

nyhart

# Westerly Police Pension Fund

January 16, 2017

Projected Contributions

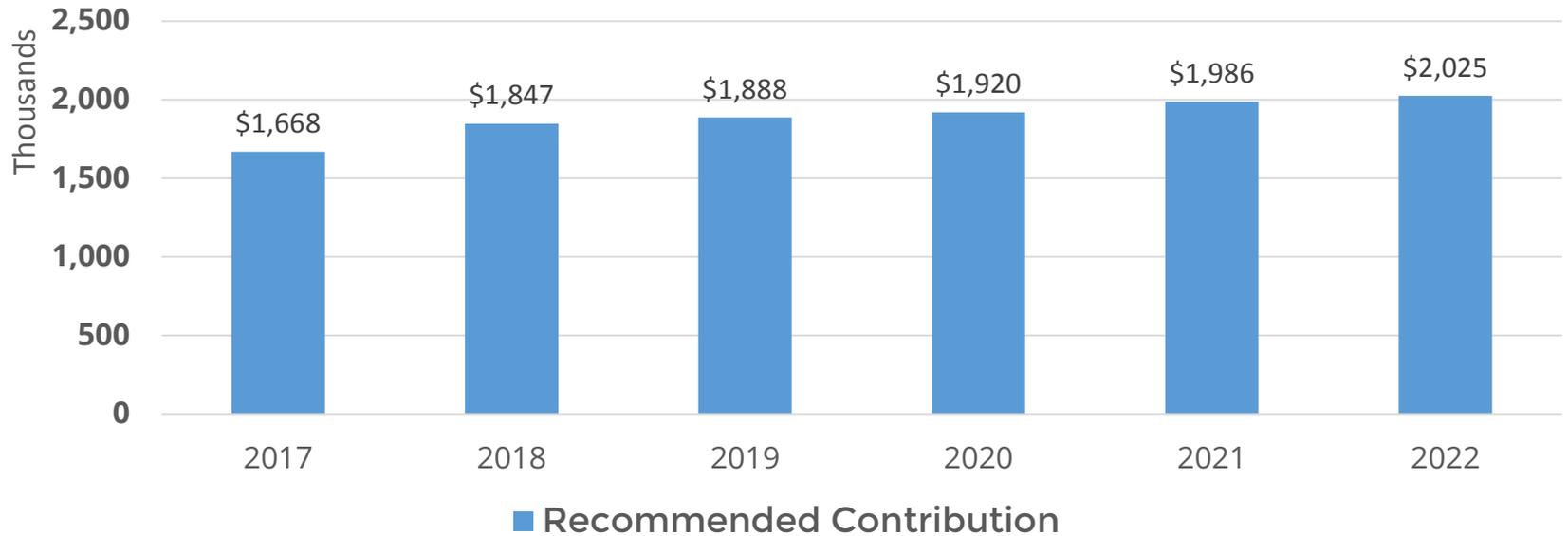


# Comments on Projections

- The assumed rate of return on assets as well as the interest rate used to measure liabilities is 7.25% (25 basis points lower than the 7.50% used for the 7/1/2015 valuation).
- All values for contributions on or after fiscal year ending 6/30/2018 are estimations and are subject to change based on actual results.
- Projected contributions are shown to demonstrate the anticipated trend of contributions in the immediate future.

# Future Contributions

 **7.25% Return**



Plan Year Ending	2017*	2018	2019	2020	2021	2022
Valuation Year Beginning	2015*	2016	2017	2018	2019	2020
<b>Recommended Contribution</b>	1,667,700	1,847,100	1,887,800	1,919,500	1,985,800	2,024,800
<b>Employer Normal Cost</b>	635,300	652,100	643,800	632,500	638,800	632,200
<b>Amortization</b>	1,032,400	1,195,000	1,244,000	1,287,000	1,347,000	1,392,600
<b>Funded Ratio (Valuation Year)</b>	69.4%	67.3%	67.9%	68.7%	69.1%	69.9%

\* Results for Plan Year Ending 2017 based on 7.50% discount rate



# Additional Projection Detail

Plan Year Ending	Employer		Valuation Payroll	Projected Payroll	Employer Contribution as a % of projected payroll	Employer ARFC	Employer Contribution	Increase	Benefit Payments	Beginning of Year			
	Normal Cost	Amortization								Actuarial Value of Assets (AVA)	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio
6/30/2016	564,000	1,149,800	3,604,585	3,802,837	45.1%	1,713,800	1,713,800	-0.2%	2,029,473	29,123,313	41,967,326	12,844,013	69.4%
6/30/2017	635,300	1,032,400	3,864,806	4,077,370	40.9%	1,667,700	1,667,700	-2.7%	2,169,094	30,893,632	45,900,098	15,006,466	67.3%
6/30/2018	652,100	1,195,000	3,929,728	4,145,863	44.6%	1,847,100	1,847,100	10.8%	2,304,545	32,666,927	48,087,646	15,420,719	67.9%
6/30/2019	643,800	1,244,000	3,944,783	4,161,746	45.4%	1,887,800	1,887,800	2.2%	2,417,602	34,565,036	50,294,879	15,729,843	68.7%
6/30/2020	632,500	1,287,000	4,045,658	4,268,169	45.0%	1,919,500	1,919,500	1.7%	2,571,524	36,327,384	52,539,226	16,211,842	69.1%
6/30/2021	638,800	1,347,000	4,178,524	4,408,343	45.0%	1,985,800	1,985,800	3.5%	2,746,604	38,326,032	54,808,486	16,482,454	69.9%
6/30/2022	632,200	1,392,600	4,258,881	4,493,119	45.1%	2,024,800	2,024,800	2.0%					

NOTE: Contribution requirements through 6/30/2017 based on 7.50% discount rate;  
Contribution requirements after 6/30/2017 based on 7.25% discount rate



# Key Assumptions Used in Projections

<b>Asset Return</b>	7.25%
<b>Active population</b>	The number of active employees remains constant
<b>Contributions</b>	The Town contributes the full Actuarially Recommended Contribution each year.
<b>Mortality</b>	Same as the July 1, 2015 valuation
<b>Retirement</b>	Same as the July 1, 2015 valuation
<b>Withdrawal</b>	Same as the July 1, 2015 valuation
<b>Disability</b>	Same as the July 1, 2015 valuation
<b>Future Salary Increases</b>	Same as the July 1, 2015 valuation.
<b>New Entrants</b>	New entrants were modeled based on active employees hired in the last 5 years with the Town of Westerly Police.
<b>Additional Comments</b>	Note that the 3.00% implicit inflation assumption was not adjusted for the reduction in the asset return from 7.50% to 7.25%



# Certification

This report was prepared for the Town of Westerly to summarize the projected results based on information provided as of July 1, 2015, and may not be appropriate for other uses. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than the intended use.

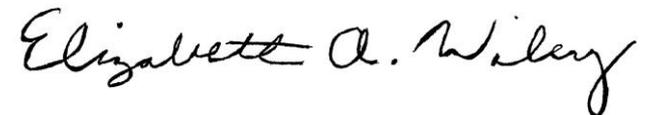
Except where indicated otherwise, the funding results included in this report are based on the same data, assumptions, methods, and plan provisions summarized in the 7/1/2015 funding valuation prepared by the prior actuary, Hooker & Holcombe.

The report shows cost projections under different economic scenarios. Actual results will vary from projections shown in this report, perhaps significantly, due to changes in the assumptions, plan provisions, participant demographics, interest rate movement, actual asset performance, and other actual experience of the plan. Depending on the use of this information, additional cost projections may be necessary to quantify the sensitivity of results. While a diligent effort has been made to produce reasonable projections, by their very nature projections are speculative. Plan sponsors are cautioned against placing too much reliance on any particular scenario.

This report has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.



**David D. Harris, ASA, EA, MAAA**



**Elizabeth A. Wiley, ASA**