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The Funded Retirement Plan of the Town of New Canaan, Connecticut

Actuarial Valuation Report for
Cash Contribution Purposes

July 1, 2012

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March 5, 2013

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Certification

This report presents the results of the July 1, 2012 Actuarial Valuation for The Funded Retirement Plan of the Town of New Canaan, Connecticut (the Plan) for the purpose of estimating the funded status of the Plan and determining the Annual Required Contribution (ARC) for the fiscal years ending June 30, 2014 and June 30, 2015. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a.This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the *Plan Provisions* section of this report and the actuarial assumptions and methods detailed in the *Description of Actuarial Methods and Assumptions* section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Timothy A. Ryor, FSPA, FCA, MAAA
Enrolled Actuary (11-05126)

March 5, 2013

Introduction

Purpose of the Valuation

The purpose of the valuation is to determine the range of cash contributions for the plan year.

The ultimate cost of a pension plan is based primarily on the level of benefits promised by the plan. The pension fund's investment earnings serve to reduce the cost of plan benefits and expenses. Thus,

ultimate cost	=	*benefits paid*	+	*expenses incurred*	-	*investment return*	-	*employee contributions*

The actuarial cost method distributes this ultimate cost over the working lifetime of current plan participants. By means of this budgeting process, costs are allocated to both past and future years, and a cost is assigned to the current year. The current year's allocated cost, or normal cost, is the building block upon which the range of annual cash contributions is developed.

Information Available in the Valuation Report

The Valuation Highlights and Executive Summary are intended to emphasize the notable results of the valuation from the perspective of the Plan Sponsor. Supporting technical detail is documented in Valuation Exhibits and Actuarial Basis. A concise summary of the principal provisions of the Plan is outlined in Plan Provisions.

Valuation Highlights

	July 1, 2012	July 1, 2010 (revised)
Number of participants		
Total Active	427	457
Terminated vested	179	179
Retired and beneficiaries	230	219
Total	836	855
Covered Payroll	$23,208,282	$23,277,057
Average plan salary	$54,352	$50,934
Actuarial present value of future benefits	127,452,871	118,653,454
Actuarial accrued liability (EAN basis)	103,870,455	94,729,552
Plan assets		
Market Value	106,484,404	92,319,191
Actuarial Value	103,752,727	107,442,090
Unfunded Actuarial Accrued Liabiltiy (EAN basis)	117,728	(12,712,538)
Normal Cost (including expenses)	2,300,537	885,339
Annual Required Contribution (ARC)	**2013-2014**	**2011-2012**
Year after Valuation	2,515,090	1,085,870
Interim ARC (Valuation Year + 2)	2,610,790	1,129,305
Funded Ratio		
Market	102.5%	97.5%
Actuarial	99.9%	113.4%

Executive Summary

Annual Required Contribution (ARC)

The actuarial valuation as of July 1, 2012 produces the contribution for the 2013-2014 and the 2014-2015 Plan Years. The actuarially calculated contribution payable for the Town for the fiscal year immediately following the valuation date is as follows:

2013-2014		2011-2012	
Amount	**% of Payroll**	**Amount**	**% of Payroll**
$2,515,090	10.8%	$1,085,870	4.7%

The calculated ARC for the plan prior to 2010-2011 had been $0 for many years. In order to smooth the impact of the dramatic increase in the ARC, the Town has adopted a funding policy to smooth the impact of such an increase.

Based on the assets gains through January 31, 2013 ($113.4 million fund market value), the contribution to be developed from the July 1, 2014 actuarial valuation (2015-2016 ARC) is expected to be in the **$1.8 to $2.6 million** range.

Asset Performance

The plan's assets provided the following rates of return during the last two years:

	2011-2012	2010-2011
Market value basis	4.7%	19.9%
Actuarial value basis	2.3%	2.5%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The use of the Actuarial Value takes into account fluctuations that are inherent in the Market Value and recognizes them over a five-year period. See page 9 for more details.

Plan Changes

There were no changes made to the plan.

Assumption and Method Changes

There were no changes made to the plan.

New Accounting Standards

In June of 2012, The Government Accounting Standards Board (GASB) issued statements 67 and 68. GASB 67 is a new standard that pertains to financial reporting for pension plans. In general, it replaces GASB 25 and it is effective for fiscal years beginning after June 15, 2013. GASB 68 is a new standard that pertains to accounting and financial reporting for pensions. In general, it replaces GASB 27 and it is effective for fiscal years beginning after June 15, 2014. Both statements replace the relevant provisions of GASB 50.

Currently, your annual financial report tracks the Net Pension Obligation (NPO) and the NPO is displayed in the footnote section of the annual financial report. With GASB 68, the NPO will no longer be tracked. A new item called Net Pension Liability (NPL) will be displayed not as a footnote but directly on your balance sheet. For both standards, liabilities are calculated using the Entry Age Normal Cost Method. In general, the NPL is EAN Accrued Liability less the Market Value of Assets. A table that displays the NPL for the Town's pension plan is below.

Valuation Date	Entry Age Normal Accrued Liability	Market Value Of Assets	Net Pension Liability
July 1, 2008	84,806,594	106,221,862	(21,415,268)
July 1, 2010	94,729,552	92,319,191	2,410,361
July 1, 2012	103,870,455	106,484,404	(2,613,949)

In addition to replacing the NPO with NPL, the Annual Required Contribution (ARC) will also be eliminated. Even though the ARC will be eliminated, we will work with you to develop a contribution policy. The new term for this is called the Actuarially Determined Contribution (ADC). One possible ADC is to use the same concepts that were used to develop the ARC which would mean no change in the present funding policy.

Under the prior standards the ARC served as both the contribution policy and the accounting expense. As noted above the ARC is eliminated and replaced with the ADC with regard to the funding policy. The new pension expense will be quite different from the ARC and it has several components (including normal cost, interest cost, amortization components, actual return, and plan changes). The new pension expense will help reconcile the change in the Net Pension Liability each year. In addition, it will be more volatile than the ARC and so not suitable for use as a contribution policy.

If the Town wants to see how the pension expense works, please let us know and we will prepare a sample exhibit. Like the Net Pension Liability, the calculation of the pension expense is based upon the Entry Age Normal Cost Method and will no longer be a footnote but reported directly in the annual financial report.

Participant Data

	Police	Fire	Sewer	Board of Education	Library	Public Works	Town Non-Union	Active Total	Terminated Vested	Retired	Total
Active Members 7/1/2010	45	24	4	253	21	40	70	**457**	**179**	**219**	**855**
Adjustments	0	0	0	-1	0	0	1	0	0	0	**0**
Retirements	-1	0	-1	-8	-1		-6	-17	-10	27	**0**
Termination											
Vested	0	0	0	-7	-2	0	-4	-13	13	N/A	**0**
Vested (took Lump sum)	-1	0	0	-13	0	-1	-1	-16	-3	N/A	**-19**
Nonvested	0	0	0	-4	0	0	0	-4	0	N/A	**-4**
Deaths											
Without death benefit	0	0	0	-1	0	0	-1	-2	0	-16	**-18**
With death benefit	0	0	0	0	0	0	0	0	0	-6	**-6**
New Beneficiary	0	0	0	0	0	0	0	0	N/A	6	**6**
New Members	0	0	0	17	1	0	4	22	N/A	N/A	**22**
Return to Active											
Active Members 7/1/2012	43	24	3	236	19	39	63	**427**	**179**	**230 ***	**836**
Annual Salary, 7/1/2012	3,666,864	1,814,835	188,094	8,998,881	984,342	2,426,528	5,128,738	23,208,282	N/A	N/A	
Annual Salary, 7/1/2010	3,498,763	1,686,453	238,235	9,243,458	1,153,816	2,348,038	5,108,394	23,277,057	N/A	N/A	
Total Annual Benefits, 7/1/2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	523,939	4,705,551	
Total Annual Benefits, 7/1/2010	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	407,400	4,406,672	

** includes 18 disability retirements and 26 beneficiaries*

Development of Asset Values

The Actuarial Value of assets is used in the determination of plan contributions. It is determined by adding 20% of the difference between the actual and expected asset value to the expected value. The Actuarial Value is constrained to be within 80% to 120% of Market Value.

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value 7/1/2010		
a. Trust assets	$ 92,319,191	$ 107,466,763
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	92,319,191	107,466,763
2. Contributions		
a. Contributions during year	292,102	292,102
b. Change in accrued contribution	0	0
c. Total for plan year	292,102	292,102
3. Disbursements		
a. Benefit payments during year	4,661,421	4,661,421
b. Administrative expenses during year	0	0
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	4,661,421	4,661,421
4. Net investment return		
a. Interest and dividends	0	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	0	N/A
d. Unrealized gain (loss)	17,975,964	N/A
e. Expected return	N/A	5,862,925
f. Recognized gain (loss)	N/A	(3,246,369)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	0	N/A
j. Total	17,975,964	2,616,556
5. Ending value 7/1/2011		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	105,925,836	105,714,000
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	105,925,836	105,714,000
6. Approximate rate of return 2010-2011	19.9%	2.5%

Development of Asset Values

Summary of Fund Activity		
	Market Value	**Actuarial Value**
1. Beginning value 7/1/2011		
a. Trust assets	$ 105,925,836	$ 105,714,000
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	105,925,836	105,714,000
2. Contributions		
a. Contributions during year	305,236	305,236
b. Change in accrued contribution	0	0
c. Total for plan year	305,236	305,236
3. Disbursements		
a. Benefit payments during year	4,637,385	4,637,385
b. Administrative expenses during year	0	0
c. Change in benefits payable	0	0
d. Change in administrative expenses payable	0	0
e. Total for plan year	4,637,385	4,637,385
4. Net investment return		
a. Interest and dividends	2,200,000	N/A
b. Change in accrued income	0	N/A
c. Realized gain (loss)	2,690,717	N/A
d. Unrealized gain (loss)	0	N/A
e. Expected return	N/A	6,747,758
f. Recognized gain (loss)	N/A	(4,376,882)
g. Required adjustment due to corridor	N/A	0
h. Reversal of prior year required adjustment	N/A	0
i. Investment-related expenses	0	N/A
j. Total	4,890,717	2,370,876
5. Ending value 7/1/2012		
a. Trust assets: (1a)+(2a)-(3a)-(3b)+(4j)	106,484,404	103,752,727
b. Accrued contribution	0	0
c. Benefits payable	0	0
d. Administrative expenses payable	0	0
e. Net: (a)+(b)-(c)-(d)	106,484,404	103,752,727
6. Approximate rate of return 2011-2012	4.7%	2.3%

Development of Asset Values

Relationship of Actuarial Value to Market Value		
1. Market value 7/1/2012	$	106,484,404
2. Gain / (loss) not recognized in actuarial value 7/1/2012		2,731,677
3. Preliminary actuarial value 7/1/2012: (1)-(2)		103,752,727
4. Preliminary actuarial value as a percentage of market value: (3)÷(1)		97.4%
5. Gain / (loss) recognized for corridor min/max		N/A
6. Actuarial value 7/1/2012 after corridor min/max: (3)+(5)		103,752,727
7. Actuarial value as a percentage of market value: (6)÷(1)		97.4%

Development of Market Value Gain / (Loss) for 2011-2012 Plan Year		
1. Market value 7/1/2011	$	105,925,836
2. Contributions		305,236
3. Benefit payments		4,637,385
4. Administrative expenses		0
5. Expected return at 6.50%		6,747,758
6. Expected value 7/1/2012: (1)+(2)-(3)-(4)+(5)		108,341,445
7. Market value 7/1/2012		106,484,404
8. Market value gain / (loss) for -1 Plan Year: (7)-(6)		(1,857,041)

Recognition of Gain / (Loss) in Actuarial Value

Year	(a) Gain / (loss)	(b) Recognized as of 7/1/2011	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2012: (b)+(c)	(e) Not recognized as of 7/1/2012: (a)–(d)
2007-2008	$ (12,645,622)	$ (10,116,496)	$ (2,529,126)	$ (12,645,622)	$ 0
2008-2009	(23,736,988)	(14,242,194)	(4,747,398)	(18,989,592)	(4,747,396)
2009-2010	4,242,209	1,696,884	848,442	2,545,326	1,696,883
2010-2011	12,113,039	2,422,608	2,422,608	4,845,216	7,267,823
2011-2012	(1,857,041)	0	(371,408)	(371,408)	(1,485,633)
Total			(4,376,882)		2,731,677

Actuarial Balance Sheet

The key elements of the actuarial funding process are illustrated in the Actuarial Balance Sheet. The format of the balance sheet captures the essential purpose of an actuarial cost method - the determination of assets sufficient to provide for pension benefits. The valuation components illustrated below are for the Entry Age Normal Actuarial Liability.

As of July 1, 2012

	Police	Fire	Sewer	Board of Education	Library	Public Works	Town Non-Union	Total
1. Actuarial Present Value of Future Pension Benefits								
a. Actives	21,893,438	9,758,682	995,712	21,222,953	2,788,241	10,239,933	14,179,152	81,078,111
b. Terminated Vested	155,069	-	-	960,672	940,332	45,477	1,066,992	3,168,542
c. Retireds	17,132,699	3,073,127	463,171	7,975,750	1,669,580	2,435,423	10,456,468	43,206,218
d. Total	39,181,206	12,831,809	1,458,883	30,159,375	5,398,153	12,720,833	25,702,612	127,452,871
2. Accrued Liability (EAN basis)								
a. Actives	15,479,873	6,095,598	881,227	14,679,848	2,113,719	7,850,441	10,394,989	57,495,695
b. Terminated Vested	155,069	-	-	960,672	940,332	45,477	1,066,992	3,168,542
c. Retireds	17,132,699	3,073,127	463,171	7,975,750	1,669,580	2,435,423	10,456,468	43,206,218
d. Total	32,767,641	9,168,725	1,344,398	23,616,270	4,723,631	10,331,341	21,918,449	103,870,455
3. Actuarial Value of Assets *	32,730,503	9,158,333	1,342,874	23,589,503	4,718,277	10,319,631	21,893,606	103,752,727
4. Unfunded Accrued Liability (3 - 2)	(37,138)	(10,392)	(1,524)	(26,767)	(5,354)	(11,710)	(24,843)	(117,728)
5. Funded Ratio (3 / 2d)								**99.9%**

** Allocated in proportion to accrued liability*

Development of Unfunded Actuarial Accrued Liability
As of July 1, 2012

	Police	Fire	Sewer	Board of Education	Library	Public Works	Town Non-Union	Total
1) Present Value of Future Benefits:								
Active Members -	21,893,438	9,758,682	995,712	21,222,953	2,788,241	10,239,933	14,179,152	81,078,111
Retirees & Terminated Members -	17,287,768	3,073,127	463,171	8,936,422	2,609,912	2,480,900	11,523,460	46,374,760
Total -	39,181,206	12,831,809	1,458,883	30,159,375	5,398,153	12,720,833	25,702,612	**127,452,871**
2) Actuarial Value of Assets	32,730,503	9,158,333	1,342,873	23,589,503	4,718,277	10,319,631	21,893,606	103,752,727
3) Unfunded Liability (FIL Method)	482,618	99,795	-	166,339	37,576	56,876	264,183	1,107,387
3a) Amortization Payment on UFIL	53,399	11,042	-	18,405	4,158	6,293	29,231	122,528
4) Present Value Future Employee Contributions	251,214	132,532	20,699	1,344,339	133,046	333,541	96,032	2,311,403
5) Present Value of Future Town Normal Costs (1 - 2 - 3 - 4)	5,716,871	3,441,149	95,311	5,059,194	509,254	2,010,785	3,448,791	20,281,354
6) Expected Annual Earnings	3,470,188	1,814,835	188,094	8,907,514	984,342	2,426,528	5,067,794	22,859,295
7) Normal Cost Percentage	10.0639%	10.0639%	10.0639%	10.0639%	10.0639%	10.0639%	10.0639%	10.0639%
8) Town Normal Cost (6 x 7)	349,236	182,643	18,930	896,443	99,063	244,203	510,018	2,300,537
9) ARC for 2013-2014 8 x 1.04 + 3a	**416,600**	**200,990**	**19,690**	**950,710**	**107,180**	**260,260**	**559,650**	**2,515,090**
ARC for 2014-2015 9 x 1.04 x 1.04 + 3a	**431,130**	**208,590**	**20,470**	**988,000**	**111,300**	**270,420**	**580,870**	**2,610,790**

Expected Benefit Payments from Trust Fund

An important consideration in formulating short-term or intermediate-term investment policy is the need for liquidity to meet the payment requirements of the Plan. The Plan's investment advisors may wish to compare expected benefit payments and expenses with anticipated cash income from investments and employer contributions.

The table below presents projected annual benefit payments for the next five plan years. The following assumptions are reflected in this table:

- Retirements among active participants will occur at the valuation's Assumed Retirement Date.
- Benefits will continue to accrue based on the current Plan.
- Plan salaries will increase in accordance with the valuation's assumption.
- Benefits will be paid monthly.
- Participants will receive the normal form of benefit.

Differences between actual experience and that assumed will affect the pattern of benefit payments.

The amounts shown in this table have been rounded to the nearer thousand. Participant categories reflect status as of July 1, 2012.

	Active as of 7/1/2012	Vested Terminations and Retired as of 7/1/2012	Total
2012	$411,000	$4,647,000	$5,058,000
2013	830,000	4,580,000	5,410,000
2014	1,249,000	4,453,000	5,702,000
2015	1,609,000	4,316,000	5,925,000
2016	2,031,000	4,176,000	6,207,000

Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in recognition of the difference between the actual return on Market Value and the expected return on Market Value over a five-year period at 20% per year.

Actuarial Cost Method

The actuarial valuation method used in the cost calculations is the Frozen Initial Liability Funding Method. Until the actuarial accrued liability is completely funded, the recommended annual contributions consist of two pieces:

(i). Normal Cost - The actuarial cost to fund benefit units earned during the year.

(ii). Amortization Payments of Unfunded Actuarial Accrued Liability - The actuarial cost to amortize the unfunded portion of the actuarial liability.

The normal cost is calculated in the aggregate, for every year the method is used including the first, as the normal cost accrual rate multiplied by the total compensation of all active participants.

The normal cost accrual rate is:

(i). the total present value of future benefits of all participants and beneficiaries less the sum of the actuarial value of assets, the unfunded liability, and the present value of future employee contributions, divided by

(ii). the total, for all active participants, of the present value of the compensation expected to be paid to each participant for each year of the participant's anticipated future service, determined as of the participant's attained age.

When initially adopted, the unfunded liability is set equal to the unfunded accrued liability determined under the level percentage of compensation individual entry age normal funding method.

For subsequent years, the unfunded liability equals:

(i) the unfunded liability for the prior plan year, plus the normal cost for the prior plan year (the result adjusted with appropriate interest to the valuation date), minus the actual contribution(s) for the prior plan year (adjusted with appropriate interest to the valuation date), and

(ii) the unfunded liability is further increased (or decreased) by the amount of any base established on the valuation date which results from a plan amendment or a change in assumptions. Such bases are amortized over various periods.

(iii) the unfunded liability may be re-established at the beginning of any year similar to initial adoption of the method.

Description of Actuarial Assumptions

Investment return

Valuation

Pre-retirement — 6.5% per year for 8 years, 7.0% thereafter. (Net of investment management fees.)

Post-retirement — 6.5% per year for 8 years, 7.0% thereafter. (Net of investment management fees.)

Salary increases

All Others		Police & Fire	
Age	Rate	Service	Rate
25	6.00%	0	12.00%
30	5.50%	1	11.00%
35	5.00%	2	9.00%
40	4.50%	3	7.00%
45	4.12%	4	6.00%
50	3.97%	5	5.00%
55	3.82%	8	4.50%
60	3.67%	10	4.50%
65	3.50%	15	4.00%
70+	3.00%	20+	3.50%

Payroll Growth — 4% per year (used for roll-forward of the contribution from the valuation year to the budget year).

Entry date — First of the month following date of hire. Certain non-bargained BOE employees must work one full year before entering the plan.

Retirement age

All Others

Age	Years of Service < 15	15-30	30-35	35+
60	0%	5%	15%	15%
65	10%	15%	15%	20%
70	10%	20%	20%	25%
75	100%	100%	100%	100%

Public Works

Age	Years of Service < 15	15-25	25-35	35+
60	0%	5%	15%	25%
65	10%	15%	15%	50%
70	10%	20%	20%	50%
75	100%	100%	100%	100%

Police & Fire

Age	Years of Service 20-29	30	31+
50	14%	14%	14%
55	14%	50%	50%
56-64	14%	50%	18%
65	100%	100%	100%

Mortality: RP-2000 fully projected (projected to the year of decrement), with separate male & female tables and separate rates for annuitants and non-annuitants.

Mortality Improvement Projected to year of decrement.

Termination prior to retirement

Single 3% rate for all ages for years of service less than 10 for the Police and Fire groups.

Town Excluding Public Works

Age	Year of Service < 1	1	2	3+
20	40.00%	34.00%	30.00%	26.00%
25	35.00%	29.00%	25.00%	21.00%
30	30.00%	24.00%	20.00%	16.00%
35	25.00%	19.00%	15.00%	9.00%
40	20.00%	14.00%	10.00%	6.50%
45	20.50%	15.00%	10.50%	5.75%
50	18.00%	13.00%	8.75%	5.25%
55+	16.00%	12.00%	8.00%	4.00%

Public Works

Age	Year of Service < 1	1	2	3+
20	11.92%	10.00%	8.40%	7.44%
25	11.12%	9.00%	7.40%	5.44%
30	10.32%	8.00%	6.40%	4.04%
35	9.52%	7.12%	5.52%	3.16%
40	8.72%	6.32%	4.72%	2.60%
45	7.92%	5.64%	4.04%	2.20%
50	7.12%	5.04%	3.44%	1.80%
55+	6.40%	4.48%	2.88%	1.44%

Cost of living adjustment

Retirees None.

Actives None.

Expenses	None.
Percent of active Employees married	80% of males and 80% of females.
Spouse's Age	Husbands are assumed to be 3 years older than wives.
Disability costs	Police & Fire: 1985 Pension Disability Study Class 4 Unisex Table. All Others: 1985 Pension Disability Study Class 2 Male Table.

Plan Provisions

This summary is being provided for valuation purposes only. This summary outlines the major features of the Plan. It does not give full details or cover all aspects of the Plan. The actual terms and conditions of the Plan are stated in the formal Plan document.

Effective date	
Original	July 1, 1962.
Latest amendment/restatement	July 1, 2010.
Plan year	The calendar year.
Participation	On or after January 1, 1988, a member becomes a plan participant on the first day of the month following employment provided the member pays the required contributions under the Plan. Employees of the Board of Education classified as Aides must work one full year before entering the Plan. Members include non-bargained Town employees and employees of the Department of Public Works (DPW), the Police and Fire Departments, the Board of Education (BOE) and employees of the Town of New Canaan Library. Temporary employees, employees working less than 20 hours per week and any BOE covered by the CT Teacher's Retirement System are excluded. Effective January 1, 2011 non-bargained Town or BOE (includes teaching assistants) and Library employees are not eligible for the plan.
Credited Service (for benefit accrual)	All years of service for which compensated for from date of hire rounded to completed months. Employees of the BOE classified as Aides who terminate prior to the start of the school year, shall not receive credited service for the months school is not in session.
Sell back of vacation/sick days	Non-bargained town members may sell back unused paid sick days over 110 and up to 180 days, for a 0.5% increase in benefit for each block of ten days. They may also sell back unused paid vacation days for a 0.5% increase in benefit for each block of ten days. They will also receive an additional 0.5% increase in benefit if they sell back the maximum number of sick and vacation days.

Sell back of vacation/sick days (continued)	Police department members may sell back unused paid sick days over 110 and up to 190 days, for a 0.5% increase in benefit for each block of ten days. They may also sell back up to 48 unused vacation days for a 0.5% increase in retirement benefit for each block of ten days. They will also receive an additional 0.5% increase in benefit if they sell back the maximum number of sick and vacation days. Maximum is 5% increase. Fire department members may sell back unused paid sick days over 110 and up to 190 days for a 0.05% increase in benefit, payable at 50%, for each block of one day. They may also sell back up to 44 unused vacation days for a 0.05% increase in retirement benefit for each block of one day. They will receive an additional 0.8% if they sell back the maximum number of sick and vacation days. Maximum is 5% increase. DPW members may sell back unused paid sick days for a 0.5% increase in benefit, up to 25 days. They may also sell back up to 50 unused vacation days for a 0.5% increase in benefit for each block of one day. They will receive an additional 0.5% increase if they sell back the maximum number of sick and vacation days. Maximum is 4.25% increase.
Compensation (plan salary)	Basic salary regularly paid, excluding overtime, bonuses, gratuities, commissions, retainer fees, benefits, severance, allowance for expenses or other special remuneration. For applicable BOE employees longevity payments also are included. Compensation is limited as stated in IRC Sec 401(a)(17).
Covered Compensation	The average (without indexing) of the taxable wage bases in effect each calendar year during the 35-year period ending with the last day of the calendar year in which the member attains social security retirement age (SSRA). The taxable wage base for any year subsequent to date of benefit determination up to SSRA is assumed to be the same as the taxable wage base in effect at the beginning of the year of determination.

Average Annual Compensation	
DPW and non-bargained town employees:	Effective January 1, 2007, the highest 1 year average of the compensation rate in effect upon termination of the last ten calendar years.
Police:	The highest consecutive three year average of the January 1st compensation rates of the last 10 years. Effective July 1, 1999, upon attainment of age 55, the 1 year average of the rate of compensation. Effective July 1, 2006, the average is based on the rate in effect upon termination.
Fire:	Effective July 1, 1997, the highest annual rate of compensation as of January 1st (effective July 1, 2006, rate in effect at termination) within the last 10 years.
BOE and Library employees:	The highest consecutive three year average of the January 1st compensation rates of the last 10 years.
Form of benefit	
Normal form	Life annuity *(employee contributions plus credited interest are guaranteed).*
Optional forms	Lump sum (if monthly benefit $20 or less or if employee contributions with credited interest are being refunded).
Cost-of-living increases	Periodically granted. Previously granted to retirees/beneficiaries receiving payments as follows: 1/1/2001 - 2% for each full year receiving payments since 1/1/1993 (limited to eight years) 1/1/2004 – 2% for each full year receiving payments since 1/1/2001 1/1/2007 – 2% for each full year receiving payments since 1/1/2004 1/1/2010 – 2% for each full year receiving payments since 1/1/2007 plus an additional 1% for each full year receiving payment since 1/1/2008 for a maximum of 3% total.

Early retirement

Eligibility

First of the month following age 55 and completion of 15 years of service.

Benefit

Accrued benefit as of early retirement date.

Reduction factors

DPW/Not in Barging Agmt		All Others	
Yrs Early	Factor	Yrs Early	Factor
0	1.00	0	1.00
1	.941	1	.901
2	.88	2	.816
3	.82	3	.741
4	.76	4	.675
5	.70	5	.618
6	.64	6	.567
7	.58	7	.522
8	.52	8	.481
9	.46	9	.445
10	.413	10	.413

For DPW, there is no reduction after attainment of age 60 and completion of 25 years of service.

Late retirement benefit

Benefits commence first of the month on or after termination. Benefit is payable based on service and compensation as of that date. Fire department members must retire no later than age 65.

Termination prior to retirement

Vesting schedule

100% after completion of 5 years of credited service.

Benefit

Vested portion of accrued benefit as of date of termination, first payable upon normal retirement eligibility. Earlier benefit commencement may be elected, subject to early retirement eligibility and reduction factors. Participant may elect to a return of employee contributions with credited interest and forfeit all vested benefits. As of June 30, 2009, all active members are 100% vested in their accrued benefit at that date due to a 401(h) transfer.

Death Benefit

All members	Excess of return of employee contributions with credited interest over Special death benefit outlined below payable at participant's normal retirement date (if terminated vested participant died) or first of the month following date of death for all others.
Special Benefit	Surviving spouse or dependent's benefit is 50% (60% Police or Fire, and 75% Police or Fire retirees) of Average Annual Compensation immediately prior to death (not greater than existing retirement benefit in case of death of retired member). Benefits cease at remarriage of spouse or when last dependent child attains age 18 (24 if full time student).

Disability Benefit

Eligibility	First day of the month following Total and Permanent Disability as determined by pension committee.
Benefit	50% (40% for DPW) of Average Annual Compensation immediately prior to date of disability minus 50% of Social Security benefits minus Workers' Compensation benefits if disablement occurs during first 5 years of employment. There is no Social Security reduction for Police or Fire members. If disablement occurs after five years of service, there is no reduction for Workers' Compensation. The sum of the disability, Workers' Compensation, and Social Security benefits cannot exceed compensation before date of disability. Benefits stop at the earliest of normal retirement date, date of recovery or date of death. If applicable, normal retirement benefits begin based on compensation and service at date of disability. If applicable, death benefits become payable.

Accrued benefit	
DPW:	Effective January 1, 2010, 2.25% times Average Annual Compensation times years of Credited Service, up to a maximum of 30 years. (Prior to January 1, 2010 the percentage was 2.0%.)
Police and Fire:	2.5% times Average Annual Compensation times years of Credited Service, up to a maximum of 30 years.
Non-bargained Town Employees:	2.0% times Average Annual Compensation times years of Credited Service, up to a maximum of 30 years.
All others including BOE and Library:	2.5% times Average Annual Compensation minus .65% of Average Annual Compensation up to Covered Compensation times Credited Service, up to a maximum of 30 years. Offset applicable only to members covered under the Social Security Act.
Normal retirement	
Eligibility	
Police and Fire:	First of the month coinciding with or next following later of age 50 or completion of 20 years of service.
DPW:	First of the month coinciding with or next following later of age 60 or completion of 25 years of service.
All Others:	First of the month coinciding with or next following later of age 65 or 5 years of service.
Benefit	Accrued benefit as of normal retirement date.

Member Contributions	Effective Date	Contribution Rate*
Police and Fire:	09/01/1972	7.0% (5% for Fire)
	01/01/1987	7.0% (6% for Fire)
	07/01/1997	5.75%
	07/01/1998	5.5%
	07/01/1999	5.25%
	07/01/2000	3.75%
	07/01/2001	2.25%
	07/01/2002	0.75%
	Effective 07/01/2000, 0% after completion of 30 years of service.	
DPW:	01/01/2001	1.0%
	07/01/2010	1.5%
Library, BOE, and other Bargaining employees:	09/01/1972	2.0%
All other non-bargaining Town employees:	09/01/1972	2.0%
	07/01/1998	1.0%
	01/01/2001	0.25%
Credited Interest	Prior to 07/01/1982, 3.0% per year. Effective 07/01/1982, 5.0% per year, and 07/01/1985 and later, 7.0% per year.	

** Percent of calendar year compensation on a post-tax basis (unless election made upon plan entry or march 15, 1996 (if later) to contribute on a pre-tax basis). Once elections are made, they cannot be changed.*

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