

Town of Little Compton Pension Plan

Actuarial Valuation

as of July 1, 2016

For the Fiscal Year Beginning July 1, 2016

and Ending June 30, 2017

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TABLE OF CONTENTS

SECTION I	Introduction	1
SECTION II	Summary of Plan Provisions	2
SECTION III	Actuarial Cost Methods	6
SECTION IV	Actuarial Assumptions	7
SECTION V	Plan Assets as of July 1, 2016	10
SECTION VI	Actuarial Present Value of Accumulated Plan Benefits	11
SECTION VII	Development of Total Normal Cost on Entry Age Method	14
SECTION VIII	Development of Unfunded Actuarial Accrued Liability	15
SECTION IX	Development of Alternative Pension Costs	16
SECTION X	Reconciliation of Plan Participants	17
SECTION XI	Expected Future Benefit Payments	18

Supplementary Information

- Schedule of Employee Contributions
- Historical Rates of Return

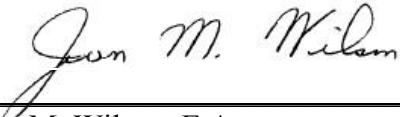
I. INTRODUCTION

This report presents the results of the actuarial valuation as of July 1, 2016 of the Town of Little Compton Pension Plan. The purpose of the report is to illustrate the current position of the plan and present information which will assist the Town in determining the appropriate contribution for the plan year beginning July 1, 2016 and ending June 30, 2017.

Section II contains a summary of the benefits that were included in the valuation.

Section IX of this report illustrates three alternative contributions for this plan year. The first contribution figure represents the Town's pension cost under the plan, without considering any amortization of the unfunded actuarial accrued liability. The second figure represents the Town's pension cost, plus a 30-year amortization of the unfunded actuarial accrued liability. The third figure represents the Town's pension cost, plus a 10-year amortization of the unfunded actuarial accrued liability. All contribution amounts assume payment is made on June 30, 2017.

This valuation was prepared on the basis of information submitted to The Angell Pension Group, Inc. in the form of payroll and asset data, as well as ancillary material pertaining to the plan, and was prepared in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). We have not independently verified, nor do we make any representations as to, the accuracy of such information.



Jean M. Wilson, E.A.
Member, American Academy of Actuaries

11/22/2016

Date

II. SUMMARY OF PLAN PROVISIONS

- Plan Effective Date:* January 1, 1972
- Eligible Employees:* All full time employees of the bargaining unit of the Little Compton Municipal Employees Association, permanent members of the Fire and Police Departments, members of the Educational Support Personnel Union, the Town Clerk, the Town Treasurer, the Police Chief, the Fire Chief, the Building Official, the Librarian and the Deputy Librarian.
- Plan Entry Date:* All Eligible Employees will enter the plan on the first day of the plan year coincident with or next following the employee's date of hire.
- Year of Service:* 12-consecutive-month computation period in which an employee is credited with 1,000 or more hours of service.
- Benefit Accrual:* Computation period commences July 1st.
- Vesting:* Computation period commences July 1st.
- Normal Retirement Date:* A Participant's 62nd birthday or, if later, the fifth anniversary of his initial Employment Date.
- Effective July 1, 1992, in the case of a Participant who is a member of (a) the Police Officers Union and is employed by the Town of Little Compton Police Department or (b) the Firefighters Union and is employed by the Town of Little Compton Fire Department, "Normal Retirement Age" shall mean the earlier of (1) his 62nd birthday or, if later, the fifth anniversary of his initial Employment Date, or (2) the date he completes twenty-five (25) Years of Service.
- Compensation:* The basic rate of pay in effect on the July 1st of each plan year exclusive of overtime pay and bonuses.
- Average Compensation:* Compensation of a Participant averaged over the five (5) consecutive calendar years in his last ten (10) calendar years as an Employee producing the highest average prior to the earlier of (1) his termination of Service or (2) termination of the Plan. Effective July 1, 2000, "Average Compensation" shall mean the Compensation of a Participant averaged over the three (3)

consecutive calendar years in his last ten (10) calendar years as an Employee producing the highest average prior to the earlier of (1) his termination of Service or (2) termination of the Plan.

For members of the Fire and Police Departments, the highest annualized rate of pay will be used.

Employee Contributions:

Commencing July 1, 1995 and ending June 30, 1997, each participant who is a member of the Fire Department (other than the Fire Chief) shall contribute to the Plan an amount equal to four and one-half percent (4.5%) of his compensation.

Effective July 1, 1997, employee contributions for Fire Department members are no longer required.

Commencing July 1, 1994 and ending June 30, 2000, any police officer hired after July 1, 1994 must contribute two and one-half percent (2.5%) of his base annual compensation.

Effective July 1, 2000, employee contributions for Police Department members are no longer required.

Effective July 1, 2012, any Fire, Police or Municipal employee hired after July 1, 2012 shall contribute to the Plan an amount equal to seven percent (7.0%) of compensation.

Normal Retirement Benefit:

The product of (a) times (b):

(a) 1.65% of Average Compensation, and (b) Years of Service

Effective July 1, 1992, members of the Police and Fire Departments may retire after 25 years of service at fifty percent of their highest annual salary. Commencing July 1, 1994 and ending June 30, 2009, a police officer must have attained age 55 with 25 years of service before retiring with fifty percent of highest annual salary.

Effective July 1, 1997, members of the Police and Fire

Departments will receive an additional 2% of salary for each year of service in excess of 25 years, subject to a maximum of 5 additional years.

The minimum annual benefit shall be \$100 multiplied by the number of Years of Service.

Effective July 1, 2000, participants in pay status will receive an annual cost-of-living increase of 2% per year, effective as of each July 1st for participants in pay status as of July 1, 2000, and effective each anniversary date of retirement for participants retiring after July 1, 2000. Effective July 1, 2005, the annual cost-of-living increase will be effective each July 1st for all participants in pay status, except for those in pay status due to occupational disability described below.

Effective July 1, 2016, the 2% per year cost-of-living increase shall apply only to the first \$25,000 of a retiree's pension for Fire Department participants hired on or after July 1, 2012, and for Municipal participants who retire after July 1, 2012.

Normal Form of Benefit:

Life Annuity. Other forms of benefit, including a Qualified Joint & Survivor Annuity, are available on an actuarially equivalent basis.

Accrued Benefit:

The Normal Retirement Benefit based on Average Compensation and Years of Service to date.

Early Retirement:

A Participant who separates from Service on or after the later of his attainment of age fifty (50) and the completion of at least twenty (20) Years of Service shall be entitled to elect to receive his monthly retirement benefit either (a) commencing on his Normal Retirement Date in an amount equal to the product of one and one-half percent (1.5%) of his Average Compensation and the number of his Years of Service, or (b) commencing on the first day of the month following his satisfaction of the age and service requirements for Early Retirement in an amount equal to the product of one and twenty-five hundredths percent (1.25%) of his Average Compensation and the number of his Years of Service.

Death Benefit:

If a participant should die while in the employ of the Employer and is survived by an eligible spouse, such spouse shall be entitled to receive a qualified pre-retirement survivor annuity, as defined in the Plan.

Disability Benefit:

A participant who has been credited with ten or more Years of Service becomes totally and permanently disabled shall be entitled to payment of the Accrued Benefit.

If a participant who is a member of the Fire or Police Department separates from service by reason of occupational disability, the participant shall be entitled to a monthly benefit equal to 68% of the participant's compensation at the time of occupational disability. A participant receiving an occupational disability shall not be eligible for the cost of living increases.

Vesting:

A participant will become 100% vested in his Accrued Benefit upon the completion of ten Years of Service. Notwithstanding this vesting schedule, a participant will become 100% vested upon reaching the Normal Retirement Date.

III. ACTUARIAL COST METHODS

A. Actuarial Cost Method

Costs have been computed in accordance with the Entry Age Normal Cost Method.

The normal cost is the sum of the normal costs for all active participants who have not reached the assumed retirement age. For each such participant, the individual normal cost is the participant's normal cost accrual rate multiplied by the participant's current compensation. The normal cost accrual rate equals (a) the actuarial present value of future benefits as of the participant's entry age divided by (b) the actuarial present value of future compensation as of the participant's entry age. For other participants, the normal cost equals zero.

The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to the actuarial present value of future benefits less the normal cost accrual rate multiplied by the actuarial present value of future compensation.

B. Asset Valuation Method

The actuarial value of the plan assets used in determining plan costs is equal to the fair market value.

C. Changes in Actuarial Methods

No changes in actuarial methods have occurred since the prior plan year.

IV. ACTUARIAL ASSUMPTIONS

A. Assumptions Used For The Current Plan Year

Actuarial assumptions are estimates as to the occurrence of future events affecting the costs of the plan such as mortality rates, withdrawal rates, changes in compensation level, retirement ages, rates of investment earnings, expenses, etc. The assumptions have been chosen to anticipate the long-range experience of the plan.

Investment Return: 7.25%

Discount Rate: 7.25%

Mortality: RP-2014 Blue Collar with MP-2015 generational improvements from 2006 (Male/Female); separate tables are used for Employees and Annuitants.

Withdrawal Rate: None

Salary Scale: 3.00% per annum

Assumed Retirement Age: Members of the Fire and Police Departments are assumed to retire at the earlier of age 62, or the completion of 30 Years of Service.

Participants who are not members of the Fire and Police Departments are assumed to retire at age 62.

Participants who are beyond their assumed retirement ages are assumed to retire immediately.

Expenses: The investment return assumption is net of expenses.

Employee Contributions: Effective July 1, 2012, any Fire, Police or Municipal employee hired after July 1, 2012 shall contribute to the Plan an amount equal to seven percent (7.0%) of compensation.

B. Changes In Actuarial Assumptions

Mortality: The mortality tables were changed from the RP-2014 Blue Collar with MP-2014 Generational Projection (Male/Female) tables to the RP-2014 Blue Collar with MP-2015 generational improvements from 2006 (Male/Female).

Town of Little Compton Pension Plan

Summary of Actuarial Assumptions as of June 30, 2016

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Discount Rate	7.25%	The Angell Pension Group, Inc.	The assumed long-term rate of return on assets is developed based on the allocation of the Plan's assets by investment class and the capital market outlook for each investment class. This information is provided by the Plan's investment advisor.	None
Inflation Rate	3.00%	The Angell Pension Group, Inc.	Long-term CPI-U experience.	None
Salary Scale	3.00%	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan, and negotiated future salary increases.	None
Pre-Retirement Mortality	RP-2014 Blue Collar Employee with Scale MP-2015 generational improvements from 2006 (Male/Female)	The Angell Pension Group, Inc.	The Society of Actuaries published a study of retirement experience in October, 2015. The RP-2014 tables with MP-2015 generational projection presented in the study represent the most current and complete benchmarks of U.S. private pension plan mortality experience.	The mortality tables changed from the RP-2014 Blue Collar Tables for Non-Annuitants (Separate Tables for Male/Female) with MP-2014 mortality improvement scale as of the prior measurement date, July 1, 2015. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in post-retirement mortality, decreased the Entry Age Normal Accrued Liability as of the current measurement date, July 1, 2016, by 1.59%.
Post-Retirement Mortality	RP-2014 Blue Collar Healthy Annuitant with Scale MP-2015 generational improvements from 2006 (Male/Female)	The Angell Pension Group, Inc.	The Society of Actuaries published a study of retirement experience in October, 2015. The RP-2014 tables with MP-2015 generational projection presented in the study represent the most current and complete benchmarks of U.S. private pension plan mortality experience.	The mortality tables changed from the RP-2014 Blue Collar Tables for Annuitants (Separate Tables for Male/Female) with MP-2014 mortality improvement scale as of the prior measurement date, July 1, 2015. The change was made to reflect the best estimate of future experience under the plan. This change, together with the change in pre-retirement mortality, decreased the Entry Age Normal Accrued Liability as of the current measurement date, July 1, 2016, by 1.59%.
Disability Rates	None	The Angell Pension Group, Inc.	The incidence of disability under the Plan is negligible.	None
Withdrawal Rates	None	The Angell Pension Group, Inc.	The incidence of withdrawal under the Plan is negligible.	None
Retirement Rates	Members of the Fire and Police Departments are assumed to retire at the earlier of age 62, or the completion of 30 years of Service. Participants who are not members of the Fire and Police Departments are assumed to retire at age 62.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan.	None

Town of Little Compton Pension Plan

Summary of Actuarial Assumptions as of June 30, 2016

Assumption		Entity Who Selects Assumption	Basis for Assumption Selection	Change in Assumption
Percent Married	80% of males and 80% of females are assumed to be married.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan.	None
Age of Spouse	The female spouse is assumed to be the same age as the male spouse.	The Angell Pension Group, Inc.	This assumption was set based on a review of experience under the Plan and general experience from similarly situated plans.	None

V. PLAN ASSETS AS OF JULY 1, 2016

A. Market Value of Plan Assets

Fixed Income	\$ 2,750,182
Domestic Equities	4,486,673
International Equities	1,640,220
Real Estate	258,016
Cash and Equivalents	(39,614)
 TOTAL MARKET VALUE OF PLAN ASSETS:	 \$9,095,478*

B. Actuarial Value of Plan Assets

Total Market Value of Plan Assets	\$9,095,478
Plus: Receivable Town Contribution (FYE June 30, 2016)	434,295
 TOTAL MARKET VALUE OF PLAN ASSETS:	 \$9,529,773

C. Contributions for the Prior Plan Year

<u>Date</u>	<u>Amount</u>
August 22, 2016	\$434,295
 Total	 \$434,295

* Numbers may not add due to rounding.

VI. ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

A. Present Values as of July 1, 2016

	Number of Lives	Vested Benefits	Non-Vested Benefits	Total Present Value
Actives:				
Police:	9	\$604,396	\$18,815	\$623,211
Fire:	8	728,755	1,895	730,650
School:	10	888,633	34,940	923,573
Town:	<u>18</u>	<u>1,418,445</u>	<u>142,990</u>	<u>1,561,435</u>
Sub-Totals:	45	\$3,640,229	\$198,640	\$3,838,869
Retirees:				
Police:	8	\$2,513,820	\$0	\$2,513,820
Fire:	6	1,389,523	0	1,389,523
School:	13	1,471,668	0	1,471,668
Town:	<u>6</u>	<u>429,391</u>	<u>0</u>	<u>429,391</u>
Sub-Totals:	33	\$5,804,402	\$0	\$5,804,402
Vested Terminations and Inactive Lives:	11	\$401,692	\$0	\$401,692
TOTALS:	89	\$9,846,323	\$198,640	\$10,044,963

B. Basis of Determination

The actuarial assumptions used in calculating the Actuarial Present Value of Accumulated Plan Benefits are the same as stated in Section IV, except as follows:

Assumed Benefit

Commencement Date: Benefits for members of the Fire and Police Departments who have completed 30 or more Years of Service are assumed to commence immediately. All other participants are assumed to begin to receive benefit payments at age 62.

Basis of Calculation of Accumulated Plan Benefits for Fire and Police Departments:

Members of the Fire and Police Departments who have not completed 25 Years of Service are assumed to accrue benefits at a rate of 1.65% of Average Compensation multiplied by Years of Service.

C. Effect of Earlier Benefit Commencement

If benefits for members of the Fire and Police Department who have not completed 30 years of service are assumed payable upon completion of 30 years of service (rather than age 62), the present values would be as follows:

Present Values as of July 1, 2016

	Number of Lives	Vested Benefits	Non-Vested Benefits	Total Present Value
Actives:				
Police:	9	\$875,114	\$35,129	\$910,243
Fire:	8	1,050,881	9,234	1,060,115
School:	10	888,633	34,940	923,573
Town:	<u>18</u>	<u>1,418,445</u>	<u>142,990</u>	<u>1,561,435</u>
Sub-Totals:	45	\$4,233,073	\$222,293	\$4,455,366
Retirees:				
Police:	8	\$2,513,820	\$0	\$2,513,820
Fire:	6	1,389,523	0	1,389,523
School:	13	1,471,668	0	1,471,668
Town:	<u>6</u>	<u>429,391</u>	<u>0</u>	<u>429,391</u>
Sub-Totals:	33	\$5,804,402	\$0	\$5,804,402
Vested Terminations and Inactive Lives:	11	\$401,692	\$0	\$401,692
TOTALS:	89	\$10,439,167	\$222,293	\$10,661,460

VII. DEVELOPMENT OF TOTAL NORMAL COST ON ENTRY AGE METHOD

1.	Entry Age Normal Cost for Police Department	\$ 81,487
2.	Entry Age Normal Cost for Fire Department	58,023
3.	Entry Age Normal Cost for School Employees	52,226
4.	Entry Age Normal Cost for Town Employees	77,436
5.	Total Normal Cost as of July 1, 2016 [(1) + (2) + (3) + (4)]	\$269,172

VIII. DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

1. Actuarial Accrued Liability as of July 1, 2016	\$12,191,861
2. Actuarial Value of Assets as of July 1, 2016	9,529,773
3. Unfunded Actuarial Accrued Liability as of July 1, 2016 [(1) – (2), but not less than zero]	\$2,662,088

IX. DEVELOPMENT OF ALTERNATIVE PENSION COSTS

A. Pension Cost Without Amortization of Unfunded Actuarial Accrued Liability

1. Total Normal Cost	\$269,172
2. Interest on (1) to the end of Plan Year	19,515
3. Total Pension Cost [(1) + (2)]	288,687
4. Total Payroll as of July 1, 2016	2,162,846
5. Total Pension Cost as a Percentage of Payroll [(3)/(4)]	13.35%
6. Expected Employee Contributions	\$15,640
7. Total Pension Cost (Without Amortization) [(3) - (6)]	\$273,047

B. Pension Cost With 30-Year Amortization of Unfunded Actuarial Accrued Liability

1. Total Normal Cost	\$269,172
2. 30-Year Amortization of Unfunded Actuarial Accrued Liability	205,073
3. Interest on (1) and (2) to the end of the Plan Year	34,383
4. Total Pension Cost (30-Year Amortization) [(1) + (2) + (3)]	508,628
5. Total Payroll as of July 1, 2016	2,162,846
6. Total Pension Cost (30-Year Amort.) as a Percentage of Payroll [(4) / (5)]	23.52%
7. Expected Employee Contributions	\$15,640
8. Town's Pension Cost with 30 Year Amortization [(4) - (7)]	\$492,988

C. Pension Cost With 10-Year Amortization of Unfunded Actuarial Accrued Liability

1. Total Normal Cost	\$269,172
2. 10-Year Amortization of Unfunded Actuarial Accrued Liability	357,495
3. Interest on (1) and (2) to the end of the Plan Year	45,433
4. Total Pension Cost (10-Year Amortization) [(1) + (2) + (3)]	672,100
5. Total Payroll as of July 1, 2016	2,162,846
6. Total Pension Cost (10-Year Amort. as a Percentage of Payroll [(4) / (5)]	31.07%
7. Expected Employee Contributions	\$15,640
8. Town's Pension Cost with 10 Year Amortization [(4) - (7)]	\$656,460

X. RECONCILIATION OF PLAN PARTICIPANTS

	Active	Inactive*	Retired	Total
Participants included in the July 1, 2015 valuation	43	8	32	83
Data corrections	0	0	0	0
Terminated vested	-2	2	0	0
Retired	0	-1	1	0
Died with beneficiary	0	0	-1	-1
Died without beneficiary	0	0	0	0
Transferred out	0	0	0	0
Lump sum	0	0	0	0
Terminated non-vested	-1	1	0	0
Rehired	0	0	0	0
Transferred in	0	0	0	0
New participants	5	1	1	7
Participants included in the July 1, 2016 valuation	45	11	33	89

* Includes:

- Two Town employees who retain benefits previously accrued as School and Police Department employees.
- One Alternate Payee as per the terms of a Domestic Relations Order.
- One non-vested terminated employee with outstanding refunded employee contributions as of July 1, 2016

XI. EXPECTED FUTURE BENEFIT PAYMENTS

Year	Expected Benefit Payments
2016	\$560,127
2017	680,082
2018	697,224
2019	713,884
2020	794,354
2021	814,765
2022	860,345
2023	878,570
2024	908,648
2025	957,660
2026	1,005,567
2027	1,054,286
2028	1,116,107
2029	1,131,498
2030	1,131,025

SCHEDULE OF EMPLOYEE CONTRIBUTIONS

Name	Date of Hire	Vested Percent	6/30/2015 Balance	Interest at 5.00%	Employee Contributions	6/30/2016 Balance	Accumulated Employee Contributions
FIRE:							
AMARANTES, GILBERT	05/29/1990	100%	\$9,466.52	\$473.33	\$0.00	\$9,939.85	\$3,596.31
HUSSEY, SAMUEL	03/10/2014	0%	4,117.68	205.88	3,510.90	7,834.46	7,591.24
MEDEIROS, DONALD	05/12/1986	100%	10,084.13	504.21	-	10,588.34	3,831.30
MELNYK, JR., FRED	10/02/1996	100%	1,249.64	62.48	-	1,312.12	512.40
TEIXEIRA, JUSTIN	05/12/2016	0%	-	-	392.34	392.34	392.34
WOOD, DAVID	01/24/1988	100%	9,466.52	473.33	-	9,939.85	3,596.31
TOWN:							
BRASWELL-CRONIN, SARA	12/08/2014	0%	1,135.17	56.76	2,499.84	3,691.77	3,635.01
MANCHESTER-WILKIE, STEPHANIE	01/06/2014	100%	3,425.21	171.26	2,294.64	5,891.11	5,672.97
POLICE:							
LECLARE, RYAN C.	07/23/2012	0%	10,475.56	523.78	3,730.82	14,730.16	13,761.35
POMERLEAU, JON	12/16/2015	0%	-	-	3,211.52	3,211.52	3,211.52
Totals:			\$49,420.43	\$2,471.03	\$15,640.06	\$67,531.52	\$45,800.75

HISTORICAL RATES OF RETURN

Year Ending	Market Value of Assets as of Beginning of Year	Contributions	Distributions	Net Earnings	Market Value of Assets as of End of Year	Approximate Rate of Return
06/30/1998	\$ 2,367,704	\$ 136,912	\$ (36,703)	\$ 513,153	\$ 2,981,066	21.0%
06/30/1999	2,981,066	132,098	(39,978)	527,132	3,600,318	17.3%
06/30/2000	3,600,318	126,952	(43,212)	518,474	4,202,532	14.2%
06/30/2001	4,202,532	168,230	(67,503)	(450,413)	3,852,846	-10.5%
06/30/2002	3,852,846	170,431	(108,393)	(471,417)	3,443,467	-12.1%
06/30/2003	3,443,467	201,480	(112,665)	112,473	3,644,755	3.2%
06/30/2004	3,644,755	213,750	(141,488)	313,922	4,030,939	8.5%
06/30/2005	4,030,939	325,765	(210,905)	305,868	4,451,667	7.5%
06/30/2006	4,451,667	281,263	(235,325)	385,141	4,882,746	8.6%
06/30/2007	4,882,746	303,154	(239,296)	816,573	5,763,177	16.6%
06/30/2008	5,763,177	358,331	(252,348)	(357,684)	5,511,476	-6.2%
06/30/2009	5,511,476	338,040	(292,131)	(991,488)	4,565,897	-18.0%
06/30/2010	4,565,897	424,375	(289,714)	639,021	5,339,579	13.8%
06/30/2011	5,339,579	507,896	(295,930)	1,192,988	6,744,533	22.0%
06/30/2012	6,744,533	414,405	(303,946)	89,318	6,944,310	1.3%
06/30/2013	6,944,310	341,771	(381,129)	778,892	7,683,844	11.3%
06/30/2014	7,683,844	428,479	(399,323)	1,153,203	8,866,203	15.0%
06/30/2015	8,866,203	412,141	(472,018)	310,446	9,116,772	3.5%
06/30/2016	9,116,772	412,141	(478,818)	45,383	9,095,478	0.5%