

## Town Officials: Here's What Happened With That Retirement Contribution Plan That Upset Town Education Officials

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After the chairperson of the Board of Education and the superintendent of schools [criticized town officials](#) for informing them of suddenly increased pension plan contributions after the superintendent had already submitted a recommended budget, the first selectman and town administrator responded at a Board of Education meeting last week.

There was a dramatic change in the amount actuaries are now recommending that the town contribute to the pension plan for town and school district employees. The change means sharply higher costs for the town, including an increase of \$250,000 for the part of the payment coming from the 2018-2019 education budget.

"[At] the most recent Board of Ed meeting [...] there was some drama over the pension numbers," Stevenson said.

### **What Was Said at the Board of Education Meeting**

*From [Darienite.com's Jan. 23 article](#):*

- “We are both frustrated and disappointed,” Ochman said at the start of the Jan. 23 regular Board of Education meeting. “It is [...] disappointing because I do know the [school district] administration has reached out since January trying to get these numbers” on next year’s contribution to the employee retirement fund.
- “Let me be clear that this feels like internal [town government] politics,” she said. [...]

- Despite most of the cost of employee retirement benefits coming from the school district budget, district officials were never made part of the discussions that led to the higher costs, Brenner said. [...]
- “Needless to say, as we sit and we meet weekly to discuss the budget, we find ourselves, uh, feeling as if it could be interpreted that we are somehow doing bait and switch, and I would like to suggest that couldn’t be further from the truth.”

Stevenson said at the Board of Selectman meeting: "We're hoping to have a little dialogue tonight to try and get some facts out to the general public."

"Every year we have changes in our pension contributions. That information comes to us from the town's actuary [and is] presented to the pension board [which] sets all the policies around the town pension fund," Stevenson said.

When a new actuary took over this summer from one the town decided not to use any more, it looked over the books and found some calculations were based on wrong information, Buch said.

"Some of the new actuaries saw an error in the old actuaries' work," Buch said. When actuaries take over an account from the previous actuary for a client, professional standards in the field say they should "replicate the work of their predecessor," looking over accounts anew, she said, which happened in this case.

The new actuary, [Milliman](#), "found that the former actuaries had not used the proper salary numbers," Buch said. "Basically, when we gave them the data, we gave it to them at the end of the fiscal year, so it was the '15 year valuation, and based on that, they're providing the recommended contribution for the Fiscal '17 year. So you can see that there's a gap. They should bump that number up by a factor, and they did not do so."

Therefore, Buch said, "we were under-contributing [...] the recommendations should have been higher."

The new actuaries also recommended changes in the predicted mortality rates of retirees, and "they recommended that we change our method of calculating the contribution," she said.

"We've gone to great lengths to sort of detail the chain of events, chains of communications," Stevenson said.

"I can understand why the Board of Education felt as though they got the information at the eleventh hour, when in fact they got the information when the town itself got the information," she said.

(Brenner said on Jan. 23: "No one from the Board of Education was part of that process, and I would suggest we received this information at what I would suggest is the eleventh hour, after multiple requests.")

"We're already working on trying to refine the process so that we can get this information sooner, but that's going to require both the town and the Board of Education to provide information to the actuary much earlier than is currently happening in some situations," Stevenson said.

"I want to assure everybody that while we're not happy that we have to spend more money this year, funding our pensions in a [new] way, because it obviously raises our budget costs, we are very proud of the fact that, No. 1, we use very sound, best-practices policies to set our pension fund [...]," she said. "We always pay 100 percent of what the actuary recommends so that goes a long way to really supporting the Triple A rating that the town of Darien receives every year.

"We're not happy about the numbers. The Board of Ed, certainly, you heard, is not happy about the numbers, but I did want you to be aware that there's a lot more factual information behind the scenes than what you might have heard in the drama [at the Board of Education meeting].

Buch said:

"On Wednesday, the 17th, I sent the gross numbers to Mike Feeney, the [Darien Public Schools] finance director. It was not broken down between the town and the Board [of Education] or sewer [retirement costs] but you could see the prior contribution and current — the recommended contribution."

"We got the breakdown of the town's contribution on Friday the 20th at about a quarter after 4 [p.m.]. Jen [Charneski, the town finance director] got it. She was at home, sick, checking her email — good employee! And she sent it to them within 10 minutes."

The figures on the actuaries' recommended annual contribution to the pension fund normally comes in at the same time of year, Buch said. "We do want to get them out earlier, and we had tried to this year, but as Jayme said, some of the information was not received by the actuaries in a timely manner, which pushed the date and the timeline back.

"But we're going to work with the Board [of Education] to make sure that doesn't happen again."

Selectman Susan Marks then asked: "So anyone who's done budgets for the last couple of years shouldn't have been surprised that this is when the actual number comes in?"

Buch replied: "No."

Buch then said that the timing is much less important on the non-education side of the town budget, since that is prepared a little after the Superintendent of Schools puts forward a recommended budget.

Typically, Buch said, when the actuaries' recommendation hasn't arrived before the superintendent of schools recommends a budget, an assumption about the overall cost is made and inserted into the proposal. The assumption can then be changed when new information comes in.

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This year, Superintendent of Schools Dan Brenner used last year's budget number, Stevenson said. "And that could be a logical thing to do, because you don't have the numbers [...] But in past years, assumptions were made, so this year was a little bit of a change."

"I will say that Kate and I had a very good meeting this morning with [Board of Education Chairperson] Tara Ochman and the superintendent [Brenner] just to talk a little bit about the flow of communication, and we have both agreed that we will make sure that we optimize our communications between the staff members in the finance departments as we need to."

"And I can assure you that some of the things that were in the media article, that it was a political maneuver on the part of some to undermine the Board of Education budget — that just is patently false and really couldn't be further from the truth. So I appreciate the opportunity to clarify all that."