

Investment Policy for Wayland's OPEB Investment Account

May 18, 2015

Investment Policy:

The policy for Wayland's OPEB Investment Account is to invest the funds in a manner consistent with that of a Prudent Investor¹, such that those funds, along with annual contributions from the Town, will be sufficient to meet the Town's future OPEB obligations.

The initial goal of the fund is to reach a fully funded status by 2038. Fully funded status is reached when the value of the OPEB Investment Account is approximately equal to the actuarial accrued liability. Wayland's policy is to calculate the actuarial accrued liability based on a premium-based forecast of Wayland's actual cash expenditure for OPEB and not on a GASB45-based forecast. After achieving fully funded status, the OPEB Investment Account will be targeted to supplement any annual Town OPEB payments while maintaining a fully funded status as actuarially determined.

Asset Allocation and Rate of Return Goal:

Based on the most recent actuarial review, a long-term 7% investment return goal is consistent with the policy stated above. Table A below gives a guideline asset allocation that historically has been consistent with a 7% return goal.

A broader mix of asset classes could also be used so long as any such investment in those asset is consistent with the Prudent Investor Rule.

Periodic Review:

Annually, the Board of Selectmen will review the investment returns and progress toward the funding goal. An assessment of the investment return goal and suggested asset allocations will be conducted in conjunction with the biennial actuarial review, or more frequently if deemed appropriate by any member of the Board of Selectmen or the Town Administrator or Finance Director. Adjustments to the asset allocations, following a review of the funds with the Town's financial advisors, shall be recommended by the Board of Selectmen.

Investment Governance:

The day-to-day governance of the OPEB Investment Account is to be determined under a separate document.

Table A

Wayland's OPEB Investment Account Asset Allocations:

Asset Class	Target Range	Central Tendency*
Cash	0 – 5%	~2%
Fixed Income	15 – 25%	~20%
Equities	70 – 80%	~75 – 78%
Alternatives	0 – 5%	~0 – 3%

* We use the term "central tendency" to generally describe the mean value or the typical annual return we would expect over a long period of time.

¹ Prudent Investor is defined to be consistent with M.G.L. Ch. 203C.