



TOWN OF WEST HARTFORD OTHER POST-EMPLOYMENT BENEFITS PROGRAM

**Actuarial Valuation as of July 1, 2019
To Determine Funding for Fiscal Year 2020-21**

Prepared by

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Table of Contents

	Page
CERTIFICATION	1
I EXECUTIVE SUMMARY	3
II PLAN ASSETS	
A. Summary of Fund Transactions	15
III DEVELOPMENT OF CONTRIBUTION	
A. Summary of Liabilities	16
B. Actuarially Determined Contribution	17
C. Long Range Forecast	18
D. History of Funded Status	19
E. History of Town Contributions	20
IV MEMBERSHIP DATA	
A. Statistics of Active Membership	21
B. Distribution of Active Members	22
C. Information on Members Receiving Benefits	24
V HEALTHCARE INFORMATION	
A. Introduction	25
B. Current Premiums	26
C. Expected Healthcare Costs	27
APPENDICES	
A. Actuarial Funding Method	29
B. Actuarial Assumptions	30
C. Summary of Plan Provisions	35
D. Glossary	44

Certification

We have performed an actuarial valuation of the Plan as of July 1, 2019 to determine funding for fiscal year 2020-21. This report presents the results of our valuation.

The ultimate cost of an Other Post-Employment Benefits (OPEB) plan is the total amount needed to provide benefits for plan members and beneficiaries and to pay the expenses of administering the plan. OPEB costs are met by contributions and by investment return on plan assets. The principal purpose of this report is to set forth an actuarial recommendation of the contribution, or range of contributions, which will properly fund the plan, in accordance with applicable actuarial standards of practice. In addition, this report provides:

- A valuation of plan assets and liabilities to review the year-to-year progress of funding.
- Review of plan experience since the previous valuation to ascertain whether the assumptions and methods employed for valuation purposes are reflective of actual events and remain appropriate for prospective application.
- Assessment of the relative funded position of the plan, i.e., through a comparison of plan assets and projected plan liabilities.
- Comments on any other matters which may be of assistance in the funding and operation of the plan.

This report may not be used for purposes other than those listed above without Milliman's prior written consent. If this report is distributed to other parties, it must be copied in its entirety, including this certification section.

Milliman's work is prepared solely for the internal business use of the Town of West Hartford ("Town"). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Town may provide a copy of Milliman's work, in its entirety, to the Town's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town; and (b) the Town may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

In preparing this report, we relied on employee census data and financial information as of the valuation date, furnished by the Town. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Certification

The calculations reported herein have been made on a basis consistent with our understanding of the plan provisions. Additional determinations may be needed for purposes other than determining funding amounts, such as judging benefit security at plan termination or meeting employer accounting requirements. On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate and all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices.

We further certify that, in our opinion, each actuarial assumption, method and technique used is reasonable taking into account the experience of the Plan and reasonable expectations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of such future measurement.

In preparing these valuation results, we have relied on the health cost claim and trend models maintained by Milliman's health consultants.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



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Section I - Executive Summary Changes Since the Prior Valuation

Demographic Changes and Plan Experience

From July 1, 2017 to July 1, 2019, the overall membership decreased from 3,171 to 2,881. The number of active members increased from 1,456 to 1,527, and the total number of members and spouses/dependents receiving benefits decreased from 1,715 to 1,354.

The average age of active members decreased slightly from 46.3 to 45.7, and the average age of members receiving benefits increased from 71.0 to 71.2.

We updated expected claims costs based on our analysis of the claims experience and premium information that was provided to us for this valuation. Per capita healthcare costs increased more than expected, which increased the Accrued Liability by about \$21.1 million.

Changes in Actuarial Methods and Assumptions

For all employees other than BOE Certified, we updated the mortality assumption to the Pub-2010 table with generational projection per the Ultimate MP Scale. The impact on the Accrued Liability as a result of this mortality assumption update for all groups other than BOE Certified will be recognized over two years with 50% of the liability increase recognized as of July 1, 2019. Beginning with the July 1, 2020 valuation, the Accrued Liability will recognize 100% of the increase attributable to the Pub-2010 table with generational projection per the Ultimate MP scale. Previously, the mortality assumption was the RP-2000 table (with blue collar adjustment for certain groups) with generational projection per Scale BB. For BOE Certified employees, we updated the mortality assumption to reflect the assumptions used in the June 30, 2018 Actuarial Valuation Report for the Connecticut State Teachers' Retirement System.

We updated the healthcare cost trend rates to an initial rate of 6.00% scaling down to 4.10% over 55 years for Board of Education and to an initial rate of 6.20% (6.00% post-Medicare) scaling down to 4.10% over 54 years for everyone else. We are also no longer valuing the future implementation of the excise tax on medical benefits, as it has been officially repealed as of December 20, 2019.

Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of our projections, we have chosen not to make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

Lastly, we decreased the interest rate assumption from 7.25% to 6.99% and increased the amortization growth rate from 1.50% to 2.75% to match the corresponding changes we made for the pension valuation.

These assumption changes in combination increased the Accrued Liability by approximately \$13.3 million and decreased the Actuarially Determined Contribution by about \$758,000.

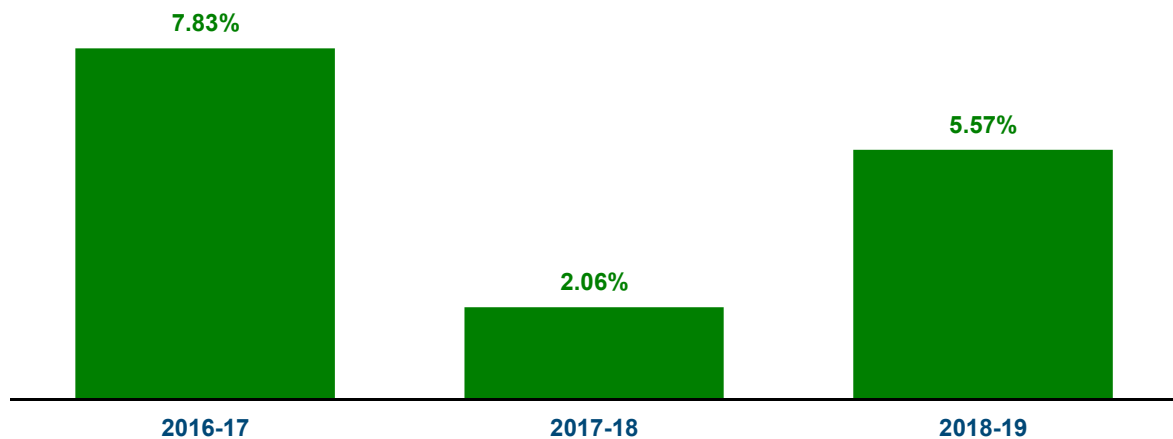
If the full impact of the mortality assumption was reflected for the July 1, 2019 valuation, the Accrued Liability and the Actuarially Determined Contribution would increase further by about \$3.8 million and \$344,000, respectively.

Section I - Executive Summary Assets

The Market Value is a snapshot of the plan's investments as of the valuation date.

Market Value as of July 1, 2017	\$2,960,380
Town Contributions	24,759,154
Member Contributions	218,803
TRB Subsidy Contributions	651,675
Net Investment Income	403,338
Benefit Payments	(21,788,829)
Market Value as of July 1, 2019	7,204,521

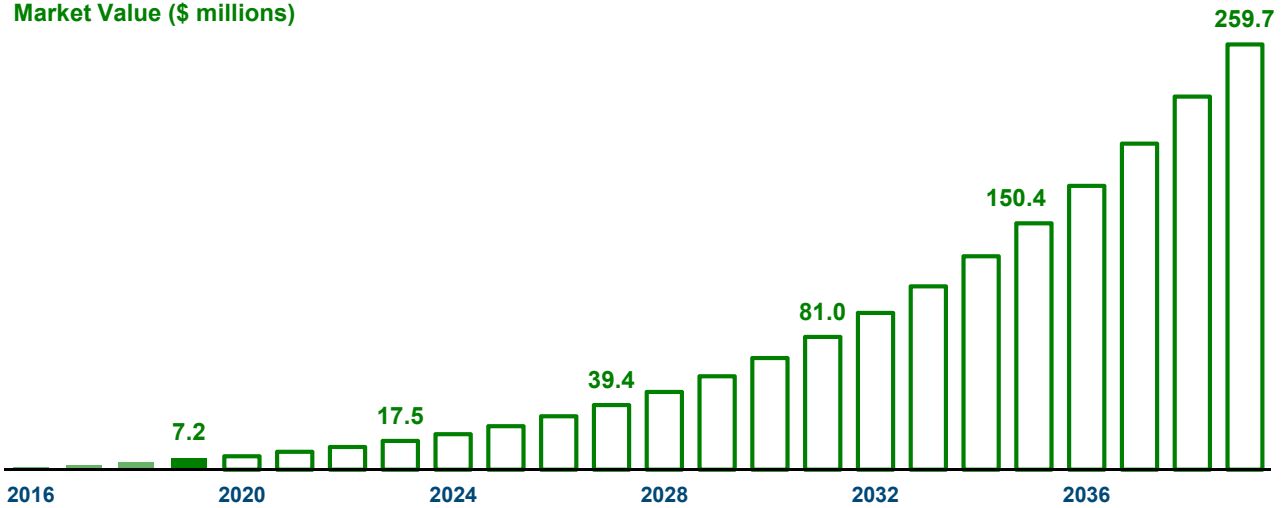
For fiscal year 2017-18, the plan's assets earned 2.06% on a Market Value basis. The actuarial assumption for this period was 7.25%; the result is an asset loss of about \$0.2 million. For fiscal year 2018-19, the plan's assets earned 5.57% on a Market Value basis. The actuarial assumption for this period was 7.25%; the result is an asset loss of about \$0.1 million. Historical rates of return are shown in the graph below.



Section I - Executive Summary Assets (continued)

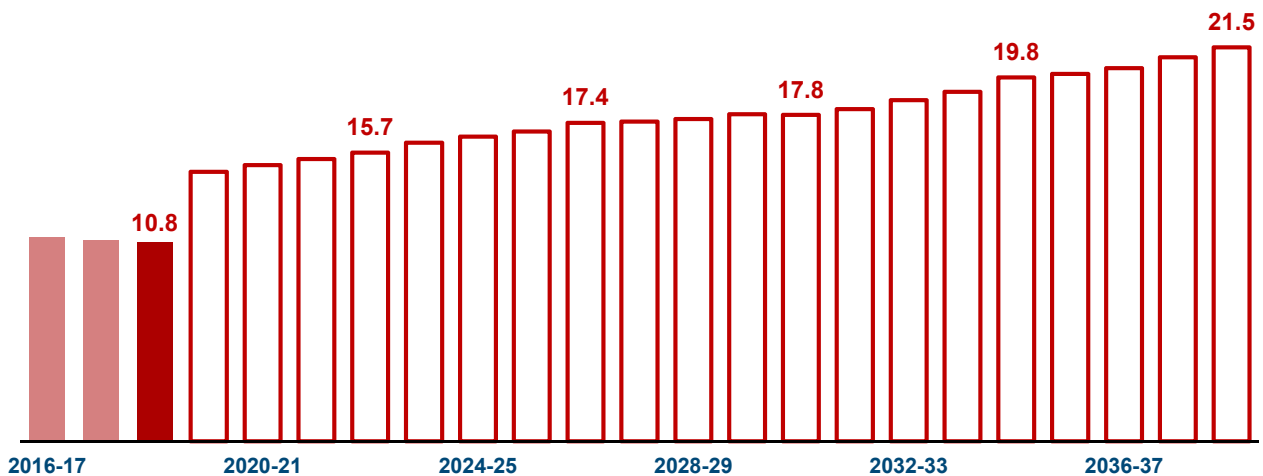
The graph below shows how this year's asset values compare to where the plan's assets have been over the past several years and how they are projected to change over the next 20 years. For purposes of this projection, we have assumed that the Town always contributes the Actuarially Determined Contribution and the investments always earn the assumed interest rate each year.

Market Value (\$ millions)



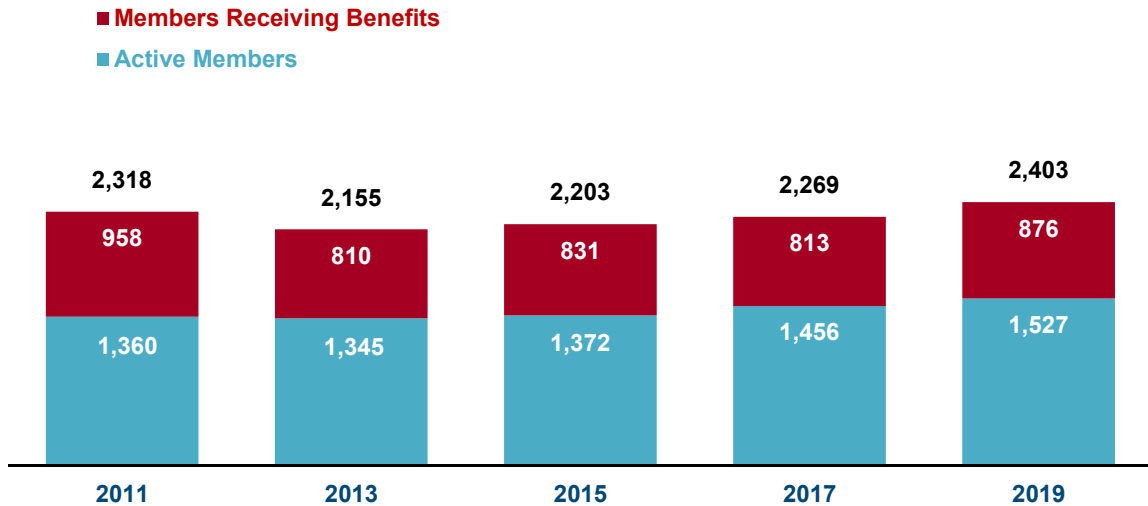
In 2018-19, the plan paid out \$10.8 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$357 million in benefits to members.

Benefit Payments (\$ millions)



Section I - Executive Summary Membership

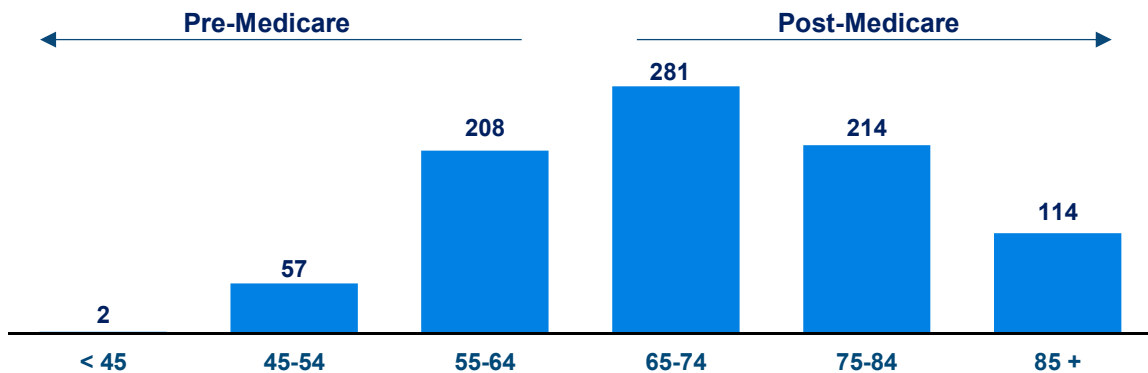
There are two basic categories of plan members included in the valuation: (1) members who are receiving benefits and (2) active employees who have met the eligibility requirements for membership.



Members Receiving Benefits on July 1, 2019

Police & Fire	312	Average Age	71.2
Town	292		
Certified BOE	89		
Non-Certified BOE	<u>183</u>		
Total	<u>876</u>		

As of July 1, 2019, there were 876 members receiving benefits and 478 spouses/dependents receiving benefits. The members receiving benefits fall across a wide distribution of ages:



Section I - Executive Summary Membership (continued)

Active Members on July 1, 2019

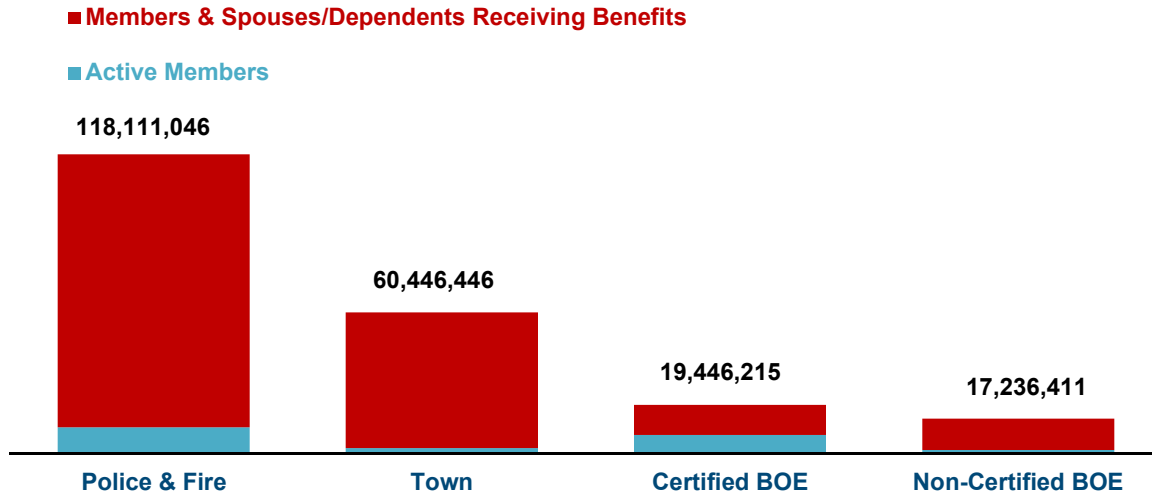
Police & Fire	185	Average Age	45.7
Town	207	Average Service	12.4
Certified BOE	910	Payroll	\$109,141,703
Non-Certified BOE	<u>225</u>	Average Payroll	71,475
Total	1,527		

The table below illustrates the age and years of service of the active membership:

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	23							23
25-29	87	13						100
30-34	66	77	14					157
35-39	65	56	83	15				219
40-44	49	35	52	77	6			219
45-49	33	17	40	54	50	2		196
50-54	37	37	34	59	45	20	7	239
55-59	33	20	37	44	26	13	23	196
60-64	5	8	27	36	22	12	18	128
65+	3	2	11	12	9	6	7	50
Total	401	265	298	297	158	53	55	1527

Section I - Executive Summary Accrued Liability

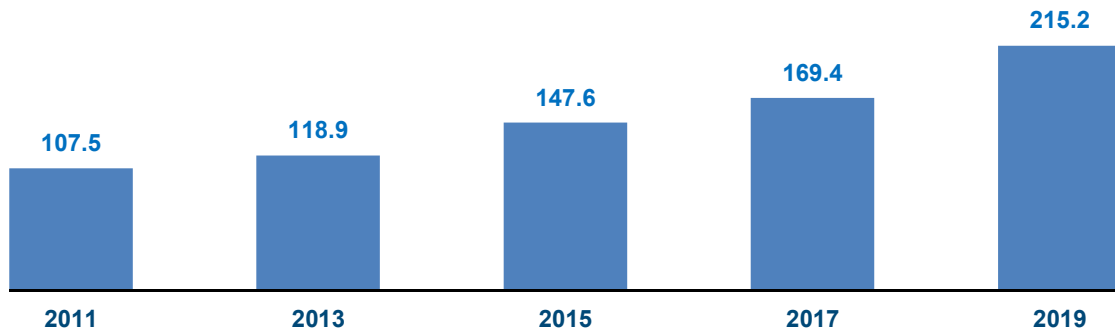
The Accrued Liability as of July 1, 2019 is \$215,240,118 and consists of the following pieces:



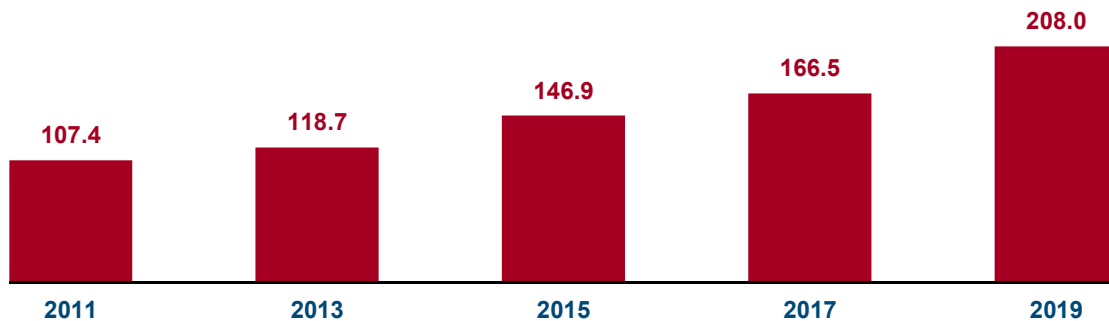
Section I - Executive Summary Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as members receive benefits; it may also change when there are changes to the plan provisions or changes in the actuarial assumptions. The Unfunded Accrued Liability is the dollar difference between the Accrued Liability and the Actuarial Value of Assets.

Accrued Liability (\$ millions)



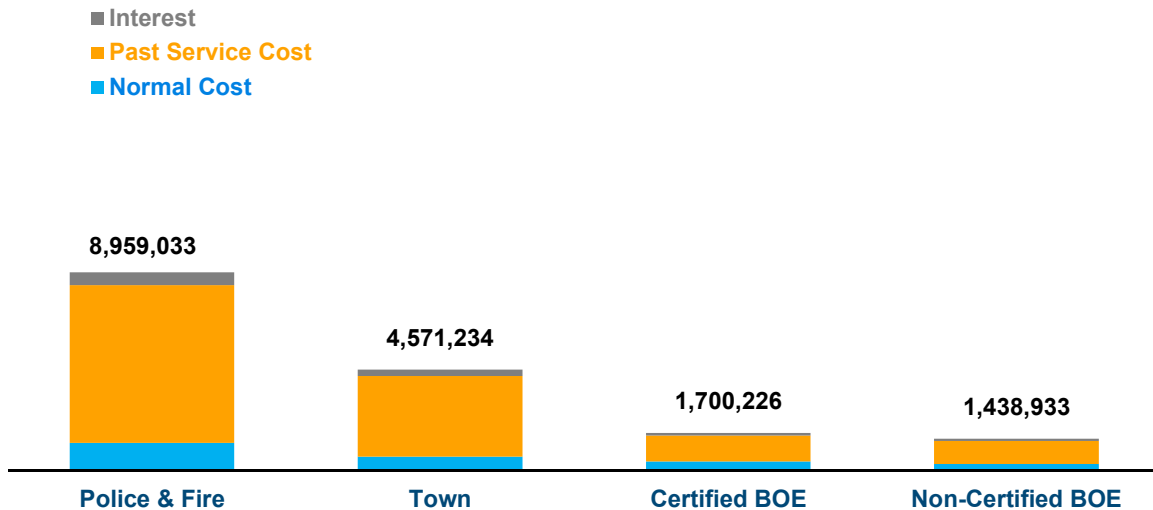
Unfunded Accrued Liability (\$ millions)



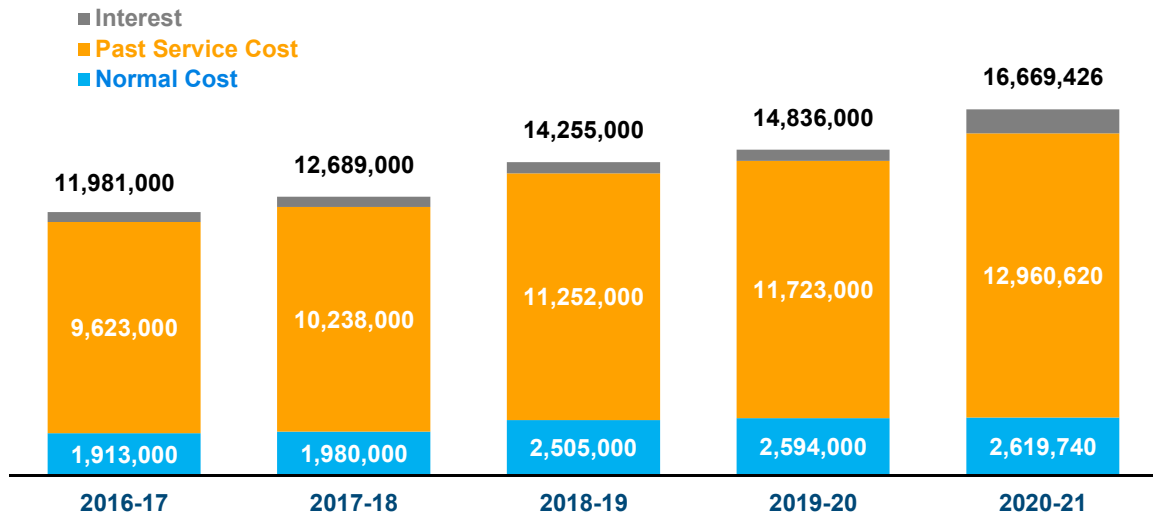
Section I - Executive Summary Actuarially Determined Contribution

The Actuarially Determined Contribution consists of three pieces: a Normal Cost payment to fund the benefits earned each year, a Past Service Cost to gradually reduce any unfunded or surplus liability, and Interest to reflect the timing of the contribution relative to the valuation date.

The Actuarially Determined Contribution for fiscal year 2020-21 totals \$16,669,426, as shown graphically below.



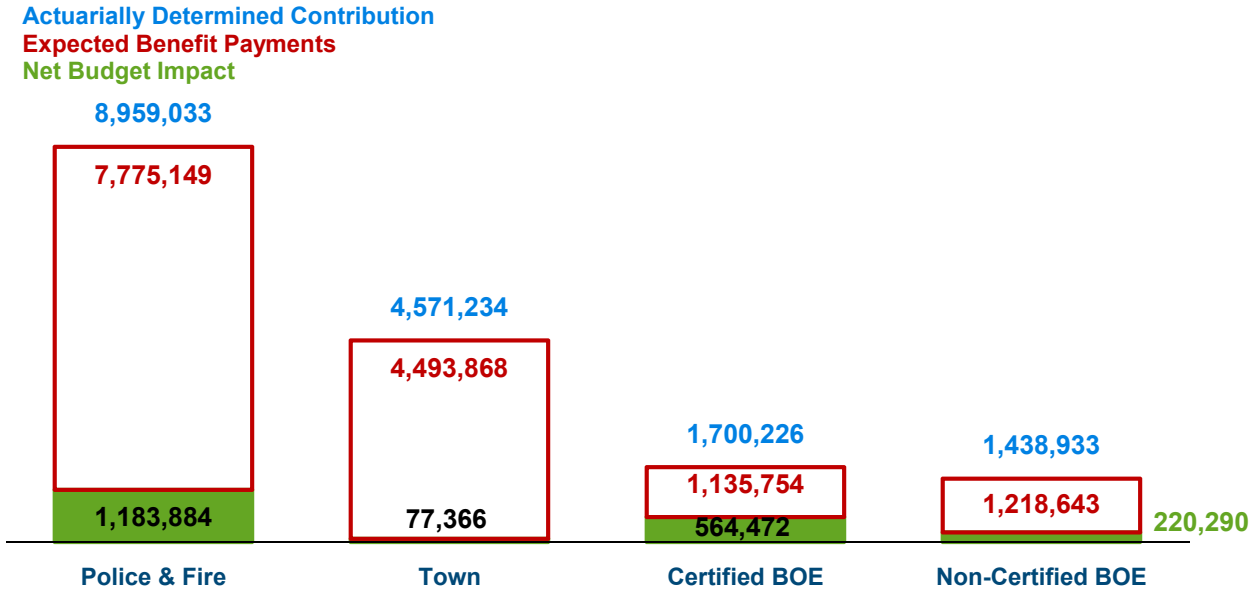
The chart below shows the Actuarially Determined Contribution for the past five fiscal years.



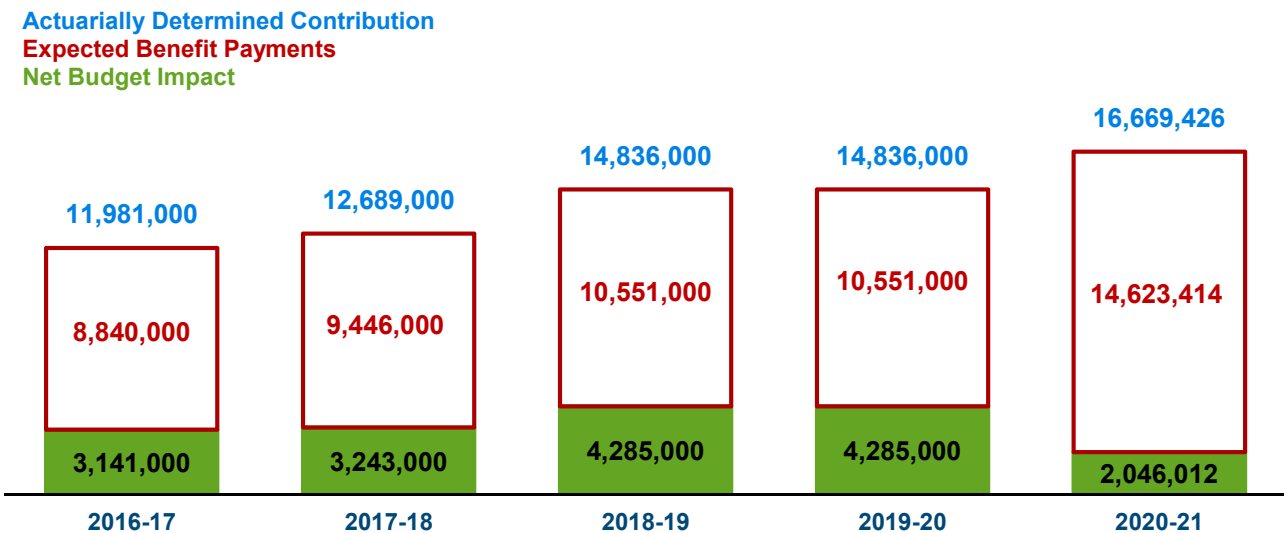
Section I - Executive Summary Net Budget Impact

The Town is currently paying healthcare benefits outside of the OPEB Trust. In addition to the Actuarially Determined Contribution, we calculate the Net Budget Impact as the additional cash contribution to the Trust. The Net Budget Impact is found by subtracting the Expected Benefit Payments from the Actuarially Determined Contribution.

The chart below shows the Net Budget Impact by group for fiscal year 2020-21.



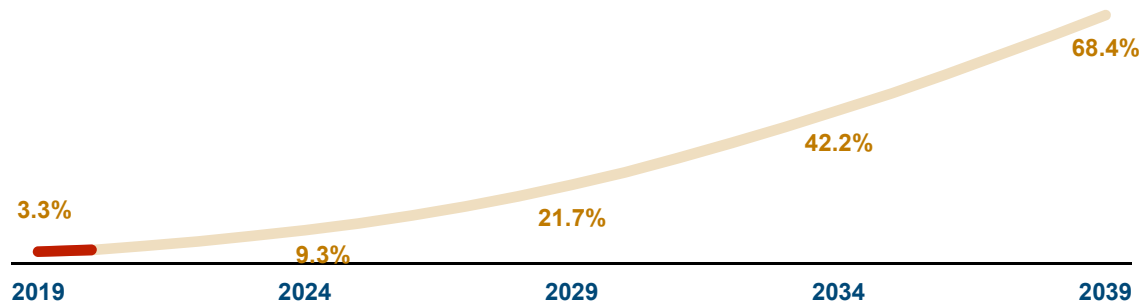
The chart below shows the Net Budget Impact for the past five fiscal years.



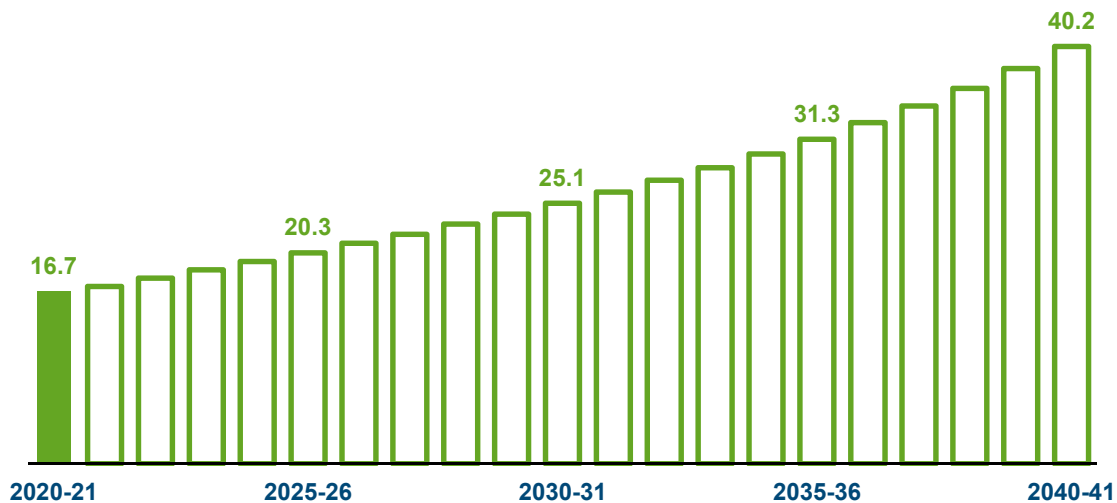
Section I - Executive Summary Long-Range Forecast

If the Town pays the Actuarially Determined Contribution each year, the investments earn exactly the assumed interest rate each year, and there are no changes in the plan provisions or in the actuarial methods and assumptions, then we project the following changes in the plan's funded status and the long-range contribution levels:

Funded Ratio



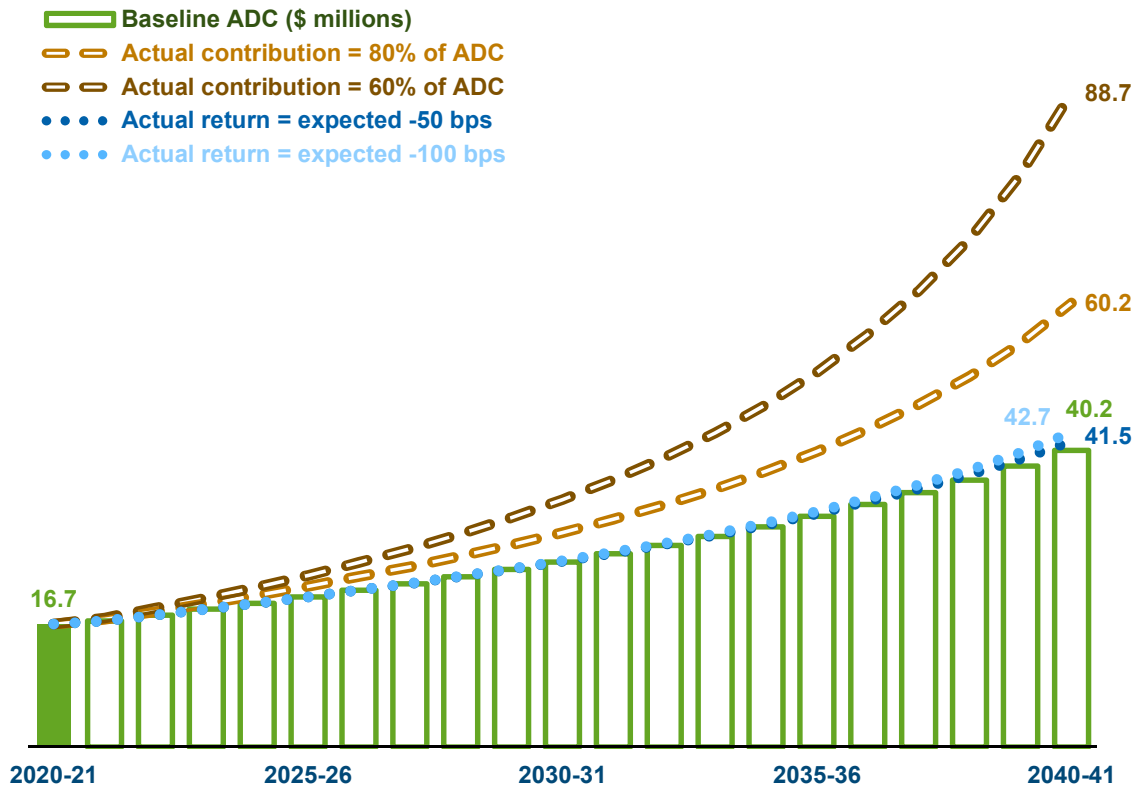
Actuarially Determined Contribution (\$ millions)



To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Section III C for more details of the long range forecast.

Section I - Executive Summary Long-Range Forecast (continued)

Benefits are paid for through a combination of contributions from the Town and from employees, and from investment income. If the Town pays less than the Actuarially Determined Contribution each year, or if the investments persistently earn less than the assumed interest rate, then the plan's funded status would suffer, and to compensate, the Town's contribution levels would be pushed higher. The risks of underfunding and underearning are illustrated in the hypothetical scenarios below:



The scenarios illustrated above are based on deterministic projections that assume emerging plan experience always exactly matches the actuarial assumptions except for the return scenarios noted above; in particular that actual asset returns will be constant in every year of the projection period. Underfunding and underearning with both result in actuarial losses. For illustration purposes, we have amortized these losses over the remaining amortization period, even if that period is less than 10 years. Variation in asset returns, contribution amounts, and many other factors may have a significant impact on the long-term financial health of the plan, the liquidity constraints on plan assets, and the Town's future contribution levels. Stochastic projections could be prepared that would enable the Town to understand the potential range of future results based on the expected variability in asset returns and other factors. Such analysis was beyond the scope of this engagement.

Section I - Executive Summary Summary of Principal Results

Membership as of	July 1, 2017	July 1, 2019
Active Members	1,456	1,527
Members Receiving Benefits	<u>813</u>	<u>876</u>
Total Count	2,269	2,403
 Payroll	 \$116,440,000	 \$109,141,703
Assets and Liabilities as of	July 1, 2017	July 1, 2019
Market Value of Assets	\$2,960,380	\$7,204,521
Accrued Liability for Active Members	54,715,000	56,705,045
Accrued Liability for Members Receiving Benefits	<u>114,700,000</u>	<u>158,535,073</u>
Total Accrued Liability	169,415,000	215,240,118
 Unfunded Accrued Liability	 166,454,620	 208,035,597
 Funded Ratio	 1.7%	 3.3%
Actuarially Determined Contribution for Fiscal Year	2018-19	2020-21
Normal Cost	\$2,505,000	\$2,619,740
Past Service Cost	11,252,000	12,960,620
Interest	<u>498,000</u>	<u>1,089,066</u>
Actuarially Determined Contribution	14,255,000	16,669,426
 Allocated to Police & Fire	 \$6,809,000	 \$8,959,033
Allocated to Town	3,844,000	4,571,234
Allocated to Certified BOE	1,359,000	1,700,226
Allocated to Non-Certified BOE	<u>2,243,000</u>	<u>1,438,933</u>
Total	14,255,000	16,669,426

Section II - Plan Assets

A. Summary of Fund Transactions

Market Value as of July 1, 2017	\$2,960,380
Town Contributions	12,208,089
Member Contributions	100,602
TRB Subsidy Contributions	357,904
Net Investment Income	78,875
Benefit Payments	(10,943,993)
 Market Value as of June 30, 2018	 4,761,857
Expected Return on Market Value of Assets, 2017-18	277,594
Market Value (Gain)/Loss, 2017-18	198,719
Approximate Rate of Return, 2017-18*	2.06%
 Market Value as of July 1, 2018	 \$4,761,857
Town Contributions	12,551,065
Member Contributions	118,201
TRB Subsidy Contributions	293,771
Net Investment Income	324,463
Benefit Payments	(10,844,836)
 Market Value as of June 30, 2019	 7,204,521
Expected Return on Market Value of Assets, 2018-19	407,181
Market Value (Gain)/Loss, 2018-19	82,718
Approximate Rate of Return, 2018-19*	5.57%

* The rates shown here are not the dollar or time weighted investment yield rate which measures investment performance. They are an approximate net return assuming all activity occurred on average midway through the fiscal year.

Section III - Development of Contribution

A. Summary of Liabilities

We have calculated the Accrued Liability separately for 4 groups, who are eligible for different OPEB benefits. We have broken the accrued liability into several pieces: benefits that are expected to be paid prior to age 65 (i.e. prior to Medicare) and after age 65 (i.e. after Medicare) to current active members and their covered dependents after retirement, and the same figures for members who have already retired and are currently receiving benefits. In all cases, the Accrued Liability only reflects benefits that are paid for by the Town, taking into account any implicit rate subsidies.

	Police & Fire	Town	Certified BOE	Non-Certified BOE	Total
Current active members					
Members Under Age 65	\$8,879,572	\$1,797,379	\$6,188,971	\$1,202,427	\$18,068,349
Members Over Age 65	5,947,253	8,179,542	535,075	3,982,818	18,644,688
Spouses/Dependents Under Age 65	8,476,773	1,347,300	2,171,096	610,327	12,605,496
Spouses/Dependents Over Age 65	<u>2,885,455</u>	<u>3,307,927</u>	<u>326,159</u>	<u>866,971</u>	<u>7,386,512</u>
Total	26,189,053	14,632,148	9,221,301	6,662,543	56,705,045
Current members receiving benefits					
Members Under Age 65	19,744,319	3,392,914	658,513	2,252,009	26,047,755
Members Over Age 65	25,868,624	23,163,671	8,633,285	6,513,446	64,179,026
Spouses/Dependents Under Age 65	27,498,076	6,193,306	161,903	689,343	34,542,628
Spouses/Dependents Over Age 65	<u>18,810,974</u>	<u>13,064,407</u>	<u>771,213</u>	<u>1,119,070</u>	<u>33,765,664</u>
Total	91,921,993	45,814,298	10,224,914	10,573,868	158,535,073
Total Accrued Liability	118,111,046	60,446,446	19,446,215	17,236,411	215,240,118
Accrued Liability Sensitivity					
		1% Decrease	Baseline	1% Increase	
Discount Rate		240,904,503	215,240,118	193,945,000	
Trend Rate		193,525,600	215,240,118	241,645,349	

Section III - Development of Contribution

B. Actuarially Determined Contribution

The Actuarially Determined Contribution (ADC) for the OPEB program consists of three pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year) plus a **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability) plus **Interest** to reflect the timing lag between the valuation date and the fiscal year.

The amortization period is 30 years starting in 2014 and produces annual payments that will increase by 2.75% annually. On this basis, the ADC is determined as follows:

	Police & Fire	Town	Certified BOE	Non-Certified BOE	Total
Accrued Liability	\$118,111,046	\$60,446,446	\$19,446,215	\$17,236,411	\$215,240,118
Market Value of Assets*	3,953,416	2,023,264	650,904	576,937	7,204,521
Unfunded Accrued Liability	114,157,630	58,423,182	18,795,311	16,659,474	208,035,597
Funded Ratio	3.3%	3.3%	3.3%	3.3%	3.3%
Amortization Period	25	25	25	25	25
Amortization Growth Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Past Service Cost	7,112,022	3,639,765	1,170,948	1,037,885	12,960,620
Total Normal Cost	1,653,907	632,816	418,197	307,038	3,011,958
Employee Contributions	392,218	0	0	0	392,218
Expenses	0	0	0	0	0
Net Normal Cost	1,261,689	632,816	418,197	307,038	2,619,740
Interest	585,322	298,653	111,081	94,010	1,089,066
ADC for FY 2020-21	8,959,033	4,571,234	1,700,226	1,438,933	16,669,426
Expected Benefit Payments	(7,775,149)	(4,493,868)	(1,135,754)	(1,218,643)	(14,623,414)
Net Budget Impact	1,183,884	77,366	564,472	220,290	2,046,012

The ADC is assumed to be paid at the beginning of the Fiscal Year.

*The Market Value of Assets is allocated in proportion to the Accrued Liability.

Section III - Development of Contribution C. Long Range Forecast

This forecast is based on the results of the July 1, 2019 actuarial valuation and assumes that the Town will pay the Actuarially Determined Contribution each year, the assets will return the assumed interest rate on a market value basis each year, and there are no future changes in the actuarial methods or assumptions or in the plan provisions. For purposes of this forecast the amortization period declines to 1 year to illustrate the progress of the plan towards becoming fully funded; in actual practice the amortization period will not be less than 10 years in order to shield the Town from contribution volatility. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets.

Valuation Date	Values as of the Valuation Date				Fiscal Year	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Town Contributions	Member Contributions	Benefit Payments	Net Cash Flows
7/1/2019	\$215,240,118	\$7,204,521	\$208,035,597	3.3%	2020-21	\$16,669,426	\$405,946	(\$15,060,178)	\$2,015,194
7/1/2020	215,630,000	8,264,000	207,366,000	3.8%	2021-22	17,086,000	420,000	(15,388,000)	2,118,000
7/1/2021	220,875,000	10,927,000	209,948,000	4.9%	2022-23	17,887,000	435,000	(15,748,000)	2,574,000
7/1/2022	225,437,000	13,883,000	211,554,000	6.2%	2023-24	18,684,000	450,000	(16,286,000)	2,848,000
7/1/2023	229,745,000	17,516,000	212,229,000	7.6%	2024-25	19,494,000	466,000	(16,621,000)	3,339,000
7/1/2024	234,320,000	21,687,000	212,633,000	9.3%	2025-26	20,340,000	482,000	(16,893,000)	3,929,000
7/1/2025	239,610,000	26,657,000	212,953,000	11.1%	2026-27	21,263,000	499,000	(17,368,000)	4,394,000
7/1/2026	244,693,000	32,585,000	212,108,000	13.3%	2027-28	22,115,000	516,000	(17,434,000)	5,197,000
7/1/2027	250,522,000	39,408,000	211,114,000	15.7%	2028-29	23,095,000	535,000	(17,578,000)	6,052,000
7/1/2028	256,330,000	47,540,000	208,790,000	18.5%	2029-30	24,063,000	553,000	(17,835,000)	6,781,000
7/1/2029	262,899,000	57,124,000	205,775,000	21.7%	2030-31	25,098,000	573,000	(17,794,000)	7,877,000
7/1/2030	270,247,000	68,132,000	202,115,000	25.2%	2031-32	26,190,000	593,000	(18,116,000)	8,667,000
7/1/2031	278,331,000	81,043,000	197,288,000	29.1%	2032-33	27,319,000	613,000	(18,607,000)	9,325,000
7/1/2032	287,556,000	95,673,000	191,883,000	33.3%	2033-34	28,536,000	635,000	(19,055,000)	10,116,000
7/1/2033	297,649,000	112,008,000	185,641,000	37.6%	2034-35	29,870,000	657,000	(19,838,000)	10,689,000
7/1/2034	308,558,000	130,303,000	178,255,000	42.2%	2035-36	31,298,000	680,000	(20,029,000)	11,949,000
7/1/2035	320,440,000	150,458,000	169,982,000	47.0%	2036-37	32,886,000	704,000	(20,341,000)	13,249,000
7/1/2036	333,077,000	173,329,000	159,748,000	52.0%	2037-38	34,486,000	729,000	(20,949,000)	14,266,000
7/1/2037	347,173,000	199,144,000	148,029,000	57.4%	2038-39	36,199,000	754,000	(21,489,000)	15,464,000
7/1/2038	362,750,000	227,818,000	134,932,000	62.8%	2039-40	38,109,000	780,000	(21,726,000)	17,163,000

Section III - Development of Contribution
D. History of Funded Status

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2011	\$80,000	\$107,489,500	\$107,409,500	0.1%
July 1, 2013	183,000	118,864,906	118,681,906	0.2%
July 1, 2015	702,000	147,594,000	146,892,000	0.5%
July 1, 2017	2,960,380	169,415,000	166,454,620	1.7%
July 1, 2019	7,204,521	215,240,118	208,035,597	3.3%

Section III - Development of Contribution E. History of Town Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Town Contribution	Contribution Deficiency (Excess)
2016-17	11,981,000	12,018,884	(37,884)
2017-18	12,689,000	12,208,089	480,911
2018-19	14,255,000	12,551,065	1,703,935
2019-20	14,836,000	TBD	TBD
2020-21	16,669,426	TBD	TBD

Section IV - Membership Data
A. Statistics of Active Membership

		As of July 1, 2017	As of July 1, 2019
Number of Active Members	Police & Fire	210	185
	Town	208	207
	Certified BOE	830	910
	Non-Certified BOE	<u>208</u>	<u>225</u>
	Total	1,456	1,527
Average Age	Police & Fire	39.3	38.0
	Town	49.9	49.1
	Certified BOE	45.4	44.9
	Non-Certified BOE	53.7	52.0
	Total	46.3	45.7
Average Service	Police & Fire	11.8	10.9
	Town	13.8	12.1
	Certified BOE	12.4	12.8
	Non-Certified BOE	14.5	12.3
	Total	12.8	12.4

Section IV - Membership Data

B. Distribution of Active Members as of July 1, 2019

Police & Fire

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	4							4
25-29	2							2
30-34	4	8						12
35-39	10	6	5					21
40-44	7	2	5	1				15
45-49	9	1		5	2			17
50-54	10	9	7	8	6	1	1	42
55-59	12	5	16	10	5	4	1	53
60-64	2	2	15	11	7	6	3	46
65+	2		4	3	1	2	1	13
Total	62	33	52	38	21	13	6	225

Town

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	13							13
25-29	53	2						55
30-34	38	47	4					89
35-39	39	35	60	12				146
40-44	25	26	37	51	3			142
45-49	17	13	32	36	41	1		140
50-54	21	23	21	35	32	14	3	149
55-59	12	11	16	28	12	7	17	103
60-64		4	7	18	10	5	11	55
65+			2	6	6	2	2	18
Total	218	161	179	186	104	29	33	910

Certified BOE

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	5							5
25-29	21	9						30
30-34	17	18	10					45
35-39	6	9	14	1				30
40-44	2	2	4	21	2			31
45-49			2	10	6			18
50-54		2		9	3	2		16
55-59			1	3	5	1		10
60-64								0
65+								0
Total	51	40	31	44	16	3	0	185

Section IV - Membership Data
B. Distribution of Active Members as of July 1, 2019

Non-Certified BOE

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1							1
25-29	11	2						13
30-34	7	4						11
35-39	10	6	4	2				22
40-44	15	5	6	4	1			31
45-49	7	3	6	3	1	1		21
50-54	6	3	6	7	4	3	3	32
55-59	9	4	4	3	4	1	5	30
60-64	3	2	5	7	5	1	4	27
65+	1	2	5	3	2	2	4	19
Total	70	31	36	29	17	8	16	207

Section IV - Membership Data

C. Information on Members Receiving Benefits

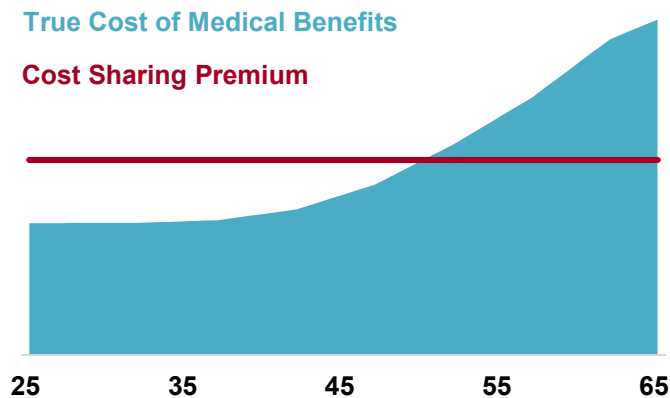
	As of July 1, 2017	As of July 1, 2019
Members Receiving Benefits		
Number		
Police & Fire	296	312
Town	279	292
Certified BOE	84	89
Non-Certified BOE	<u>154</u>	<u>183</u>
Total	813	876
Average Age		
Police & Fire	67.3	66.8
Town	73.6	73.9
Certified BOE	69.8	76.0
Non-Certified BOE	74.1	72.3
Total	71.0	71.2
Spouses/Dependents Receiving Benefits		
Number		
Police & Fire	210	227
Town	157	165
Certified BOE	47	13
Non-Certified BOE	37	73
Total	451	478
Average Age		
Police & Fire	63.5	63.9
Town	70.7	71.2
Certified BOE	63.1	64.4
Non-Certified BOE	63.5	73.6
Total	66.9	67.9

Section V - Healthcare Information

A. Introduction

In many cases, the cost sharing premium is lower than the true cost of providing the medical benefits, for two reasons:

- The cost sharing premium is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:



- The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit rate subsidy." GASB 74 and 75 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based on factors developed by Milliman's health actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed in Appendix B. We term this amount the "gross liability."

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the Other Post-Employment Benefits Plan – different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors. We term this amount the "offset liability."

Finally, the net liability for the Town is calculated as the difference between the gross liability and the offset liability.

Section V - Morbidity B. Current Premiums

The annual medical premiums are shown below.

Pre-65 Medical Plan	Employee	Spouse	Effective Date
Police, Town and Retired Fire	\$11,975.28	\$16,833.70 *	7/1/2019
Active Fire	8,869.08	14,715.31 *	7/1/2019
BOE State Partnership Plan	11,341.92	13,026.84	7/1/2019
Post-65 Medical Plan			
Police, Town and Fire	5,449.56	7,690.76 *	7/1/2019
BOE Certified State Partnership Plan	11,341.92	13,026.84	7/1/2019
BOE Non-Certified	2,665.44	2,665.44	7/1/2019

*Includes child dependent costs.

Section V - Morbidity

C. Expected Healthcare Costs

Milliman's Health Cost Guidelines were used to develop the expected true cost of healthcare benefits by age and gender, separately for employees and spouses. Representative healthcare cost factors are shown in the table below. These factors were then applied to the plan's healthcare rates for the year beginning July 1, 2018 to arrive at the expected annual per capita claims costs for a 65-year-old, which are also shown below.

Town, Police and Fire

Age	Employee		Spouse	
	Male	Female	Male	Female
45	0.33855	0.52853	0.49451	0.64885
50	0.45069	0.57094	0.58087	0.71623
55	0.59062	0.68845	0.68685	0.79540
60	0.75818	0.83626	0.81487	0.88841
65	1.00000	1.00000	1.00000	1.00000
70	1.09388	1.09958	1.09388	1.00438
75	1.17368	1.23125	1.17368	1.02284
80	1.20575	1.36291	1.20575	1.02628
85	1.17079	1.49457	1.17079	0.97941
90	1.13239	1.62624	1.13239	0.93915

Age 65 per capita claims cost

Pre-65 - Active Fire	\$18,638.32	\$16,905.25	\$27,307.51	\$25,334.20
Pre-65 - Other	25,165.98	22,825.94	33,019.63	30,633.55
Post-65	5,930.55	6,110.35	5,930.55	6,110.35

Board of Education - Non-Medicare Eligible

Age	Employee		Spouse	
	Male	Female	Male	Female
45	0.35369	0.53310	0.35369	0.53410
50	0.47244	0.62127	0.47244	0.62147
55	0.62121	0.72349	0.62121	0.72349
60	0.80217	0.84866	0.80217	0.84866
65	1.00000	1.00000	1.00000	1.00000
70	1.20970	1.17337	1.20970	1.17337
75	1.43512	1.36207	1.43512	1.36207
80	1.64460	1.54188	1.64460	1.54188
85	1.87058	1.74706	1.87058	1.74706
90	2.08120	1.94403	2.08120	1.94403

Age 65 per capita claims cost

Certified	\$20,515.43	\$19,489.78	\$20,515.43	\$19,489.78
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Section V - Morbidity

C. Expected Healthcare Costs

Board of Education - Medicare Eligible

Age	Employee		Spouse	
	Male	Female	Male	Female
45	0.35369	0.53310	0.35369	0.53410
50	0.47244	0.62127	0.47244	0.62147
55	0.62121	0.72349	0.62121	0.72349
60	0.80217	0.84866	0.80217	0.84866
65	1.00000	1.00000	1.00000	1.00000
70	1.09388	1.09958	1.09388	1.00438
75	1.17368	1.23125	1.17368	1.02284
80	1.20575	1.36291	1.20575	1.02628
85	1.17079	1.49457	1.17079	0.97941
90	1.13239	1.62624	1.13239	0.93915

Age 65 per capita claims cost				
	Employee Male	Employee Female	Spouse Male	Spouse Female
Pre-65	\$20,515.43	\$19,489.78	\$20,515.43	\$19,489.78
Post-65	2,759.64	2,843.28	2,759.64	2,843.28

Appendix A - Actuarial Funding Method

The actuarial funding method used in the valuation of this Plan is known as the Entry Age Normal Method. The Actuarially Determined Contribution consists of three pieces: Normal Cost plus a Past Service Cost payment to gradually eliminate the Unfunded Accrued Liability plus Interest to reflect the timing of the contribution relative to the valuation date.

The Normal Cost is determined by calculating the present value of future benefits for present active Members that will become payable as the result of death, disability, retirement or termination. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members and Terminated Vested Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

The Unfunded Accrued Liability is the excess of the Accrued Liability over the assets which have been accumulated for the plan. This Unfunded Accrued Liability is amortized as a level percent over a closed 30 year period.

The long-range forecasts included in this report have been developed by assuming that members will terminate, retire, become disabled, and die according to the actuarial assumptions with respect to these causes of decrement, and that pay increases, cost of living adjustments, and so forth will likewise occur according to the actuarial assumptions. For those unions whose new employees are eligible to participate in this plan, members who are projected to leave active employment are assumed to be replaced by new active members with the same age, service, gender, and pay characteristics as those hired in the past few years.

Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

Interest Rate	6.99% (prior: 7.25%)
Inflation	2.75%
Amortization Growth Rate	2.75% (prior: 1.75%)
Salary Scale	3.50%
Medical Trend	Pre-65: 6.20% - 4.10% over 55 years (prior: 7.10% - 4.60% over 5 years). Post-65: 6.00% - 4.10% over 55 years (prior: 7.10% - 4.60% over 5 years). State Partnership Plan: 5.70% - 4.10% over 55 years. Rate of Increase for Part B Reimbursements: 2.60%

Healthy Mortality

Certified BOE#: For healthy retirees and beneficiaries, the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. This assumption includes a margin for mortality improvement beyond the valuation date.

All Others: Current: Pub-2010 Mortality Table with generational projection per the MP ultimate scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. The Public Safety variant is used for Custodial (05), Maintenance (06), Grounds (70), Building Maintenance (71), Streets (62), Fire (61), and Police (60), and the General variant is used for all other groups. This assumption includes a margin for future improvements in longevity.

This valuation reflects 50% of the impact of the change in the mortality assumption for all groups except the Certified BOE group. 100% of the impact will be recognized by 2020.

Prior: RP-2000 Annuitant and Non-Annuitant Mortality Tables for Males and Females with generational projection from a base year of 2006 per Scale BB. A Blue Collar adjustment is applied pre- and post-retirement for Custodial (05), Maintenance (06), Grounds (70), Building Maintenance (71), Streets (62), Fire (61), and Police (60).

Appendix B - Actuarial Assumptions

Disabled Mortality

Certified BOE#: For disabled retirees, RPH-2014 Disabled Mortality table projected to 2017 using the MP-2014 improvement scale. This assumption does not include a margin for mortality improvement beyond the valuation date.

All Others: Current: Pub-2010 Mortality Table for disabled retirees with generational projection per the MP ultimate scale. The Public Safety variant is used for Custodial (05), Maintenance (06), Grounds (70), Building Maintenance (71), Streets (62), Fire (61), and Police (60), and the General variant is used for all other groups. This assumption includes a margin for future improvements in longevity.

This valuation reflects 50% of the impact of the change in the mortality assumption for all groups except the Certified BOE group. 100% of the impact will be recognized by 2020.

Prior: RP-2000 Disabled Mortality Table without projection.

Retirement

Certified BOE#

Age	Unreduced		Proratable		Reduced	
	Male	Female	Male	Female	Male	Female
50	27.50%	27.50%			1.00%	1.00%
51	27.50%	27.50%			1.00%	1.25%
52	27.50%	27.50%			1.00%	1.75%
53	27.50%	27.50%			2.00%	2.25%
54	27.50%	27.50%			3.00%	2.75%
55	38.50%	27.50%			4.00%	4.75%
56	38.50%	27.50%			6.00%	6.25%
57	38.50%	27.50%			7.00%	6.75%
58	38.50%	27.50%			8.00%	7.25%
59	38.50%	27.50%			11.00%	8.50%
60	22.00%	27.50%	6.00%	5.50%		
61	25.30%	27.50%	6.00%	6.50%		
62	25.30%	27.50%	9.00%	7.50%		
63	27.50%	27.50%	11.00%	7.50%		
64	27.50%	27.50%	10.00%	8.00%		
65	36.30%	32.50%	13.00%	12.50%		
66-67	27.50%	32.50%	20.00%	12.50%		
68	27.50%	32.50%	20.00%	12.00%		
69	27.50%	32.50%	30.00%	14.50%		
70-73	100.00%	32.50%	30.00%	14.50%		
74-79	100.00%	32.50%	30.00%	18.00%		
80	100.00%	100.00%	100.00%	100.00%		

Appendix B - Actuarial Assumptions

Retirement

Town and Non-Certified BOE

Age	Rate
45-49	1%
50-54	3%
55-59	5%
60	15%
61-64	10%
65-69	40%
70+	100%

Age	Fire Rate*	Police Rate*
40-44	1%	1%
45-49	5%	2%
50-55	10%	10%
56-64	25%	20%
65+	100%	100%

*In the year the participant is first eligible for retirement, the assumed rate is the greater of the rate in the chart above and 25%.

Turnover

Certified BOE#: Rates based on gender and length of service for first ten years and gender and age thereafter

Service	Male	Female
0-1	14.00%	12.00%
1-2	11.00%	10.50%
2-3	8.00%	8.75%
3-4	6.50%	7.50%
4-5	4.50%	6.75%
5-6	3.50%	6.00%
6-7	3.00%	5.25%
7-8	2.75%	4.75%
8-9	2.50%	4.25%
9-10	2.50%	4.00%

After first ten years of service:

Age	Male	Female
25-34	1.50%	4.00%
35	1.50%	3.50%
40	1.50%	2.30%
45	1.59%	1.50%
50	2.04%	2.00%
55	3.44%	2.50%
59+	4.00%	2.90%

Appendix B - Actuarial Assumptions

Turnover

Town and Non-Certified BOE

Age	Years of Service			
	0-2	3-5	6-9	10+
20	30%	12%	8%	6%
25	25%	11%	7%	5%
30	20%	10%	6%	4%
35	15%	9%	5%	3%
40+	10%	8%	4%	2%

Fire: None

Police: Crocker-Sarason T-1

Disability

Certified BOE[#]

Age	Rate	
	Male	Female
20	0.005%	0.005%
30	0.005%	0.004%
40	0.007%	0.007%
50	0.033%	0.026%
60+	0.128%	0.050%

Town, Non-Certified BOE, Fire and Police

Age	Rate
20	0.08%
30	0.09%
40	0.17%
50	0.51%
60	1.44%

20% of Town and Non-Certified BOE and 50% of Police and Fire disabilities are assumed to be service connected.

Future Retiree Coverage

Certified BOE: 95% of current active members and 80% of their spouses will elect medical coverage at retirement.

Town and Non-Certified BOE: 95% of current active members and 65% of their spouses will elect medical coverage at retirement.

Fire and Police: 100% of current active members and 65% of their spouses will elect medical coverage at retirement.

Appendix B - Actuarial Assumptions

Married Assumption

Certified BOE: 85% of male and 75% of female active members are assumed to be married with wives 3 years younger than husbands.

Town, Non-Certified BOE, Fire and Police: 80% of male and 65% of female active members are assumed to be married with wives 3 years younger than husbands.

Future Post-65 Coverage

80% of current active and pre-65 retired Certified BOE members hired prior to April 1, 1986 and 100% of All Others are assumed to be Medicare-eligible.

Certain actuarial demographic assumptions for Teachers and Administrators are based on the assumptions used in the June 30, 2018 valuation of the Connecticut State Teachers' Retirement System.

Appendix C - Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Many plan provisions vary by union. We have shown the applicable union codes in parentheses where appropriate to indicate which union(s) are covered by which plan provisions.

Eligibility	Police (60)	
	Hired before 8/1/2006	20 years of Credited Service
	Hired after 8/1/2006	25 years of Credited Service
	Fire (61)	
	Hired on or before 7/1/2005	Age 55 with 10 years of Credited Service 20 years of Credited Service Age 65
	Hired after 7/1/2005	Age 50 with 25 years of Credited Service Age 65
	An employee retiring at age 65 but without meeting the service requirement is not eligible for retiree health insurance.	
	Streets Union (62)	
	Hired before 7/1/2003	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service 30 years of Credited Service Age 70
	Hired on or after 7/1/2003	Age 65 with 15 years of Credited Service 35 years of Credited Service Age 70
	Dispatchers Union (64)	
	Hired before 7/1/2007	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service 20 years of Credited Service Age 70
	Hired on or after 7/1/2007	Age 60 with 10 years of Credited Service 25 years of Credited Service Age 70

Appendix C - Summary of Plan Provisions

Eligibility **Grounds (70), Building Maintenance (71) and Supervisor (74) Unions**

Hired before 7/1/2003	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service 30 years of Credited Service Age 70
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Hired on or after 7/1/2003	Age 65 with 15 years of Credited Service Age 62 with 35 years of Credited Service Age 70
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Nurses Union (58), Directors (59), Clerical Union (65), Non-Bargaining Clerical (66), Non-Bargaining Unit (68), Professional/Management Union (73), Seasonal Part Time (79), Parking Monitors Union (81), Non-Bargaining Corporate Counsel Management (87) and Town Manager

Hired before 7/1/2003	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service Age 70
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Hired on or after 7/1/2003	Age 65 with 15 years of Credited Service Age 62 with 35 years of Credited Service Age 70
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Teachers and Administrators

Teachers or Administrators retiring under the Connecticut State Teachers' Retirement System shall be eligible to receive health benefits for self and spouse.

Secretarial/Clerical Union (02)

Hired before 5/1/2006	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service Age 70
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Hired on or after 5/1/2006	Age 65 with 15 years of Credited Service Age 62 with 35 years of Credited Service Age 70
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Appendix C - Summary of Plan Provisions

Eligibility	Custodial Union (05)	
	Hired before 1/1/2006	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service 30 years of Credited Service Age 70
	Hired on or after 1/1/2006	Age 65 with 15 years of Credited Service 35 years of Credited Service Age 70
	Maintenance Union (06)	
	Hired before 7/1/2004	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service Age 70
	Hired on or after 7/1/2004	Age 65 with 15 years of Credited Service Age 62 with 35 years of Credited Service Age 70
	Nurses Union (07)	
	Hired before 7/1/2004	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service Age 70
	Hired on or after 7/1/2004	Age 65 with 15 years of Credited Service Age 62 with 35 years of Credited Service Age 70
	Non-Bargaining Union (09)	
	Hired before 7/1/2006	Age 55 with 25 years of Credited Service Age 60 with 10 years of Credited Service Age 70
	Hired on or after 7/1/2006	Age 65 with 15 years of Credited Service Age 62 with 35 years of Credited Service Age 70

Appendix C - Summary of Plan Provisions

Eligibility

Custodial III Union (10)

Hired before 7/1/2005

Age 55 with 25 years of Credited Service
Age 60 with 10 years of Credited Service
Age 70

Hired on or after 7/1/2005

Age 65 with 15 years of Credited Service
Age 62 with 35 years of Credited Service
Age 70

Professional and Technical Union (14)

Hired before 7/1/2004

Age 55 with 25 years of Credited Service
Age 60 with 10 years of Credited Service
Age 70

Hired on or after 7/1/2004

Age 65 with 15 years of Credited Service
Age 62 with 35 years of Credited Service
Age 70

Paraprofessional (03), Printers Union (04), Security (12) and Cafeteria Union (08)

Not eligible for OPEB.

Appendix C - Summary of Plan Provisions

Cost Sharing	Police (60)	Town pays 100% of the premium.
	Service connected disability	Town pays 100% of the premium.
	Fire (61)	
	Hired before 4/1/1986	10-15 years of service: Town pays greater of rate in effect on July 1st after retirement or 50% of the premium. 10-15 years of service: Town pays greater of rate in effect on July 1st after retirement or 75% of the premium. 20+ years of service: Town pays 100% of the premium.
	Hired between 4/1/1986 and 1/1/2001	Town pays 100% of the premium if age 65, 20 years of Credited Service or age 55 with 10 years of Credited Service. Town pays as secondary if retiree has primary insurance if 10-15 years of Credited Service.
	Hired between 1/1/2001 and 4/1/2014	Town pays 100% of the premium if service requirement is met.
	Hired after 4/1/2014	Town pays 75% of the self-insured equivalent rate.
	Service connected disability	Town pays 100% of the premium.

Appendix C - Summary of Plan Provisions

Cost Sharing Streets Union (62)

Hired before 10/27/1998	Town pays 93% of the premium until Medicare eligibility, at which point the Town pays 100%.
Hired between 10/27/1998 and 6/30/2003	Town pays 85% of the premium until Medicare eligibility if age 55 with 25 years of Credited Service or 30 years of Credited Service (70% otherwise), at which point the Town pays 100%.
Hired between 6/30/2003 and 8/1/2016	Town pays 75% of the premium for the retiree and 50% of the premium for dependents until Medicare eligibility, at which point the Town pays 100%.
Hired on or after 8/1/2016	Town pays 50% of the premium.

Dispatchers Union (64)

Hired before 7/1/1986	Town pays 100% of the premium.
Hired between 7/1/1986 and 1/1/1999	Town pays 93% of the premium until Medicare eligibility if age 55 with 25 years of Credited Service (70% otherwise), at which point the Town pays 100%.
Hired between 1/1/1999 and 7/1/2007	Town pays 82.5% of the premium until Medicare eligibility if 25 years of Credited Service and under age 55 and 85% if age 55 or older. Town pays 80% if 20-25 years of Credited Service and 70% if less than 20 years of Credited Service. Upon reaching Medicare eligibility, the Town pays 100%.
Hired between 7/1/2007 and 12/16/2016	Town pays 82.5% of the premium until Medicare eligibility if 25 years of Credited Service and under age 55, 85% if age 55 or older and 70% if less than 25 years of Credited Service. Upon reaching Medicare eligibility, the Town pays 100%.
Hired on or after 12/16/2016	Town pays 50% of the premium.

Parking Monitors Union (81)

Retiree pays 100% of the premium.

Appendix C - Summary of Plan Provisions

Cost Sharing	Nurses (58), Non-Bargaining Clerical (66), Non-Bargaining (68), Professional/Management (73) and Non-Bargaining Corporate Counsel Management (87) Unions	
	Hired before 7/1/1986	Town pays 100% of the premium.
	Hired between 7/1/1986 and 1/1/1998 (11/10/1997 for Prof./Management)	Town pays 93% of the premium until Medicare eligibility, at which point the Town pays 100%.
	Hired between 1/1/1998 (11/10/1997 for Prof./Management) and 7/1/2003	Town pays 85% of the premium until Medicare eligibility if age 55 with 25 years of Credited Service (70% otherwise), at which point the Town pays 100%.
	Hired between 7/1/2003 and 11/10/2015	Town pays 75% of the premium for the retiree and 50% of the premium for dependents until Medicare eligibility, at which point the Town pays 100%.
	Hired on or after 11/10/2015	Town pays 50% of the premium.
	Directors (59), Clerical Union (65), Grounds Union (70), Building Maintenance Union (71), Supervisor Union (74), Seasonal Part Time (79), and Town Manager	
	Hired before 7/1/1986	Town pays 100% of the premium.
	Hired between 7/1/1986 and 11/10/1997	Town pays 93% of the premium until Medicare eligibility, at which point the Town pays 100%.
	Hired between 11/10/1997 and 7/1/2003	Town pays 85% of the premium until Medicare eligibility if age 55 with 25 years of Credited Service (70% otherwise), at which point the Town pays 100%.
	Hired between 7/1/2003 and 5/24/2016 (11/10/2015 for Grounds Union)	Town pays 75% of the premium for the retiree and 50% of the premium for dependents until Medicare eligibility, at which point the Town pays 100%.
	Hired on or after 5/24/2016 (11/10/2015 for Grounds Union)	Town pays 50% of the premium.
	Teachers and Administrators	Retiree pays 100% of the premium.
	Secretarial/Clerical (02) and Non-Bargaining (09) Unions	Board pays 100% of the premium for the retiree and 50% of the premium for dependents.

Appendix C - Summary of Plan Provisions

Cost Sharing	Custodial (05), Custodial III (10) and Maintenance (06) Unions	Pre-65, Board pays 100% of the premium for employee and 50% of the premium for dependent. Post-65, the employee pays 100% of the Major Medical premium for both the employee and dependent. The Board pays 100% of the premium for the employee and 50% of the premium for the dependent for the Over 65 portion.
	Nurses Union (07)	Board pays 50% of the premium for the retiree and dependents.
	Professional and Technical (14)	
	Hired before 7/1/2007	Board pays 100% of the premium for the retiree and 50% of the premium for dependents.
	Hired on or after 7/1/2007	Board pays 75% of the premium for the retiree and 50% of the premium for dependents.
Life Insurance	Police (60)	25% of the amount of life insurance in force immediately prior to retirement (not to exceed \$7,500).
	Fire (61)	50% of the amount of life insurance in force immediately prior to retirement (not to exceed \$25,000).
	Streets Union (62)	50% of the amount of life insurance in force immediately prior to retirement (effective 10/27/1998, not to exceed \$25,000).
	Dispatchers (64), Grounds (70), Building Maintenance (71) and Supervisor (74) Unions	\$25,000, effective 5/24/2016 (effective 11/10/2015 for Grounds Union).
	Non-Bargaining Clerical (66) and Professional/Management (73) Unions	\$25,000, effective 11/10/2015 (effective 1/1/1998 for Non-Bargaining Clerical Union).
	Non-Bargaining Unit (68) and Non-Bargaining Corporate Counsel Management (87) Unions	\$25,000 if they receive a normal, unreduced pension benefit immediately upon termination.

Appendix C - Summary of Plan Provisions

Life Insurance	Directors Union (59)	\$50,000 if they receive a normal, unreduced pension benefit immediately upon termination.
	Town Managers	\$100,000. If hired on or after 7/1/2017, \$50,000 if they receive a normal, unreduced pension benefit immediately upon termination.
Active Contributions towards Retiree Healthcare	Police (60)	1.65% of bi-weekly base wage.
	Fire (61)	
	Hired before 4/1/1986	1.00% of bi-weekly base wage.
	Hired between 7/1/2005 and 4/1/2014	1.00% of bi-weekly base wage plus an additional 0.65% for dependent health benefits.
	Hired after 4/1/2014	No active contributions.

Appendix D - Glossary

Actuarial Cost Method - This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Actuarial Accrued Liability and the Normal Cost.

Accrued Liability - This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).

Actuarial Assumptions - With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the interest rate, salary scale, and rates of mortality, turnover and retirement.

Actuarial Present Value of Benefits - This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed interest rate.

Actuarial Value of Assets - This is the value of cash, investments and other property belonging to the plan, typically adjusted to recognize investment gains or losses over a period of years to dampen the impact of market volatility on the Actuarially Determined Contribution.

Actuarially Determined Contribution (“ADC”) - This is the employer’s periodic contributions to a defined benefit plan, calculated in accordance with actuarial standards of practice.

Attribution Period - The period of an employee’s service to which the expected benefit obligation for that employee is assigned. The beginning of the attribution period is the employee’s date of hire and costs are spread across all employment.

Interest Rate - This is the long-term expected rate of return on any investments set aside to pay for the benefits. In a financial reporting context (e.g., GASB 68) this is termed the Discount Rate.

Normal Cost - This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.

Past Service Cost - This is a catch-up payment to fund the Unfunded Accrued Liability over time (generally 10 to 30 years). A closed amortization period is a specific number of years counted from one date and reducing to zero with the passage of time; an open amortization period is one that begins again or is recalculated at each valuation date. Also known as the Amortization Payment.

Return on Plan Assets - This is the actual investment return on plan assets during the fiscal year.

Unfunded Accrued Liability - This is the excess of the Accrued Liability over the Actuarial Value of Assets.