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2025 Preliminary Results - BOE Pension Plan

1 message

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Thu, Nov 20, 2025 at 9:39 AM

To: Stephanie Levin <stephanie.levin@somers.k12.ct.us>

Cc: Steve Lemanski <steve.lemanski@usi.com>, Ben Miller <ben.miller@usi.com>

Hi Steph,

We are providing you with preliminary results of the July 1, 2025 actuarial valuation for the BOE Pension Plan, which develops the Actuarially Determined Employer Contribution (ADEC) for FY 2026-27.

We have reviewed the current actuarial assumptions in conjunction with this valuation. For this valuation, we are proposing as an option that the BOE adopt the Pub-2016 mortality tables, which are based upon the latest mortality study of public sector employees published by the Society of Actuaries. The Pub-2016 tables were released in May 2025, superseding the Pub-2010 tables, which was the assumption used for the BOE's 2024 valuation. This assumption change would decrease the plan's Actuarial Accrued Liability by about 1.3% and decrease the ADEC for FY 2026-27 by about 7.1%. Based on our review of the plan's current target allocation and our current capital market assumptions, we believe that the current long-term investment return assumption of 6.00% is reasonable.

The attached exhibit displays the details of the preliminary results, which are also summarized below.

The preliminary FY 2026-27 budget estimate (ADEC) under the current assumptions, and using the Pub-2016 tables, is as follows:

Current assumptions: **\$ 0.127 M**

Update to Pub-2016 tables: **\$ 0.118 M**

The above preliminary FY 2026-27 budget estimate compares with the FY 2025-26 ADEC of \$0.148 M (as developed in the 2024 actuarial valuation). There was an investment gain due to an asset return of approximately +6.8% on a smoothed (actuarial) basis (+7.2% on a market basis), versus the assumed return of 6.00%. The FY 2026-27 budget estimate of \$0.140 M provided in October reflected this investment gain along with estimated liabilities. There was an overall liability gain due to favorable experience of both active and retired members, partially offset by salary increases that were higher than expected. Therefore, the budget estimates listed above are now lower than the October value.

Please let us know if you have any questions or if you would like to discuss further. Once the assumptions for the July 1, 2025 actuarial valuation have been finalized, we will prepare the valuation report. Thanks!

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 **2025 Somers BOE - Preliminary Results.pdf**
48K

Town of Somers
The Pension Plan for Somers Educational Secretarial Association
July 1, 2025 Actuarial Valuation - Preliminary Results

	July 1, 2024 Valuation	July 1, 2025 Valuation
Discount Rate:	6.00%	6.00%
Mortality:	Pub-2010(B)/MP-2021	Pub-2010(B)/MP-2021
		Pub-2016(B)/MP-2021
Funded Status		
Actuarial Accrued Liability	7,069,801	7,134,304
Actuarial Value of Assets	<u>6,619,345</u>	<u>6,899,707</u>
Unfunded Actuarial Accrued Liability (UAAL)	450,456	234,597
Funded Ratio	93.6%	96.7%
		98.0%
Actuarially Determined Employer Contribution (ADEC)	(FY 2025-26)	(FY 2026-27)
Employer Normal Cost	92,720	89,187
Amortization of UAAL	46,947	31,063
Adjustment for interest and inflation	<u>8,380</u>	<u>7,215</u>
Total ADEC	148,047	127,465
		118,437