

TOWN OF FAIRFIELD EMPLOYEES' RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT

JULY 1, 2020

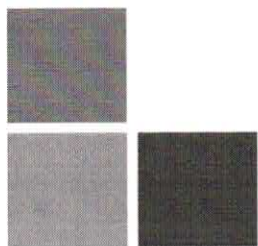




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Executive Summary

	July 1, 2020	July 1, 2019
Number of members		
Active employees	436	471
Terminated vested members	56	57
Vested in employee contributions only	46	41
Retired, disabled and beneficiaries	477	456
Total	1,015	1,025
Covered employee payroll	25,185,202	26,771,545
Average plan salary	57,764	56,840
Actuarial present value of future benefits	270,449,901	268,724,340
Actuarial accrued liability	251,623,592	247,234,471
Plan assets		
Market value of assets	200,344,325	205,612,044
Actuarial value of assets	210,648,519	206,819,680
Unfunded accrued liability	40,975,073	40,414,791
Funded ratio	83.7%	83.7%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2022	2021
ADEC	5,602,793	5,717,218



Valuation Results and Highlights

Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC).

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,

$$\text{Ultimate cost} = \text{Benefits Paid} + \text{Expenses Incurred} - \text{Investment Return} - \text{Employee Contributions}$$

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 actuarially determined employer contribution is developed. The July 1, 2020 valuation produces the contribution for the fiscal year ending 2022.

Information Available in the Valuation Report

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

Changes Reflected in the Valuation

We updated the mortality improvement scale from MP-2019 to MP-2020 and the inflation assumption from 2.60% to 2.40%. These changes decreased liabilities by 1.1%.

Cash Contribution for Fiscal Year Ending 2022

The Town cost is:	2022 Fiscal Year
Town	\$3,722,614
Board of Education	<u>1,880,179</u>
Total	\$5,602,793

Liability Experience During Period Under Review

The plan experienced a net actuarial gain on liabilities of \$945,846 since the prior valuation.

Asset Experience During Period Under Review

The plan's assets provided the following rates of return during the past fiscal year:

	2020 Fiscal Year
Market Value Basis	0.6%
Actuarial Value Basis	5.0%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 5 years, thereby smoothing out fluctuations that are inherent in the Market Value.



Assessment and Measurement of Risks

Financial Significance of Plan

It is important to understand the size of the pension plan compared to the size of the sponsor of that plan. Additional pension contributions may be required at inopportune times for the plan sponsor. In general, a plan sponsor with assets or revenue that are much larger than the liabilities in its pension plans will be better able to withstand increases in required pension contributions.

Plan Maturity Measurements

	July 1, 2020	July 1, 2019
Actuarial accrued liability for members currently in pay status as a percentage of the total actuarial accrued liability	52.4%	51.2%

- A lower percentage results in greater volatility as the investment return assumption changes.
- A higher percentage results in greater demand on cash due to a proportionately higher percentage of benefits being in pay status.

	July 1, 2020
Duration of benefit payments using an investment rate of return of 7.00%	12.9 years

- A higher duration will occur if the plan's percentage of members in pay status decreases. A plan with a higher duration will have a liability that is more sensitive to changes in the investment return assumption.

	July 1, 2020	July 1, 2019
Ratio of market value of assets to covered payroll	8.0	7.7

- A higher ratio is more typical of relatively mature plans with a larger percentage of inactive members and may cause more potential contribution volatility as pension fund assets fluctuate.



Risks to Assess

Overriding Minimum Contribution

	Fiscal Year Ending 2022
Actuarially determined employer contribution (ADEC)	5,602,793
Overriding minimum contribution (OMC)*	5,306,452
Surplus (deficit) - ADEC vs. OMC	296,341
<ul style="list-style-type: none">A deficit suggests that a plan's current funding policy contribution approach may result in little to no progress being made towards: (1) reducing the plan's unfunded liability; and (2) increasing the plan's funded ratio in the near-term.	

* As defined in "Public Pension Plan Funding Policy" (Society of Actuaries, 2010).

Estimated Impact of a 5% Reduction in Market Value of Assets

	Fiscal Year Ending 2022
Increase in actuarially determined employer contribution (ADEC)	175,747
<ul style="list-style-type: none">Plans would generally be subject to a larger amortization payment if the market value of assets were 5% smaller. As a result, the ADEC would generally be higher for up to 21 years.	

Due to the asset smoothing method, the ADEC will additionally increase by the same amount in each of the next few years. Each of these additional contributions will continue for up to 21 years.

Historical Results

Valuation Year Beginning	Investment Return Assumption	Annual Effective Rate of Return on Market Value of Assets	Market Value of Assets as a % of Actuarial Accrued Liability	Benefit Payments as a % of Market Value of Assets
2020	7.00%	N/A	79.6%	N/A
2019	7.00%	0.6%	83.2%	5.9%
2018	7.00%	5.2%	86.7%	6.0%
2017	7.00%	8.5%	83.7%	6.1%
2016	7.00%	10.1%	80.7%	6.0%



Certification

This report presents the results of the July 1, 2020 Actuarial Valuation for Town of Fairfield Employees' Retirement System (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2022. 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 *Summary of 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 factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Stephen Chykirda, ASA, FCA, MAAA
Enrolled Actuary 20-07517

February 17, 2021

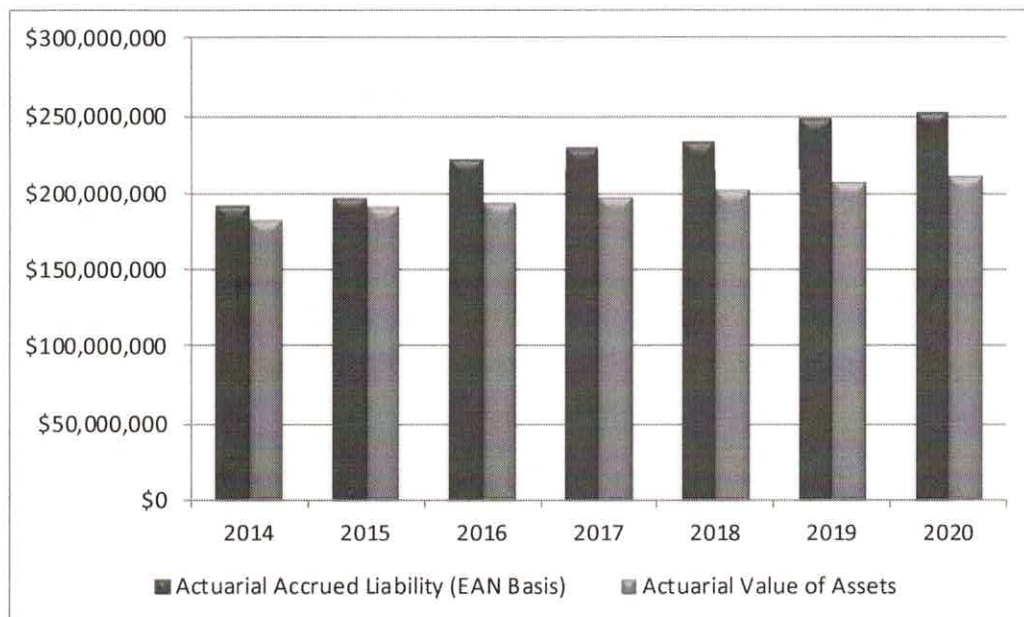


Development of Unfunded Accrued Liability and Funded Ratio

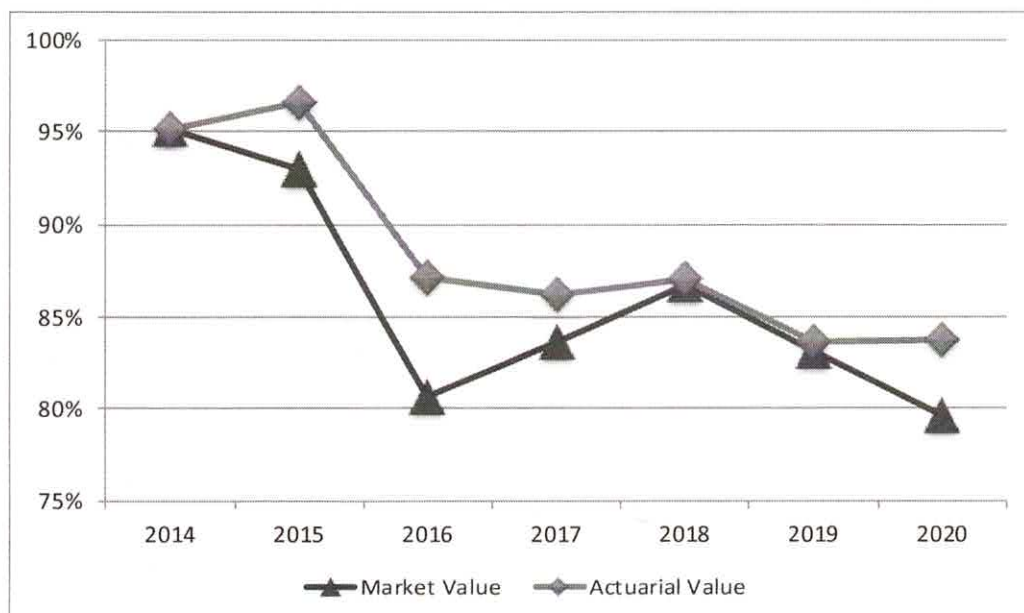
	July 1, 2020	July 1, 2019
Actuarial accrued liability for inactive members		
Retired pensioners	\$124,675,524	\$119,741,504
Disabled pensioners	2,424,601	2,417,747
Beneficiaries in payment status	4,823,683	4,341,084
Terminated vested members	10,384,126	10,794,478
Due refund of employee contributions only	157,796	125,970
Total	142,465,730	137,420,783
Actuarial accrued liability for active employees	109,157,862	109,813,688
Total actuarial accrued liability	251,623,592	247,234,471
Actuarial value of assets	210,648,519	206,819,680
Unfunded accrued liability	40,975,073	40,414,791
Funded ratio	83.7%	83.7%



Actuarial Accrued Liability vs. Actuarial Value of Assets



Funded Ratio



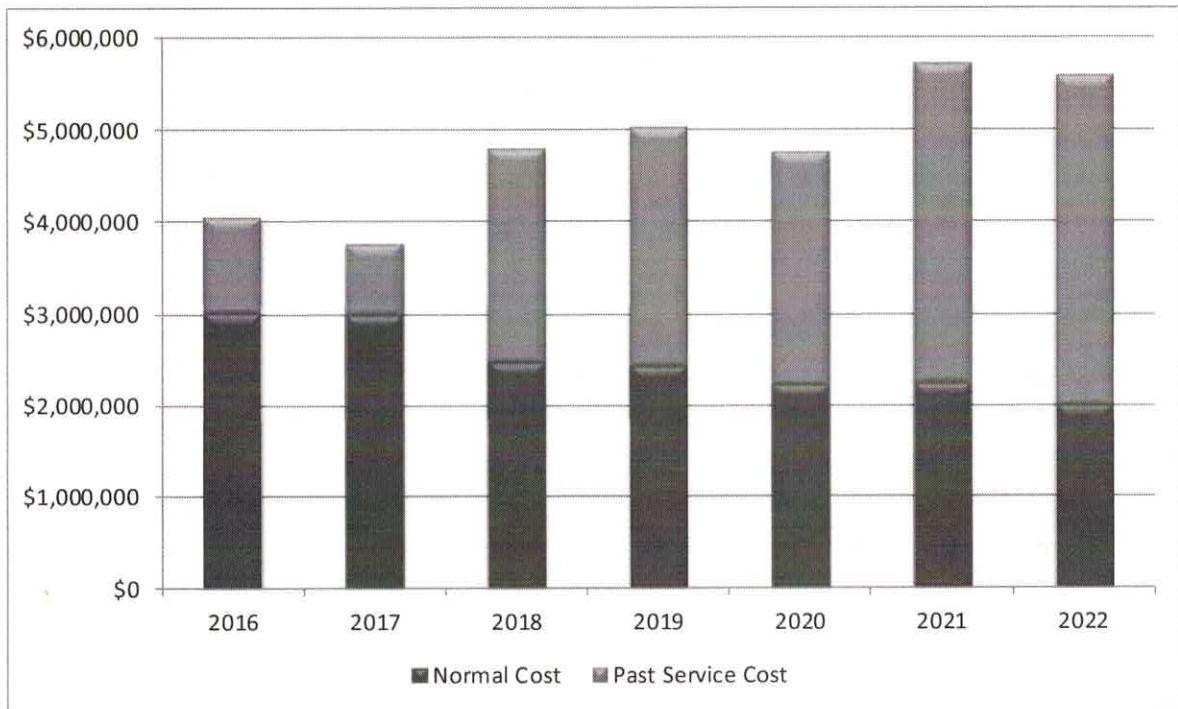


Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2020		July 1, 2019	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	\$2,861,577	11.4%	\$3,163,763	11.8%
Estimated employee contributions	(1,045,634)	-4.2%	(1,106,934)	-4.1%
Estimated administrative expenses	155,000	0.6%	146,000	0.5%
Town's normal cost	1,970,943	7.8%	2,202,829	8.2%
Amortization of unfunded accrued liability	3,534,158	14.1%	3,414,701	12.8%
Contribution before adjustment as of the valuation date	5,505,101	21.9%	5,617,530	21.0%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	25,126,269		26,713,769	
Fiscal year ending	2022		2021	
Adjustment for interest and inflation	97,692		99,688	
Actuarially determined employer contribution	5,602,793		5,717,218	



Actuarially Determined Employer Contribution





Actuarially Determined Employer Contribution per Group

	Town	Board of Education	Total
Gross normal cost	\$1,466,076	\$1,395,501	\$2,861,577
Estimated employee contributions	(510,067)	(535,567)	(1,045,634)
Estimated administrative expenses	113,501	41,499	155,000
Town's normal cost	1,069,510	901,433	1,970,943
Actuarial accrued liability	184,255,374	67,368,218	251,623,592
Actuarial value of assets	154,250,726	56,397,793	210,648,519
Unfunded accrued liability	30,004,648	10,970,425	40,975,073
Amortization of unfunded accrued liability	2,587,943	946,215	3,534,158
Contribution before adjustment as of the valuation date	3,657,453	1,847,648	5,505,101
Fiscal year ending June 30, 2022			
Adjustment for interest and inflation	65,161	32,531	97,692
Actuarially determined employer contribution	3,722,614	1,880,179	5,602,793



Determination of Actuarial Gain/Loss

The Actuarial Gain/Loss is the difference between the expected unfunded accrued liability and the actual unfunded accrued liability, without regard to any changes in actuarial methods, actuarial assumptions or plan provisions. This can also be referred to an Experience Gain/Loss, since it reflects the difference between what was expected and what was actually experienced.

Actuarial Gain / Loss	
Expected unfunded accrued liability July 1, 2020	
Expected unfunded accrued liability July 1, 2020	
Unfunded accrued liability July 1, 2019	\$40,414,791
Gross normal cost July 1, 2019	3,309,763
Town and employee contributions for 2019-2020	(5,893,687)
Interest at 7.00% to July 1, 2020	<u>2,752,593</u>
Expected unfunded accrued liability July 1, 2020	40,583,460
Actuarial (gain) / loss July 1, 2020	<u>3,063,915</u>
Actual unfunded accrued liability July 1, 2020, prior to plan provision, assumption and method changes	43,647,375
Sources of (gain) / loss	
Assets	4,009,761
Liabilities	<u>(945,846)</u>
Total (gain) / loss	3,063,915
Assumption and method changes since prior valuation	<u>(2,672,302)</u>
Actual unfunded accrued liability July 1, 2020, after plan provision, assumption and method changes	40,975,073



Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value of assets July 1, 2019		
Trust assets	\$205,612,044	\$206,819,680
2. Contributions		
Town contributions during year	4,852,060	4,852,060
Employee contributions during year	1,041,627	1,041,627
Total for plan year	5,893,687	5,893,687
3. Disbursements		
Benefit payments during year	12,232,000	12,232,000
Administrative expenses during year	160,572	160,572
Total for plan year	12,392,572	12,392,572
4. Net investment return		
Interest and dividends	4,534,129	N/A
Realized and unrealized gain / (loss)	(3,233,524)	N/A
Expected return	N/A	14,237,420
Recognized gain / (loss)	N/A	(3,909,696)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	(69,439)	N/A
Total for plan year	1,231,166	10,327,724
5. Ending value of assets July 1, 2020		
Trust assets: (1) + (2) - (3) + (4)	200,344,325	210,648,519
6. Approximate rate of return	0.6%	5.0%



Relationship of Actuarial Value to Market Value	
1. Market value 7/1/2020	\$200,344,325
2. Gain / (loss) not recognized in actuarial value 7/1/2020	(10,304,194)
3. Preliminary actuarial value 7/1/2020: (1) - (2)	210,648,519
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	105.1%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2020 after corridor minimum / maximum: (3) + (5)	210,648,519
7. Actuarial value as a percentage of market value: (6) ÷ (1)	105.1%

Development of Market Value Gain / Loss for 2019-2020 Plan Year	
1. Market value 7/1/2019	\$205,612,044
2. Town contributions	4,852,060
3. Employee contributions	1,041,627
4. Benefit payments	12,232,000
5. Administrative expenses	160,572
6. Expected return at 7.00%	14,237,420
7. Expected value 7/1/2020: (1) + (2) + (3) - (4) - (5) + (6)	213,350,579
8. Market value 7/1/2020	200,344,325
9. Market value gain / (loss) for 2019-2020 plan year: (8) - (7)	(13,006,254)

Recognition of Gain / Loss in Actuarial Value					
Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2019	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2020: (b) + (c)	(e) Not recognized as of 7/1/2020: (a) - (d)
2015-2016	(\$11,303,816)	(\$9,043,052)	(\$2,260,764)	(\$11,303,816)	\$0
2016-2017	5,436,999	3,262,200	1,087,400	4,349,600	1,087,399
2017-2018	2,906,747	1,162,698	581,349	1,744,047	1,162,700
2018-2019	(3,582,150)	(716,430)	(716,430)	(1,432,860)	(2,149,290)
2019-2020	(13,006,254)	0	(2,601,251)	(2,601,251)	(10,405,003)
Total			(3,909,696)		(10,304,194)

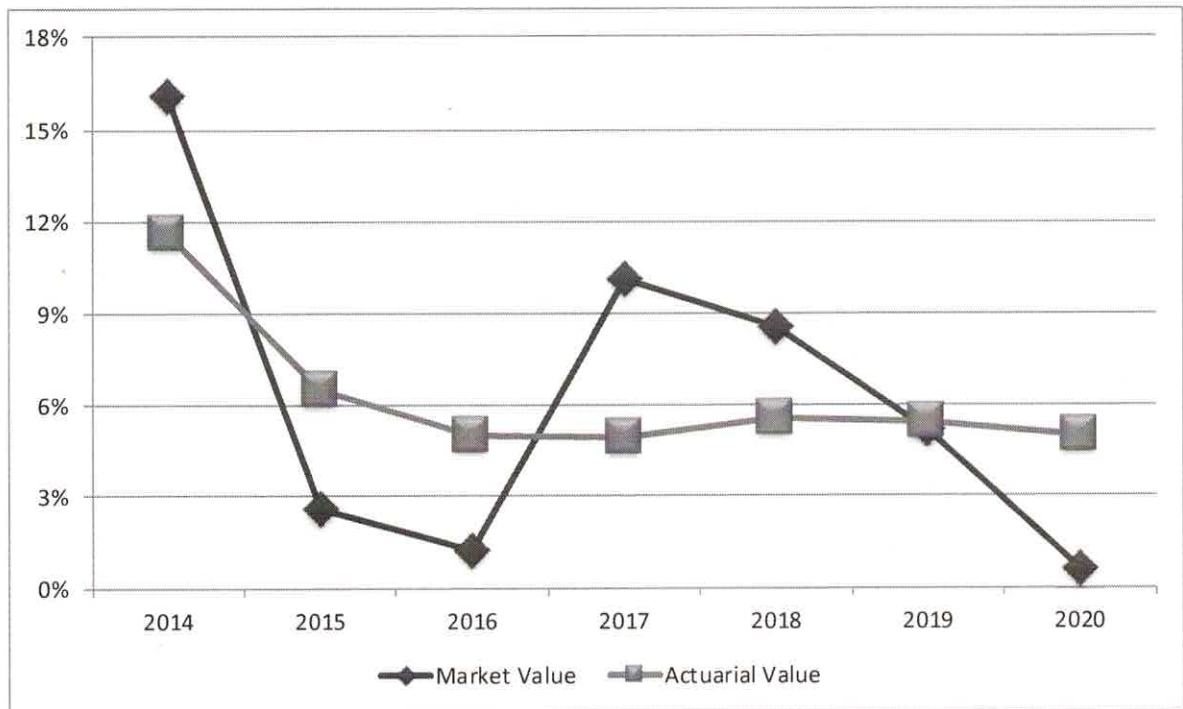


Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2011	N/A	N/A	N/A	N/A
2012	2.9%	N/A	N/A	N/A
2013	10.3%	N/A	N/A	N/A
2014	16.1%	9.6%	N/A	N/A
2015	2.6%	9.5%	N/A	N/A
2016	1.2%	6.4%	6.5%	N/A
2017	10.1%	4.6%	7.9%	N/A
2018	8.5%	6.5%	7.6%	N/A
2019	5.2%	7.9%	5.5%	N/A
2020	0.6%	4.7%	5.1%	N/A

Rate of Return on Actuarial Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2011	N/A	N/A	N/A	N/A
2012	0.2%	N/A	N/A	N/A
2013	4.3%	N/A	N/A	N/A
2014	11.6%	5.3%	N/A	N/A
2015	6.5%	7.4%	N/A	N/A
2016	5.0%	7.7%	5.5%	N/A
2017	5.0%	5.5%	6.4%	N/A
2018	5.6%	5.2%	6.7%	N/A
2019	5.4%	5.3%	5.5%	N/A
2020	5.0%	5.4%	5.2%	N/A



Actual Rate of Return on Assets





Target Allocation and Expected Rate of Return
July 1, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Equities	33.00%	3.00%	0.99%
Non-U.S. Equities	22.00%	6.30%	1.39%
U.S. Bonds	25.00%	1.10%	0.28%
Non-U.S. Bonds	10.00%	0.80%	0.08%
Private Equity	5.00%	9.20%	0.46%
Private Real Estate	5.00%	5.50%	0.28%
	100.00%		3.48%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			5.88%

**Long-Term Real Returns are provided by Vanguard Investment Strategy Group. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means. The investment return assumption was selected using the long term asset allocation shown above. An expected rate of return of 7.00% was used.



Amortization of Unfunded Liability

Schedule of Amortization Bases				
	Date established	Amortization installment	Years remaining	Present value of remaining installments as of July 1, 2020
2020 base	July 1, 2020	3,534,158	21	40,975,073



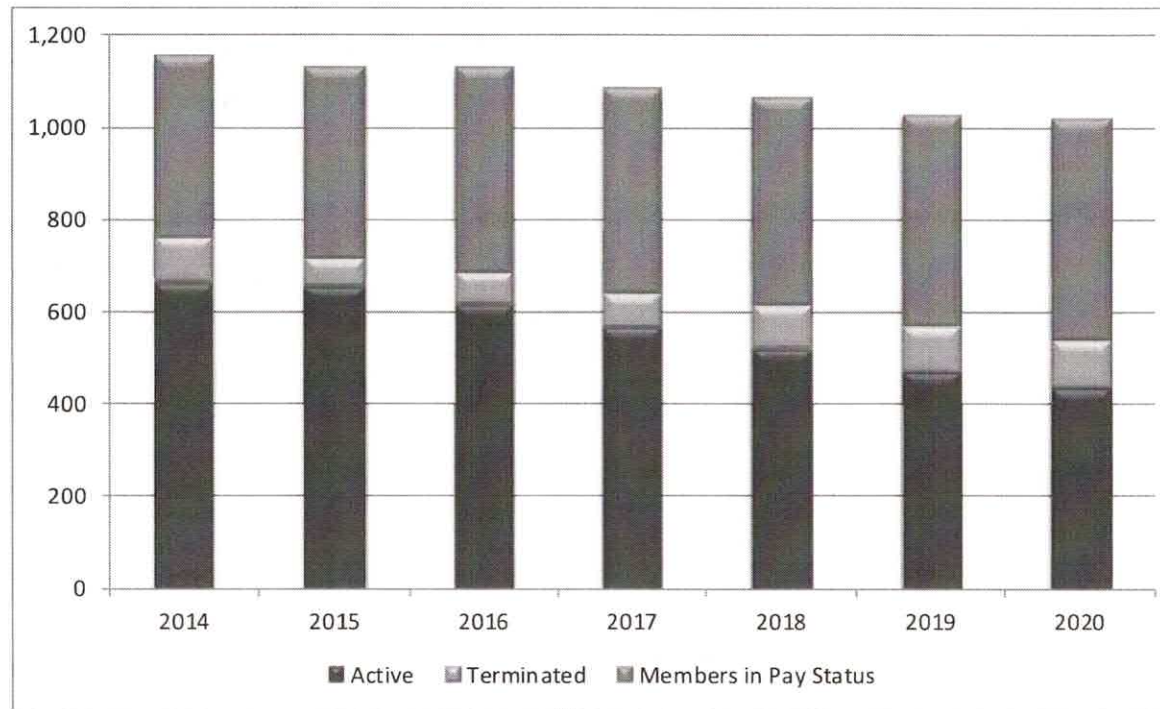
Member Data

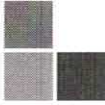
The data reported by the Plan Sponsor for this valuation includes 436 active employees who met the Plan's minimum age and service requirements as of July 1, 2020.

Member Data							
	Active	Terminated vested	Due refund of contributions	Retirees	Disabilities	Beneficiaries	Total
Total members July 1, 2019	471	57	41	418	8	30	1,025
Adjustments	0	0	0	0	0	-2	-2
Retirements	-19	-8	N/A	+27	N/A	N/A	0
Disabilities	0	N/A	N/A	N/A	0	N/A	0
Terminations							
Vested	-7	+7	N/A	N/A	N/A	N/A	0
Lump sum payments	-4	0	0	N/A	N/A	N/A	-4
Due contributions only	-5	N/A	+5	N/A	N/A	N/A	0
Deaths							
With death benefit	0	0	0	-2	0	0	-2
Without death benefit	0	0	0	-5	0	0	-5
Transfers	0	0	0	N/A	N/A	N/A	0
Rehires	0	0	0	N/A	N/A	N/A	0
New beneficiaries	N/A	N/A	N/A	N/A	N/A	+3	+3
New entrants	0	N/A	0	N/A	N/A	N/A	0
Total members July 1, 2020	436	56	46	438	8	31	1,015



Member Counts by Status





Member Data						
	Active	Terminated vested	Due refund of contributions	Retirees	Disabilities	Beneficiaries
Average age						
July 1, 2019	54.9	55.3	41.8	75.0	71.8	76.0
July 1, 2020	55.6	54.3	42.6	75.2	72.8	78.2
Average service						
July 1, 2019	15.6	N/A	N/A	N/A	N/A	N/A
July 1, 2020	16.6	N/A	N/A	N/A	N/A	N/A
Covered employee payroll						
July 1, 2019	\$26,771,545	N/A	N/A	N/A	N/A	N/A
July 1, 2020	25,185,202	N/A	N/A	N/A	N/A	N/A
Total annual benefits						
July 1, 2019	N/A	\$1,121,536	N/A	\$11,094,335	\$249,992	\$586,951
July 1, 2020	N/A	1,105,868	N/A	11,742,360	257,775	574,896



Active Member Count by Age and Years of Service

Completed Years of Credited Service											
Attained age	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and over	All years
Under 25											
25 to 29		2	2								4
30 to 34		5	11	4							20
35 to 39		1	6	3	3						13
40 to 44		2	11	7	4	1					25
45 to 49		1	10	15	6	5					37
50 to 54		2	10	18	20	15	3	5	1		74
55 to 59		2	18	22	23	20	5	8	4	1	103
60 to 64		5	7	19	37	19	7	9	3	1	107
65 to 69			5	4	13	11	5		1		39
70 & over			2	3	2	1	2	2	2		14
All ages		20	82	95	108	72	22	24	11	2	436



Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year.

Actuarial Cost Method

Changes in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). This amount is amortized over 21 years on a closed basis.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.



Description of Actuarial Assumptions

Changes in Actuarial Assumptions

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Mortality
- Inflation
- Salary scale

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Investment rate of return (net of investment-related and administrative expenses)

7.00%.

Rate of compensation increase (including inflation)

Age	Town Non-DPW	Age	Town DPW
20-22	5.40%	20	6.90%
23-24	4.90%	21	6.80%
25	4.65%	22	6.70%
26-27	4.40%	23	6.60%
28	3.40%	24	6.50%
29-40	3.90%	25	6.40%
41	3.85%	26	6.30%
42	3.80%	27	6.20%
43	3.75%	28	6.10%
44	3.70%	29	6.00%
45	3.65%	30	5.90%
46	3.60%	31	5.80%
47	3.55%	32	5.70%
48	3.50%	33	5.60%
49	3.45%	34	5.50%
50	3.40%	35	5.40%
51	3.35%	36	5.20%
52	3.30%	37	5.00%
53	3.25%	38	4.80%
54	3.20%	39	4.60%
55	3.15%	40	4.40%
56	3.10%	41	3.90%
57	3.05%	42	3.40%
58	3.00%	43	3.15%
59	2.95%	44	2.95%
60+	2.90%	45-49	2.65%
		50+	2.40%

The actuarial assumption in regards to rate of compensation increases shown above are based on the results of an actuarial experience study for the period 2011 through 2016.



Inflation

2.40%. (Prior: 2.60%)

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2020 OASDI Trustees Report.

Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables with separate tables for General Employees, projected to the valuation date with Scale MP-2020.

Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables with separate tables for General Employees, projected to the valuation date with Scale MP-2019.

Mortality Improvement

Projected to date of decrement using Scale MP-2020 (generational).

Prior: Projected to date of decrement using Scale MP-2019 (generational).

We have selected this mortality assumption because it is based on the latest published pension mortality study released by the Society of Actuaries.

The mortality assumption was updated to better reflect anticipated experience. The change in assumption decreased liabilities by about 0.7%.

Retirement age

DPW

Age	Rate
55-58	2%
59	35%
60-69	20%
70+	100%

Non-DPW

Age	Rate
55-59	3.8%
60-61	7.0%
62	24.0%
63-64	17.4%
65	26.0%
66-74	24.0%
75-79	30.0%
80+	100.0%



Termination prior to retirement

DPW

Age	Town
20	10.0%
25	8.5%
30	7.0%
35	5.5%
40	4.0%
45	1.5%
50+	1.0%

Non-DPW

Age	Years of Service			
	0	5	10	>=15
20	60.0%	38.0%	15.0%	6.0%
25	52.0%	28.0%	10.0%	5.0%
30	30.0%	12.0%	7.0%	4.0%
35	26.0%	10.0%	7.0%	3.5%
40	26.0%	10.0%	7.0%	3.5%
45	26.0%	10.0%	7.0%	3.5%
50	20.0%	10.0%	6.0%	3.0%
55+	10.0%	6.0%	4.5%	3.0%

Disability

Age	Town Non-DPW	Town DPW
20	0.01%	0.02%
25	0.01%	0.03%
30	0.02%	0.04%
35	0.02%	0.05%
40	0.04%	0.07%
45	0.06%	0.12%
50	0.10%	0.20%
55	0.17%	0.34%
60	0.27%	0.54%

The actuarial assumptions in regards to rates of decrement shown above are based on the results of an actuarial experience study for the period 2011 through 2016. Rationale and the impact of the changes can be found in the study.



Administrative expenses

The estimate is based on actual expenses paid from the trust in the past 4 years.

Cost of living increases

Average of 2.4% per year.

Percent of active employees married

85%.

Spouse's age

Husbands are assumed to be 3 years older than wives.



Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Final Salary

Public Works: Base pay including longevity over period of highest two consecutive years divided by two.

All Others: Base pay including longevity.

Highest Salary

Highest Salary (including base pay plus longevity) earned over a period of 12 consecutive paid months during the active years of employment.

Normal Retirement

Eligibility: Public Works: Later of age 59½ and 10 years of service.

All Others: Later of age 62 and 10 years of service.

Benefit: Public Works: 2.2% of Final Salary times years of service.

Educational Office Professionals and Professional and Technical Employees: 2.275% of member's Highest Salary times years of service.

All Others: 1.25% of Final Salary up to \$7,800 plus 2.3% of the excess times years of service.

Early Retirement

Eligibility: Later of age 55 or 15 years of service.

Benefit: Normal Retirement Benefit reduced 5/9% for each month younger than age 62 (59½ for Public Works).

Disability Retirement Benefit

Job Related:

Benefit: 50% of final salary less Workers Compensation.

Not Job Related:

Eligibility: 10 years of continuous service.

Benefit: Accrued benefit at time of disability.

Post-Retirement Death Benefit

Balance of 60 total payments to participant and beneficiary, or according to terms of optional form of payment elected.



Pre-Retirement Death Benefit

Job Related:

Eligibility: All are eligible.

Benefit: 50% of final salary payable to spouse until death or remarriage, then continuing to surviving children younger than age 18.

Not Job Related:

Eligibility: Eligible to retire.

Benefit: Pension that employee would have received if retired day before death and elected the 100% Joint & Survivor form of benefit.

Deferred Vested Retirement Benefit

Eligibility: 10 years of full-time employment with the Town

Benefit: Accrued benefit at time of termination payable at age 62.

Cost of Living Increases

On July 1st based on CPI-U, not to exceed 3%.

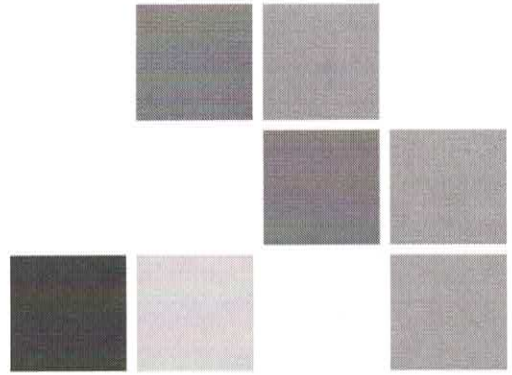
Employee Contributions

4% of basic salary including longevity.

Division Freeze Dates

Group/BU	BU Code	Freeze date
Town	01 - NON-UNION	11/1/2015
Town	02 - PETA / Mid Mngmnt	4/23/2013
Town	03 - DEPARTMENT HEADS	11/1/2015
Town	11 - THEA	4/1/2011
Town	21 - DPW	9/9/2013
Town	40 - ECC	7/1/2012
Town	72 - Nurses	3/11/2013
BOE	04 – Secretaries	9/23/2014
BOE	05 – Paraprofessionals	12/8/2015
BOE	13 – Support Staff	7/1/2015
BOE	24 – IT Tech	3/7/2014
BOE	28 – Educational Trainers	3/7/2014
BOE	46- Custodians	11/6/2014
BOE	49 – Maintenance	11/6/2014

Employees hired after the freeze dates listed above are eligible for the 401A Plan.



FAIRFIELD POLICE AND FIREMAN'S RETIREMENT SYSTEM

ACTUARIAL VALUATION REPORT

JULY 1, 2020

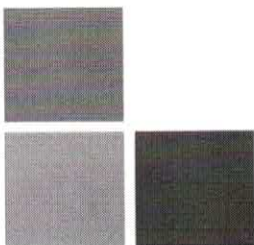




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Executive Summary

	July 1, 2020	July 1, 2019
Number of members		
Active employees	196	198
Terminated vested members	3	7
Retired, disabled and beneficiaries	217	218
Total	416	423
Covered employee payroll	17,127,938	16,892,093
Average plan salary	87,387	85,314
Actuarial present value of future benefits	264,200,181	264,862,453
Actuarial accrued liability	229,256,962	227,743,774
Plan assets		
Market value of assets	184,074,675	188,384,956
Actuarial value of assets	192,821,729	189,481,945
Unfunded accrued liability	36,435,233	38,261,829
Funded ratio	84.1%	83.2%
Actuarially determined employer contribution (ADEC)		
Fiscal year ending	2022	2021
ADEC	6,006,042	6,223,369



Valuation Results and Highlights

Purpose of the Valuation

The purpose of the valuation is to develop the Actuarially Determined Employer Contribution (ADEC).

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,

$$\text{Ultimate cost} = \text{Benefits Paid} + \text{Expenses Incurred} - \text{Investment Return} - \text{Employee Contributions}$$

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 actuarially determined employer contribution is developed. The July 1, 2020 valuation produces the contribution for the fiscal year ending 2022.

Information Available in the Valuation Report

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

Changes Reflected in the Valuation

We updated the mortality improvement scale from MP-2019 to MP-2020 and the inflation assumption from 2.60% to 2.40%. These changes decreased the liabilities by 0.9%.

Cash Contribution for Fiscal Year Ending 2022

The Town cost is:	2022 Fiscal Year
	\$6,006,042

Liability Experience During Period Under Review

The plan experienced a net actuarial gain on liabilities of \$4,057,643 since the prior valuation.

Asset Experience During Period Under Review

The plan's assets provided the following rates of return during the past fiscal year:

	2020 Fiscal Year
Market Value Basis	1.0%
Actuarial Value Basis	5.1%

The Actuarial Value of assets, rather than the Market Value, is used to determine plan contributions. The Actuarial Value spreads the asset volatility over 5 years, thereby smoothing out fluctuations that are inherent in the Market Value.



Assessment and Measurement of Risks

Financial Significance of Plan

It is important to understand the size of the pension plan compared to the size of the sponsor of that plan. Additional pension contributions may be required at inopportune times for the plan sponsor. In general, a plan sponsor with assets or revenue that are much larger than the liabilities in its pension plans will be better able to withstand increases in required pension contributions.

Plan Maturity Measurements

	July 1, 2020	July 1, 2019
Actuarial accrued liability for members currently in pay status as a percentage of the total actuarial accrued liability	63.5%	62.8%

- A lower percentage results in greater volatility as the investment return assumption changes.
- A higher percentage results in greater demand on cash due to a proportionately higher percentage of benefits being in pay status.

	July 1, 2020
Duration of benefit payments using an investment rate of return of 7.00%	15.4 years

- A higher duration will occur if the plan's percentage of members in pay status decreases. A plan with a higher duration will have a liability that is more sensitive to changes in the investment return assumption.

	July 1, 2020	July 1, 2019
Ratio of market value of assets to covered payroll	10.7	11.2

- A higher ratio is more typical of relatively mature plans with a larger percentage of inactive members and may cause more potential contribution volatility as pension fund assets fluctuate.

	July 1, 2020
Ratio of market value of assets to expected benefit payments	15.0

- A plan with a high percentage of members in pay status can have a low ratio. As the ratio decreases, liquidity risk increases, and may indicate the need to review (and potentially adjust) the plan sponsor's funding policy contribution.



Risks to Assess

Overriding Minimum Contribution

	Fiscal Year Ending 2022
Actuarially determined employer contribution (ADEC)	6,006,042
Overriding minimum contribution (OMC)*	5,690,651
Surplus (deficit) - ADEC vs. OMC	315,391
<ul style="list-style-type: none">A deficit suggests that a plan's current funding policy contribution approach may result in little to no progress being made towards: (1) reducing the plan's unfunded liability; and (2) increasing the plan's funded ratio in the near-term.	

* As defined in "Public Pension Plan Funding Policy" (Society of Actuaries, 2010).

Estimated Impact of a 5% Reduction in Market Value of Assets

	Fiscal Year Ending 2022
Increase in actuarially determined employer contribution (ADEC)	161,475
<ul style="list-style-type: none">Plans would generally be subject to a larger amortization payment if the market value of assets were 5% smaller. As a result, the ADEC would generally be higher for up to 21 years.	

Due to the asset smoothing method, the ADEC will additionally increase by the same amount in each of the next few years. Each of these additional contributions will continue for up to 21 years.

Historical Results

Valuation Year Beginning	Investment Return Assumption	Annual Effective Rate of Return on Market Value of Assets	Market Value of Assets as a % of Actuarial Accrued Liability	Benefit Payments as a % of Market Value of Assets
2020	7.00%	N/A	80.3%	N/A
2019	7.00%	1.0%	82.7%	6.2%
2018	7.00%	5.2%	88.0%	6.3%
2017	7.00%	8.6%	86.8%	6.3%
2016	7.00%	10.1%	84.3%	6.2%



Certification

This report presents the results of the July 1, 2020 Actuarial Valuation for Fairfield Police and Fireman's Retirement System (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2022. 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 *Summary of 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 factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Stephen Chykirda, ASA, FCA, MAAA
Enrolled Actuary 20-07517

February 17, 2021

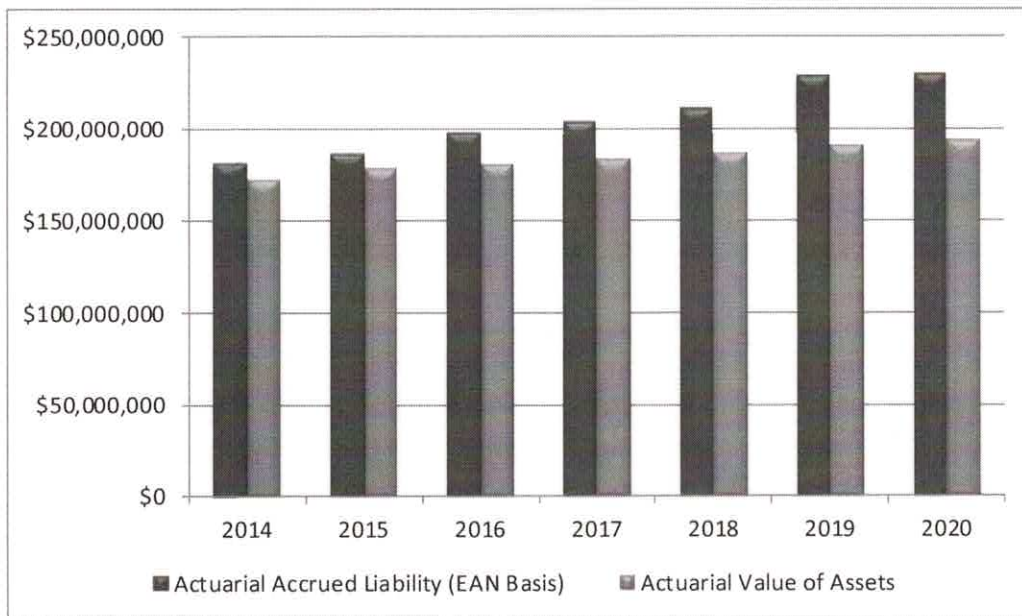


Development of Unfunded Accrued Liability and Funded Ratio

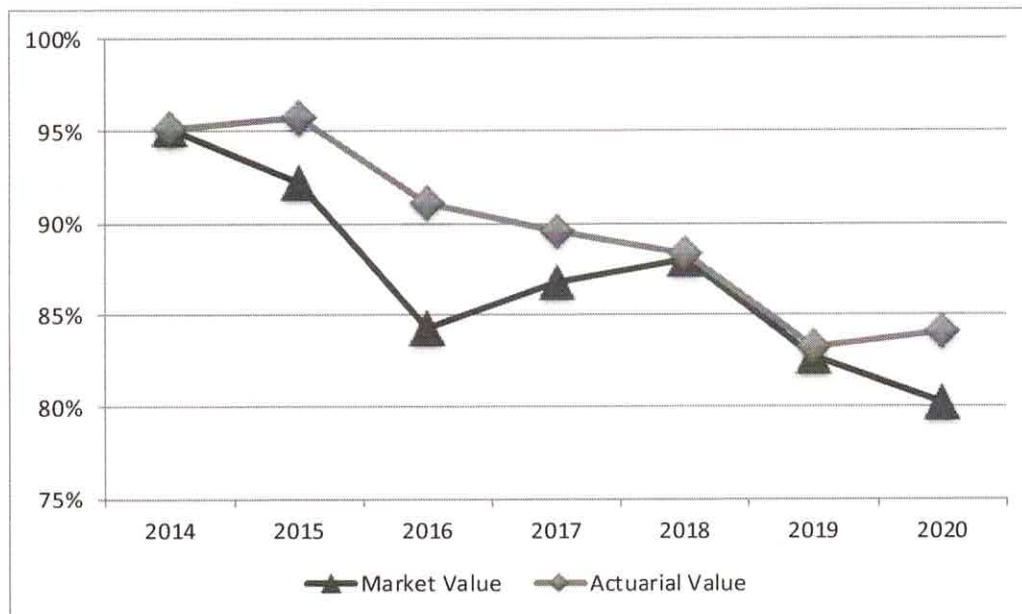
	July 1, 2020	July 1, 2019
Actuarial accrued liability for inactive members		
Retired, disabled and beneficiaries	\$145,605,076	\$143,134,469
Terminated vested members	467,620	3,714,383
Total	146,072,696	146,848,852
Actuarial accrued liability for active employees	83,184,266	80,894,922
Total actuarial accrued liability	229,256,962	227,743,774
Actuarial value of assets	192,821,729	189,481,945
Unfunded accrued liability	36,435,233	38,261,829
Funded ratio	84.1%	83.2%



Actuarial Accrued Liability vs. Actuarial Value of Assets



Funded Ratio



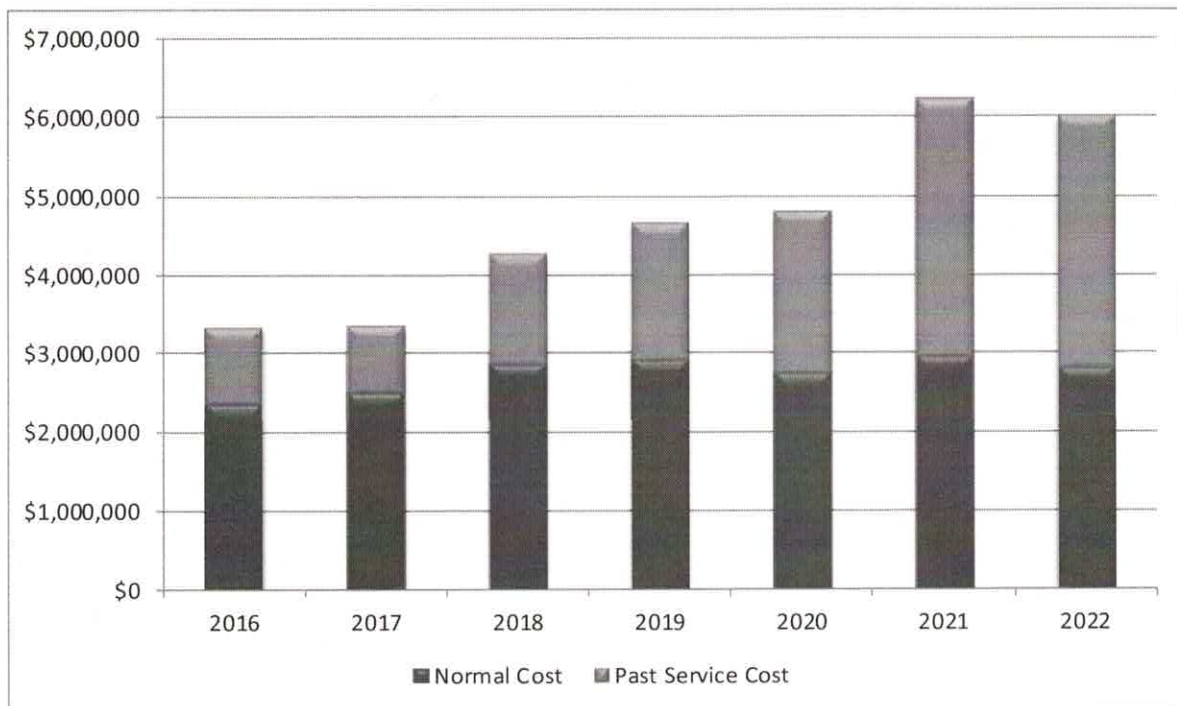


Determination of Normal Cost and Actuarially Determined Employer Contribution

	July 1, 2020		July 1, 2019	
	Cost	Percent of payroll	Cost	Percent of payroll
Gross normal cost	\$3,425,079	20.1%	\$3,516,041	20.8%
Estimated employee contributions	(892,843)	-5.2%	(857,309)	-5.1%
Estimated administrative expenses	141,000	0.8%	131,000	0.8%
Town's normal cost	2,673,236	15.7%	2,789,732	16.5%
Amortization of unfunded accrued liability	3,142,590	18.4%	3,232,795	19.2%
Contribution before adjustment as of the valuation date	5,815,826	34.1%	6,022,527	35.7%
Estimated valuation year payroll for actives not yet at 100% assumed retirement age	17,038,114		16,892,093	
Fiscal year ending	2022		2021	
Adjustment for interest and inflation	190,216		200,842	
Actuarially determined employer contribution	6,006,042		6,223,369	



Actuarially Determined Employer Contribution





Determination of Actuarial Gain/Loss

The Actuarial Gain/Loss is the difference between the expected unfunded accrued liability and the actual unfunded accrued liability, without regard to any changes in actuarial methods, actuarial assumptions or plan provisions. This can also be referred to an Experience Gain/Loss, since it reflects the difference between what was expected and what was actually experienced.

Actuarial Gain / Loss	
Expected unfunded accrued liability July 1, 2020	
Expected unfunded accrued liability July 1, 2020	
Unfunded accrued liability July 1, 2019	\$38,261,829
Gross normal cost July 1, 2019	3,647,041
Town and employee contributions for 2019-2020	(5,675,426)
Interest at 7.00% to July 1, 2020	<u>2,736,744</u>
Expected unfunded accrued liability July 1, 2020	38,970,188
Actuarial (gain) / loss July 1, 2020	<u>(519,999)</u>
Actual unfunded accrued liability July 1, 2020, prior to plan provision, assumption and method changes	
	38,450,189
Sources of (gain) / loss	
Assets	3,537,644
Liabilities	<u>(4,057,643)</u>
Total (gain) / loss	(519,999)
Assumption and method changes since prior valuation	<u>(2,014,956)</u>
Actual unfunded accrued liability July 1, 2020, after plan provision, assumption and method changes	
	36,435,233



Development of Asset Values

Summary of Fund Activity		
	Market Value	Actuarial Value
1. Beginning value of assets July 1, 2019		
Trust assets	\$188,384,956	\$189,481,945
2. Contributions		
Town contributions during year	4,812,000	4,812,000
Employee contributions during year	863,426	863,426
Total for plan year	5,675,426	5,675,426
3. Disbursements		
Benefit payments during year	11,686,023	11,686,023
Administrative expenses during year	153,055	153,055
Total for plan year	11,839,078	11,839,078
4. Net investment return		
Interest and dividends	4,150,871	N/A
Realized and unrealized gain / (loss)	(2,233,939)	N/A
Expected return	N/A	12,941,169
Recognized gain / (loss)	N/A	(3,437,733)
Required adjustment due to corridor	N/A	0
Reversal of prior year required adjustment	N/A	0
Investment-related expenses	(63,561)	N/A
Total for plan year	1,853,371	9,503,436
5. Ending value of assets July 1, 2020		
Trust assets: (1) + (2) - (3) + (4)	184,074,675	192,821,729
6. Approximate rate of return	1.0%	5.1%



Relationship of Actuarial Value to Market Value

1. Market value 7/1/2020	\$184,074,675
2. Gain / (loss) not recognized in actuarial value 7/1/2020	(8,747,054)
3. Preliminary actuarial value 7/1/2020: (1) - (2)	192,821,729
4. Preliminary actuarial value as a percentage of market value: (3) ÷ (1)	104.8%
5. Gain / (loss) recognized for corridor minimum / maximum	N/A
6. Actuarial value 7/1/2020 after corridor minimum / maximum: (3) + (5)	192,821,729
7. Actuarial value as a percentage of market value: (6) ÷ (1)	104.8%

Development of Market Value Gain / Loss for 2019-2020 Plan Year

1. Market value 7/1/2019	\$188,384,956
2. Town contributions	4,812,000
3. Employee contributions	863,426
4. Benefit payments	11,686,023
5. Administrative expenses	153,055
6. Expected return at 7.00%	12,941,169
7. Expected value 7/1/2020: (1) + (2) + (3) - (4) - (5) + (6)	195,162,473
8. Market value 7/1/2020	184,074,675
9. Market value gain / (loss) for 2019-2020 plan year: (8) - (7)	(11,087,798)

Recognition of Gain / Loss in Actuarial Value

Year	(a) Gain / (loss)	(b) Total recognized as of 7/1/2019	(c) Recognized in current year: 20% of (a)	(d) Total recognized as of 7/1/2020: (b) + (c)	(e) Not recognized as of 7/1/2020: (a) - (d)
2015-2016	(\$10,535,435)	(\$8,428,348)	(\$2,107,087)	(\$10,535,435)	\$0
2016-2017	4,980,137	2,988,081	996,027	3,984,108	996,029
2017-2018	2,727,536	1,091,014	545,507	1,636,521	1,091,015
2018-2019	(3,273,100)	(654,620)	(654,620)	(1,309,240)	(1,963,860)
2019-2020	(11,087,798)	0	(2,217,560)	(2,217,560)	(8,870,238)
Total			(3,437,733)		(8,747,054)

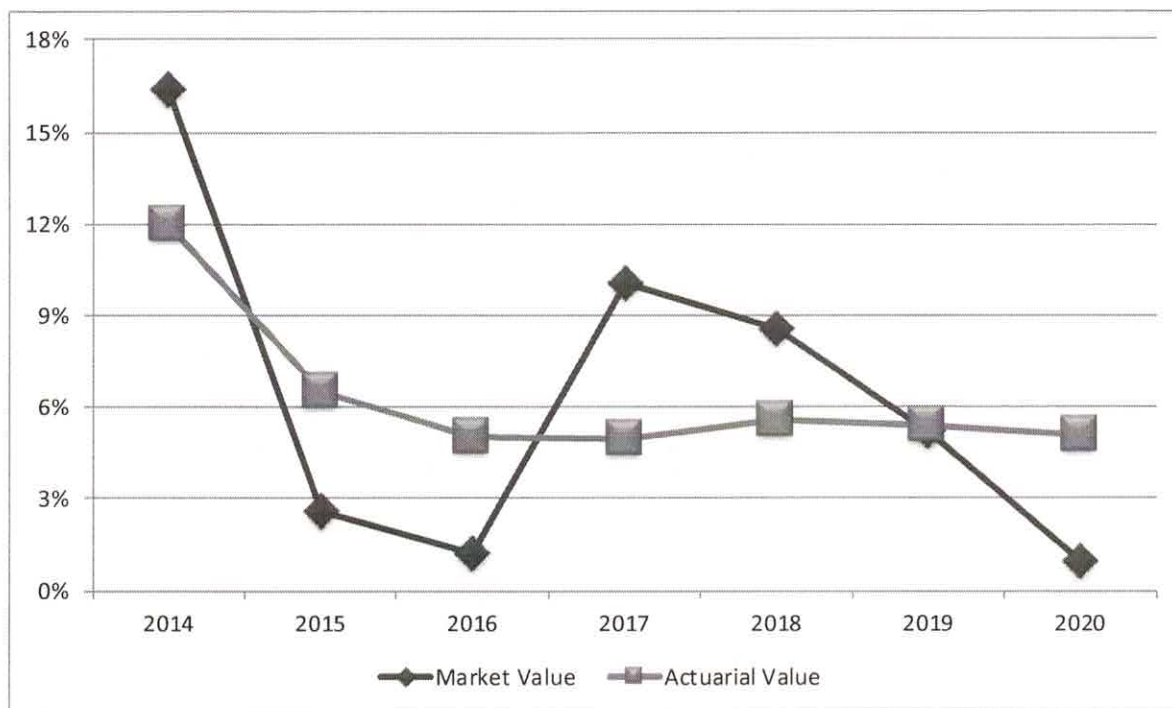


Rate of Return on Market Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2011	N/A	N/A	N/A	N/A
2012	2.9%	N/A	N/A	N/A
2013	10.4%	N/A	N/A	N/A
2014	16.4%	9.8%	N/A	N/A
2015	2.6%	9.7%	N/A	N/A
2016	1.2%	6.5%	6.5%	N/A
2017	10.1%	4.6%	8.0%	N/A
2018	8.6%	6.5%	7.6%	N/A
2019	5.2%	7.9%	5.5%	N/A
2020	1.0%	4.9%	5.1%	N/A

Rate of Return on Actuarial Value of Assets				
Period Ending June 30	Average Annual Effective Rate of Return			
	1 Year	3 Years	5 Years	10 Years
2011	N/A	N/A	N/A	N/A
2012	-0.3%	N/A	N/A	N/A
2013	4.1%	N/A	N/A	N/A
2014	12.0%	5.1%	N/A	N/A
2015	6.5%	7.5%	N/A	N/A
2016	5.0%	7.8%	5.4%	N/A
2017	4.9%	5.5%	6.5%	N/A
2018	5.6%	5.2%	6.8%	N/A
2019	5.4%	5.3%	5.5%	N/A
2020	5.1%	5.4%	5.2%	N/A



Actual Rate of Return on Assets





Target Allocation and Expected Rate of Return
July 1, 2020

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Equities	33.00%	3.00%	0.99%
Non-U.S. Equities	22.00%	6.30%	1.39%
U.S. Bonds	25.00%	1.10%	0.28%
Non-U.S. Bonds	10.00%	0.80%	0.08%
Private Equity	5.00%	9.20%	0.46%
Private Real Estate	5.00%	5.50%	0.28%
	100.00%		3.48%
Long-Term Inflation Expectation			2.40%
Long-Term Expected Nominal Return			5.88%

**Long-Term Real Returns are provided by Vanguard Investment Strategy Group. The returns are geometric means.*

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means. The investment return assumption was selected using the long term asset allocation shown above. An expected rate of return of 7.00% was used.



Amortization of Unfunded Liability

Schedule of Amortization Bases				
	Date established	Amortization installment	Years remaining	Present value of remaining installments as of July 1, 2020
2020 base	July 1, 2020	3,142,590	21	36,435,233



Member Data

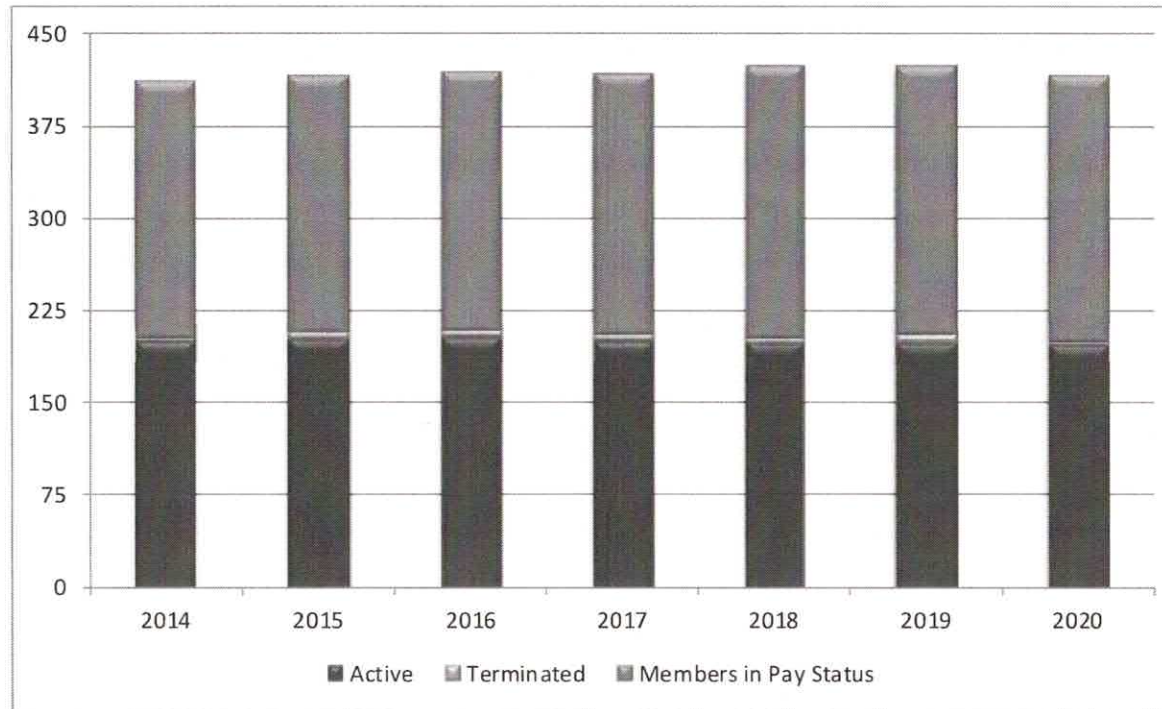
The data reported by the Plan Sponsor for this valuation includes 196 active employees who met the Plan's minimum age and service requirements as of July 1, 2020.

Member Data				
	Active	Terminated vested	Members in pay status	Total
Total members July 1, 2019	198	7	218	423
Adjustments	0	0	0	0
Retirements	-3	-4	+7	0
Disabilities	-1	N/A	+1	0
Terminations				
Vested	0	0	N/A	0
Lump sum payments	0	0	N/A	0
Due contributions only	0	N/A	N/A	0
Deaths				
With death benefit	0	0	-5	-5
Without death benefit	0	0	-10	-10
Transfers	0	0	N/A	0
Rehires	0	0	N/A	0
New beneficiaries	N/A	N/A	+6	+6
New entrants	+2	N/A	N/A	+2
Total members July 1, 2020	196	3	217*	416

* Includes 4 alternate payees receiving benefits



Member Counts by Status



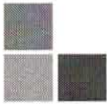


Member Data			
	Active	Terminated vested	Members in pay status
Average age			
July 1, 2019	44.4	46.4	71.6
July 1, 2020	45.0	36.2	71.2
Average service			
July 1, 2019	16.2	N/A	N/A
July 1, 2020	16.8	N/A	N/A
Covered employee payroll			
July 1, 2019	\$16,892,093	N/A	N/A
July 1, 2020	17,127,938	N/A	N/A
Total annual benefits			
July 1, 2019	N/A	\$250,371	\$11,619,199
July 1, 2020	N/A	52,573	12,071,434



Active Member Count by Age and Years of Service

Attained age	Completed Years of Credited Service										All years
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 and over	
Under 25		5									5
25 to 29		9	2								11
30 to 34		15	14	2							31
35 to 39		1	7	5	2						15
40 to 44			5	3	11	7					26
45 to 49			2	2	12	18	7				41
50 to 54			1	2	8	9	12	2			34
55 to 59			3	2	2	2	9	2			20
60 to 64		1			1		1	1	4		8
65 to 69							2		1	2	5
70 & over											
All ages		31	34	16	36	36	31	5	5	2	196



Description of Actuarial Methods

Asset Valuation Method

The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year.

Actuarial Cost Method

Changes in Actuarial Cost Method: None.

Description of Current Actuarial Cost Method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). This amount is amortized over 21 years on a closed basis.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.



Description of Actuarial Assumptions

Changes in Actuarial Assumptions

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Inflation
- Mortality
- Rate of compensation increase

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Investment rate of return (net of investment-related and administrative expenses)

7.00%.

Rate of compensation increase (including inflation)

Service	Police & Fire
<1	12.40%
1	7.40%
2	5.40%
3	4.90%
4	4.65%
5	4.40%
6	4.30%
7	4.20%
8	4.10%
9	4.00%
10	3.90%
11	3.80%
12	3.70%
13	3.60%
14	3.50%
15-20	3.40%
21	3.30%
22	3.20%
23	3.10%
24	3.00%
25	2.90%

The actuarial assumption in regards to rate of compensation increases shown above are based on the results of an actuarial experience study for the period 2011 through 2016.

Inflation

2.40%. (Prior: 2.60%)

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2020 OASDI Trustees Report.



Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables with separate tables for Public Safety Employees projected to the valuation date with Scale MP-2020.

(Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables with separate tables for Public Safety Employees projected to the valuation date with Scale MP-2019.)

Mortality Improvement

Projected to date of decrement using Scale MP-2020 (generational).

Prior: Projected to date of decrement using Scale MP-2019 (generational).

We have selected this mortality assumption because it is based on the latest published pension mortality study released by the Society of Actuaries.

The mortality assumption was updated to better reflect anticipated experience. The change in assumption decreased liabilities by about 0.6%.

Retirement age

Age	Years of Service	
	25-30	30+
50-54	10%	25%
55-69	10%	20%
70+	100%	100%

Termination prior to retirement

Age	Rate
<25	10.0%
25-29	5.8%
30-35	2.5%
36+	0.2%

Disability

Age	Police & Fire
20	0.12%
25	0.17%
30	0.22%
35	0.29%
40	0.44%
45	0.72%
50	1.21%
55	0.00%
60	0.00%

The actuarial assumptions in regards to rates of decrement shown above are based on the results of an actuarial experience study dated for the period 2011 through 2016. Rationale and the impact of the changes can be found in the study.

**Administrative expenses**

The estimate is based on actual expenses paid from the trust in the past 4 years.

Cost of living increases

4.7% every other year for all except Police hired after March 18, 2013. 3.5% every other year for Police hired after March 18, 2013.

Percent of active employees married

60%.

Spouse's age

Husbands are assumed to be 3 years older than wives.



Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Plan identification

Single-employer pension plan.

Bargaining Agreement

Police: July 1, 2010 - June 30, 2013

Fire: July 1, 2010 - June 30, 2014

Final Salary

Police: Base pay including longevity

Fire: Base pay including longevity

Normal Retirement

Eligibility:

Police: 20 years of service as a police officer and age 51.

Fire: Hired on or before September 1, 2017: 20 years of service as a member of the Fire Department, (25 years of service as an employee of the Town) and age 51 or 30 years of service with no minimum age.

Hired after September 1, 2017: 25 years of service and age 56.

Benefit:

Police: Hired prior to March 18, 2013: 2% of Final Salary for each year of service up to 10 years, 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year 26-30.

Hired after March 18, 2013: 2% of Final Salary for each year of service up to 15 years, 2.5% for each year 16-25, plus 3% for each year 26-30.

Maximum benefit: 80% of Final Salary if hired prior to March 18, 2013, 70% of Final Salary if hired after March 18, 2013.

Fire: Hired on or before March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year in excess of 25 years.

Hired after March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-30.

Maximum benefit: 80% of Final Salary if hired on or before March 10, 2012, 75% of Final Salary if Hired after March 10, 2012.

Early Retirement

Eligibility:

Police: N/A.

Fire: 20 years of service as a member of the Fire Department and age 45, or 25 years of service as a member of the Fire Department.

Benefit:

Police: N/A.

Fire: Normal Retirement Benefit reduced 5/9% for the greater of the number of months under age 51 or less than 25 years of service.



Disability Retirement Benefit - Job related

Police: Hired prior to March 18, 2013: 2% of Final Salary for each year of service up to 10 years, 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year 26-30.

Hired after March 18, 2013: 2% of Final Salary for each year of service up to 15 years, 2.5% for each year 16-25, plus 3% for each year 26-30.

Maximum benefit: 80% of Final Salary if hired prior to March 18, 2013, 70% of Final Salary if hired after March 18, 2013.

Minimum benefit: 66⅔% of Final Salary.

Fire: Hired on or before March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-25, plus 4% for each year in excess of 25 years.

Hired after March 10, 2012: 2% of Final Salary for each year of service up to 10 years, plus 2.5% for each year 11-20, plus 3% for each year 21-30.

Maximum benefit: 80% of Final Salary if hired on or before March 10, 2012, 75% of Final Salary if Hired after March 10, 2012.

Minimum benefit: 66⅔% of Final Salary.

Disability Retirement Benefit - Not Job Related

Eligibility:

Police: 5 years of continuous service.

Fire: 5 years of continuous service.

Benefit:

Police: Normal retirement benefits calculated using basic annual salary.

Fire: Normal retirement benefits calculated using basic annual salary.

Post-Retirement Death Benefit

Police: 75% of pension paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Fire: 75% of pension paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Pre-Retirement Death Benefit - Job Related

Police: 50% of Final Salary paid to spouse, plus \$500 per year for 10 years to widow or dependent children or dependent parents.

Fire: 50% of Final Salary paid to spouse, plus \$500 per year for 10 years to widow or dependent children or dependent parents.



Pre-Retirement Death Benefit - Not Job Related

Eligibility:

Police: Eligible to retire.

Fire: Eligible to retire.

Benefit:

Police: 75% of pension that employee would have received if retired day before death. Paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Fire: 75% of pension that employee would have received if retired day before death. Paid to spouse until death or remarriage, and then to children until youngest child reaches age 18.

Deferred Vested Retirement Benefit

Eligibility:

Police: 10 years of full-time employment with the Town.

Fire: 10 years of full-time employment with the Town.

Benefit:

Police: 2% of Final Earnings times service, payable at the earlier of 25th anniversary of date of hire or age 51.

Fire: 2% of Final Earnings times service, payable at the earlier of 25th anniversary of date of hire or age 51, if hired prior to September 1, 2017. Payable at the later of 25th anniversary date of hire or age 56 if hired after September 1, 2017.

Cost of Living Increases

Police: On July 1 of even numbered years, payable at the later of 25th anniversary of date of hire or age 56 if hired after September 1, 2017 based on CPI-U, not to exceed 3% per year. If hired after March 18, 2013 COLA not to exceed 2% per year. No increases prior to age 51. No increases if retired with less than 25 years. Disability retirees always receive the increase.

Fire: On July 1 of even numbered years, based on CPI-U, not to exceed 6% for the 2 year period. No increases prior to age 51 unless they have 30 years of service. No increases if retired with less than 25 years of service. Disability retirees always receive the increase.

Employee Contributions

Police: 4.75% of basic salary including longevity. If eligible for maximum pension, 2.5% of basic salary including longevity. If plan is projected to be at least 120% funded for upcoming fiscal year, contribution will be deposited into the postretirement health fund instead.

Fire:

Effective Date	Contribution Percentage	If eligible for Max Pension: Percent of Basic Salary Including Longevity
7/1/2017	4.75%	2.75%
7/1/2018	5.00%	3.00%
7/1/2019	5.25%	3.25%
7/1/2020	5.50%	3.50%

If plan is projected to be at least 120% funded for upcoming fiscal year, contribution will be deposited into the postretirement health fund instead.

Return of Contribution upon Termination or Death

Police: Excess of Contributions with Regular Interest over any pension payment received.

Fire: Excess of Contributions with Regular Interest over any pension payment received.

Town of Fairfield

July 1, 2022 Renewal Projection

Town of Fairfield - Combined Experience (all lines of coverage)					Data Through February 2022	
Provider	Anthem, ESI, and Delta Dental					
Month	Medical Active	ESI Active	Delta Active	Total	Covid Adjustemnt ⁽¹⁾	Adjusted Claims
Dec-20	\$716,919	\$177,370	\$47,787	\$942,076	\$0	\$942,076
Jan-21	\$590,667	\$168,948	\$51,359	\$810,974	\$0	\$810,974
Feb-21	\$615,860	\$212,258	\$46,361	\$874,479	\$0	\$874,479
Mar-21	\$751,277	\$145,262	\$63,313	\$959,851	\$0	\$959,851
Apr-21	\$750,043	\$201,632	\$52,753	\$1,004,429	\$0	\$1,004,429
May-21	\$775,367	\$197,809	\$46,784	\$1,019,961	\$0	\$1,019,961
Jun-21	\$591,853	\$156,932	\$56,723	\$805,508	\$0	\$805,508
Jul-21	\$836,403	\$177,224	\$53,297	\$1,066,924	\$0	\$1,066,924
Aug-21	\$687,990	\$193,681	\$66,909	\$948,580	\$0	\$948,580
Sep-21	\$824,672	\$151,681	\$43,716	\$1,020,069	\$0	\$1,020,069
Oct-21	\$622,051	\$155,012	\$36,291	\$813,355	\$0	\$813,355
Nov-21	\$942,432	\$134,908	\$56,206	\$1,133,547	\$0	\$1,133,547
Dec-21	\$1,013,464	\$125,843	\$39,887	\$1,179,194	\$0	\$1,179,194
Jan-22	\$784,130	\$169,017	\$38,489	\$991,636	\$0	\$991,636
Feb-22	\$697,738	\$141,840	\$38,995	\$878,573	\$0	\$878,573
Latest 12	\$9,277,423	\$1,950,841	\$593,363	\$11,821,627	\$0	\$11,821,627
Averages						
Latest 3	\$831,778	\$145,567	\$39,123	\$1,016,468	\$0	\$1,016,468
Latest 6	\$814,081	\$146,384	\$42,264	\$1,002,729	\$0	\$1,002,729
Latest 9	\$777,859	\$156,238	\$47,835	\$981,932	\$0	\$981,932
Latest 12	\$773,119	\$162,570	\$49,447	\$985,136	\$0	\$985,136

⁽¹⁾ Covid adjustment based on Aon COVID-19 Actuarial & Analytics Estimator

Town of Fairfield

July 1, 2022 Renewal Projection

Town of Fairfield - Subscriber Headcounts			Data Through February 2022
Provider	Anthem/ESI Lives	ESI Lives	Delta Dental
Month	Active	Actives	Actives
Dec-20	452	370	470
Jan-21	454	374	479
Feb-21	458	378	482
Mar-21	458	379	485
Apr-21	457	375	484
May-21	457	366	484
Jun-21	454	366	484
Jul-21	456	369	485
Aug-21	458	369	483
Sep-21	450	369	455
Oct-21	452	366	432
Nov-21	451	367	434
Dec-21	454	366	435
Jan-22	458	367	342
Feb-22	459	369	441
Latest 12	455	369	454
Lag Lives (1 mos)	455	370	457

Averages			
Latest 3	457	367	406
Latest 6	454	367	423
Latest 9	455	368	443
Latest 12	455	369	454

Town of Fairfield

July 1, 2022 Renewal Projection

Town of Fairfield - Large Claimants (in excess of \$75,000)						Data Through February 2022	
Current Experience Period - March 2021 through February 2022							
Claimant	Relationship	Active	MPC - Condition	Total Medical Claims	Total Rx Claims ⁽¹⁾	Total Medical/Rx Claims	Claims Over \$150,000 ISL ⁽²⁾
1	Child/Other Dependent	Yes	ARTIFICIAL OPENING STATUS	\$329,355	\$0	\$329,355	\$179,355
2	Child/Other Dependent	Yes	BACTERIAL PNEUMONIA NEC	\$268,505	\$0	\$268,505	\$118,505
3	Employee/Self	Yes	ENCOUNTER FOR OTHER AFTERCARE	\$250,948	\$0	\$250,948	\$100,948
4	Spouse/Partner	Yes	SEQUELAE OF CEREBROVASCULAR DISEASE	\$207,366	\$39,922	\$247,288	\$97,288
5	Spouse/Partner	Yes	MALIGNANT NEOPLASM SMALL INTESTINE	\$225,353	\$0	\$225,353	\$75,353
6	Spouse/Partner	Yes	MULTIPLE SCLEROSIS	\$219,984	\$0	\$219,984	\$69,984
7	Child/Other Dependent	Yes	HODGKIN LYMPHOMA	\$180,909	\$0	\$180,909	\$30,909
8	Employee/Self	Yes	MALIGNANT NEOPLASM OF PANCREAS	\$180,369	\$0	\$180,369	\$30,369
9	Employee/Self	Yes	ENCOUNTER FOR OTHER AFTERCARE	\$177,256	\$0	\$177,256	\$27,256
10	Employee/Self	Yes	INFLAMMATORY POLYNEUROPATHY	\$165,156	\$0	\$165,156	\$15,156
11	Spouse/Partner	Yes	MAL NEOPLASM RECTOSIGMOID JUNCT	\$136,123	\$330	\$136,452	\$0
12	Spouse/Partner	Yes	PERS ENC HLTH SRVC OTH CIRCUMSTANCE	\$131,044	\$0	\$131,044	\$0
13	Spouse/Partner	Yes	ARTIFICIAL OPENING STATUS	\$6,431	\$122,876	\$129,306	\$0
14	Spouse/Partner	Yes	MALIGNANT NEOPLASM OF PANCREAS	\$121,968	\$0	\$121,968	\$0
15	Spouse/Partner	Yes	OTHER RHEUMATOID ARTHRITIS	\$120,396	\$0	\$120,396	\$0
16	Employee/Self	Yes	OSTEOARTHRITIS OF KNEE	\$114,733	\$0	\$114,733	\$0
17	Employee/Self	Yes	CONGENITAL MALFORMATIONS GREAT ART	\$87,325	\$0	\$87,325	\$0
18	Employee/Self	Yes	ATRIAL FIBRILLATION AND FLUTTER	\$83,089	\$45	\$83,134	\$0
19	Child/Other Dependent	Yes	MAJ DEPRESS D/O RECURRENT	\$83,031	\$0	\$83,031	\$0
20	Employee/Self	Yes	REACTION SEVERE STRESS & ADJUST D/O	\$2,282	\$80,705	\$82,986	\$0
21	Employee/Self	Yes	MULTIPLE SCLEROSIS	\$81,240	\$0	\$81,240	\$0
22	Child/Other Dependent	Yes	LIVEBRN INFNT ACCRD PLACE BRTH&TYPE	\$80,476	\$0	\$80,476	\$0
23	Employee/Self	Yes	COMP GU PROSTH DEVICES IMPL GRAFT	\$79,275	\$0	\$79,275	\$0
Total				\$3,332,613	\$243,876	\$3,576,489	\$745,122

⁽¹⁾ does not include claims from ESI

⁽²⁾ Individual Stop Loss (ISL) = \$150,000

Town of Fairfield

July 1, 2022 Renewal Projection

Fee History					Data Through February 2022		
Medical/Rx	Lives ⁽¹⁾	Current - July 2021 (pepm)	Current - July 2021 (\$)	Lives ⁽¹⁾	Proposed - July 2022 (pepm) ⁽²⁾	Proposed - July 2022 (\$)	% Change
Medical Administration	Active		Active	Active		Active	
Self Insured Program Fee - (PPO, CDHP, O65)	459	\$25.48	\$140,344	459	\$25.99	\$143,151	2.0%
Network Access	459	\$16.35	\$90,056	459	\$16.68	\$91,857	2.0%
HSA Fees	81	\$2.95	\$2,867	81	\$3.01	\$2,925	2.0%
Commissions	459	\$15.08	\$83,061	459	\$15.08	\$83,061	0.0%
Total	459		\$316,328	459		\$320,993	1.5%
Stop Loss (\$150K ISL, 125% ASL)							
Individual	459	\$232.00	\$1,277,856	459	\$266.80	\$1,469,534	15.0%
Aggregate	459	inc.	\$0	459	inc.	\$0	0.0%
Total	459		\$1,277,856	459		\$1,469,534	15.0%
Dental Administration							
Individual	441	\$5.45	\$28,841	441	\$5.56	\$29,418	2.0%
Total			\$28,841			\$29,418	2.0%

⁽¹⁾ as of February 2022

⁽²⁾ estimated renewal, to be negotiated in 2022

Town of Fairfield

July 1, 2022 Renewal Projection

Town of Fairfield - Renewal Year (2022 - 2023 Plan Year)				Data Through February 2022
Aon Renewal Projection: 2022 - 2023 Plan Year				
Active Renewal Only	Anthem Medical	ESI Rx	Delta Dental	Total - All Coverages
	Active	Active	Active	Active
Exp. Per Pd Claims	\$9,277,423	\$1,950,841	\$593,363	\$11,821,627
(less) Claims in Excess of ISL	\$745,122	\$0	\$0	\$745,122
Experience Period Net Paid Claims	\$8,532,300	\$1,950,841	\$593,363	\$11,076,504
Trend Factor (16 Months)	1.081	1.122	1.054	
Annual Trend	6.0%	9.0%	4.0%	
Trended Paid Claims	\$9,221,621	\$2,188,386	\$625,218	\$12,035,225
Experience Period Lives (1 mo. lag)	455	370	457	
Trended Exp Per Claims (per ee)	\$20,256	\$5,919	\$1,368	
Projected Current Year Average Lives	459	369	441	
Exp Claims: July 1, 2022 - July 1, 2023	\$9,297,582	\$2,183,947	\$603,218	\$12,084,748
Claim Adjustments	1.0000	1.0000	1.0000	
Adj. Claims	\$9,297,582	\$2,183,947	\$603,218	\$12,084,748
Admin: July 1, 2022 - July 1, 2023 ⁽¹⁾	\$229,136	\$0	\$29,418	\$258,554
Network Access Fees	\$91,857	\$0	\$0	\$91,857
SL Exp: July 1, 2022 - July 1, 2023 ⁽¹⁾	\$1,469,534	\$0	\$0	\$1,469,534
Est Tot Cost: 2022 - 2023 Fiscal Year	\$11,088,110	\$2,183,947	\$632,636	\$13,904,693
2021 - 2022 Fiscal Year: Aon Renewal Projection				\$12,516,146
Change (\$)				\$1,388,547
Change (%)				11.09%

⁽¹⁾ estimated renewal, to be negotiated in 2022

Town of Fairfield

July 1, 2022 Renewal Projection

Renewal Premium Rates: 2022 - 2023 Plan Year							Data Through February 2022	
Policy Year				2022 - 2023				
Anthem Account Structure		Name	Tier	Lives ⁽¹⁾	Medical 7/1/2022 Cost	Rx 7/1/2022 Cost	Dental 7/1/2022 Cost	Total 7/1/2022 Cost
Active	101	Communications	ee only	9	\$816.67	\$228.14	\$74.99	\$1,119.80
			ee + 1	3	\$1,747.67	\$488.22	\$132.28	\$2,368.17
			family	3	\$2,417.34	\$675.29	\$210.48	\$3,303.11
		Total "Premium"		15	\$238,141	\$66,525	\$20,439	\$325,105
Active	102	Fire	ee only	14	\$816.67	\$228.14	\$74.99	\$1,119.80
			ee + 1	21	\$1,747.67	\$488.22	\$132.28	\$2,368.17
			family	61	\$2,417.34	\$675.29	\$210.48	\$3,303.11
		Total "Premium"		96	\$2,347,105	\$655,670	\$200,007	\$3,202,782
Active	103	Middle Management	ee only	8	\$816.67	\$228.14	\$74.99	\$1,119.80
			ee + 1	9	\$1,747.67	\$488.22	\$132.28	\$2,368.17
			family	24	\$2,417.34	\$675.29	\$210.48	\$3,303.11
		Total "Premium"		41	\$963,342	\$269,112	\$82,105	\$1,314,559
Active	104	Nurses	ee only	5	\$825.30	\$230.55	\$74.99	\$1,130.85
			ee + 1	6	\$1,766.14	\$493.38	\$132.28	\$2,391.80
			family	11	\$2,442.89	\$682.43	\$210.48	\$3,335.80
		Total "Premium"		22	\$499,142	\$139,437	\$41,808	\$680,386
Active	105	Police	ee only	16	\$816.67	\$228.14	\$74.99	\$1,119.80
			ee + 1	19	\$1,747.67	\$488.22	\$132.28	\$2,368.17
			family	74	\$2,417.34	\$675.29	\$210.48	\$3,303.11
		Total "Premium"		109	\$2,701,866	\$754,774	\$231,468	\$3,688,107
Active	106	Public Works	ee only	20	\$825.30	\$230.55	\$74.99	\$1,130.85
			ee + 1	25	\$1,766.14	\$493.38	\$132.28	\$2,391.80
			family	33	\$2,442.89	\$682.43	\$210.48	\$3,335.80
		Total "Premium"		78	\$1,695,301	\$473,587	\$141,034	\$2,309,922
Active	107	Town Hall	ee only	34	\$709.62	\$198.23	\$74.99	\$982.85
			ee + 1	21	\$1,518.59	\$424.22	\$132.28	\$2,075.09
			family	26	\$2,100.48	\$586.77	\$210.48	\$2,897.74
		Total "Premium"		81	\$1,327,559	\$370,857	\$129,603	\$1,828,019
Active	108	Non-Union	ee only	3	\$825.30	\$230.55	\$74.99	\$1,130.85
			ee + 1	4	\$1,766.14	\$493.38	\$132.28	\$2,391.80
			family	10	\$2,442.89	\$682.43	\$210.48	\$3,335.80
		Total "Premium"		17	\$407,633	\$113,873	\$34,307	\$555,813
Total				459	\$10,180,088	\$2,843,835	\$880,770	\$13,904,693

⁽¹⁾ as of February 2022

**FY23 HEALTH INSURANCE PROJECTION FOR ACTIVES
BASED ON FEBRUARY 2022 DATA**

	GENERAL FUND			WPCA		ECC		TOTAL	
	#EE		\$	#EE	\$	#EE	\$	#EE	\$
Gross Health Care - Active EE*	426.85	0.95	\$13,111,675	21.15	\$649,671	22.00	\$567,449	470.00	\$14,328,795
Less: Employee Contribution			(\$2,098,331)		(\$29,602)		(\$76,606)		(\$2,204,539)
NET HEALTH CARE - Active EE			<u>\$11,013,344</u>		<u>\$620,069</u>		<u>\$490,843</u>		<u>\$12,124,256</u>
Plus: HSA Employer Contribution			\$123,863		\$6,137		\$0		\$130,000
Plus: Out-of-Plan Stipends	<u>15.00</u>		<u>35,500</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>15.00</u>	<u>35,500</u>
			<u>159,363</u>		<u>6,137</u>		<u>0</u>		<u>165,500</u>
Net Health Care - Active EE	441.85		\$11,172,707	21.15	\$626,206	22.00	\$490,843	485.00	\$12,289,756

*Number of employees taken from Budget Book - PS by Department

Reconciliation to AON Sheet	
AON Projection for Current Lives	13,904,693
Additional Lives Added	424,102
	14,328,795

Notes:

HSA Employer Contribution lowered per contract

Gross Health Care Cost from AON February 2022 Renewal

Allocation between General Fund and WPCA based on FTE.

Allocation for ECC is taken directly from Feb 22 AON estimate/communications. 8 additional lives from Westport are added to calculation

Increase of \$336,902 from projection in FY 23 FS Proposed

Increase of \$796,500 (7.7 Percent) from FY 22 Approved