

**Town of Berlin**  
**Police Tier II Defined Benefit Plan**  
**March 2022**

	<u>Exhibit 1</u>	<u>Exhibit 1A</u>	<u>Exhibit 2</u>	<u>Exhibit 2A</u>	<u>Exhibit 3</u>	<u>Exhibit 4</u>
<b>EE contribution</b>	6.0%	8.0%	6.0%	8.0%	6.0%	6.0%
<b>Buy-in amount</b>	\$5,015,463.50	\$5,015,463.50	\$0.00	\$0.00	\$3,970,993.19	\$0.00
<b>Post-retirement COLA</b>	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%
<b>Est. Town Normal Cost</b>	\$428,836.11	\$372,607.47	\$548,765.70	\$492,094.27	\$304,771.03	\$400,616.43
<b>FY23 Budget (DC ER match)</b>	\$366,549.00	\$366,549.00	\$366,549.00	\$366,549.00	\$366,549.00	\$366,549.00
<b>Est. Impact to Taxpayers</b>	\$62,287.11	\$6,058.47	\$182,216.70	\$125,545.27	-\$61,777.97	\$34,067.43

Note: Exhibit 1A costs taxpayers more than presented with lower participation. Ultimately, Exhibit 1A will cost as much as 2A if no existing officers elect to buy-in.

Town assumes anti-selection risk if buy-in is the same for years of service regardless of demographics. This is will likely result in lower assets invested in the plan and a higher ongoing normal cost.

The Town of Berlin matched DC contributions (12% for most of the existing officers; 8% for newer officers), so any buy-in must account for historical contributions to avoid taxpayers funding the same officer's retirement twice.

**Assumptions:**

Retirement formula is 2.0% X 3-year average annual earnings X years of service  
 No lump sum option  
 No disability (PD retains current Lloyds of London disability program)  
 Eligible compensation only includes base wages.