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October 29, 2010

Mr. David Campbell, Chairman  
Ridgefield Pension Commission  
630 Danbury Rd. – Unit 60  
Ridgefield, CT 06877

Re: Town of Ridgefield Pension Plan  
Our File No. 445

Dear David and Commissioners:

We are pleased to present the July 1, 2010 Annual Valuation Report for the Town's pension plan.

The following is a capsule of the results of our annual valuation report, along with our proposed budget requests for the 2009-10 fiscal year:

	<u>General Town</u>	<u>Board of Ed.</u>	<u>Total Plan</u>
2010-11 Budget Recommendation	\$1,700,000	\$930,000	\$2,630,000
Actual 2010-11 Contributions	\$1,600,000	\$930,000	\$2,530,000
-----			
Valuation Results as of July 1, 2010:			
7/1/10 Minimum Contribution	\$1,712,807	\$938,291	\$2,651,098
-----			
2011-12 Budget Recommendation	\$1,750,000	\$960,000	\$2,710,000

Please refer to the body of the report for a detailed analysis of the changes in the valuation results from 2009 to 2010.

Please let me know if you need any additional information, or if you have any questions concerning the above results.

Sincerely,

  
David G. Leonard, A.S.A.  
Account Executive

TOWN OF RIDGEFIELD PENSION PLAN

ANNUAL VALUATION REPORT

AS OF JULY 1, 2010

(ABBREVIATED VERSION  
OPEN TO PUBLIC INSPECTION)

Prepared by:

David G. Leonard, ASA  
T R Paul, Inc.

TOWN OF RIDGEFIELD  
(ABBREVIATED VERSION)

TABLE OF CONTENTS

	<u>PAGE</u>
I. GENERAL COMMENTS	1
II. PLAN ASSETS	3 - 7
III. ANNUAL VALUATION SUMMARY - JULY 1, 2010 VALUATION DATE	
A. SUMMARY OF NORMAL COSTS AND RANGE OF CONTRIBUTIONS	8
B. SUMMARY OF PRESENT VALUE OF ACCRUED BENEFITS	9
C. DISCLOSURE UNDER GASB NO. 25 - June 30, 2010	10
IV. DETERMINATION OF MINIMUM AND MAXIMUM CONTRIBUTIONS (aggregate for whole Town)	11
V. CUMULATIVE PENSION PLAN EXPERIENCE, INCLUDING:	23 - 24
A. CHANGES IN COST DUE TO PLAN CHANGES	25
B. CALCULATION OF REMAINING FROZEN INITIAL LIABILITY	26
C. PROGRESS IN FUNDING AMORTIZATION BASES	26

APPENDICES

A. PENSION TRUST SUMMARIES	32 - 39
B. ACTUARIAL ASSUMPTIONS	40

## TOWN OF RIDGEFIELD PENSION PLAN

### I. GENERAL COMMENTS

(Edited from the full Valuation Report's Commentary)

This year's valuation was completed based on 388 active full time participants under normal retirement age, which represents an decrease of seven (7) from July 1, 2009. The total salary base increased 0.95%, to a total annual salary of \$18,389,480. The average participant's salary increased 2.77%.

The minimum contribution amounts from this year's valuation came in very close to our budget estimates in last year's report. At the time we had projected flat trust earnings for the last 8 months of the fiscal year (after posting 15% for the first four months) and little in the way of salary increases for staff.

Both of these events occurred more or less as predicted, with the assets ending up the year up 16.8%, and salaries behaving for the most part. The salary increases varied by department, with most of the union groups maintaining modest increases (2%-4%), and non-union increases on the Town side almost non-existent.

The actual budgeted contributions by the Town are the same for 2010-11 as they were in the prior year, which is less than we had recommended this year. The Town's contribution is more than \$100,000 less than the minimum actuarial contribution from the valuation. The Board of Education's contribution is within \$10,000 of the minimum level.

The 2011-12 budget recommendations do not directly reflect this year's funding shortfalls. The increases presented include a modest (2%) increase to account for expected natural progressions and other actuarial factors.

Each year there is a natural 4% increase built into the assumptions due to salary expectations. We are assuming that once again not all of this increase will come to pass, but we are also taking into account built in actuarial losses from unrecognized trust asset losses from the past. We estimate that these will add 0.5% (of salary) to the 2011-12 valuation results. The current unrecognized loss is \$4.1 million.

This year we are presenting accrued liabilities using the IRS' "Funding Target". This is the measure that corporate plans have to report each year, along with a disclosure called an "Annual Funding Target Attainment Percentage" (or AFTAP).

We are happy to report that your AFTAP as of July 1, 2010 would be 93.13%. This is measured against the market value of trust assets, so it is a true measure of funding. The discount rates used for these calculations are mandated by the IRS, and range over time from 4.05% to 6.65%.

Looking forward, the same actuarial factors as always will determine how the contribution level behaves. The historical perspective shown in Section V (pg. 24) would seem to indicate that the overall contribution level has jumped from the 10%-12% (of salary) range to something more in the neighborhood of 14%. This change does not have to be permanent, but if all actuarial assumptions are met that's pretty much where we will stay.

## TOWN OF RIDGEFIELD PENSION PLAN

PLAN ASSETS

Beginning of Year July 1, 2009		End of Year June 30, 2010
\$		
3,662.30	Union Savings Checking	\$ 22,100.72
1,909.85	Union Savings Benefit Account	2,808.53
2,615.26	T. Rowe Price Prime Reserves	2,615.30
45,043,298.03	Vanguard Group Funds	54,254,073.80
2,615.26	Phoenix Stock Held by Trustees	2,063.57
(12,500.00)	Investment Management Accrual	(6,250.00)
142,281.61	Prepaid Benefits	150,322.12
\$ 45,183,882.31	TOTAL (Market Value)	\$ 54,427,734.04
\$ 42,206,751.48	TOTAL (Book Value)	\$ 46,506,265.52

RECEIPTS

Employer Contribution - Town	\$ 1,600,382.10
Employer Contribution - Board of Education	930,000.00
Police/Fire/Highway/Board of Ed. Employee Contributions	580,237.30
Money Purchase Plan Contributions	15,300.90
Investment Earnings (includes State St. Settlement - \$741,523.98)	2,150,571.82
Realized Gains/Losses	725,549.06
TOTAL INCOME	\$ 6,002,041.18
Benefit Payments	\$ 1,723,229.77
Refund of Employee Contributions / Lump Sum Distributions	47,857.65
Money Purchase Plan Withdrawal	0.00
Actuarial & Benefit Payment Expenses	37,581.00
Legal Expenses	3,256.10
Administration/Investment/Insurance Expenses	37,072.85
TOTAL EXPENSES	\$ 1,848,997.37
NET INCOME	\$ 4,153,043.81

CHANGE IN NET ASSETS

Unrealized appreciation (depreciation) in assets:	\$ 5,090,807.92
Net Income:	4,153,043.81
Net increase (decrease) in net assets for the year:	\$ 9,243,851.73
Net assets at beginning of year:	45,183,882.31
Net assets at end of year:	\$ 54,427,734.04

## TOWN OF RIDGEFIELD PENSION PLAN

## II. PLAN ASSETS (continued)

## RECONCILIATION OF BENEFIT PAYMENTS

Monthly Benefits:	\$1,723,172.75
Lump Sum Distribution	0.00
Return of Employee Contributions with Interest	47,857.65
Home Life Payments:	<u>57.02</u>
Total - plan year end June 30, 2010	\$1,771,807.42

Home Life Supplemental Payments

V. Buccitti	\$57.02
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TOWN OF RIDGEFIELD PENSION PLAN

II. PLAN ASSETS (Continued)

ALLOCATION OF ASSETS BY DEPARTMENT - JUNE 30, 2010

The following schedule shows the allocation of assets between participant groups on a Market Value Basis

DEPARTMENT	07/01/2009 BALANCE	EMPLOYER CONTRIBUTION	EMPLOYEE CONTRIBUTION	DISBURSE- MENTS	EARNINGS	06/30/2010 BALANCE
Bd. of Ed. (N-U)	\$1,624,741	\$57,408	\$0	(\$93,307)	\$274,527	\$1,863,369
Bd. of Ed. (Aides)	2,573,006	299,939	45,434	(110,455)	474,659	3,282,583
Bd. of Ed. (Sec.)	3,833,170	287,675	34,587	(240,663)	672,856	4,587,624
Bd. of Ed. (Cust)	3,367,905	284,979	48,490	(146,957)	603,212	4,157,628
Highway Union	4,567,426	178,377	77,853	(127,491)	792,390	5,488,555
Highway (N-U)	689,002	40,506	0	(31,602)	119,654	817,559
Town Hall	4,249,631	289,676	0	(131,447)	749,642	5,157,502
Town Hall (SEIU)	1,642,715	105,094	36,397	(71,204)	290,036	2,003,039
Canine Control	147,586	0	0	(1,562)	24,697	170,720
Police	13,849,280	618,886	209,298	(457,755)	2,406,768	16,626,478
Fire	<u>8,492,603</u>	<u>367,843</u>	<u>128,179</u>	<u>(358,644)</u>	<u>1,467,455</u>	<u>10,097,436</u>
Subtotal	\$45,037,065	\$2,530,382	\$580,237	(\$1,771,087)	\$7,875,895	\$54,252,493
Money Purchase Plan	\$146,817	\$15,301	\$0	\$0	\$13,124	\$175,241
Total	\$45,183,882	\$2,545,683	\$580,237	(\$1,771,087)	\$7,889,019	\$54,427,734

## TOWN OF RIDGEFIELD PENSION PLAN

## II. PLAN ASSETS (Continued)

## ALLOCATION OF ASSETS BY DEPARTMENT - JUNE 30, 2010

The following schedule shows the allocation of assets between participant groups on a Market Value and Valuation Asset basis.

Department	7/1/2010 Adjusted MV	7/1/2010 Valuation Assets
Bd. of Ed. (N-U)	\$1,863,369	\$2,005,806
Bd. of Ed. (Aides)	3,278,625	3,529,245
Bd. of Ed. (Sec.)	4,591,582	4,942,566
Bd. of Ed. (Cust)	4,157,628	4,475,440
Highway Union	5,488,555	5,908,104
Highway (N-U)	817,559	880,054
Town Hall	5,179,492	5,575,416
Town Hall (SEIU)	1,981,049	2,132,482
Canine Control	170,720	183,770
Police	16,626,478	17,897,417
Fire	<u>10,097,436</u>	<u>10,869,291</u>
Total	\$54,252,493	\$58,399,590

## TOWN OF RIDGEFIELD PENSION PLAN

## II. PLAN ASSETS (Continued)

Development of Valuation Assets (Actuarial Value of Assets)

The Actuarial Valuation of Assets is calculated by rolling forward the prior year's Actuarial Valuation of Assets with the actual non-income cash flow items. These include contributions and benefit payments. Then a theoretical amount of income equal to the actuarially assumed rate of interest (7.0% in this case) is added.

From the above calculations, we arrive at a preliminary value of assets, which is compared to the actual market value of the fund on the valuation date. The preliminary value is adjusted by adding or subtracting 20% of the difference in the market value less the preliminary value, subject to a corridor of 80% to 120% of the market value.

The following illustrates the calculation of the Actuarial Value of Assets for July 1, 2010:

1. Actuarial Value of Assets - July 1, 2009	\$54,044,478*
2. Contributions for year made in year	3,110,619*
3. Disbursements and non-investment expenses	(1,811,925)
4. Assumed interest at valuation rate	<u>4,093,191**</u>
5. Preliminary value of assets (Sum 1-4)	\$59,436,364
6. Market value of assets - June 30, 2010	\$54,252,493*
7. Market value less preliminary value (6) - (5)	(\$5,183,871)
8. Adjustment - 20% of line (7)	(\$1,036,774)
9. Receivable employee contributions	<u>0</u>
10. Prelim. Actuarial Value of Assets - June 30, 2010 (5) + (8) + (9)	\$58,399,390

The Preliminary Actuarial Value of Assets is 107.6% of the market value, and thus falls within the 80% to 120% corridor of actual June 30, 2010 Market Value.

\* All items shown exclude the Money Purchase Plan assets.

\*\* Assumed income is calculated based on a weighted balance which takes into account the date that the contributions and distributions are made to the fund.

TOWN OF RIDGEFIELD PENSION PLAN

JULY 1, 2010 ANNUAL VALUATION

A. SUMMARY OF NORMAL COSTS AND CONTRIBUTION LEVELS

	Normal Cost	Contribution Levels	
		Maximum	Minimum
Board of Education	-----	-----	-----
i. Non-Union	89,195	89,476	89,476
ii. Aides *	244,434	324,467	299,371
iii. Secretaries *	197,440	308,919	266,164
iv. Custodians *	214,520	318,267	283,280
	-----	-----	-----
Total Bd. of Education	745,588	1,041,130	938,291
Highway (Union) *	206,610	204,752	204,752
Highway (Non-Union)	26,971	51,676	43,139
Town Hall	234,530	304,406	285,970
Town Hall - SEIU*	84,457	110,709	101,473
Canine Control	0	0	0
Police Dept. *	464,988	798,447	658,822
Fire Dept. *	368,651	450,366	418,651
	-----	-----	-----
Total Non-Bd. of Ed.	1,386,207	1,920,356	1,712,807
Plan Totals	2,131,795	2,961,486	2,651,098

\* Costs are net of expected employee contributions plus interest.

\*\* Totals do not agree with page 11 due to negative minimum for Canine Control.

## TOWN OF RIDGEFIELD PENSION PLAN

## III. ANNUAL VALUATION SUMMARY - JULY 1, 2010

## B. PRESENT VALUE OF ACCRUED AND VESTED BENEFITS

	Present Value of Accrued Benefits		Market Value Assets	Assets in Excess of Vested Benefits
	Vested	Non-Vested		
Board of Education	-----	-----	-----	-----
i. Non-Union	\$1,378,774	\$194,016	\$1,863,369	\$484,594
ii. Aides	2,479,355	546,808	3,278,625	799,270
iii. Secretaries	5,126,299	248,689	4,591,582	(534,717)
iv. Custodians	3,529,435	279,140	4,157,628	628,193
	-----	-----	-----	-----
Total Bd. of Educ.	12,513,863	1,268,653	13,891,203	1,377,341
Highway (Union)	4,895,025	153,155	5,488,555	593,531
Highway (Non-Union)	763,248	832	817,559	54,312
Town Hall	4,461,334	337,612	5,179,492	718,158
Town Hall - SEIU	1,800,298	171,231	1,981,049	180,751
Canine Control	28,440	9,652	170,720	142,280
Police Dept.	18,422,801	134,112	16,626,478	(1,796,324)
Fire Dept.	11,496,943	94,052	10,097,436	(1,399,508)
	-----	-----	-----	-----
Total Non-Bd. of Ed.	<u>41,868,089</u>	<u>900,646</u>	<u>40,361,289</u>	<u>(1,506,800)</u>
<b>Plan Totals - 2010</b>	<b>54,381,952</b>	<b>2,169,299</b>	<b>54,252,493</b>	<b>(129,459)</b>
Plan Totals - 2009 - at 7%	48,480,602	2,125,281	45,037,065	(3,443,537)
Breakdown of Vested Accrued Benefits by Participant Status:			2010	2009
			at 7%	at 7%
Active Employees:			\$21,704,892	\$19,464,905
Deferred Actives:			13,337,091	10,873,768
Vested Terminated:			2,087,607	2,496,098
Retired:			<u>17,252,360</u>	<u>15,645,831</u>
Total:			\$54,381,952	\$48,480,602
PPA Funding Target - all benefits regardless of vesting:			\$58,256,831	not calc.

Note: 2010 Pres. Val. based on 7.0% int. / 2010-M/F mort., PPA Fd. Targ. - 4.05%, 6.47%, 6.65%

## TOWN OF RIDGEFIELD PENSION PLAN

## III. ANNUAL VALUATION SUMMARY - JULY 1, 2010

## C. DISCLOSURE UNDER GASB NO. 25 - JUNE 30, 2010

	<u>Town Plan</u>	<u>Bd. of Ed. Unions</u>	<u>Highway Union</u>	<u>Police</u>	<u>Fire</u>
1. Remaining FIL, 7/1/09	868,328	2,293,855	0	2,420,173	616,632
2. Normal Cost	427,565	728,075	188,670	454,343	335,245
3. Interest on Normal Cost	29,930	50,965	13,207	31,804	23,467
4. Actual Contribution	492,684	930,000	178,377	618,886	367,843
5. Credited Interest	32,398	60,998	11,734	40,711	24,197
6. Payment towards amort.	63,166	198,091	N/A	162,103	31,147
7. Amortization Period	33.9	20.9	N/A	Infinite	Infinite

Note: Highway Union plan does not have an outstanding Frozen Initial Balance.  
Town plan includes all non-union departments, plus SEIU.  
Police and Fire contributions were insufficient to reduce outstanding balance

## TOWN OF RIDGEFIELD PENSION PLAN

## IV. Determination of Minimum and Maximum Contributions

## Combined - Plan Totals

July 1, 2010

1. Present Value of Benefits			
-----			
a. Active Members	(414)	\$59,022,983	
b. Deferred Actives	(41)	13,337,091	
c. Vested Terminated	(76)	2,051,986	
d. Retired	<u>(171)</u>	<u>17,242,315</u>	
e. Total	(702)		\$91,654,375
2. Remaining Frozen Initial Liability			6,147,706
3. Valuation Assets			58,399,590
4. Present Value of Future Normal Costs			27,107,080
5. Present Value of Future Salaries			194,392,694
6. Accrual Rate (4 / 5)			N/A
7. Covered Payroll (Under NRA)			18,389,480
8. Normal Cost (6 x 7)			2,647,103
9. Expected Expenses (2.0% of 8)			52,942
10. Home Life Annuities			57
11. Expected Employee Contributions			575,065
12. Total Normal Cost (8 + 9 + 10 - 11)			2,125,037
13. Adjusted Frozen Initial Liability			6,308,689
14. Maximum Amortization (10 years)			839,454
15. Interest on 12 and 14			(9,804)
16. Maximum Recommended Contribution (12 + 14 + 15)			2,954,687
17. Minimum Amortization			529,968
18. Interest on 12 and 17			(10,706)
19. Minimum Recommended Contribution (12 + 17 + 18)			2,644,299

TOWN OF RIDGEFIELD PENSION PLAN

V. CUMULATIVE PENSION PLAN EXPERIENCE – Part 1

Plan Year	Number		Applicable Comp	Accrued Liability (1974-80) PVB (1981+)	Fund Market Value	Unfunded PSL	Normal Cost	Minimum Contribution		Maximum Contribution	Actual Town Contribution
	Beginning July 1	of Participants									
	Tot.	Act.									
1975	202		1,794,404	1,147,985	539,631	608,354	53,996	100,488	(5.6%)	114,832	103,188
1980	279		2,846,327	2,300,165	1,413,620	886,545	* 107,199	144,050	(3.8%)	196,923	180,000
1985	336	293	4,124,056	6,977,664	3,931,959	1,244,552	231,960	289,627	(5.6%)	370,290	315,000
1989	368	301	6,219,909	13,032,301	7,210,817	2,007,533	383,773	479,498	(6.2%)	608,944	430,000
1990	383	309	7,009,131	16,223,033	8,187,372	2,572,912	539,516	662,074	(9.4%)	826,578	583,000
1991	391	293	7,681,546	18,968,472	9,424,740	3,025,152	662,220	788,512	(10.3%)	976,362	746,865
1992	391	280	7,661,568	19,971,332	11,341,470	3,021,480	634,553	779,403	(10.2%)	967,253	959,573
1993	391	270	7,603,014	21,882,179	13,915,939	2,903,898	651,317	802,042	(10.5%)	989,892	825,904
1994	399	276	7,987,265	23,078,331	14,816,136	2,819,111	595,194	722,484	(9.0%)	910,323	842,144
1995	427	294	8,482,107	25,755,244	17,674,373	2,631,251	525,368	677,555	(8.0%)	865,405	910,817
1996	439	303	8,770,860	27,234,440	19,328,883	2,299,692	553,245	716,387	(8.2%)	903,073	827,298
1997	466	325	9,430,680	31,441,960	22,955,259	2,950,965	681,733	945,722	(10.0%)	1,132,410	1,017,432

Please see prior reports for any years from 1974-1988 which are not shown above.

TOWN OF RIDGEFIELD PENSION PLAN

V. CUMULATIVE PENSION PLAN EXPERIENCE – Part 2

Plan Year Beginning July 1	Number of Participants		Applicable Comp	Present Value of Benefits	Fund Market Value	Unfunded PSL*	Normal Cost	Minimum Contribution		Maximum Contribution	Actual Town Contribution
	Tot.	Act.									
1998	481	328	9,574,358	33,126,189	26,982,247	2,698,499	620,131	845,248	(8.8%)	1,031,936	904,731
1999	491	334	10,492,243	36,045,305	29,354,637	2,522,138	650,556	880,479	(8.4%)	1,071,830	974,731
2000	520	347	11,207,166	39,341,809	31,316,040	2,508,644	687,299	928,023	(8.3%)	1,143,031	989,783
2001	540	360	12,368,909	43,802,592	31,226,688	3,194,389	712,370	1,169,702	(9.5%)	1,465,703	1,153,783
2002	565	377	13,584,742	47,156,300	30,207,248	2,951,206	878,720	1,359,216	(10.0%)	1,632,063	1,359,350
2003	566	375	14,072,313	50,181,804	32,358,178	2,661,677	972,962	1,381,639	(9.8%)	1,556,653	1,471,466
2004	606	412	15,108,167	60,559,497	38,328,129	4,005,692	1,698,786	1,732,156	(11.5%)	1,964,154	1,433,018
2005	618	421	15,949,547	67,618,845	42,542,198	5,459,223	1,892,246	1,929,796	(12.1%)	2,231,593	2,058,618
2006	623	425	16,184,333	71,591,025	47,687,186	5,321,546	1,882,497	1,849,058	(11.4%)	2,150,855	1,912,922
2007	664	441	17,231,988	77,536,317	56,396,510	5,392,775	1,915,516	1,831,588	(10.6%)	2,141,976	1,909,885
2008	690	458	17,964,614	84,773,743	53,275,819	6,236,474	2,131,001	2,140,202	(11.9%)	2,450,590	2,065,000
2009	704	455	18,217,210	87,703,189	45,037,065	6,198,488	2,592,376	2,596,435	(14.2%)	2,906,823	2,530,382
2010	702	455	18,389,480	91,654,375	54,252,493	6,147,706	2,647,103	2,644,299	(14.4%)	2,954,687	

Note: Maximum contribution based on a 10 year amortization. Figures in parentheses refer to percents of payroll. Funding method reorganized in 2004. Prior funding bases have been reinitialized and will be amortized over 30 years (minimum).

Total Present Value of Accrued Benefits is \$56,551,251. This is on a 7.0% Funding Basis. See page 9 for a breakdown of this amount by employee category and vested status.

## TOWN OF RIDGEFIELD PENSION PLAN

## V. (A.) CHANGES IN COSTS DUE TO PLAN EXPERIENCE

	2009 - 2010 Minimum Deposit	Increase Due to Val. Asset Performance	Increase Due to Other Plan Experience	2010 - 2011 Minimum Deposit
Board of Education	-----	-----	-----	-----
i. Non-Union	56,839	3,753	28,884	89,476
ii. Aides	296,968	2,138	264	299,371
iii. Secretaries	284,826	10,091	(28,753)	266,164
iv. Custodians	282,156	3,967	(2,843)	283,280
	-----	-----	-----	-----
Total Bd. of Education	920,788	19,950	(2,447)	938,291
Highway (Union)	186,766	8,779	9,207	204,752
Highway (Non-Union)	42,411	1,884	(1,156)	43,139
Town Hall	303,299	7,503	(24,831)	285,970
Town Hall - SEIU	110,037	2,739	(11,304)	101,473
Canine Control	0	0	0	0
Police Dept.	647,992	32,410	(21,580)	658,822
Fire Dept.	385,142	18,608	14,901	418,651
	-----	-----	-----	-----
Total Non-Bd. of Ed.	1,675,647	71,923	(34,763)	1,712,807
Plan Totals	2,596,435	91,872	(37,210)	2,651,098

Note: Totals do not agree with page 11 due to negative minimum for Canine Control.

## TOWN OF RIDGEFIELD PENSION PLAN

## V. (B.) CALCULATION OF REMAINING FROZEN INITIAL LIABILITY

July 1, 2009 RFIL	\$6,198,988
Plus: Normal Cost (NC)	1,831,924
Interest on RFIL & NC	562,164
Less: Employer Contribution	2,294,597
Interest on Contribution	150,773
Plus: Amendment Liability	0
Change in Assumptions	0
July 1, 2010 RFIL	\$6,147,706

Note: divisions without funding bases are not included in normal cost or contribution totals above.

## V. (C.) PROGRESS IN FUNDING AMORTIZATION BASES

Date of Base	Initial Amount	Remaining at 7/1/10	% of Initial	Minimum Funding Amount
07/01/2004	\$4,005,692	\$4,029,481	100.6%	\$301,685
07/01/2005	\$1,205,153	\$1,121,994	93.1%	\$90,765
07/01/2006	\$148,335	\$143,236	96.6%	\$11,172
07/01/2008	\$949,509	\$852,993	89.8%	\$126,345
Totals	\$6,308,689	\$6,147,704		\$529,966

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARYMisc. Town Depts. & Board of Education

- NAME OF PLAN: TOWN OF RIDGEFIELD EMPLOYEE PENSION PLAN
- EFFECTIVE DATE: June 1, 1964. As last amended July 1, 2006.
- ANNIVERSARY DATE: July 1 of each year.
- ELIGIBILITY: All Employees who were Participants in the Plan prior to July 1, 1970 shall continue to be participants.
- Town Employees** employed on or after July 1, 1970 shall be eligible to participate in the Plan on the first anniversary date following their date of employment on which they:
- a) have attained the age of twenty and one-half (20½); and
  - b) have completed six (6) months of service.
- Employees whose Participation requires Employee Contributions will begin participating upon employment.
- COMPENSATION: Basic Compensation paid to a Participant, excluding bonuses, overtime pay and other extra compensation.
- NORMAL RETIREMENT DATE: **Town Employees** will be eligible to retire on the anniversary date nearest their sixty-fifth (65) birthday or completion of ten (10) years of service, whichever is later.
- NORMAL RETIREMENT BENEFIT: Upon his Normal Retirement Date, a Participant shall be eligible for a monthly pension payable for life in an amount computed as follows:
1. One-twelfth (1/12) of his Average Annual Compensation during the three (3) years preceding his Normal Retirement Date, multiplied by
  2. One and four tenths percent (1.4%) for each Year of Continuous Service (up to a maximum credit of thirty (30) years). See vesting section for a definition of Year of Service.

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARY (Continued)Misc. Town Depts. & Board of Education

However, for all Employees who were Plan Participants prior to July 1, 1989, their monthly pension will be computed as above only if the resultant pension is greater than the monthly pension to which they would have been entitled under the provisions of the benefit formula that was in effect on that date.

**EARLY RETIREMENT DATE:** A participant may retire early with the on or after the anniversary date nearest his fiftieth (50) birthday, provided he has completed ten (10) years of plan participation.

**EARLY RETIREMENT BENEFIT:** The Early Retirement Benefit for an eligible Participant will be the actuarial equivalent of his accrued benefit, computed on his Average Annual Compensation during the three years preceding his early retirement.

**DEFERRED RETIREMENT:** Upon retirement after a participant's Normal Retirement Date, he shall receive the greater of the benefit based on the plan formula or the actuarial equivalent of his benefit as of the prior anniversary date.

**DEATH BENEFITS:** In the event of death before retirement, the participant's spouse or named beneficiary will receive an actuarially reduced pension as described in the plan document. This benefit is payable to a spouse at age 62 (50% of J&S annuity or 50% of 10 C & L annuity) or immediately to any other beneficiary (50% of 10 C & L).

In the event of death after retirement a benefit will be payable according to the form of benefit selected by the participant.

**VESTING:** A participant will be vested 100% in his Accrued Benefit upon the completion of ten (10) Years of Service. A Year of Service is defined as a plan year in which he has worked at least 20 hours a week for five months, or has completed 1000 hours of service.

**ACCRUED BENEFIT:** A participant's Accrued Benefit will be calculated using the plan benefit formula projected to Normal Retirement Date, with Average Annual Compensation (3 years) as of the date of calculation. The resulting benefit is then multiplied by a fraction, the numerator being the Participant's Years of Credited Service to the date of the calculation and the denominator being the Participants projected Years of Credited Service at his Normal Retirement Date.

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARY (Continued)Board of Education & SEIU Union Employees Benefits

Benefits to be provided to eligible Union employees of the Ridgefield Educational Secretaries Association (CSEA #760), Para-professionals (Aids) and Custodians (RCMA) are governed by collectively bargained contracts. Additionally Town Hall SEIU Participants have additional, collectively bargained benefits.

Only those areas that differ from the provisions applicable to other Town employees will be illustrated:

NORMAL  
RETIREMENT  
BENEFIT:

Upon his Normal Retirement Date, a Participant shall be eligible for a monthly pension payable for life in an amount computed as follows:

1. One-twelfth (1/12) of his Average Annual Compensation during the three (3) years preceding his Normal Retirement Date, multiplied by

Secretaries

2. One and four tenths percent (1.4%) for each Year of Continuous Service prior to January 1, 1990 and following July 1, 1996 through July 1, 2000. One and eight-tenths percent (1.8%) for each year of Continuous Service completed between January 1, 1990 and July 1, 1996, and between July 1, 2000 and July 1, 2005. Following July 1, 2005, two percent (2%) for each year of Continuous Service.

For the Plan Year beginning July 1, 1989 and ending June 30, 1990 only, a Participant will receive one-half of a year's credit during the first half of the Plan Year and one-half of a year's credit during the second half of the year.

In no other instance does the plan provide for fractional years of service crediting.

Aides

2. One and four tenths percent (1.4%) for each Year of Continuous Service prior to July 1, 2001, one and eight-tenths percent (1.8%) for each year of Continuous Service completed between July 1, 2001 and July 1, 2005. Following July 1, 2005, two percent (2%) for each year of Continuous Service.

NORMAL  
RETIREMENT  
BENEFIT:  
(continued)

Custodians

2. One and four tenths percent (1.4%) for each Year of Continuous Service prior to July 1, 2002, one and eight-tenths percent (1.8%) for each year of Continuous Service completed between July 1, 2002 and July 1, 2005. Following July 1, 2005, two percent (2%) for each year of Continuous Service.

SEIU

2. One and four tenths percent (1.4%) for each Year of Continuous Service prior to June 30, 2006. Following July 1, 2006, two percent (2%) for each year of Continuous Service.

EMPLOYEE  
CONTRIBUTIONS:

During the period from January 1, 1990 through June 30, 1996 each Secretarial Participant was required to contribute an amount equal to two percent (2%) of basic compensation. Contributions in the amount of two percent (2%) of basic compensation are again required as of July 1, 2005 for all Board of Education Union members.

SEIU Participants are required to contribute an amount equal to three percent (3%) of basic compensation.

Contributions shall accumulate interest at the rate of 120% of the mid-term federal rate (AFR) as in effect for the first month of each plan year.

ACCRUED BENEFIT:

A participant's Accrued Benefit will be calculated using the plan benefit formula and his Continuous Service and Average Annual Compensation (3 years) as of the date of calculation. If a participant completes more than thirty years (30) of service the benefit percentages will be calculated such that the highest possible benefit percentage is earned.

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARY (Continued)Highway Union Employees

Benefits to be provided to eligible Union employees of the Highway Department (Local #1303-142) are governed by a collectively bargained contract. An amendment was adopted effective July 1, 1999 which increased the post-1995 benefit percentage.

Only those areas that differ from the provisions applicable to other Town employees will be illustrated:

NORMAL  
RETIREMENT  
DATE:

For Participants who waived contributions in 1990:

Participants will be eligible to retire on the earlier of :

- a. The Anniversary Date nearest age sixty-five (65) and the completion of ten (10) years of Service; or
- b. The Anniversary Date nearest age sixty-two (62) and the completion of thirty (30) Years of Service.

For all other Participants:

Participants will be eligible to retire on the earlier of :

- a. The Anniversary Date nearest age sixty-two (62) and the completion of ten (10) years of Service; or
- b. The later of the Anniversary Date nearest age fifty-five (55) or when a Participant's attained age plus service is equal to eighty (80).

NORMAL  
RETIREMENT  
BENEFIT:

Upon his Normal Retirement Date, a Participant shall be eligible for a monthly pension payable for life in an amount computed as follows:

1. One-twelfth (1/12) of his Average Annual Compensation during the three (3) years preceding his Normal Retirement Date, multiplied by

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARY (Continued)Highway Union Employees (Continued)

2. One and four tenths percent (1.4%) for each Year of Continuous Service prior to July 1, 1995, and two percent (2.0%) for each year of Continuous Service completed after that date, up to a maximum of 30 years. If a participant has more than 30 years of service at his retirement date, his benefit will be calculated based on the rate in effect during his last 30 years of service.

EMPLOYEE  
CONTRIBUTIONS:

Commencing July 1, 1990 each Participant who did not waive began contributing an amount equal to three percent (3%) of his basic compensation. Effective July 1, 1999, this percentage was increased to 4%. Such contributions will not be required for a period of more than thirty (30) years.

Such contributions must be maintained during all periods of employment when the participant is earning credit for Years of Service and is receiving any form of compensation from the Town or from an insurance program provided by the Town.

Contributions shall accumulate interest at the rate of 120% of the mid-term federal rate (AFR) as in effect for the first month of each plan year. Interest is compounded annually with no credit for fractional periods of a year.

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARY (Continued)Police and Fire Department

Benefits to be provided to eligible Police and Fire Department employees are governed by collectively bargained contracts.

Only those areas that differ from the provisions applicable to other Town employees will be illustrated:

**ELIGIBILITY:** **Police and Firemen** employed on or after July 1, 1970 shall be eligible to participate in the Plan as of their date of employment.

**COMPENSATION:** Basic Compensation paid to a Participant, excluding bonuses, overtime pay and other extra compensation, but including holiday pay. Police Department Participants' Compensation will include longevity and detective pay.

**NORMAL RETIREMENT DATE:** Police and Firemen are eligible to retire on the earlier of:

- a. The first day of the month next following the Participant's fifty-fifth (55) birthday with ten (10) Years of Service; or
- b. The first day of the month next following the Participant's completion of twenty-five (25) Years of Service.

**NORMAL RETIREMENT BENEFIT:** Upon his Normal Retirement Date, a Participant shall be eligible for a monthly pension payable for life in an amount computed as follows:

1. One-twelfth (1/12) of his Average Annual Compensation during the three (3) years preceding his Normal Retirement Date, multiplied by
2. Fire: two percent (2.3%) for each Year of Continuous Service (up to a maximum credit of thirty (30) years).

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX A

PENSION TRUST SUMMARY (Continued)Police and Fire Department (Continued)

Police: two and one-half percent (2½%) for each Year of Continuous Service (up to a maximum credit of thirty (30) years).

An allowance of seventy-five percent (75%) will be given any years of past continuous service with the Town in non-Police or Fire Department service.

EARLY RETIREMENT DATE: A participant may retire early with the on or after the anniversary date nearest his fiftieth (50) birthday, provided he has completed twenty (20) years of continuous service.

EARLY RETIREMENT BENEFIT: The Early Retirement Benefit for an eligible Participant will be the actuarial equivalent of his accrued benefit, computed on his Average Annual Compensation during the three years preceding his early retirement.

DISABILITY RETIREMENT: A Participant who severs his employment due to disability will be treated as if he terminated or retired, i.e. there is no additional or special benefits payable on account of a Participant's disability.

DEATH BENEFITS: Fire Department - Return of contributions plus interest only.  
Police Department - The greater of a return of contributions plus interest or the death benefit payable under the Town pension plan.

EMPLOYEE CONTRIBUTIONS: Police and Fire employees are required to contribute a percentage of their compensation. The Police percentage is six percent (6%) (eff. 7/1/03) and the Fire percentage is five percent (5%) in 2004-05, and will increase to 5.5% for years after July 1, 2005. Such contributions will not be required for a period of more than thirty (30) years.

Simple interest is credited at the rate of five percent (5%).

## TOWN OF RIDGEFIELD PENSION PLAN

## APPENDIX B

ACTUARIAL ASSUMPTIONSActuarial Funding Method:

Frozen Initial Liability Method – Where re-established funding bases are zero, the method has “folded” to Aggregate. Future bases may be established for amendments or changes in actuarial assumptions.

Actuarial Assumptions:Funding

Interest:	7.0%
Mortality:	Males - 2010 Static Projection per Sec. 430(h)
Mortality:	Females - 2010 Static Projection per Sec. 430(h)
	Note – separate pre and post retirement tables were used as appropriate.
Pre Retirement Turnover:	None
Pre Ret. Salary Scale:	4% Assumed
Normal Annuity Form:	Life Only
Asset Valuation:	Adjusted Market Value based on a “rolling” valuation basis that credits only a portion of unrealized gains and losses in any one given year. Please see page 7 for a more complete description of the asset valuation method.
Retirement Age:	Normal Retirement Age as provided for in the various plan documents. A participant who is beyond his NRA is assumed to retire on the Valuation Date.
Employee Contributions	Expected employee contributions are deducted from the Normal Cost for the year. In the case of a contractual deferred increase in contribution rate, an offset to liabilities equal to the Present Value of the deferred contribution amount is recognized.

Actuarial Equivalence:

For the purpose of calculating deferred benefits, the plan’s actuarial equivalence is used (83 GAMU and 7.5% interest, effective July 1, 2000).

For the present values shown in this report, we have used a 7% discount rate.