

**Subject:** FW: Bartels Report  
**Attachments:** Misc Contribution - Bartel Report 2018.pdf; Misc Contribution - Bartel Report 2021.pdf

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**Date:** March 6, 2021 at 9:07:46 AM PST  
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**Subject:** Bartels Report

Rob and Matthew,

I have attached the same graphs prepared by Bartels April 2018 and March 2021. The graphs show a contribution projection for the Miscellaneous Pension Plan for the next 10 years and 30 years.

What is striking is the impact that the ADP has on the contribution projection, and clearly shows why the Town should continue to actively pursue an ADP strategy. Two items that need to be pointed out:

- The most recent 30-year contribution projection shows that the area under the curve has materially shifted downward, which indicates a reduction in total contribution payments. The 2021 projection reflects the impact of the ADP and includes the negative investment returns Calpers has experience since 2018. You can see that the curve hits the 10% funding level approximately 4 years sooner and never exceeds 35.6% over the 30-year term. The prior projection showed a peak contribution of 40.4% in FY 25. This is a very impressive result.
- Additionally, the new projection shows a flat contribution level of approximately 34% for the next 10 years. The ADP “flattened” the steepest part of the curve, which was the next 10 years. This proves that the ADP strategy is superior to the IRS trust funding strategy that was actively debated. As you recall that strategy called for the Town to make contributions to a trust fund, which would then be used to “subsize” future contribution payments by drawing down the trust fund balance. If the Town had pursued this strategy the Town would still be charged the projected contribution and would have been exposed to the same market risk as Calpers investment. By making the ADP, the market risk is eliminated, and the total interest charged by Calpers is permanently reduced.

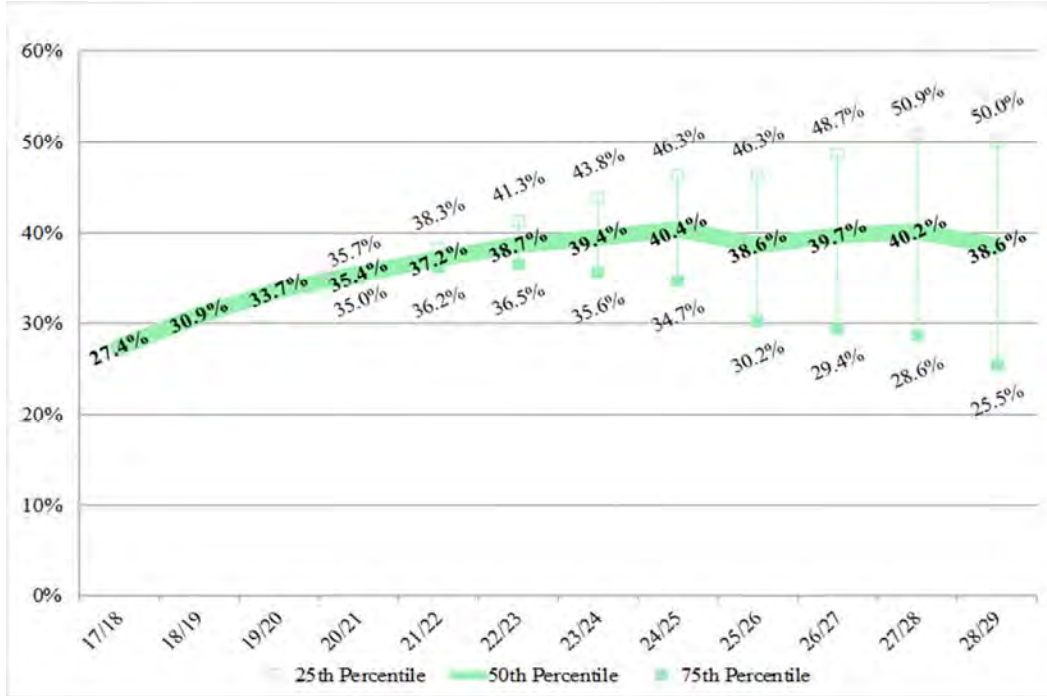
The Town made the right decision.

Phil

**ATTACHMENT 2**

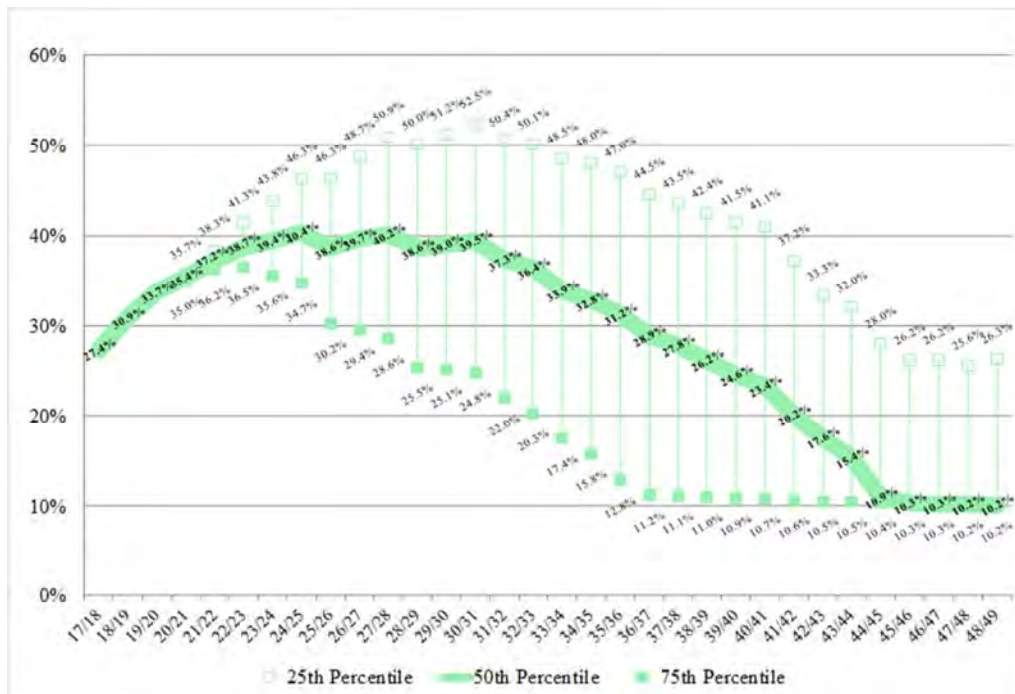
## MISCELLANEOUS PLAN - PROJECTIONS

### Projected Contribution Rates - 10 Years



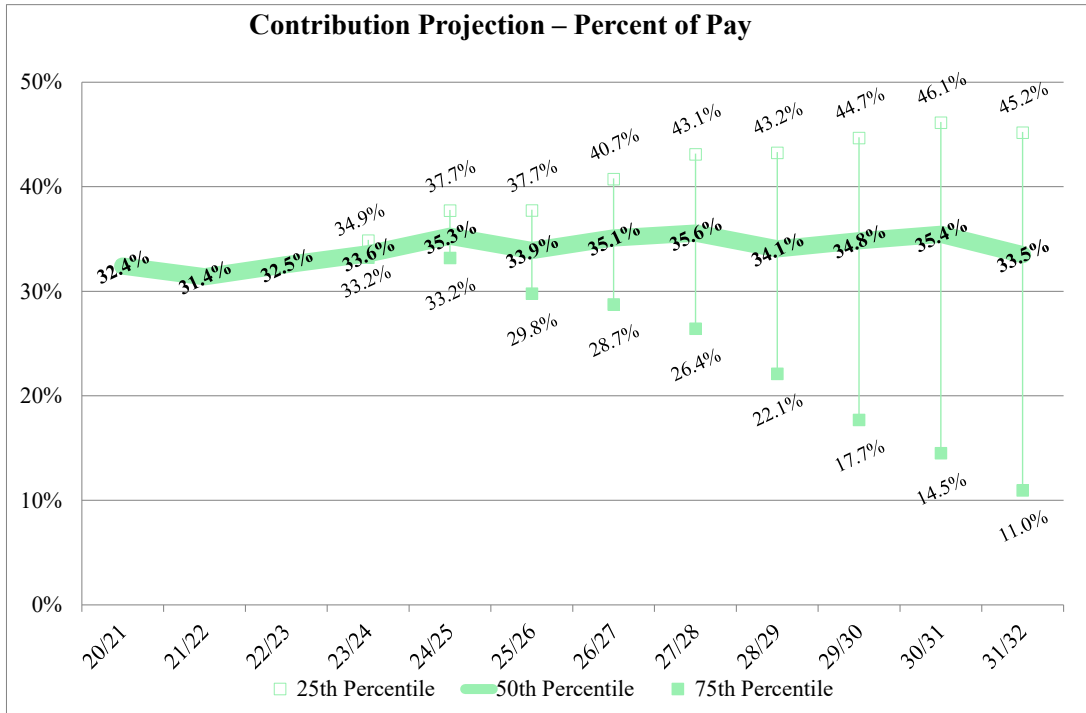
## MISCELLANEOUS PLAN - PROJECTIONS

### Projected Contribution Rates - 30 Years



## CONTRIBUTION PROJECTIONS – MISCELLANEOUS

Item 5.

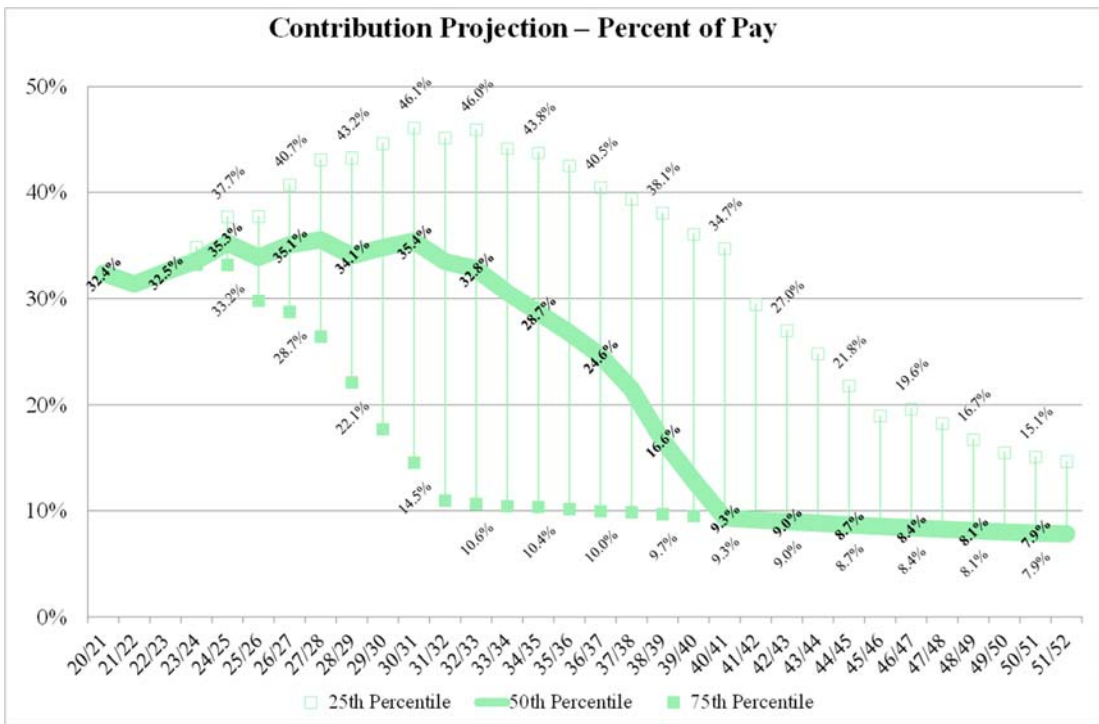


March 1, 2021

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## CONTRIBUTION PROJECTIONS – MISCELLANEOUS



March 1, 2021

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