I. LIABILITY EXPERIENCE (GAIN)/LOSS

(1) Actuarial Accrued Liability as of 7/1/2021	32,850,603
(2) Total Normal Cost for Plan Years 2021 and 2022	992,409
(3) Benefit Payments During Plan Years 2021 and 2022	(3,732,940)
(4) Net Interest at 6.25% (full year on (1) & (2), half year on (3))	4,097,586
(5) Increase/(Decrease) Due to Assumption Changes	<u>58,182</u>
(6) Expected Accrued Liability as of 7/1/2023: (1) + (2) + (3) + (4) + (5)	34,265,840
(7) Actual Accrued Liability as of 7/1/2023	<u>34,234,228</u>
(8) Liability (Gain)/Loss: (7) - (6)	(31,612)

II. ACTUARIAL ASSETS (GAIN)/LOSS

(1) Actuarial Value of Assets as of 7/1/2021	28,700,912
(2) ER + EE Contributions During Plan Years 2021 and 2022	2,666,504
(3) Benefit Payments During Plan Years 2021 and 2022	(3,732,940)
(4) Net Interest at 6.25% (full year on (1), half year on (2) & (3))	<u>3,635,895</u>
(5) Expected Actuarial Value of Assets as of 7/1/2023 (1 + 2 + 3 + 4)	31,270,371
(6) Actual Actuarial Value of Assets as of 7/1/2023	<u>30,367,826</u>
(7) Actuarial Asset (Gain)/Loss (5 - 6)	902,545

III. NET ACTUARIAL EXPERIENCE (GAIN)/LOSS (I.8 + II.7) 870,933

DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

(1) Prior Valuation Year Unfunded Accrued Liability (UAL)	4,149,691
(2) Total Normal Cost for Plan Years 2021 and 2022	992,409
(3) Interest on (1 + 2)	629,252
(4) Employer Contributions	2,294,432
(5) Employee Contributions	372,072
(6) Interest on Total Contributions	167,561
(7) Increase/(Decrease) due to Change in Assumptions/Cost Method	<u>58,182</u>
(8) Expected UAL (1 + 2 + 3 - 4 - 5 - 6 + 7)	2,995,469
(9) Actual Unfunded Actuarial Accrued Liability	<u>3,866,402</u>
(10) Net Actuarial (Gain)/Loss (9 - 8)	870,933

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

PARTICIPANT DATA AS OF 7/1/2023

Active Employees	
Number	48
Total annual compensation	3,202,829
Balance of Employee Contributions	3,317,675
Average accrued benefit	1,529.83
Average projected benefit	3,064.70
Average attained age	57.22
Average Credited service	20.74
Non-Vested Terminated Employees Due Employee Contributions	
Number	4
Balance of Employee Contributions	16,159
Terminated Deferred Vested	
Number	36
Average accrued benefit	600.54
Average attained age	58.46
Retired Employees and Beneficiaries	
Number	114
Average monthly benefit	1,478.06
Average attained age	70.51

RECONCILIATION OF PARTICIPANT STATUS

	<u>Active</u>	<u>Inactive</u>	<u>Due Employee Contributions</u>	<u>Deferred Vested</u>	<u>Retired</u>	<u>Total</u>
Prior Valuation	63	0	37	35	100	235
Transferred to Inactive	0	0	0	0	0	0
Terminated - Not Vested	0	0	0	0	0	0
Terminated - Vested	(3)	0	(1)	4	0	0
Retired	(12)	0	0	(3)	15	0
Cashed Out	0	0	(32)	0	0	(32)
Deceased - With Beneficiary	0	0	0	0	0	0
Deceased - No Beneficiary	0	0	0	0	(2)	(2)
Rehired	0	0	0	0	0	0
New Entrants or Spouse	0	0	0	0	1	1
Data Corrections	0	0	0	0	0	0
Current Valuation	48	0	4	36	114	202

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

Age and Service Distribution as of July 1, 2023

Years of Credited Service

Attained Age	<u>Under 1</u>	<u>1 to 4</u>	<u>5 to 9</u>	<u>10 to 14</u>	<u>15 to 19</u>	<u>20 to 24</u>	<u>25 to 29</u>	<u>30 to 34</u>	<u>35 to 39</u>	<u>40 & up</u>
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	2	2	0	0	0	0	0
45 to 49	0	0	0	2	2	0	0	0	0	0
50 to 54	0	0	0	1	2	4	1	0	0	0
55 to 59	0	0	1	1	6	1	2	0	1	0
60 to 64	0	0	0	3	2	3	4	0	1	0
65 to 69	0	0	0	2	1	1	1	1	0	0
70 & up	0	0	0	0	0	0	0	0	1	0

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ASC 960 ACCOUNTING INFORMATION

The following information has been prepared to assist in meeting the requirements of FASB ASC 960. The information presented is calculated in accordance with out understanding of the Statement. Except as noted below, the actuarial assumptions are as set forth in the Summary of Actuarial Methods and Assumptions section of this report.

<u>Actuarial Present Value of Accumulated Plan Benefits</u>	<u>7/1/2021</u>	<u>7/1/2023</u>
Vested Benefits		
Participants currently receiving payments	18,220,028	22,120,850
Other Participants		
Active Employees	9,355,296	7,573,261
Deferred Vested Terminated Employees	2,076,906	2,472,283
Terminated Non-Vested Due Return of Contributions	216,684	16,159
Total - Other Participants	<u>11,648,886</u>	<u>10,061,703</u>
Total Vested Benefits	29,868,914	32,182,553
Nonvested Benefits	0	0
Total Actuarial Present Value of Accumulated Benefits	<u><u>29,868,914</u></u>	<u><u>32,182,553</u></u>

Statement of Changes in Accumulated Plan Benefits

Actuarial Present Value of Accumulated Plan Benefits as of 7/1/2021	29,868,914
Increase (Decrease) during the year attributable to:	
Plan Amendment	0
Change in Actuarial Assumptions	55,324
Benefits Accumulated and Other Experience	2,372,357
Increase Due to Change in the Discount Period	3,618,898
Benefits Paid	<u>(3,732,940)</u>
Net Increase	<u>2,313,639</u>
Actuarial Present Value of Accumulated Plan Benefits as of 7/1/2023	<u><u>32,182,553</u></u>

General Assumptions

	7/1/2021	7/1/2023
Measurement Date	7/1/2021	7/1/2023
Discount Rate	6.25%	6.25%
Annual Salary Increase	4.00%	4.00%
Cost of Living Assumption	N/A	N/A
Mortality Improvement Projection Scale	MP-2020	MP-2021
Mortality Table	PubG-2010(B), Headcount- Weighted	PubG-2010(B), Headcount- Weighted

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

SUMMARY OF PLAN PROVISIONS

Effective Date 6/1/1977

Plan Year Beginning 7/1/2023

Participation Eligibility Eligible employee with completion of one year of service. Employee must work 20 hours per week or completion of 5 months per year.

Group	Close Date
Town (except Supervisors)	7/1/2009
Town Supervisors	6/6/2012
Police	7/1/2012
Board of Education	7/1/2012
Public Works	7/1/2012
Fire	1/1/2013

Employee Contributions *Supervisors/Professional Employees, Town Hall Employees, Educational Secretaries, Police, Fire, Administrative Non-Union Professionals and Public Works Employee* – 5% of earnings (Police contributions are not capped at 130% of base pay)

Non-Certified Board of Education – 3% of earnings. Employee contributions receive interest at 5% per year

Normal Retirement Date *Supervisors/Professional Employees, Town Hall Employees, Educational Secretaries, Administrative Non-Union Professionals and Non-Certified Board of Education* – Age 65 and 1 year Credited Service

Fire Employees – Age 55 and 10 years Credited Service (but not later than age 65)

Police Employees – Age 55 and 10 years Credited Service or 25 years of Credited Service with no age requirement (but not later than age 65)

Public Work Employees – Age 65 and 1 year Credited Service or Rule of 82 if hired pre 7/1/2007 or Rule of 85 if hired post 7/1/2007.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

**SUMMARY OF PLAN PROVISIONS
(continued)**

Normal Retirement Benefit

Benefit Formula

Supervisors/Professional Employees, Town Hall Employees, Educational Secretaries, Administrative Non-Union Professionals, Nurses and Library Employees – 1.5% of Final Average Earnings times Credited Service. Maximum normal retirement benefit is 50% of Final Average Earnings.

Fire & Police Employees – 2.0% of Final Average Earnings times Credited Service. Maximum normal retirement benefit is 75% of Final Average Earnings.

Public Works Employee – 1.5% of Final Average Earnings times Credited Service. Maximum normal retirement benefit is 50% of Final Average Earnings. Unreduced benefit per Rule of 82 if hired before July 1st, 2007. Unreduced benefit per Rule of 85 if hired post July 1st, 2007.

Final Average Earnings

Non-Certified Board of Education – 1.0% of Final Average Earnings times Credited Service (capped at 30 years).

Supervisors/Professional Employees, Town Hall Employees, Educational Secretaries, Police, Fire, Administrative Non-Union Professionals, Public Work Employees, Nurses and Library Employees – Highest 3 out of last 10 consecutive Plan Year. Police earnings are capped at 130% of base pay.

Credited Service

Non-Certified Board of Education – Highest 5 out of last 10 consecutive Plan Year

Years and months of service from Date of Hire upon member satisfying annual employee contributions provision.

Early Retirement Date

Supervisors/Professional Employees, Town Hall Employees, Educational Secretaries, Administrative Non-Union Professionals, Public Works Employee, Nurses and Public Library Employees – Age 55 with 10 years of Credited Service

Non-Certified Board of Education – Age 62 with 10 years of Credited Service

Fire Employees – Completion of 10 years of Credited Service (no age requirement)

Police Employees – None

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

**SUMMARY OF PLAN PROVISIONS
(continued)**

<u>Early Retirement Benefit</u>	<i>Supervisors/Professional Employees, Town Hall Employees, Educational Secretaries, Administrative Non-Union Professionals, Public Works Employee, Nurses and Public Library Employees</i> – 0.5% reduced each month prior to age 65 <i>Fire Employees</i> – 0.5% reduced each month prior to Normal Retirement Age.
<u>Late Retirement Benefit</u>	Accrued benefit. Payments are suspended while active and accruing.
<u>Disability Benefit</u>	10 years of Credited Service. Normal pension accrued based on Final Average Earnings and Credited Service at disability. Payment stops at Normal Retirement Age.
<u>Normal Form of Benefit</u>	Modified Cash Refund
<u>Optional Forms of Payment</u>	50%, 66.67%, 75% & 100% Joint & Survivor annuities; Life Annuity with 10 years certain; Social Security Adjustment Option; Lump Sum Option if the present value is less than \$1,000 or monthly annuity benefit is under \$50.
<u>Accrued Benefit</u>	Normal Retirement Benefit based on Final Average Earnings and Credited Service to date of separation from employment.
<u>Vesting Service</u>	Years and months of service from Date of Hire. 100% Vested upon attainment of Early Retirement and Normal Retirement. 5-Year cliff for all members (excluding Non-Certified Board of Education employees). 10-Year cliff for Non-Certified Board of Education employees.
<u>Actuarial Equivalence</u>	1951 Group Annuity Mortality Table; Participant Males 75%/Female 25%, with ages set-back one year for males and six years for females; 2.50% interest.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

In order to determine the size of the liabilities and costs for a given level of benefits, an actuary must make certain assumptions as to future experience among the covered group of employees and as to the rate of investment return. In particular, assumptions are made regarding rates of employment termination, disability and mortality, in order to determine the likelihood of each employee reaching retirement age. In addition, since benefits are based in part on salary, it is also necessary to project the amount of each employee's salary at the time he or she retires. Investment earnings are a source of income to the pension plan fund and the actuary makes an assumption as to the rate to be earned each year in the future.

As a result of these assumptions applied to the covered group of participants, a total liability for future retirement benefits is determined. This total liability is then apportioned for payment to future years by use of an actuarial cost method. There are many different cost methods in use, some resulting in increasing annual contributions, some causing decreasing annual contributions, and others which result in level contributions. The level contribution method is the most common. Below is a summary of the actuarial methods and assumptions used in this valuation.

The plan's funding policy enables the plan sponsor to meet contribution requirements. Future measurements may differ significantly from the information contained within this report. These measurements will be based on the market value of assets, which varies based on the underlying portfolio experience, as well as plan sponsor contributions, benefit payments and expenses paid from plan assets. Liability calculations will be produced in accordance with current census data, as well as the interest rates and mortality tables in effect at that time. There has been no analysis of potential future impacts associated with this report. Please refer to the plan's Funding Policy for a more detailed disclosure of how the policy enables the plan sponsor to meet contribution requirements.

The funded ratio is appropriate for assessing the need for or the amount of future contributions, based on the assumptions stated in this report. The funded ratio will differ if based on market value of assets rather than actuarial value of assets.

LIABILITY COST METHOD

Entry Age Normal Cost Method (EAN). Under this method, the annual cost is equal to the normal cost, plus a payment to amortize the unfunded accrued liability over a fixed (closed) period of 10 years as of July 1, 2023.

The normal cost is the sum of individual normal costs, determined as a level percentage of compensation which would have been necessary to fund the employee's projected retirement, death and withdrawal benefits, from entry age (the age at which the employee would have entered the plan had it been in effect on his employment date), to his retirement age. Thus, the dollar normal cost is expected to increase with the salary projection assumption.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

The actuarial accrued liability is the accumulation, based on the actuarial assumptions, of all assumed prior normal costs. Thus, it represents the amount of reserves, which would be held by the plan, had it always been in effect for the present group of participants and had plan experience followed that predicted by the actuarial assumptions. The unfunded accrued liability is the excess, if any, of the accrued liability over the plan assets.

Liability and investment related actuarial gains and losses arising from differences between plan experience and that predicted by the actuarial assumptions, as measured by the difference between actual and expected UAAL, are amortized over a closed period of 10 years as of July 1, 2023. Similarly, both liability fluctuations due to future changes in actuarial assumptions and/or method changes and the effects of future Plan Provision changes will be amortized over a closed 10-year period.

ATTRIBUTION PARAMETERS

Attribution parameters determine how growth in the benefit formula is allocated to years of service. For this plan, the attribution parameters use accrual rate proration by component. This method attributes the benefit separately for each component of the benefit formula, based on the credited service. If there are no accrual definitions in the benefit formula, then the entire projected benefit is assigned to past service (and considered fully accrued as of the valuation date). This results in "natural" or "direct differencing" attribution.

ACTUARIAL ASSUMPTIONS

Pre- and Post-Retirement Mortality:

Prior Valuation Year: Pub(G)-2010 (below median) headcount weighted Mortality Tables for public plans and Scale MP-2020.

Current Valuation Year: Pub(G)-2010 (below median) headcount weighted Mortality Tables for public plans and Scale MP-2021. These tables were used as the plan is too small for credible experience. Contingent annuitants use the retiree mortality tables until the retiree is deceased.

Liability Interest Rate – 6.25% per annum. This rate is equal to the Expected Return on Assets (as disclosed within Investment Assumptions).

Salary Projection – 4.0% per annum. This assumption is a long-term estimate derived from historical data and the plan sponsor's current compensation practice, recent market expectations and professional judgement.

Retirement Rates for Active Members – 50% at the later of completion of 25 years of service and age 55, but not later than age 65, 20% for the two following years and 100% for the following year for Police members; 100% at the later of age 60 and 10 years of service for Fire members; for all others, 50% at each age of 65 through 69, then 100% by age 70. These rates were set based on historical and current data, adjusted to reflect estimated future experience and professional judgement.

Retirement Age for Inactive Vested Participants – 100% at Normal Retirement Age. The retirement age was based on historical and current data, adjusted to reflect estimated future experience and professional judgement.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

Payroll Growth Rate – 3.0%, used to amortize the unfunded actuarial accrued liability as a level percentage of payroll.

Expense Loading – Normal Cost increased by estimated administrative expenses of \$30,000. Recent expenses have been under this level.

Benefit Election – All participants are assumed to elect the modified cash refund form of payment based on historical and current data, adjusted to reflect the plan design, estimated future experience and professional judgment.

Percent of Population Assumed Married – 80% (spouses assumed 3 years younger).

Annual interest rate for accumulating employee contributions - 5% (per Plan Document)

Vested benefits are based on the plan document’s vesting schedule based on years of service. Please refer to the Summary of Plan Provisions section of this report for requirements for particular benefits.

Early retirement subsidies are only valued once participants become eligible by meeting the specified requirements.

Disability Rates – See sample rates below

Withdrawal Rates – See withdrawal rates in table below (excludes Police). There is no withdrawal assumption for Police. These rates were based on historical and current data, adjusted to reflect estimated future experience and professional judgement. The prior actuary compared the actual number of withdrawals and disability retirements versus the projected numbers based on the prior year’s assumption over the most recent five years.

<u>Age</u>	Withdrawal		Disability	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	7.94%	7.94%	0.06%	0.06%
25	7.72%	7.72%	0.09%	0.09%
30	7.22%	7.22%	0.11%	0.11%
35	6.28%	6.28%	0.15%	0.15%
40	5.15%	5.15%	0.22%	0.22%
45	3.98%	3.98%	0.36%	0.36%
50	2.56%	2.56%	0.61%	0.61%
55	0.94%	0.94%	1.01%	1.01%
60	0.09%	0.09%	1.63%	1.63%

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

**SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
(Continued)**

ASSET VALUATION

The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between actual and expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value of assets will stay within 20% of the market value of assets.

INVESTMENT ASSUMPTIONS

Expected Return on Assets – 6.25% per annum

The investment return reflects the anticipated gross long-term rate of return on plan assets based on the plan's current and expected future asset portfolio, as supported by Fiducient Advisors. As part of the analysis, a building block approach was used that reflects the following factors:

- Current yields of fixed income securities (government and corporate)
- Forecasts of inflation and total returns for each asset class
- Investment policy and target asset allocation
- Investment volatility
- Investment manager performance
- Investment and other administrative expenses paid from plan assets

LDROM INTEREST RATE

Liabilities are valued using the tax-exempt, high quality general obligation municipal bond index rate prior to the valuation date. For the 2023 valuation, the interest rate is 3.88%.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ASOP 51 - ASSESSMENT AND DISCLOSURE OF RISK

Additional Information Regarding Assessment and Disclosure of Risks

The valuation of pension liabilities requires the use of certain assumptions to estimate events that are expected to occur in the future. These events can be economic, non-economic or demographic in nature. When actual experience in the future differs from the expected experience there is a direct effect on future pension liabilities. This in turn can impact both the funded position of the pension plan as well as the actuarially determined contribution (“ADC”).

Certain variables carry more risk than others. Included below is a brief explanation of those variables that can potentially have a significant effect on the plan’s future financial condition.

Actuarially Determined Contribution Compared to Actual Contribution

The ADC is calculated using an actuarial funding method. The ADC can vary from year to year as actual experience differs from that expected. The funding method’s intent is that if the ADC is deposited by the plan sponsor each year, then the plan would be sufficiently funded over the life of the plan so that promised benefits could be paid to all participants. The Sponsor currently contributes at least 100% of the ADC. However, if actual contributions deposited are consistently lower than the ADCs then, barring unexpected actuarial gains, future contributions will need to be greater.

Risk Assessments

Investment volatility risk. There is an expectation that the assets of the pension plan will return an average long-term rate each year. If the actual annual net return on plan assets is consistently below the expected return then both the funded ratio and ADC would be negatively impacted – the funded ratio would be lower than expected and the ADC would be higher. For example, an actuarial asset “loss” of 10% (about \$3,037,000 based on current values) in a given year would hypothetically add \$359,000 to the ADC, increasing at a rate of 3% per year, over the next 10-year period. Also, the funded ratio would decrease by about 8.9 percentage points.

Investment return risk. The interest rate (which is equal to the Plan’s expected return on assets rate) is used to discount the projected benefit payments from the Plan to calculate the present value of the liabilities (Accrued Liability). Decreases in the interest rate (as noted above) will lead to increases in the Accrued Liability and the Normal Cost, which may increase contribution requirements. As an example, a decrease of 25 basis points would lead to an increase in Accrued Liability of about 3% and in Employer Normal Cost of about 11%, yielding an increase in the ADC of about \$113,000, which will grow at a rate of 3% per year, over a 10-year period. Absent any further changes to the interest rate, or future asset and liability gains or losses, the Normal Cost is expected to remain constant each year as a level % of payroll based on the Plan’s cost method.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ASOP 51 - ASSESSMENT AND DISCLOSURE OF RISK (continued)

Longevity risk. To the extent participants live longer than expected relative to the mortality assumptions, liabilities (and, thus, the ADC) will increase. For example, an increase in life expectancy of one year could cause an increase in the Accrued Liability of between 2% and 2.5%.

Demographic risk. Several other assumptions are made with respect to anticipated plan experience, including rates of termination, disability, and the retirement age. To the extent actual experience differs from expected, plan liabilities and normal cost can vary up or down.

The most significant demographic risk for this Plan is the retirement rate. The plan uses a set of blended rates to predict retirement patterns for ages anywhere between ages 55 and 70. If participants retire at any age prior to this assumed age, plan liabilities may increase due to subsidized early retirement benefits. Also, to the extent participants retire later than assumed, the plan liabilities and the ADC may increase due to unplanned benefit accruals that were not funded for through prior normal costs. An experience study could help identify the magnitude of past gains or losses from this demographic risk to see if a 'graded-age' assumption may be more appropriate to better hedge future risk.

Salary Increases. Salary increases impact the cost of the plan and are reflected in the liabilities and the normal cost. Increases above that which are assumed will result in experience losses in the following year, while the inverse is true – lower than expected raises can lead to a decrease in normal costs. For example, if the annual salary increase assumption of 4% was increased to 5%, liabilities will increase 1% and the Employer Normal Cost would increase about 10%, adding another \$66,000 to the ADC, growing at a rate of 3% per year, over a 10-year period.

As a reminder, the liabilities included in the actuarial valuation report are based on those participants covered under the pension plan as of the valuation date. No assumption is included for employees expected to enter the pension plan in the future. To the extent you expect a significant increase or decrease in the future participant population, the pension plan liability and annual normal cost would be expected to fluctuate in a similar manner.

Expense Load. Certain expenses related to the administration of the plan are often paid out of plan assets (to the extent allowed by law). As a way to ensure plan assets are not depleted over time due to administrative costs, an expense load (usually a flat dollar amount or a small % of plan assets) is added to the plan's normal cost, which is part of the contribution made by the plan sponsor each year. When actual administrative expenses for a given year are different from the assumed load amount, the plan will experience gains or losses that will be factored into the following year's contribution levels. The current assumption is \$30,000 per year and actual experience has been slightly lower, creating small gains to the plan.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ASOP 51 - ASSESSMENT AND DISCLOSURE OF RISK (continued)

Plan Maturity Measures

Certain statistics can help to gauge the financial strength of the pension plan as well as to help identify risk that the plan might be subject to as it matures over time. Certain plan maturity statistics for the current valuation year are included below for your review and analysis. Historical statistics incorporating some of the prior year results may be found in the Executive Summary section of this report.

Ratio of Retiree Liability to Total Plan Liability

Ratio = \$22,120,850 / \$34,234,228 = 64.6%

A pension plan with a high ratio (for example, more than 50%) is considered to be a relatively mature plan since the primary liability is associated with former employees who are now in pay status. As a result, a large amount of plan assets is disbursed to retired participants to satisfy the monthly payments due to this group. Plan sponsors should consult with the investment advisors to the pension plan to determine whether plan assets are invested accordingly to account for the benefit outflows. For the Town's plan, having a ratio of 64.6% (i.e. over 50%) leads to annual contributions less than total benefit payments (a 'negative' cash flow).

Duration of the Actuarial Accrued Liability

The duration for your pension plan is approximately: 9.8, representing the average percentage change in the plan's actuarial accrued liability for a 100bp change in the interest rates used to measure plan liabilities. In general, pension plans with a younger participant group tend to have a larger duration than pension plans with an older population. Plans with a larger duration have liabilities that change more than pension plans with smaller duration when interest rates change. Also, changes in plan liabilities when interest rates drop will be larger than the changes in plan liabilities when interest rates rise by similar amounts. For example, a 100-basis point decrease in interest rates will increase your plan's actuarial accrued liability by 10.6% while a 100-basis point increase in interest rates will decrease your plan's actuarial accrued liability by 9.0%.

Ratio of Actuarially Determined Contribution to Total Covered Payroll

Ratio = \$669,144 / \$3,202,829 = 20.9%

Many plan sponsors find it helpful to look at the cost of the pension plan (on a cash basis) as a percentage of total covered payroll. Covered payroll is generally intended to mean total compensation for those employees actively accruing plan benefits during the year plan. An increase in this ratio (ADC/payroll) could be due to a number of different factors which may require further analysis. For example, the increase could be a result of a decline in the active population of a plan where participation for new employees is frozen - as the active group decreases over time, compensation for the remaining population increases due to service/raises/promotions.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ASOP 51 - ASSESSMENT AND DISCLOSURE OF RISK (continued)

Ratio of Expected Outflows to Plan Assets

$$\text{Ratio} = (\$2,387,495 + \$30,000) / \$28,790,751 = 8.4\%$$

Outflows are defined as: Benefit Payments + Expenses. This ratio measures the liquidity and time-horizon of the plan's assets. It can be used as one of the considerations of how much of the plan's assets should be allocated to short-term fixed income (or cash). Having sufficient amounts of cash on-hand within plan assets better allows for monthly benefit payments (and expenses, if applicable) to be made throughout the year without having to liquidate funds for cash flow at unexpected points in time.

Funded Status

$$\text{Ratio} = \$28,790,751 / \$34,234,228 = 84.1\%$$

This statistic measures how well funded the pension plan is as of a specific point in time and is based on the ratio of the plan's market value of assets to the actuarial accrued liability. The funded status is impacted primarily by investment returns, interest rate changes, and pension plan funding policies. Additional factors, such as plan benefit or assumption changes, plan demographics and actual experiences, can also impact the funded status from year to year. Investment returns lower than expected may result in a ratio decrease. A drop in the interest rate would result in liability increases and the opposite occurs when interest rates increase. To the extent more or less than the actuarially determined contribution is deposited to plan assets during the year, then the plan would be better or worse funded than expected.

Low-Default-Risk Obligation Measurement

The newest risk measurement, effective February 15, 2023, and in accordance with Actuarial Standards of Practice (ASOP) No. 4, requires the plan actuary to provide a "Low-Default-Risk Obligation Measurement" (LDROM). The intended purpose of the measurement is to show what the pension obligation could hypothetically be if settled on the measurement date using current interest rate conditions. This may provide additional information regarding the security of benefits that members have earned. This is not intended to be a precise calculation as assumptions such as early retirement provisions, lump sum election percentages, and various other assumptions may need to be revised to reflect a terminal liability. This disclosure is required and does not imply the plan sponsor has considered or is considering the termination of this plan. This disclosure may not be appropriate for other uses. As of the valuation date, the Low-Default-Risk Obligation for the plan is \$41,474,735. Using LDROM interest rates, the Plan is 69.4% funded compared to a funded level of 89.5% using the Plan's ongoing interest rates.

**RETIREMENT PLAN FOR FULL-TIME EMPLOYEES OF
THE TOWN OF LEDYARD**

ASOP 51 - ASSESSMENT AND DISCLOSURE OF RISK (continued)

Summary of Risk Assessments and Maturity Measures

While the risk due to some variables may easily be understood or predictable, there are many risks that are much more variable in nature, making it quite difficult to hedge against drastic changes in the plan's funded status. While past actuarial and demographic experience is not a perfect indicator of what the future will bring, it does provide a strong foundation for setting assumptions related to risk.

Thus, we strongly recommend a plan experience study and/or cost projections and forecasts under various scenarios or stochastic modeling be performed at least once every 4 to 5 years to determine the validity of current assumptions, methods or plan provisions. However, before any decisions are made to adopt plan benefit or funding changes, we suggest discussions with the plan actuary and investment advisor are held by the plan sponsor to discuss types of potential actuarial or financial risks and impacts to the plan's funded status.



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

File #: 24-0052

Agenda Date: 1/23/2024

Agenda #: 3.

AGENDA REQUEST
GENERAL DISCUSSION ITEM

Subject:

Motion to APPROVE payment of invoice #609_12312023, to Fiducient Advisors, dated January 17, 2024, in the amount of \$12,475.39, for consulting costs for billing period October 1, 2023, to December 31, 2023.

Background:

(type text here)

Department Comment/Recommendation:

(type text here)

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www.fiducient.com

Town of Ledyard
741 Colonel Ledyard Highway
Ledyard, CT 06339

Date: January 17, 2024
Invoice #: 609_12312023

Invoice for: Ledyard, Town of-Defined Benefit
Billing Period: October 01, 2023 to December 31, 2023
Quarter Ending/Valuation Date: December 31, 2023
Total Amount Due: **\$12,475.39**

Schedule

Annual Consulting Cost \$49,901.56*

*Annual Cost will increase by 3% each year on or about anniversary date.

Invoice sent to: Matthew Bonin

ACH/Wire

Wells Fargo Bank
420 Montgomery Street
San Francisco, CA 94104
ABA # 121000248
Account # 4677401630
Swift Code WFBIUS6S

Check Payments

Mail to LockBox
Fiducient Advisors LLC
PO Box 856577
Minneapolis, MN 55485-6577

EIN 36-4001764

If you have any questions, please contact your consultant or the Finance Team at FinanceTeam@fiducient.com.

Thank you for your business.

Disclaimer

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