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Classified Employees' Retirement Trust Fund of the City of Stamford

Actuarial Valuation

July 1, 2011

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October 24, 2012

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I. Introduction

A. Purpose of the Valuation

Liabilities were valued as of July 1, 2010 using data, cost information, and assumptions from the prior actuary. The July 1, 2010 liabilities were then projected to July 1, 2011.

The purpose of the valuation is to report the estimated funded status of the plan as of July 1, 11as well as an annual required contribution for the fiscal year ending June 30, 2013.

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

City's Ultimate Cost	=	*Benefits Paid*	+	*Expenses Incurred*	−	*Employee Contributions*	−	*Investment Return*

Assets reported are actual (including accruals) through June 30, 2011and reflect the asset smoothing method. Liabilities have been projected from the last full valuation done as of July 1, 2010.

We have assumed that no changes have been made to the plans since the July 1, 2010. actuarial valuation.

B. Comments

The market value return was approximately 19% this year. Because we are still smoothing in past asset losses, the actuarial smoothed return was 6.5% this year. Returning less than 8.0% increased the contribution by approximately $292,000. In total, the contribution increased $540,000. Of this amount, $248,000 was expected due to salary increases.

C. Certification

This report presents the results of the July 1, 2011 Actuarial Valuation for Classified Employees' Retirement Trust und of the City of Stamford (the Plan) for the purpose of estimating the funded status of the Plan and determining the Annual Required Contribution (ARC) for the fiscal year ending June 30, 2013. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a.This report may not be appropriate for any other purpose.

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

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

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

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

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

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

Evan W. Woollacott Jr.

Evan W. Woollacott, Jr., FCA, MAAA, EA
11-04513

October 24, 2012

II. Results of the Valuation

A. Assets

Development of Market Value

1.	**Beginning value, 7/01/2010**	
	a. Trust assets	$152,365,449
	b. Accrued contributions - Employee	0
	c. Benefits payable	0
	d. Administrative expenses payable	0
	e. Net: (a) + (b) – (c) – (d)	152,365,449
2.	**Contributions**	
	a. Contributions during year - Employer	4,175,000
	b. Contributions during year - Employee	1,269,301
	c. Total for Plan Year	5,444,301
3.	**Disbursements**	
	a. Benefit payments during year	12,527,739
	b. Administrative expenses during year	0
	c. Change in benefits payable	0
	d. Change in administrative expenses payable	0
	e. Total for plan year	12,527,739
4.	**Net Investment Return**	
	a. Interest and dividends	3,391,751
	b. Other Income	0
	c. Realized/unrealized gain (loss)	25,962,169
	d. Investment – related expenses	(349,133)
	e. Total	29,004,787
5.	**Ending Value, 7/01/2010**	
	a. Trust assets: (1e) + (2c) - (3e) + (4e)	174,286,798
	b. Accrued contribution – Employer	0
	c. Accrued contribution – Employee	0
	d. Benefit payable	0
	e. Administrative expenses payable	0
	f. Net: (a) + (b) + (c) – (d) – (e) or (1) + (2) – (3) + (4)	174,286,798
6.	**Approximate rate of return 2010-2011**	19.18%

II. Results of the Valuation
continued

Development of the Actuarial Asset Value

1. Actuarial Asset Value at June 30, 2010	$180,544,359
2. Expected Return	14,341,090
3. Contributions	5,444,301
4. Disbursements (includes Inv. Management Fees)	12,527,739
5. Expected Actuarial Asset Value at June 30, 2011 (1) + (2) + (3) – (4)	187,802,011
6. Market Value of Assets	174,286,798
7. Appreciation (Depreciation) Capitalized .20 x [(6) – (5)]	(2,703,043)
8. Preliminary Actuarial Asset Value at June 30, 2011 (5) + (7)	185,098,968
9. 70% of Market Value .7 x (6)	122,000,759
10. 130% of Market Value 1.3 x (6)	226,572,837
11. Actuarial Asset Value at June 30, 2011, not less than (9); and not greater than (10)	185,098,968
12. Round to nearest thousand	185,099,000
13. Actuarial Asset Return	6.49%

II. Results of the Valuation
(continued)

B. Development of Projected Accrued Liability and Funded Ratio

	July 1, 2011 Interim Valuation	July 1, 2010 Valuation
1. Projected Accrued Liability	$202,613,000	$194,670,000
2. Assets (Actuarial Value)	185,099,000	180,544,000
3. Unfunded Accrued Liability: (1) - (2)	17,514,000	14,126,000
4. Funded Ratio: (2) ÷ (1)	91.4%	92.7%

C. Annual Recommended Contribution

	July 1, 2011 for Fiscal Year Ending June 30, 2013	July 1, 2010 for Fiscal Year Ending June 30, 2012
1. Ongoing Annual Cost	$5,224,000	$4,999,000
2. Estimated Actuarial Employee Contributions	1,217,000	1,165,000
3. City's Ongoing Annual Cost: (1) - (2)	4,007,000	3,834,000
4. Amortization of Unfunded Accrued Liability (15 years)	1,895,000	1,528,000
5. City's Annual Contribution: [(3) + (4)]	5,902,000	5,362,000

	Board of Education	City	WPCA	Total
City Normal Cost	390,000	3,390,000	227,000	4,007,000
Accrued Liability	23,575,000	170,211,000	8,827,000	202,613,000
Assets	21,537,000	155,498,000	8,064,000	185,099,000
Unfunded Accrued Liability	2,038,000	14,713,000	763,000	17,514,000
Amortization	221,000	1,591,000	83,000	1,895,000
City Contribution Allocation	611,000	4,981,000	310,000	5,902,000

III. Actuarial Cost Methods and Assumptions

A. Actuarial Cost Methods

Funding Method

The actuarial method used to develop the Annual Recommended Contribution is the Projected Unit Credit Cost Method.

The Ongoing Annual Cost equals the total present value for all participants of the benefit accruing during the coming year, increased to reflect salaries projected to the assumed retirement date.

The Accrued Liability equals the present value of all benefits accrued to date, increased to reflect salaries for all active participants. The total Accrued Liability is reduced by plan assets to develop the Unfunded Accrued Liability.

The cost of amortizing the Unfunded Accrued Liability constitutes a portion of the Annual Recommended Contribution.

The total Annual Recommended Contribution equals the Ongoing Annual Cost, further increased by any positive amortization of the Unfunded Accrued Liability. The amortization period is 15 years.

Asset Valuation Method

The Actuarial Value of Assets used in the development of the Annual Recommended Contribution is designed to smooth out fluctuations in the market value. An Expected Actuarial Value of Assets is determined based on the prior year's Actuarial Value of Assets and the assumed interest rate equal to the valuation interest rate. The Actuarial Value of Assets is equal to the Expected Actuarial Asset Value plus 20% of the difference between the Market Value and the Expected Value. The Actuarial Value of Assets is limited to a minimum of 70% or a maximum of 130% of the Market Value.

III. Actuarial Cost Methods and Assumptions

B. Actuarial Assumptions

Mortality:	1983 Group Annuity Mortality Table.
Investment Return:	8.0% per year.
Salary Scale:	Average of 4.5% per year over the long term.
Retirement Age:	Assumed annual rates of retirement after the earliest of 1) 50 with 25 years of service, 2) 55 with 15 years of service, or 3) 60 with 10 years of service are as follows:

Age	Retirement Rate
50-61	5%
62-65	100%

Turnover: The following annual rates of turnover are assumed:

Age	Probability
20	10.6%
25	7.9%
30	5.8%
35	4.2%
40	3.1%
45	2.1%
50	1.3%
55	0.5%
60	0.5%

III. Actuarial Cost Methods and Assumptions

Disability: The following annual rates of disability are assumed:

Age	Probability
20	.05%
25	.05%
30	.05%
35	.06%
40	.09%
45	.18%
50	.40%
55	.85%
60	.85%

Survivorship: 80% of employees assumed to be married, with wives 4 years younger than husbands.

Expenses: The return is assumed to be net of both administrative and investment expenses. Therefore, a direct expense assumption has not been used.

Pension Service Exchange and Payout Bank: 50% of retirees are assumed to elect the maximum exchange (based on their current bank) and 50% of retirees are assumed to elect a lump sum payout.

IV. Summary of Current Principal Pension Plan Provisions

Pension Earnings:	Salary in Final Year of Employment.
Normal Retirement:	
Eligibility:	The earlier of 1) age 58 with 15 years of service, or 2) age 60 with 10 years of service.
Benefit:	2% of pension earnings per year of service to a maximum of 33 years (35 years for UAW).
Limits on Annual Benefit:	
Maximum:	None.
Minimum:	$1,000 with 25 years of service.
Early Retirement:	
Eligibility:	Age 50 with 25 years of service.
Benefit:	Accrued retirement benefit reduced .25% for each of the first 36 months prior to age 58 and .55% for each month in excess of 36. There is no reduction for a member of the MAA who retires with 25 years of service.
Disability – Non-Service Connected:	
Service Requirement:	10 years of service.
Benefit:	50% of pension earnings if less than 25 years of service. Accrued retirement benefit if more than 25 years of service.
Disability – Service Connected:	
Service Requirement:	None.
Benefit:	50% of pension earnings.

IV. Summary of Current Principal Pension Plan Provisions (continued)

Pre-Retirement Death Benefit – Non Service Connected:

Service Requirement:	None.
Benefit:	Return of contributions if less than 15 years of service. $166.67 minus social security with 15 years of service or more and not eligible to retire. 100% Joint & Survivor benefit if eligible to retire.

Pre-Retirement Death Benefit – Service Connected:

Service Requirement:	None.
Benefit:	50% of pension earnings less workman's compensation, minimum $83.33.

Post-Retirement Spouse's Benefit:	None.
Post-Retirement Death Benefit:	Lump sum, excess of accumulated contributions over benefits paid to member or survivors (if not eligible for spouse's benefit).
Postretirement Life Insurance:	Lump sum equal to 6,000 for all retirees except for the LAW.

Vesting in Accrued Benefit:

Eligibility:	5 years of service (10 years of service for TEA and UE).
Benefit:	Accrued retirement benefit.

Termination Benefit:	Accumulated contributions as lump sum, if not vested.
Employee Contributions:	3% of salary; no contributions for those with 33 or more years of service (35 years for UAW).

IV. Summary of Current Principal Pension Plan Provisions (continued)

Additional Retirement Benefits:

Union	Payout Bank Source	Additional Pension Credits Available		Eligibility Cut off Date for Sick Pay
		Vacation	Sick	
1119	Operating Budget	Yes	Yes	7/1/1998
Dental	Plan	No	Yes	7/1/1999
Law	Operating Budget	Yes	Yes	-
MAA	Plan	Yes	Yes	7/1/1997
Nurses	Plan	Yes	Yes	7/1/1997
Teamsters	Plan	Yes	Yes	7/1/1997
UAW	Plan	Yes	Yes	7/1/1998

The amount of the exchange/payout bank is equal to 50% of sick days subject to a 75 day maximum, plus vacation days. Employees can trade in up to 100 days of eligible time for additional pension credit. Each 25 days grants an additional 1% of salary up to a maximum of 4%. The remainder of the bank is paid out in a lump sum.

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