

# Employees Retirement Plan of the Town of Hamden

Actuarial Valuation and Review as of  
July 1, 2014





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*October 29, 2014*

*Retirement Board*

*Employees Retirement Plan of the Town of Hamden*

*c/o Mayor Scott D. Jackson*

*Hamden Government Center*

*2750 Dixwell Avenue*

*Hamden, CT 06518-3320*

*Dear Board Members:*

*We are pleased to submit this Actuarial Valuation and Review as of July 1, 2014. It summarizes the actuarial data used in the valuation, analyzes the preceding two years' experience, and establishes the funding requirements for years ending June 30, 2015 and June 30, 2016.*

*This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement Plan. The census information on which our calculations were based was prepared by the staff of the Town of Hamden and the financial information was provided by Buckley, Frame, Boudreau & Co., P.C. That assistance is gratefully acknowledged.*

*The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as 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 smoothing of asset gains and losses); and changes in plan provisions or applicable law.*

*The actuarial calculations were directed under the supervision of Deborah K. Brigham, FCA, ASA, MAAA, Enrolled Actuary. Ms. Brigham is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the*

*actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Town are reasonably related to the experience of and the expectations for the Plan.*

*We look forward to reviewing this report at your next meeting and to answering any questions.*

*Sincerely,*

*Segal Consulting, a Member of The Segal Group, Inc.*

By:

  
\_\_\_\_\_  
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## SECTION 1: Valuation Summary for the Employees Retirement Plan of the Town of Hamden

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### Purpose

This report has been prepared by Segal Consulting to present a valuation of the Employees Retirement Plan of the Town of Hamden as of July 1, 2014. The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits. The contribution requirements presented in this report are based on:

- The benefit provisions of the Pension Plan, as administered by the Board;
- The characteristics of covered active participants, inactive vested participants, and retired participants and beneficiaries as of July 1, 2014, provided by the Town;
- The assets of the Plan as of June 30, 2014, provided by the Auditor;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

### Significant Issues in Valuation Year

1. The annual required contribution (ARC) is \$29,536,050 for the year ending June 30, 2015, an increase of \$2,390,922 since the last valuation two years ago. The primary reason for the increase is that actual contributions were significantly less than the ARC. The ARC for the year ending June 30, 2013 was \$27,145,128; the Town contributed \$9,340,000 (34.41%). The ARC for the year ending June 30, 2014 was \$27,668,031; the Town contributed \$12,500,000 (45.15%). As a result of the underfunding of the ARC for the two-year period, the ongoing cost of the Plan increased by \$2,296,996. A full reconciliation of cost is provided in Chart 13 on page 12.
2. The Plan's funded status decreased from 14.03% to 10.33% between 2012 and 2014. The market value of assets declined from \$57.9 million to \$50.1 million; the smoothed actuarial value of assets declined from \$58.8 million to \$46.8 million. These declines occurred despite market rates of return in excess of the assumed rate of 7.00%, because the benefit payouts significantly exceeded the total income from contributions and investments.
3. Actual benefit payments over the next few years are anticipated to be more than \$25 million annually; thus the current assets cover about two years of benefits. It is typically recommended that a plan have assets that cover at least 10 years of benefit payments. Given that the Town only has assets to cover two years of benefit payments, an infusion of cash and/or an increase in contributions is needed immediately. If an injection of cash is not made or if contributions continue to be less than the ARC, the plan will run out of money (i.e., become insolvent) in about three years and begin paying benefits from general fund revenues on a pay-as-you-go basis.

## SECTION 1: Valuation Summary for the Employees Retirement Plan of the Town of Hamden

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4. To improve the funded status of the Retirement Plan, a Pension Obligation Bond (POB) issuance of approximately \$123 million is expected in late 2014 or early 2015. The Town of Hamden has also committed to ramping up its contributions to the Plan significantly over the next five years.
5. In conjunction with the POB issuance, the closed amortization period for the unfunded actuarial accrued liability has been reset from 28 to 30 years with this valuation. The longer period resulted in an \$823,119 decrease in the ARC. The 30-year period is now closed, and will decline over time. The amortization of the unfunded liability assumes 2% annual increases in the payments, which is tied to the Town's expected budgetary increases.
6. Page iv in Section 1 of this report contains a contribution split between Town, Board of Education, and Guardians. Assets have been allocated to each group based upon the overall funded percentage.
7. This valuation reflects the following increases in the employee contribution rates:
  - The rate for Guardians increased from 8.00% to 8.50% of pay, effective July 1, 2013, and
  - The rate for Service Employees increased from 6.50% to 7.00% on July 1, 2013 and to 7.50% of pay on July 1, 2014. The rate is schedule to increase to 7.75% effective July 1, 2015 and to 8.00% effective July 1, 2016.
8. This valuation also reflects a provision permitting Guardian employees to purchase up to three years of pension credit with sick leave days. We have explicitly accounted for this provision for the first time this year, based on the accumulated sick leave data provided by the Town. The ARC increased by \$300,738 as a result.
9. The Plan is closed to new entrants, and the number of active participants is declining due to retirements and other attrition. Over the past two years, the active population has declined by about 14%, from 509 to 437.
10. Governmental Accounting Standards Board (GASB) Statement No. 67 is effective for plan years beginning after June 15, 2013. Segal will work with the Town and their auditor to provide the necessary GASB 67 disclosures for the year ended June 30, 2014; this valuation report does not include the required accounting information. The disclosures for GASB 27, however, are included in Section 4 of this report, and the exhibits that were previously required for GASB 25 are included as well, for information purposes. For purposes of this report, we have continued to use the term "ARC" for the annual required contribution and the annual recommended contribution; in future years, this will likely be called the actuarially determined contribution, or "ADEC," in accordance with the new Statements.

**SECTION 1: Valuation Summary for the Employees Retirement Plan of the Town of Hamden**

**Summary of Key Valuation Results**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Contributions for plan year beginning July 1:</b>				
Town's annual recommended contribution (ARC)	\$30,126,771*	\$29,536,050	\$27,668,031	\$27,145,128
Actual Town contributions	--	--	\$12,500,000	9,340,000
Percentage of ARC contributed	--	--	45.15%	34.41%
<b>Funding elements for plan year beginning July 1:</b>				
Total normal cost, including administrative expenses		\$5,903,356		\$6,273,140
Market value of assets		50,112,795		57,919,838
Actuarial value of assets		46,762,549		58,842,127
Actuarial accrued liability		452,501,230		419,266,994
Unfunded actuarial accrued liability		405,738,681		360,424,867
Funded ratio (actuarial value as a percentage of liability)		10.33%		14.03%
<b>Demographic data for plan year beginning July 1:</b>				
Number of retired participants and beneficiaries		737		704
Number of vested former participants		24		30
Number of active participants		437		509
Projected total salary		\$29,347,110		\$31,241,635
Projected average salary		67,156		61,378

*\*Currently, actuarial valuations are completed every two years for the Plan. The recommended contribution shown above for the year beginning July 1, 2015 is based on level percent funding with 2.00% annual growth. If an annual valuation is completed in 2015, this number will be updated based on actual 2015 participant data and assets.*

**SECTION 1: Valuation Summary for the Employees Retirement Plan of the Town of Hamden**

**Development of the Recommended Contribution By Group**

	<b>Service (Town)</b>	<b>Service (Board of Ed)</b>	<b>Guardian</b>	<b>Total</b>
1 a) Total normal cost	\$1,525,304	\$1,265,139	\$3,012,913	\$5,803,356
b) Projected administrative expenses	29,270	16,701	54,029	100,000
c) Projected employee contributions	<u>607,727</u>	<u>464,742</u>	<u>1,173,681</u>	<u>2,246,150</u>
d) Town normal cost: (a) + (b) – (c)	\$946,847	\$817,098	\$1,893,261	\$3,657,206
2 Accrued liability				
a) Active employees	\$35,769,856	\$26,658,751	\$80,487,324	\$142,915,931
b) Vested terminated	1,551,888	859,624	141,546	2,553,058
c) Retirees	80,092,577	42,126,885	130,967,299	253,186,761
d) Beneficiaries	4,675,295	4,055,152	8,900,771	17,631,218
e) Disability retirees	<u>10,360,790</u>	<u>1,872,242</u>	<u>23,981,230</u>	<u>36,214,262</u>
f) Total accrued liability	\$132,450,406	\$75,572,654	\$244,478,170	\$452,501,230
3 Assets at actuarial value	13,687,739	7,809,857	25,264,953	46,762,549
4 Unfunded accrued liability: (2f) - (3)	\$118,762,667	\$67,762,797	\$219,213,217	\$405,738,681
5 Payment on unfunded accrued liability				
a) Factor	16.307798	16.307798	16.307798	16.307798
b) Payment	\$7,282,569	\$4,155,239	\$13,442,232	\$24,880,040
c) Amortization years	30	30	30	30
d) Interest rate (adjusted for amortization with 2% annual growth)	4.90%	4.90%	4.90%	4.90%
6 Annual Town cost for 2014-2015 Fiscal Year				
a) Recommended contribution at beginning of year: (1d) + (5b)	\$8,229,416	\$4,972,337	\$15,335,493	\$28,537,246
b) Recommended contribution at middle of year: (6a) x 1.035	8,517,446	5,146,369	15,872,235	29,536,050
7 Projected cost for 2015-2016 Fiscal Year				
a) Factor	1.020	1.020	1.020	1.020
b) Budgeted contribution at middle of year: (6b) x (7a)	\$8,687,795	\$5,249,296	\$16,189,680	\$30,126,771

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

**A. PARTICIPANT DATA**

The Actuarial Valuation and Review considers the number and demographic characteristics of covered participants, including active participants, vested terminated participants, retired participants and beneficiaries. This section presents a summary of significant statistical data on these participant groups

The Plan has been closed to new entrants since 2007 and therefore the number of active participants is declining. As shown on the next page, the average age, service, and salary of the active population in the Plan are increasing.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibits A, B, and C.

*A historical perspective of how the participant population has changed over the past ten valuations can be seen in this chart.*

**CHART 1**  
**Participant Population: 1996 – 2014**

<b>Year Ended June 30</b>	<b>Active Participants</b>	<b>Vested Terminated Participants*</b>	<b>Retired Participants and Beneficiaries**</b>	<b>Ratio of Non-Actives to Actives</b>
1996	607	18	466	0.80
1998	610	19	488	0.83
2000	611	19	563	0.95
2002	626	17	590	0.97
2004	640	18	617	0.99
2006	628	19	657	1.08
2008	638	21	645	1.04
2010	568	27	664	1.22
2012***	509	30	704	1.44
2014	437	24	737	1.74

\*Excludes terminated participants due a refund of employee contributions

\*\*Includes disabled retirees

\*\*\*The 25 service employees who retired on September 1, 2012 under the Town's Retirement Incentive Package were counted as retired participants on June 30, 2012 for valuation purposes.

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

**Active Participants**

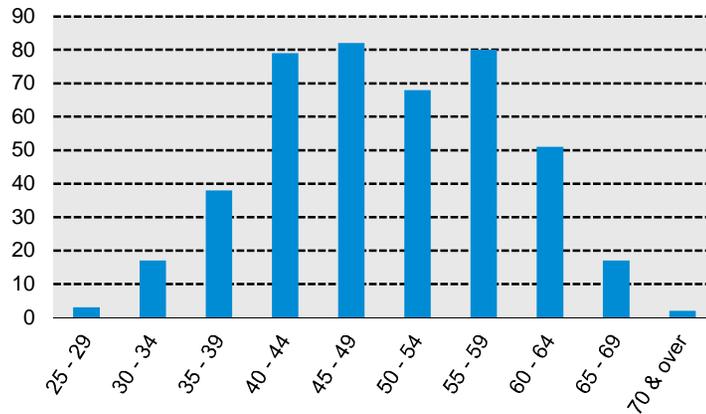
Plan costs are affected by the age, years of credited service and salaries of active participants. In this year's valuation, there were 437 active participants with an average age of 50.2, average years of credited service of 15.2 years and average salaries of \$67,156. The 509 active participants in the prior valuation had an average age of 49.7, average service of 14.3 years and average salaries of \$61,378.

**Inactive Participants**

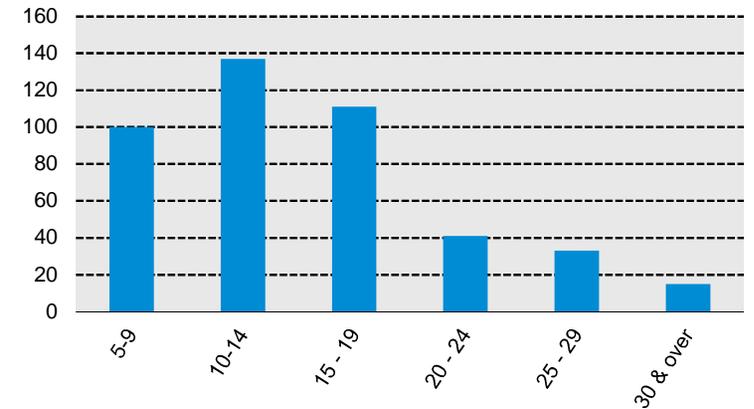
In this year's valuation, there were 24 participants with a vested right to a deferred or immediate vested benefit.

*These graphs show a distribution of active participants by age and by years of credited service.*

**CHART 2**  
**Distribution of Active Participants by Age as of June 30, 2014**



**CHART 3**  
**Distribution of Active Participants by Years of Credited Service as of June 30, 2014**



**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

**Retired Participants and Beneficiaries**

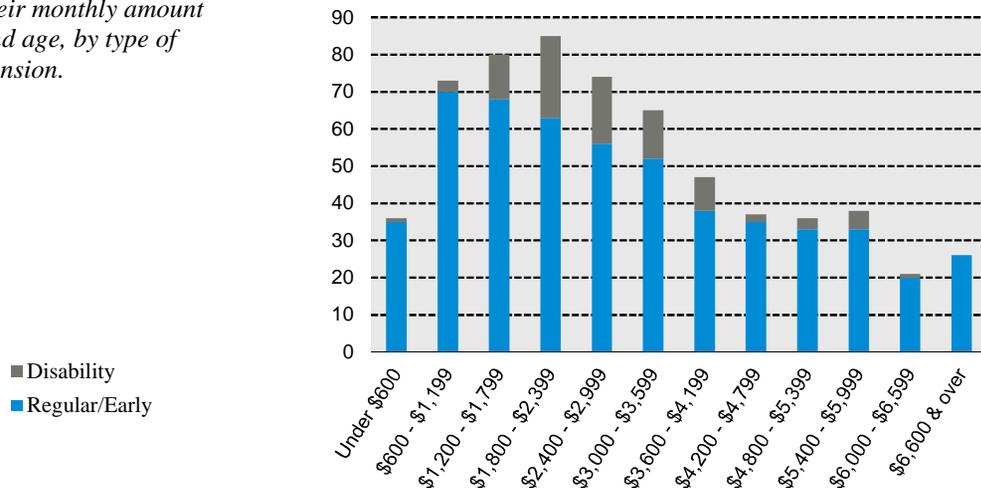
As of June 30, 2014, 618 retired participants and 119 beneficiaries were receiving total monthly benefits of \$2,005,700. For comparison, in the previous valuation, there were 582 retired participants and 122 beneficiaries receiving monthly benefits of \$1,819,916.

The retired participant count also includes 89 participants receiving a disability pension. For the prior valuation, there were 93 participants receiving a disability pension.

*These graphs show a distribution of the current retired participants based on their monthly amount and age, by type of pension.*

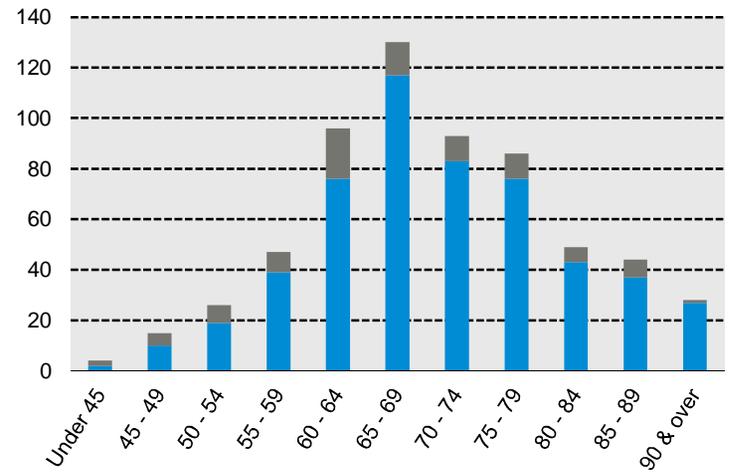
**CHART 4**

**Distribution of Retired Participants by Type and by Monthly Amount as of June 30, 2014**



**CHART 5**

**Distribution of Retired Participants Type and by Age as of June 30, 2014**



**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

**B. FINANCIAL INFORMATION**

Retirement plan funding anticipates that, over the long term, both net contributions (less administrative expenses) and net investment earnings (less investment fees) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

As can be seen in Chart 6 below, the Plan’s benefit payments significantly exceed income from contributions. The assets have been drawn down to the point that investment income cannot reasonably close the gap. Current assets cover about two years of expected benefit payments.

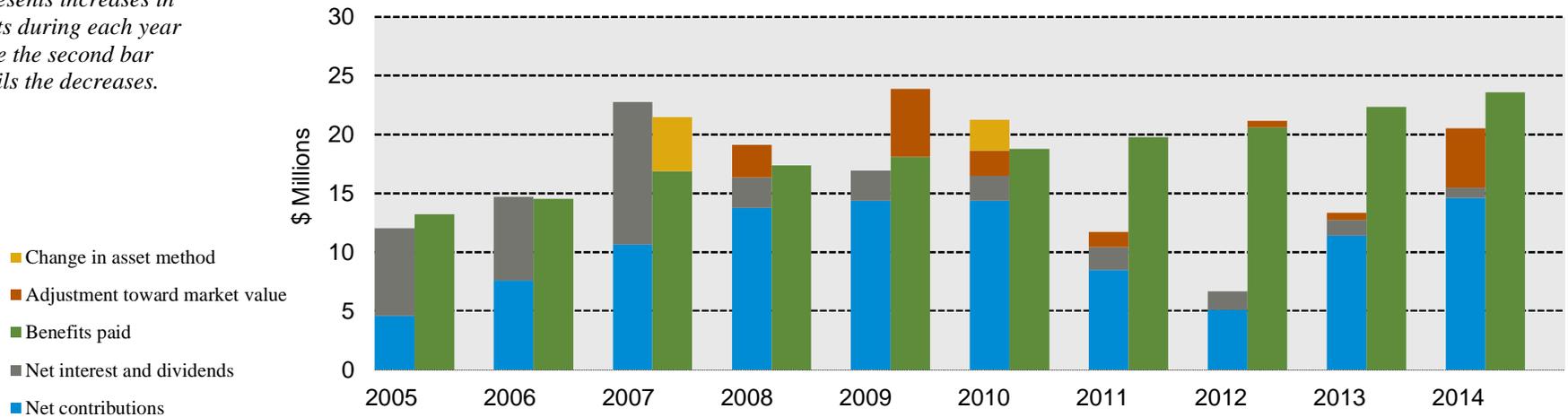
The pension obligation bond issuance of approximately \$123 million in late 2014 or early 2015 will help bolster plan assets. Contributions also must be increased significantly for the Plan to avoid insolvency.

Additional financial information, including a summary of these transactions for the valuation year, is presented in Section 3, Exhibits D, E and F.

*The chart depicts the components of changes in the actuarial value of assets over the last ten years. Note: The first bar represents increases in assets during each year while the second bar details the decreases.*

**CHART 6**

**Comparison of Increases and Decreases in the Actuarial Value of Assets for Years Ended June 30, 2005 – 2014**



*Note: For years ending before June 30, 2008, the grey bars labeled “Net interest and dividends” actually reflect all market investment income, including appreciation or depreciation. An asset smoothing method was implemented effective July 1, 2007. For years ending on or after June 30, 2008, the appreciation/(depreciation) is smoothed over time, and is reflected in the “Adjustment toward market value.”*

## SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

*This chart shows the determination of the actuarial value of assets as of June 30, 2013 and June 30, 2014.*

### CHART 7 Determination of Actuarial Value of Assets

		Year Ended	
		June 30, 2014	June 30, 2013
1. Market value of assets		\$50,112,795	\$52,092,655
2. Calculation of unrecognized return	Original Amount*	Unrecognized Return**	Unrecognized Return**
(a) Year ended June 30, 2014	\$3,664,498	\$2,931,598	
(b) Year ended June 30, 2013	1,456,974	874,185	1,165,579
(c) Year ended June 30, 2012	-5,239,816	-2,095,926	-3,143,890
(d) Year ended June 30, 2011	8,201,943	1,640,389	3,280,777
(e) Year ended June 30, 2010	4,837,103	0	967,421
(f) Total unrecognized return		\$3,350,246	\$2,269,887
3. Preliminary actuarial value: (1) - (2f)		46,762,549	49,822,768
4. Adjustment to be within 20% corridor		0	0
5. Final actuarial value of assets: (3) + (4)		<u>\$46,762,549</u>	<u>\$49,822,768</u>
6. Actuarial value as a percentage of market value: (5) ÷ (1)		93.3%	95.6%
7. Amount deferred for future recognition: (1) - (5)		\$3,350,246	\$2,269,887

\*Total return minus expected return on a market value basis

\*\*Recognition at 20% per year over five years

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

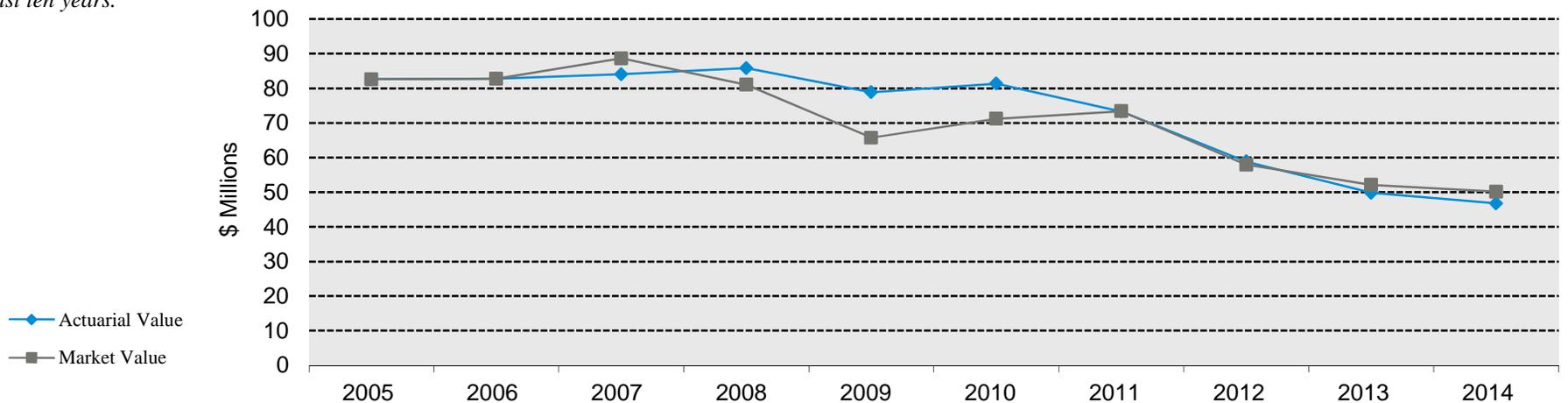
Both the actuarial value and market value of assets are representations of the Retirement Plan’s financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The actuarial asset value is significant because the Retirement Plan’s liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

Chart 8 provides a ten-year history of the Plan’s assets. The chart does not indicate that the Plan’s assets were \$134.2 million as of June 30, 2000, valued at market. The economic collapse in the early 2000s caused significant investment losses, and by June 30, 2005 the market value had dropped to \$82.6 million, the first value shown in the chart. The Plan experienced further losses in the plan years ended 2008 and 2009, and then again in 2012. In the last two years the principal has been drawn down as benefit payments have exceeded the contributions plus investment income. As of the 2014 valuation date, the market value of assets is \$50.1 million.

*This chart shows the change in the actuarial value of assets versus the market value over the past ten years.*

**CHART 8**

**Actuarial Value of Assets vs. Market Value of Assets as of June 30, 2005 – 2014**



**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

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**C. ACTUARIAL EXPERIENCE**

To calculate the required contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the contribution requirement will decrease from the previous year. On the other hand, the contribution requirement will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term

development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years.

The total loss is \$1,792,765, including \$943,270 from investment gains and \$2,736,035 in losses from all other sources. The net experience variation from individual sources other than investments was 0.6% of the actuarial accrued liability. A discussion of the major components of the actuarial experience is on the following pages.

*This chart provides a summary of the actuarial experience over the past two years.*

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**CHART 9**

**Actuarial Experience for Two-Year Period Ended June 30, 2014**

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1. Net gain from investments*	\$943,270
2. Net gain from administrative expenses	32,175
3. Net loss from other experience	<u>-2,768,210</u>
4. Net experience loss: (1) + (2) + (3)	<u>-\$1,792,765</u>

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\* Details in Chart 10

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

**Investment Rate of Return**

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Retirement Plan’s investment policy. For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00%. The actual rate of return on an actuarial basis was 3.63% for the 2012-2013 plan year, and was 13.05% for 2013-2014. The returns on a market value basis were 9.78% and 14.70%, respectively.

Since the actual return for the two-year period was greater than the assumed return, the Retirement Plan experienced an actuarial gain with regard to its investments during the two-year period ending June 30, 2014.

*This chart shows the gain/(loss) due to investment experience.*

**CHART 10  
Actuarial Value Investment Experience**

	<b>Year Ended</b>	
	<b><u>June 30, 2014</u></b>	<b><u>June 30, 2013</u></b>
1. Net investment income	\$5,916,443	\$1,935,758
2. Average actuarial value of assets	45,334,437	53,364,568
3. Rate of return: (1) ÷ (2)	13.05%	3.63%
4. Assumed rate of return	7.00%	7.00%
5. Expected return: (2) x (4)	\$3,173,411	\$3,735,520
6. Actuarial gain/(loss): (1) – (5)	<u>\$2,743,032</u>	<u>-\$1,799,762</u>

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. Subsection B described the actuarial asset valuation method that gradually takes into account fluctuations in the market value rate of return. The effect of this is to stabilize the actuarial rate of return, which contributes to leveling pension plan costs.

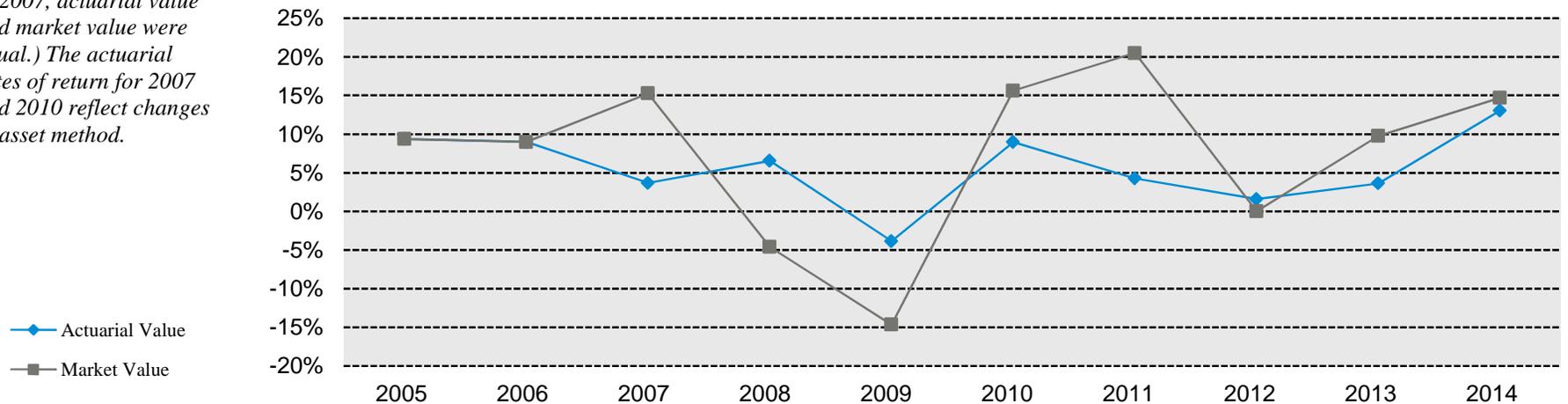
**Administrative Expenses**

Administrative expenses for the years ended June 30, 2014 and 2013 totaled \$177,947 compared to the assumption of \$100,000 per year. This resulted in a gain of \$32,175 including adjustments for timing and interest. We have maintained the annual assumption of \$100,000.

The 10-year weighted average market rate of return is 7.76%. We have maintained the assumed rate of return of 7.00%, based on the current investment mix, the anticipated pension obligation bond income, and the Plan’s liquidity needs.

*This chart illustrates how this leveling effect has actually worked over the years 2007 - 2014. (Prior to 2007, actuarial value and market value were equal.) The actuarial rates of return for 2007 and 2010 reflect changes in asset method.*

**CHART 11**  
**Market and Actuarial Rates of Return for Years Ended June 30, 2005 - 2014**



## SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden

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### **Other Experience**

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among the participants,
- retirement experience (earlier or later than expected),
- mortality (more or fewer deaths than expected),
- the number of disability retirements, and
- salary increases different than assumed.

The net loss from this other experience for the two-year period ending June 30, 2014 amounted to \$2,768,210, which is 0.6% of the actuarial accrued liability. The salary increases for continuing active participants were higher than expected, on average, which contributed to the loss.

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

**D. RECOMMENDED CONTRIBUTION**

The amount of annual contribution required to fund the Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability.

The recommended contribution for the year beginning July 1, 2014 is based on a 30-year level percent amortization with 2% annual increases expected. The 2% growth is tied to the Town’s expected budgetary increases. The 30-year period was reestablished with this valuation, in conjunction with the pension obligation bond issuance, but it is closed, and will decline in the future.

The contribution requirements as of July 1, 2014 are based on all of the data described in the previous sections, the actuarial assumptions described in Section 4, and the Plan provisions adopted at the time of preparation of the Actuarial Valuation. They include all changes affecting future costs, adopted benefit changes, actuarial gains and losses and changes in the actuarial assumptions.

*The chart compares this valuation’s recommended contribution with the prior valuation.*

**CHART 12  
Recommended Contribution**

	Year Beginning July 1	
	2014	2012
1. Total normal cost	\$5,803,356	\$6,173,140
2. Administrative expenses	100,000	100,000
3. Expected employee contributions	<u>-2,246,150</u>	<u>-2,147,344</u>
4. Employer normal cost: (1) + (2) + (3)	\$3,657,206	\$4,125,796
5. Actuarial accrued liability	452,501,230	419,266,994
6. Actuarial value of assets	<u>46,762,549</u>	<u>58,842,127</u>
7. Unfunded actuarial accrued liability: (5) - (6)	\$405,738,681	\$360,424,867
8. Payment on unfunded actuarial accrued liability	24,880,040	22,101,381
9. Total recommended contribution: (4) + (8), adjusted for timing*	<u>\$29,536,050</u>	<u>\$27,145,128</u>
10. Projected salary	\$29,347,110	\$31,241,635

*\*Recommended contributions are assumed to be paid at the middle of every year.*

**SECTION 2: Valuation Results for the Employees Retirement Plan of the Town of Hamden**

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**Reconciliation of Recommended Contribution**

The chart below details the changes in the recommended contribution from the prior valuation to the current year's valuation. The majority of the increase in the recommended contribution since the last valuation is attributable to actual Town contributions less than the recommended contributions.

*The chart reconciles the contribution from the prior valuation to the amount determined in this valuation.*

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**CHART 13**

**Reconciliation of Recommended Contribution from July 1, 2012 to July 1, 2014**

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<b>Recommended Contribution as of July 1, 2012</b>	\$27,145,128
Effect of Town contributions less than recommended contributions for the two-year period	2,296,996
Effect of expected change in amortization payment due to level percent amortization	924,147
Effect of resetting the amortization period for unfunded liability to 30 years	-823,119
Effect of plan amendment (sick leave buy back for Guardian employees)	300,738
Effect of investment gain	-61,805
Effect of other gains and losses on accrued liability	170,614
Effect of net other changes	<u>-416,649</u>
<b>Total change</b>	<u>\$2,390,922</u>
<b>Recommended Contribution as of July 1, 2014</b>	\$29,536,050

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**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT A**

**Table of Plan Coverage**

<b>Category</b>	<b>Year Ended June 30</b>		<b>Change From Prior Valuation</b>
	<b>2014</b>	<b>2012</b>	
<b>Active participants in valuation:</b>			
Number	437	509	-14.1%
Average age	50.2	49.7	N/A
Average years of credited service	15.2	14.3	N/A
Projected total salary	\$29,347,110	\$31,241,635	-6.1%
Projected average salary	67,156	61,378	9.4%
Account balances	17,200,426	15,168,463	13.4%
Total active vested participants	341	377	-9.5%
<b>Vested terminated participants</b>	24	30	-20.0%
<b>Retired participants:</b>			
Number in pay status	529	489	8.2%
Average age	71.1	71.4	N/A
Average monthly benefit	\$3,064	\$2,938	4.3%
<b>Disabled participants:</b>			
Number in pay status	89	93	-4.3%
Average age	66.4	65.9	N/A
Average monthly benefit	\$2,842	\$2,767	2.7%
<b>Beneficiaries in pay status:</b>			
Number in pay status	119	122	-2.5%
Average age	77.0	77.2	N/A
Average monthly benefit	\$1,108	\$992	11.7%

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT B**

**Participants in Active Service as of June 30, 2014  
By Age, Years of Credited Service, and Average Salary**

Age	Years of Credited Service								
	Total	5-9	10-14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over
25 - 29	3	3	--	--	--	--	--	--	--
	\$60,468	\$60,468	--	--	--	--	--	--	--
30 - 34	17	12	4	1	--	--	--	--	--
	73,937	76,483	\$78,822	\$23,844	--	--	--	--	--
35 - 39	38	14	20	4	--	--	--	--	--
	75,109	78,205	74,773	65,960	--	--	--	--	--
40 - 44	79	12	30	28	9	--	--	--	--
	77,477	66,233	77,142	83,528	\$74,760	--	--	--	--
45 - 49	82	20	21	16	14	11	--	--	--
	67,648	51,680	57,217	81,112	83,609	\$76,700	--	--	--
50 - 54	68	11	21	16	3	14	3	--	--
	64,123	49,915	56,089	64,602	51,848	81,852	\$99,443	--	--
55 - 59	80	18	20	24	7	4	3	4	--
	60,027	48,302	54,524	56,644	67,901	97,279	92,972	\$84,852	--
60 - 64	51	8	14	15	6	4	2	1	1
	60,530	54,624	58,633	57,429	64,072	56,772	94,210	107,066	\$60,724
65 - 69	17	1	7	7	2	--	--	--	--
	59,487	88,172	56,915	59,033	55,736	--	--	--	--
70 & over	2	1	--	--	--	--	--	1	--
	62,987	31,821	--	--	--	--	--	94,153	--
Total	437	100	137	111	41	33	8	6	1
	\$67,156	\$59,979	\$64,337	\$68,396	\$72,442	\$78,965	\$95,708	\$90,104	\$60,724

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT C**

**Reconciliation of Participant Data**

	<b>Active Participants</b>	<b>Vested Former Participants</b>	<b>Disableds</b>	<b>Retired Participants</b>	<b>Beneficiaries</b>	<b>Total</b>
Number as of July 1, 2012	509	30	93	489	122	1,243
New participants	0	N/A	N/A	N/A	N/A	0
Terminations – with vested rights	-3	3	N/A	N/A	N/A	0
Terminations – without vested rights	-4	N/A	N/A	N/A	N/A	-4
Retirements	-59	-9	N/A	68	N/A	0
New disabilities	-3	0	3	N/A	N/A	0
Deceased	-3	0	-7	-29	-18	-57
New beneficiaries	N/A	N/A	N/A	N/A	15	15
Data adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Number as of July 1, 2014	437	24	89	529	119	1,198

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT D**

**Summary Statement of Income and Expenses on an Actuarial Value Basis**

	Year Ended June 30, 2014	Year Ended June 30, 2013
<b>Net assets at actuarial value at the beginning of the year</b>	\$49,822,768	\$58,842,127
<b>Contribution income:</b>		
Employer contributions	\$12,500,000	\$9,340,000
Employee contributions	2,181,831	2,153,222
Less administrative expenses	<u>-76,352</u>	<u>-101,595</u>
Net contribution income	14,605,479	11,391,627
<b>Investment income:</b>		
Interest, dividends and other income	\$1,061,277	\$1,521,528
Adjustment toward market value	5,030,584	591,615
Less investment fees	<u>-175,419</u>	<u>-177,385</u>
Net investment income	<u>5,916,442</u>	<u>1,935,758</u>
<b>Total income available for benefits</b>	\$20,521,921	\$13,327,385
<b>Less benefit payments</b>	-23,582,140	-22,346,744
<b>Change in reserve for future benefits</b>	-\$3,060,219	-\$9,019,359
<b>Net assets at actuarial value at the end of the year</b>	\$46,762,549	\$49,822,768

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT E**

**Summary Statement of Income and Expenses on a Market Value Basis**

	Year Ended June 30, 2014	Year Ended June 30, 2013
<b>Net assets at market value at the beginning of the year</b>	\$52,092,655	\$57,919,838
<b>Contribution income:</b>		
Employer contributions	\$12,500,000	\$9,340,000
Employee contributions	2,181,831	2,153,222
Less administrative expenses	<u>-76,352</u>	<u>-101,595</u>
Net contribution income	14,605,479	11,391,627
<b>Investment income:</b>		
Interest, dividends and other income	\$1,061,277	\$1,521,528
Asset appreciation	6,110,943	3,783,791
Less investment fees	<u>-175,419</u>	<u>-177,385</u>
Net investment income	<u>6,996,801</u>	<u>5,127,934</u>
<b>Total income available for benefits</b>	\$21,602,280	\$16,519,561
<b>Less benefit payments</b>	-23,582,140	-22,346,744
<b>Change in reserve for future benefits</b>	-\$1,979,860	-\$5,827,183
<b>Net assets at market value at the end of the year</b>	\$50,112,795	\$52,092,655

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT F**

**Summary Statement of Plan Assets**

	Year Ended June 30, 2014	Year Ended June 30, 2013
<b>Cash equivalents:</b>		
Cash and short-term investments	\$2,576,821	\$2,412,884
Due from broker for securities sold	112,256	299,352
Due to broker for securities purchased	<u>0</u>	<u>-155,852</u>
Total cash equivalents	\$2,689,077	\$2,556,384
<b>Accounts receivable:</b>		
Interest and dividends	\$8,655	\$36,627
Pre-paid expenses	<u>14,617</u>	<u>14,617</u>
Total accounts receivable	23,272	51,244
<b>Investments:</b>		
Mutual funds	\$28,439,952	\$29,193,503
Common stock	<u>19,004,131</u>	<u>20,359,192</u>
Total investments at market value	<u>47,444,083</u>	<u>49,552,695</u>
<b>Total assets</b>	<b>\$50,156,432</b>	<b>\$52,160,323</b>
<b>Less accounts payable</b>	<b>-43,637</b>	<b>-67,668</b>
<b>Net assets at market value</b>	<b><u>\$50,112,795</u></b>	<b><u>\$52,092,655</u></b>
<b>Net assets at actuarial value</b>	<b><u>\$46,762,549</u></b>	<b><u>\$49,822,768</u></b>

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT G**

**Development of the Fund Through June 30, 2014**

<b>Year Ended June 30</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>	<b>Net Investment Return*</b>	<b>Administrative Expenses</b>	<b>Benefit Payments</b>	<b>Actuarial Value of Assets at End of Year</b>
2004	\$1,000,000	\$1,653,368	\$7,522,329	\$113,927	\$12,500,223	\$83,785,549
2005	3,000,000	1,659,028	7,454,887	78,084	13,221,662	82,599,718
2006**	6,000,000	1,682,639	7,127,032	100,000	14,536,404	82,772,985
2007	9,000,000	1,742,369	7,520,911	83,441	16,883,475	84,069,349
2008	12,000,000	1,845,471	5,387,042	110,134	17,359,201	85,832,527
2009	12,500,000	1,983,963	-3,223,225	106,880	18,101,394	78,884,991
2010	12,500,000	1,968,410	6,884,458	100,740	18,784,600	81,352,519
2011	6,550,000	2,053,140	3,232,260	113,089	19,762,293	73,312,537
2012	3,040,000	2,138,782	1,040,920	103,868	20,586,244	58,842,127
2013	9,340,000	2,153,222	1,935,758	101,595	22,346,744	49,822,768
2014	12,500,000	2,181,831	5,916,442	76,352	23,582,140	46,762,549

\* Net of investment fees; includes the effect of the asset method changes for years ending in 2007 and 2010.

\*\*Assets in the July 1, 2006 valuation were estimated.

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT H**

**Development of Unfunded Actuarial Accrued Liability**

	Year Ended	
	June 30, 2014	June 30, 2013
1. Unfunded actuarial accrued liability at beginning of year	\$380,471,383	\$360,424,867
2. Normal cost at beginning of year	6,396,603	6,273,140
3. Total contributions	-14,681,831	-11,493,222
4. Interest		
(a) For whole year on (1) + (2)	\$27,080,759	\$25,668,861
(b) For half year on (3)	<u>-513,864</u>	<u>-402,263</u>
(c) Total interest	<u>26,566,894</u>	<u>25,266,598</u>
5. Expected unfunded actuarial accrued liability	\$398,753,050	\$380,471,383
6. Changes due to:		
(a) Net experience gains and losses	\$1,792,765	
(b) Plan provisions	<u>5,192,866</u>	
(c) Total changes	<u>6,985,631</u>	
7. Unfunded actuarial accrued liability at end of year	<u>\$405,738,681</u>	<u>\$380,471,383</u>

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

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**EXHIBIT I**

**Definitions of Pension Terms**

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The following list defines certain technical terms for the convenience of the reader:

**Assumptions or Actuarial**

**Assumptions:**

The estimates on which the cost of the Plan is calculated including:

- (a) Investment return — the rate of investment yield that the Plan will earn over the long-term future;
- (b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;
- (c) Retirement rates — the rate or probability of retirement at a given age;
- (d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.

**Normal Cost:**

The amount of contributions required to fund the benefit allocated to the current year of service.

**Actuarial Accrued Liability**

**For Actives:**

The value of all projected benefit payments for current members less the portion that will be paid by future normal costs.

**Actuarial Accrued Liability**

**For Pensioners:**

The single-sum value of lifetime benefits to existing pensioners. This sum takes account of life expectancies appropriate to the ages of the pensioners and the interest that the sum is expected to earn before it is entirely paid out in benefits.

**Unfunded Actuarial Accrued**

**Liability:**

The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.

**SECTION 3: Supplemental Information for the Employees Retirement Plan of the Town of Hamden**

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**Amortization of the Unfunded**

**Actuarial Accrued Liability:** Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

**Investment Return:**

The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

## SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden

### EXHIBIT I

#### Summary of Actuarial Valuation Results

The valuation was made with respect to the following data supplied to us:

1. Retired participants as of the valuation date (including 119 beneficiaries in pay status)	737
2. Participants inactive during year ended June 30, 2014 with vested rights	24
3. Participants active during the year ended June 30, 2014	437
Fully vested	299
Partially vested	42
Not vested	96

The actuarial factors as of the valuation date are as follows:

1. Normal cost, including administrative expenses	\$5,903,356
2. Present value of future benefits	490,815,115
3. Present value of future normal costs	38,313,885
4. Actuarial accrued liability	452,501,230
Retired participants and beneficiaries	\$307,032,241
Inactive participants with vested rights	2,553,058
Active participants	142,915,931
5. Actuarial value of assets (\$50,112,795 at market value as reported by the Plan's auditor)	46,762,549
6. Unfunded actuarial accrued liability	\$405,738,681

The determination of the recommended contribution is as follows:

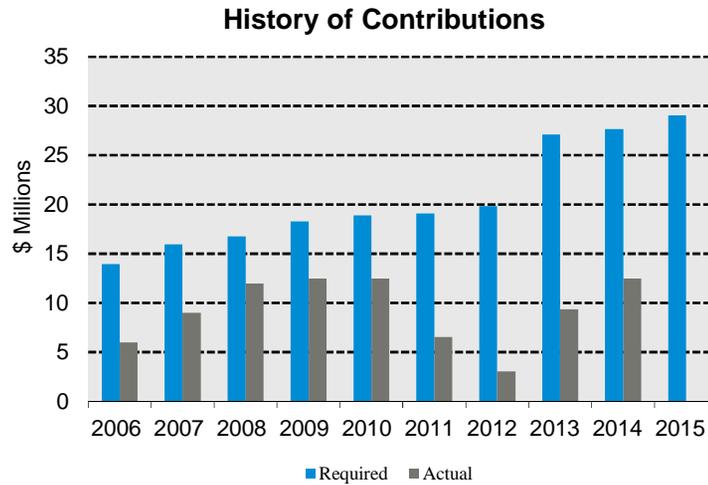
1. Total normal cost	\$5,803,356
2. Administrative expenses	100,000
3. Expected employee contributions	<u>-2,246,150</u>
4. Employer normal cost: (1) + (2) + (3)	\$3,657,206
5. Payment on unfunded actuarial accrued liability	24,880,040
6. Town's recommended contribution at beginning of year: (4) + (5)	\$28,537,246
7. Town's recommended contribution for fiscal year ending June 30, 2015, payable at mid-year: (6) x 1.035	<u>\$29,536,050</u>
8. Town's recommended contribution for fiscal year ending June 30, 2016, payable at mid-year: (6) x 1.035	<u>\$30,126,771</u>

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT II**

**Schedule of Employer Contributions**

<b>Plan Year Ended June 30</b>	<b>Annual Recommended Contributions</b>	<b>Actual Contributions</b>	<b>Percentage Contributed</b>
2006	\$13,951,743	\$6,000,000	43.0%
2007	15,956,437	9,000,000	56.4%
2008	16,754,259	12,000,000	71.6%
2009	18,292,235	12,500,000	68.3%
2010	18,911,433	12,500,000	66.1%
2011	19,088,623	6,550,000	34.3%
2012	19,850,851	3,040,000	15.3%
2013	27,145,128	9,340,000	34.4%
2014	27,688,031	12,500,000	45.1%
2015	29,536,050	--	--
2016	30,126,771	--	--



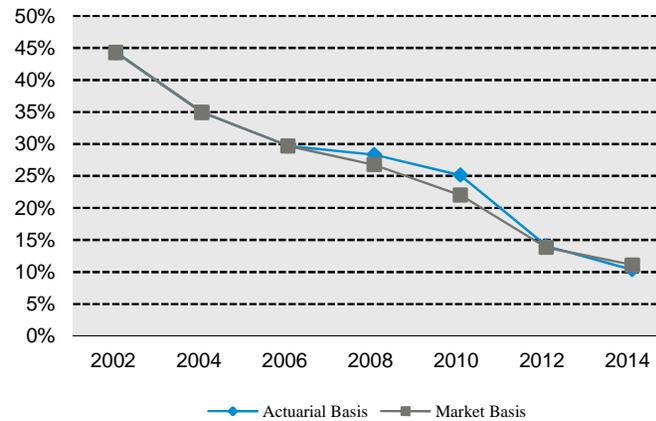
**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT III**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
07/01/2002	\$93,085,769	\$210,215,350	\$117,129,581	44.28%	\$25,812,990	453.76%
07/01/2004	83,785,549	239,835,010	156,049,461	34.93%	30,840,944	505.98%
07/01/2006	82,718,403	278,857,512	196,139,109	29.66%	30,598,423	641.01%
07/01/2008	85,832,527	303,003,978	217,171,451	28.33%	33,976,398	639.18%
07/01/2010	81,352,519	323,748,595	242,396,076	25.13%	33,051,700	733.38%
07/01/2012	58,842,127	419,266,994	360,424,867	14.03%	31,241,635	1,153.67%
07/01/2014	46,762,549	452,501,230	405,738,681	10.33%	29,347,110	1,382.55%

**Funded Ratio**



## SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden

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### EXHIBIT IV

#### Supplementary Information Required by the GASB

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<b>Valuation date</b>	July 1, 2014
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level percent, with 2% annual increases
<b>Remaining amortization period</b>	30 years as of July 1, 2014, closed
<b>Asset valuation method</b>	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected market returns and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
<b>Actuarial assumptions:</b>	
Investment rate of return	7.00%
Projected salary increases	2.50%
Cost of living adjustments	3.00%
<b>Plan membership:</b>	
Retired participants and beneficiaries receiving benefits	737
Terminated participants entitled to, but not yet receiving benefits	24
Active participants	<u>437</u>
Total	1,198

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**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT V**

**Development of the Net Pension Obligation (NPO) and the Annual Pension Cost Pursuant to GASB 27**

<b>Plan Year Ended June 30</b>	<b>Employer Annual Required Contribution (a)</b>	<b>Employer Amount Contributed (b)</b>	<b>Interest on NPO (h) x 7.00%* (c)</b>	<b>ARC Adjustment (h) / (e) (d)</b>	<b>Amortization Factor (e)</b>	<b>Pension Cost (a) + (c) – (d) (f)</b>	<b>Change in NPO (f) – (b) (g)</b>	<b>NPO Balance NPO + (g) (h)</b>
2005	\$13,287,374	\$3,000,000	\$5,767,532	\$3,960,809	18.2019	\$15,094,097	\$12,094,097	\$84,188,252
2006	13,951,743	6,000,000	6,735,060	4,702,351	17.9034	15,984,452	9,984,452	94,172,704
2007	15,596,437	9,000,000	7,533,816	5,352,693	17.5935	18,137,560	9,137,560	103,310,264
2008	16,754,259	12,000,000	8,264,821	5,981,483	17.2717	19,037,597	7,037,597	110,347,861
2009	18,292,735	12,500,000	8,827,829	6,515,018	16.9375	20,605,546	8,105,546	118,453,407
2010	18,911,433	12,500,000	9,476,273	7,139,881	16.5904	21,247,825	8,747,825	127,201,232
2011	19,088,623	6,550,000	10,176,099	7,837,430	16.2300	21,427,292	14,877,292	142,078,524
2012	19,850,851	3,040,000	11,366,282	8,960,732	15.8557	22,256,401	19,216,401	161,294,925
2013	27,145,128	9,340,000	11,290,645	10,236,835	15.7563	28,198,938	18,858,938	180,153,863
2014	27,688,031	12,500,000	12,610,770	11,611,480	15.5152	28,687,321	16,187,321	196,341,184

\* Rate was 8.00% prior to July 1, 2012.

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

**EXHIBIT VI**

**Actuarial Assumptions and Actuarial Cost Method**

**Mortality Rates:**

*Healthy:* RP-2000 Combined Healthy Mortality Table, projected 19 years with Scale BB

*Disabled:* RP-2000 Disabled Retiree Table, projected 19 years with Scale BB

The RP-2000 mortality tables, projected to the 2014 valuation date, reasonably reflect the projected mortality experience of the Plan as of the measurement date. The additional projection of five years is a provision made for future mortality improvement.

**Termination Rates before Retirement:**

*Rate (%) for Service Employees*

Age	Mortality		Disability*	Withdrawal
	Male	Female	All Lives	All Lives
20	0.03	0.02	0.06	16.32
25	0.04	0.02	0.09	14.68
30	0.04	0.02	0.11	11.11
35	0.07	0.04	0.15	7.05
40	0.10	0.07	0.22	3.38
45	0.14	0.11	0.36	0.80
50	0.20	0.16	0.61	0.00
55	0.34	0.25	1.01	0.00
60	0.59	0.42	1.63	0.00

*\*25% of disabilities are assumed to be service-related.*

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

**Termination Rates before Retirement (continued):**

*Rate (%) for Guardian Employees*

Age	Mortality		Disability*	Withdrawal
	Male	Female	All Lives	All Lives
20	0.03	0.02	0.12	5.44
25	0.04	0.02	0.17	4.89
30	0.04	0.02	0.22	3.70
35	0.07	0.04	0.29	2.35
40	0.10	0.07	0.44	1.13
45	0.14	0.11	0.72	0.27
50	0.20	0.16	1.21	0.00
55	0.34	0.25	2.02	0.00
60	0.59	0.42	3.25	0.00

*\*75% of disabilities are assumed to be service-related.*

**Retirement Rates:**

<u>Service Employees</u>		<u>Guardian Employees</u>	
Age	Retirement Probability (%)	Age	Retirement Probability (%)
55-61	5.00	60-64	25.00
62-64	15.00	65	100.00
65	75.00		
66-69	50.00		
70	100.00		

*\*10% added at the first eligibility for 20 years of service, until age 60.*

*\*20% added at the first eligibility for 30 years of service.*

**Retirement Age for Inactive**

**Vested Participants:** Age 62

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

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<b>Percent Married:</b>	80% of males and 60% of females
<b>Age of Spouse:</b>	Females three years younger than males
<b>Net Investment Return:</b>	7.00%
<b>Salary Increases:</b>	2.50%
<b>Interest on Employee Contributions:</b>	5.00%
<b>Operating Expenses:</b>	\$100,000
<b>Actuarial Value of Assets:</b>	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual and expected market returns, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
<b>Actuarial Cost Method:</b>	Entry Age Normal Actuarial Cost Method. Entry Age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by compensation, with Normal Cost determined as if the current benefit accrual rate had always been in effect.
<b>Changes in Assumptions and Methods:</b>	No assumptions or methods were changed in this valuation.

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

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**EXHIBIT VII**

**Summary of Plan Provisions**

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This exhibit summarizes the major provisions of the Retirement Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

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<b>Plan Year</b>	July 1 through June 30
<b>Plan Status</b>	Closed to new entrants
<b>Eligibility</b>	Employee of the Town of Hamden and classified as either a “Service” or “Guardian” employee. Participants must make the mandatory employee contributions and be regularly scheduled to work more than 20 hours per week. Participation in the Plan closed to Guardian employees on July 1, 2006 and to all other employees on July 1, 2007.

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**Normal Pension – Guardians**

*Age and Service Requirements:* The earlier of age 60 or the completion of 20 years of Credited Service

*Amount:* 2.5% of Average Annual Compensation per year of Credited Service for the first 20 years, plus 3% of Average Annual Compensation per year for Credited Service for the next 5 years, plus 2% of Average Annual Compensation per year of Credited Service in excess of 25 years to a maximum of 35 years. Effective July 1, 2006, no Employee shall receive more than 80% based on the above formula. Prior to June 30, 2006, a participant can receive more than 80% if they have the required years of service and were hired before July 1, 1981. Such participant’s benefits shall be frozen as of June 30, 2006. For Employees hired after July 1, 1981, the maximum years of Credited Service is 35.

Average Annual Compensation is defined as the most recent twelve consecutive month period immediately prior to termination or, if greater, the highest one plan year of annual compensation including regular base salary, longevity payments, holiday pay and workers’ compensation payment.

A participant's minimum retirement benefit shall not be less than sixty-hundredths (60/100) of one percent (1%) of Average Annual Compensation per year of Credited Service or \$3.25 per year of Credited Service whichever is greater.

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

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**Early Retirement – Guardians**

<i>Age requirement:</i>	Within 5 years of the Employee's Normal Retirement Date
<i>Service requirement:</i>	15 years of Credited Service
<i>Amount:</i>	Normal pension accrued, unreduced for early retirement.

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**Disability Retirement – Guardians**

Non-service connected

<i>Age requirement:</i>	None
<i>Service requirement:</i>	10 years of Credited Service
<i>Amount:</i>	The greater of (a) 30% of Average Annual Compensation if hired on or after July 1, 1981 (25% of Average Annual Compensation if hired on or after July 1, 1987); or (b) Normal pension accrued.  Employees hired prior to July 1, 1981 have a minimum benefit of 50% of Average Annual Compensation.

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**Service Connected Disability Retirement – Guardians**

<i>Age requirement:</i>	None
<i>Service requirement:</i>	None
<i>Amount:</i>	The greater of (a) 50% of Average Annual Compensation; or (b) Normal pension accrued.

## SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden

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### Vesting – Guardians

<i>Age requirement:</i>	None
<i>Service requirement:</i>	50% with 10 years of Credited Service, increasing 10% per year of Credited Service to 100% with 15 years of Credited Service.
<i>Amount:</i>	Normal pension accrued, multiplied by vested percentage, payable at Normal Retirement Date or if earlier, the first full month following the month the Participant would have completed 20 years of Credited Service.  If a member elects a refund of his Employee Contributions, he forfeits his right to his vested benefit.

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### Pre-Retirement Death Benefits – Guardians

<i>Status:</i>	Active member at the time of death
<i>Age requirement:</i>	None
<i>Service requirement:</i>	None
<i>Survivor's benefit:</i>	Greater of (a) 50% of Average Annual Compensation at death; or (b) 50% of the benefit the Employee would have received had he retired the day before his death payable to spouse until death or remarriage
<i>Surviving Children's benefit:</i>	25% of Average Annual Compensation payable to dependent children up to age 18
<i>Lump sum death benefit:</i>	\$5,000 payable to spouse or dependent children if the Employee's death is service related and if death occurs within one year of the date of injury
<i>Burial allowance:</i>	\$5,000

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### Post-Retirement Death Benefits – Guardians

<i>Survivors' benefit:</i>	50% of the benefit that the retiree was receiving at the time of death
<i>Lump sum death benefit:</i>	Same as the pre-retirement lump sum death benefit
<i>Burial allowance:</i>	\$5,000

**SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden**

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**Cost of Living Increase – Guardians** Based on changes in the Consumer Price Index, a maximum of 3% paid on each May 1 for those Employees who retired prior to January 1.

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**Employee Contributions – Guardians** 8.50% of Annual Compensation. Interest accrues at 5.00% per year.

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**Normal Retirement – Service**

*Age and Service Requirements:* The earlier of age 65, the completion of 30 years of Credited Service; or age 55 and completion of 20 years of Credited Service.

*Amount:* 2.5% of Average Annual Compensation per year of Credited Service for the first 20 years plus 2.0% of the Average Annual Compensation in excess of 20, to a maximum of 35 years for Employees hired after July 1, 1978 not to exceed 85% of Average Annual compensation. For members hired prior to July 1, 1978, the maximum pension amount may exceed 85% of Average Annual Compensation, but shall be frozen as of June 30, 2008.

Average Annual Compensation is defined as the average of Compensation earned during the most recent 24-month period immediately prior to termination or if greater, the average of the highest two consecutive Plan Years of annual Compensation paid to the member out of the last 10 years. Average Annual Compensation includes regular base salary, longevity payments, and any Workers' Compensation payments.

A participant's minimum retirement benefit shall not be less than sixty-hundredths (60/100) of one percent (1%) of Average Annual Compensation per year of Credited Service or \$3.25 per year of Credited Service whichever is greater.

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**Early Retirement – Service**

*Age requirement:* 55

*Service requirement:* 10 years

*Amount:* Normal pension accrued, reduced by .60% per month for the first 5 years preceding age 65 and .30% per month for the next 5 years.

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## SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden

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### Disability Retirement – Service

Service and non-service connected

<i>Age requirement:</i>	None
<i>Service requirement:</i>	For a non-service connected Disability pension, 15 years of Credited Service (10 years of Credited Service for Employees hired prior to July 1, 1991). For a service connected Disability pension, there is no service requirement.
<i>Amount:</i>	The greater of (a) 50% Average Annual Compensation; or (b) the member's normal retirement pension.

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### Vesting – Service

<i>Age requirement:</i>	None
<i>Service requirement:</i>	10 years of Credited Service
<i>Amount:</i>	Normal pension accrued, payable at Normal Retirement Date If a member elects a refund of his/her Employee Contributions, he/she forfeits his/her vested benefit

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### Pre-Retirement Death Benefits – Service

<i>Status:</i>	Active member at the time of death
<i>Service requirement:</i>	5 years of Credited Service
<i>Survivor's benefit:</i>	For deaths on or after July 1, 1991 the greater of (a) 50% of Average Annual Compensation at death; or (b) 50% of the benefit the Employee would have received had he retired the day before his death payable to spouse until death or remarriage
<i>Surviving children's benefit:</i>	25% benefit payable to dependent children up to age 18
<i>Lump sum death benefit:</i>	\$5,000 payable to spouse or dependent children if the Employee's death is service related
<i>Burial allowance:</i>	\$5,000

## SECTION 4: Reporting Information for the Employees Retirement Plan of the Town of Hamden

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### Post-Retirement Death Benefits – Service

<i>Survivor's benefit:</i>	The surviving spouse of a member who retires on or after July 1, 1991 is entitled to 50% of the annual retirement benefit that the retiree was receiving at the time of death payable to spouse until death or remarriage
<i>Lump sum death benefit:</i>	Same as the pre-retirement lump sum death benefit except must die within one year of termination of employment
<i>Burial allowance:</i>	\$5,000

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**Cost of Living Increase – Service** Based on changes in the Consumer Price Index, a maximum of 3% paid on each May 1 for those Employees who retired prior to January 1

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**Employee Contributions – Service** 7.50% of Annual Compensation effective July 1, 2014, 7.75% effective July 1, 2015, and 8.00% effective July 1, 2016. Interest accrues at 5.00% per year.

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**Changes in Plan Provisions:** A sick leave buyback provision now permits Guardian employees to purchase additional credited pension service using accumulated sick days.

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