Pension Board Minutes – October 14, 2021

Attending: Alderman: Sharon Davis, Bill Gillam, Michael Talbott, Devon Neary and Carrie Savage; School Commissioners: Stephanie Stoodley and Chair, Mary Markowski

Absent: Alderman Tom Depoy; School Commissioner: Hurley Cavacas, Charlene Seward and Cathy Soulsaa

Others Attending: Erik Schait of Newport Group; Alderman: Devon Neary; Ted Plemenos of Rutland Public Schools and Peter Amons.

The Chair opened the meeting at 6:00 pm and asked for review and approval of the minutes of May 13, 2021. The motion was made by Sharon Davis and seconded by Bill Gillam, motion was approved.

The Chair introduced Erik Schait of Newport Group to present the Plan Valuation of January 1, 2021.

Erik explained that valuation is performed annually to calculate the liability in comparison to the activity in the plan. The valuation presented provides a snapshot of the plan funding status as of January 1, 2021.

The presentation began with a review of the City Plan, page 7 of the handout. At the beginning of 2020 the asset market value was $24.4 million. The activity in 2020 included, $1.7 million in employee/employer contributions, $3.1 million in benefit payments and fees and $3.5 million in investment earnings. The market return for the year was 13.02% and total plan assets for the end of the year were $30.2 million. Mr. Schait noted that trending increase in benefit payments from year to year and this will continue as people retire. The actuarial value of assets for the end of the year was $27.7 million using a smoothing value method.

Participant Data: There are currently 66 active participants, 30 terminated/inactive participants and 139 retired participants/beneficiaries in pay status. The average age of active participants is 51.09 with an average service of 19.37 and average future service of 5.83.

Contributions and Liability: The total normal cost of benefits earned during the year for active participants is $699K. The plan had an accrued actuarial liability of $48.3 million vs actuarial assets of $28million for an unfunded actuarial accrued liability of $20.16 as of January 1, 2021. The projected payment on the unfunded portion of the accrued liability is $1.65 million, with a 30 year payoff. The funded status of the City plan increased slightly from 57.61% in 2020 to 58.33% in 2021.

School Plan:

Assets: At the beginning of 2020 the asset market value was $57.5 million. The activity in 2020 included, $3.4 million in employee/employer contributions and $4.3 million in benefit payments and fees and $8.9 million in net investment earnings. The market return for the year was 13.03% and total plan assets for the end of the year were $76.5. Benefit payments are increasing over time as people retire. The actuarial value of assets for the end of the year was $70.3 million using a smooth value method.

Participant Data: There are currently 456 active participants, 215 terminated/inactive participants and 315 retired participants/beneficiaries in pay status. The average age of active participants is 49.26 with an average service of 10.89 and average future service of 7.46. Total plan participants in the School Plan were 986.

Contributions and Liability: The total normal cost of benefits earned during the year for active participants is $1.94 million. The unfunded actuarial accrued liability was $8.34 million as of January 1, 2021. The projected payment on the unfunded portion of the accrued liability is $1.87 million. The funded status of the School Plan improved 86.7%.to 89.5%.

Erik reviewed the plan funding status for the plan as a whole and noted that the unfunded liability for the year ended 12/31/2020 was $28,514,368, of that 20,167,340 was attributed to the City and $8,437,030 was attributed to the School.

Mary notified the board that the City had received notification that the Prudential benefits group was being taken over by Empower. The transaction will not be complete until the first quarter of calendar year 2022. The current Plan Administration Team and Investment Team will be transitioning to Empower. The transition will not result in any immediate changes in service or costs to the plan.

There was a brief discussion regarding normal costs and EE contributions for City Union groups. The PD contract is currently in negotiations and EE contributions will be settled in the new contract. Erik noted that the combined employee and employer contributions are meeting their current normal costs.

The meeting was adjourned at 6:35 pm.

Respectfully submitted,

Mary A. Markowski