

Town of West Hartford Other Post-Employment Benefits Program

Actuarial Valuation as of July 1, 2025
To Determine Funding for Fiscal Year 2026-27

Prepared by

Jennifer M. Castelhana, FSA, EA, MAAA

Consulting Actuary

Yelena Pelletier, ASA, EA, MAAA

Consulting Actuary



Table of Contents

	Page
Certification	1
Executive Summary	
i Summary of Principal Results	3
ii Changes Since the Prior Valuation	4
iii Asset Performance	5
iv Asset Forecast	6
v Membership	7
vi Accrued Liability	9
vii Funded Status	10
viii Actuarially Determined Contribution	11
ix Long-Range Forecast	12
Exhibits	
1 Summary of Fund Transactions	14
2 Accrued Liability	15
3 Actuarially Determined Contribution	16
4 Long Range Funded Status Forecast	17
5 Long Range Cash Flow Forecast	18
6 History of Funded Status	19
7 History of Town Contributions	20
8 Summary of Active Membership Data	21
9 Summary of Inactive Membership Data	22
Appendices	
A Actuarial Funding Method	23
B Actuarial Assumptions	24
C Summary of Plan Provisions	33
D Healthcare Information	42
E Glossary	47

Certification

As part of our engagement with the Town of West Hartford ("Town"), we have performed an actuarial valuation of the Plan as of July 1, 2025. Our findings are set forth in this actuary's report. The main purposes of this valuation are to determine funding for fiscal year 2026-27, to review the Plan's experience since the prior valuation, and to assess the funded position of the Plan.

Actuarial computations presented in this report are for the purposes of determining the recommended funding amounts for the Plan. The calculations in this report have been made on a basis consistent with our understanding of the Plan's funding policy and on our understanding of the plan provisions as summarized in this report. Determinations for purposes other than meeting these requirements, such as for financial reporting in accordance with GASB standards, may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

We believe that the measures of funded status contained herein are appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations and for assessing the need for or the amount of future contributions.

Actuarial assumptions, including interest rates, mortality tables, and others identified in this report, and actuarial cost methods are adopted by the Town, who is responsible for selecting the Plan's funding policy, actuarial cost methods, asset valuation methods, and actuarial assumptions. The policies, methods, and assumptions used in this valuation are those that have been so adopted and are described in this report. The Town is solely responsible for communicating to Milliman any changes thereto. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

This valuation is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits, only the timing of Plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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 modifications to contribution calculations 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 future measurements.

Certification (continued)

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the Town. This information includes, but is not limited to, benefit provisions, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different, and our calculations may need to be revised.


Milliman's work is prepared solely for the use and benefit of the 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.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. Milliman has developed certain models to develop the expected long term rate of return on assets and estimate the claim costs and trend used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice.


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 signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



Jennifer M. Castelhana, FSA, EA, MAAA
Consulting Actuary



Yelena Pelletier, ASA, EA, MAAA
Consulting Actuary

i. Summary of Principal Results

Actuarial Valuation for Plan Year Beginning	July 1, 2023	July 1, 2025
Membership		
Active Members	1,563	1,607
Members Receiving Benefits	882	870
Spouses/Dependents Receiving Benefits	<u>461</u>	<u>462</u>
Total Count	2,906	2,939
Payroll	\$138,485,109	\$151,352,350
Assets and Liabilities		
Market Value of Assets	\$18,228,545	\$28,883,487
Accrued Liability for Active Members	55,772,578	69,658,018
Accrued Liability for Members Receiving Benefits	<u>188,697,498</u>	<u>210,951,003</u>
Total Accrued Liability	244,470,076	280,609,021
Unfunded Accrued Liability	226,241,531	251,725,534
Funded Ratio	7.5%	10.3%
Actuarially Determined Contribution		
For Fiscal Year	2024-25	2026-27
Normal Cost	\$3,661,348	\$4,450,280
Past Service Cost	15,060,797	17,945,072
Interest	<u>1,216,940</u>	<u>1,455,698</u>
Actuarially Determined Contribution	19,939,085	23,851,050
Allocated to Police & Fire	12,265,044	14,715,385
Allocated to Town	4,518,028	5,175,372
Allocated to Certified	1,560,791	1,894,304
Allocated to Non-Certified	<u>1,595,222</u>	<u>2,065,989</u>
Total	19,939,085	23,851,050

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

ii. Changes Since the Prior Valuation

Demographic Changes and Plan Experience

From July 1, 2023 to July 1, 2025 the overall membership increased from 2,906 to 2,939. The number of active members increased from 1,563 to 1,607, and the total number of members and spouses/dependents receiving benefits decreased from 1,343 to 1,332.

The average age of active members increased from 45.4 to 45.8, and the average age of members receiving benefits increased from 70.9 to 71.6.

Plan Changes

Grounds (70), Streets (62) and Dispatchers (64) hired after July 1, 2023, May 27, 2025 and June 25, 2024, respectively, will pay 100% of the premium for dependent coverage in retirement.

Changes in Actuarial Methods and Assumptions

We updated the medical trend assumption to better reflect anticipated future experience. We also updated our mortality assumption to use Pub-2016 mortality tables. These changes, in combination, increased the Unfunded Accrued Liability by about \$6.0 million and the Actuarially Determined Contribution by about \$0.6 million.

Other Significant Changes

None.

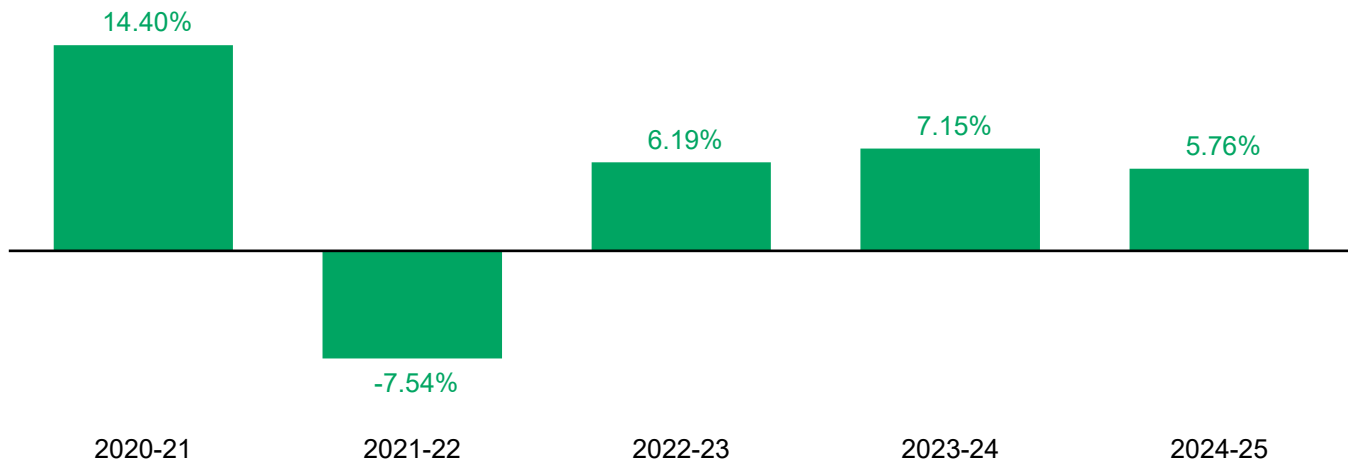
iii. Asset Performance

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

Value as of July 1, 2023	\$18,228,545
Town Contributions	37,376,102
Member Contributions	279,221
Investment Income	2,859,326
Benefit Payments and Administrative Expenses	<u>(29,859,707)</u>
Value as of July 1, 2025	28,883,487

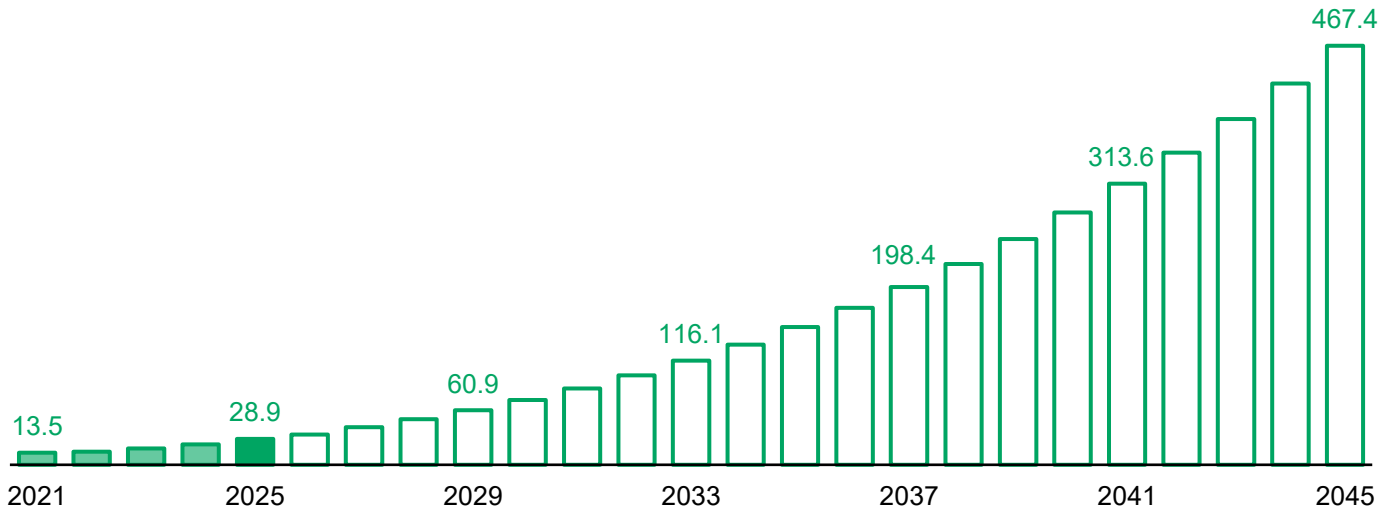
For fiscal year 2023-24, the plan's assets earned 7.15% on a Market Value basis. The interest rate assumption for this period was 6.50%, so the result was a gain of about \$129,000. For fiscal year 2024-25, the plan's assets earned 5.76% on a Market Value basis. The interest rate assumption for this period was 6.50%, so the result was a loss of about \$186,000.

Historical rates of return are shown in the graph below:



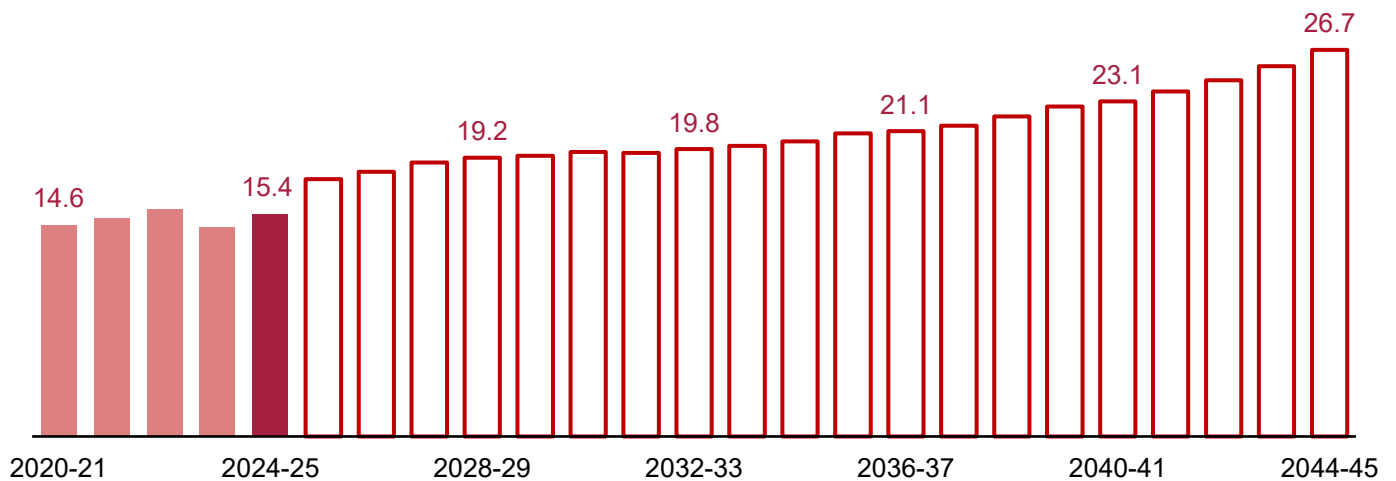
iv. Asset Forecast

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.



In 2024-25, the plan paid out \$15.4 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$425 million in benefits to members.

Benefit Payments (\$ millions)

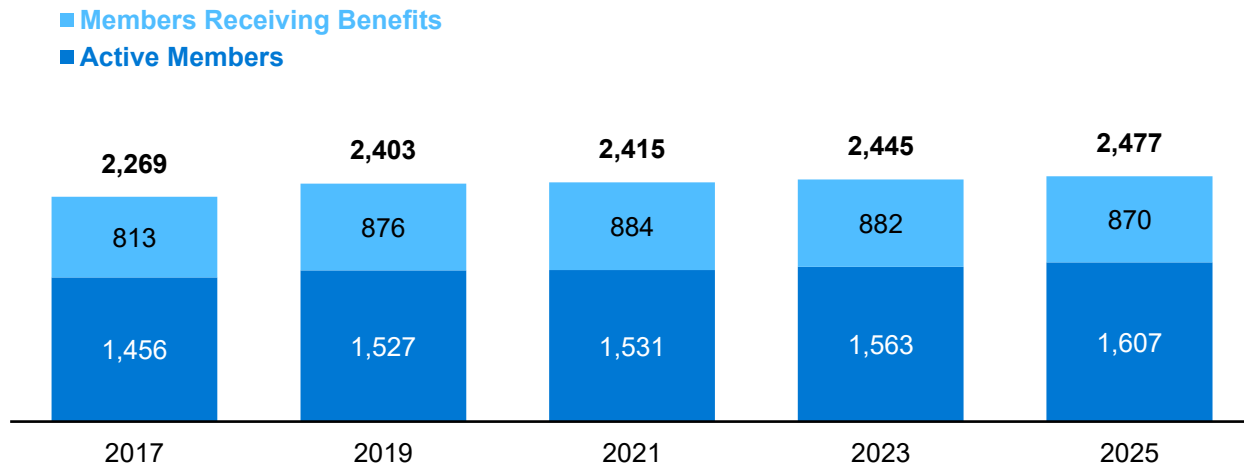


To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Appendix A for more details of the long range forecast.

v. Membership

Overview

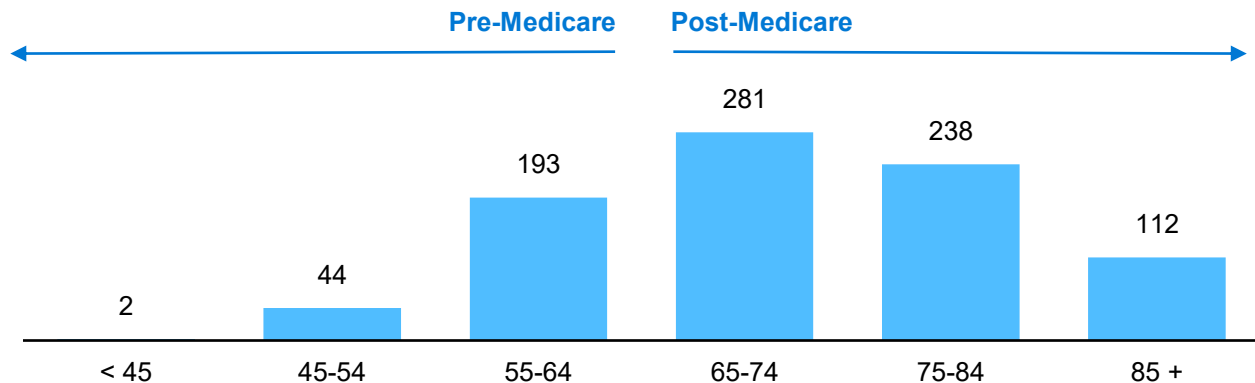
There are two basic categories of plan members included in the valuation: (1) members who are receiving benefits and (2) active employees who have met the eligibility requirements for membership.



Members Receiving Benefits on July 1, 2025

Police & Fire	330	Average Age	71.6
Town	272		
Certified	61		
Non-Certified	<u>207</u>		
Total	870		

The fall across a wide distribution of ages:



v. Membership (continued)

Active Members on July 1, 2025

Police & Fire	214	Average Age	45.8
Town	236	Average Service	12.0
Certified	922	Payroll	\$151,352,350
Non-Certified	<u>235</u>	Average Payroll	94,183
Total	1,607	Total	1,607

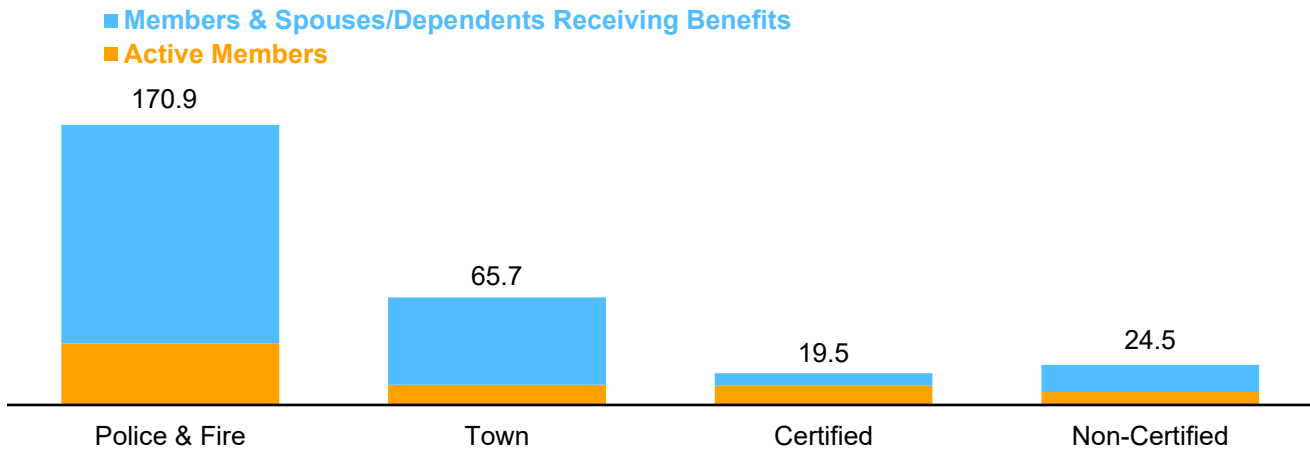
The table below illustrates the age and years of service of the active membership:

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	75							75
25-29	71	17						88
30-34	69	67	15					151
35-39	73	54	66	10				203
40-44	58	65	53	67	9			252
45-49	45	39	35	47	57	4		227
50-54	33	33	28	31	49	48	3	225
55-59	20	34	27	34	32	31	25	203
60-64	14	27	7	23	22	20	9	122
65+	8	11	8	8	12	9	5	61
Total	466	347	239	220	181	112	42	1,607

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

vi. Accrued Liability

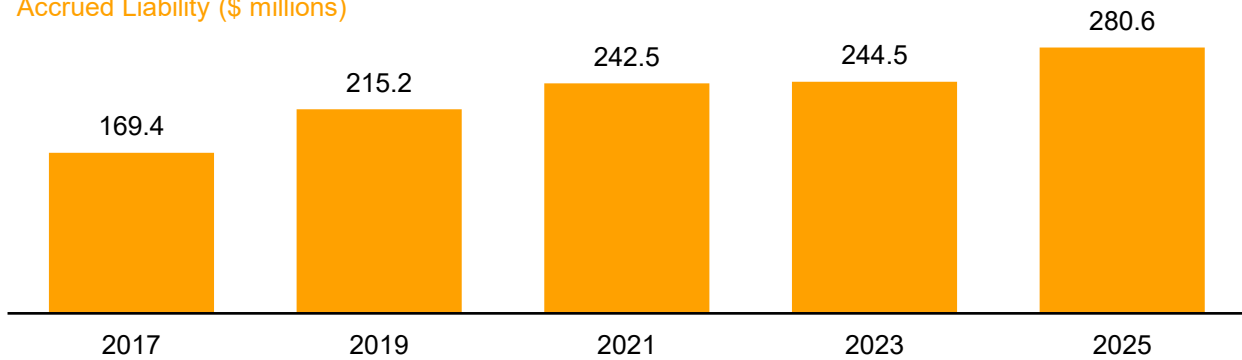
The Accrued Liability as of July 1, 2025 equals \$280,609,021, which consists of the following pieces (in \$ millions):



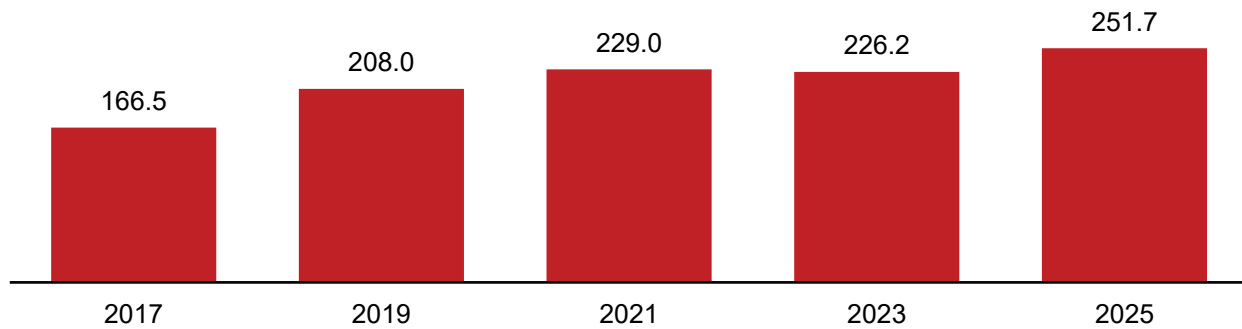
vii. Funded Status

The Accrued Liability grows over time as active members earn additional benefits, and goes down over time as members receiving benefits 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 Market Value of Assets; the Funded Ratio is the ratio of the two.

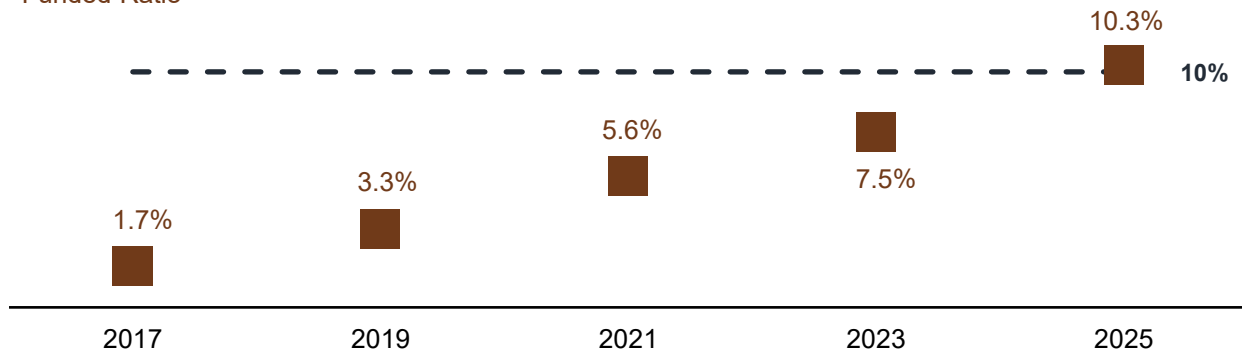
Accrued Liability (\$ millions)



Unfunded Accrued Liability (\$ millions)



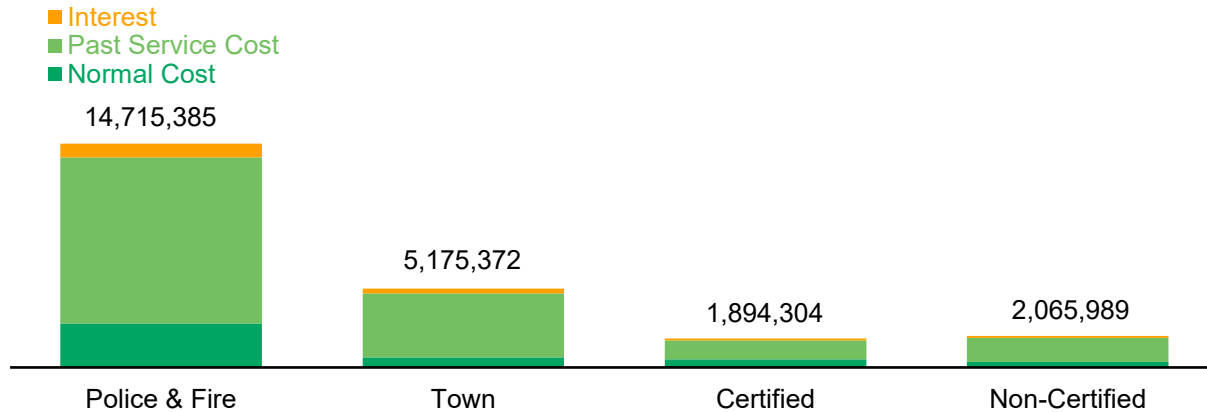
Funded Ratio



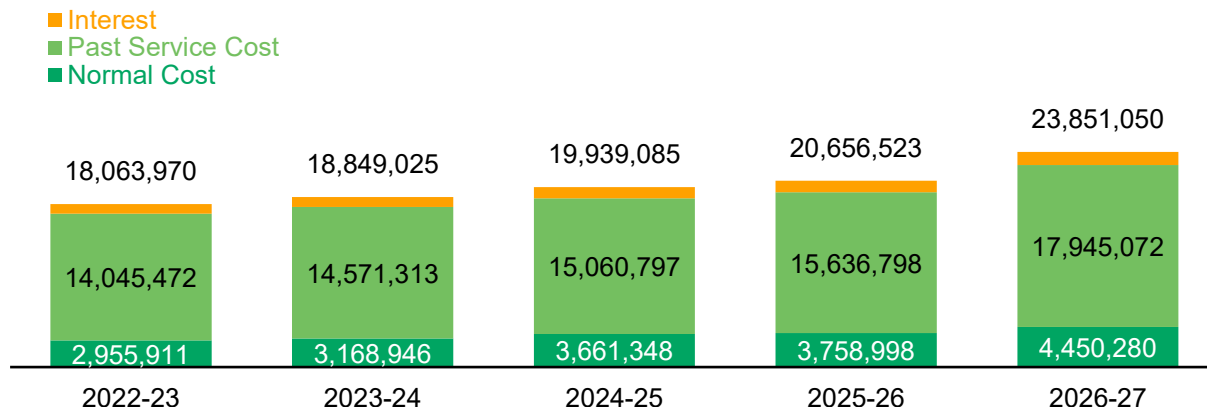
viii. Actuarially Determined Contribution (ADC)

The ADC 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 ADC for fiscal year 2026-27 is \$23,851,050:

The ADC by group is shown below:



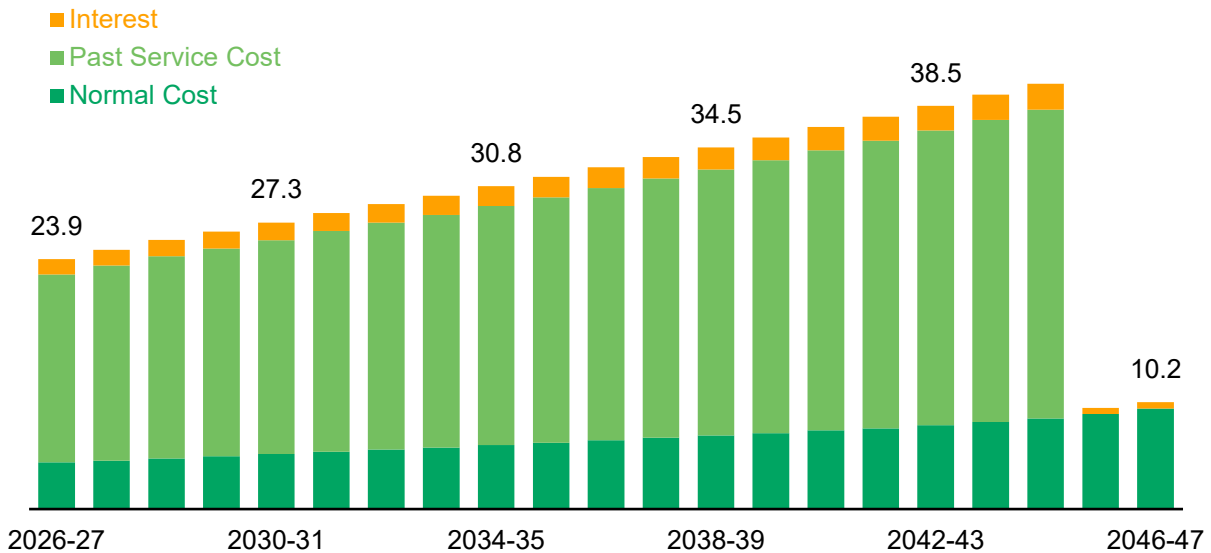
The ADC for the past five years is shown below:



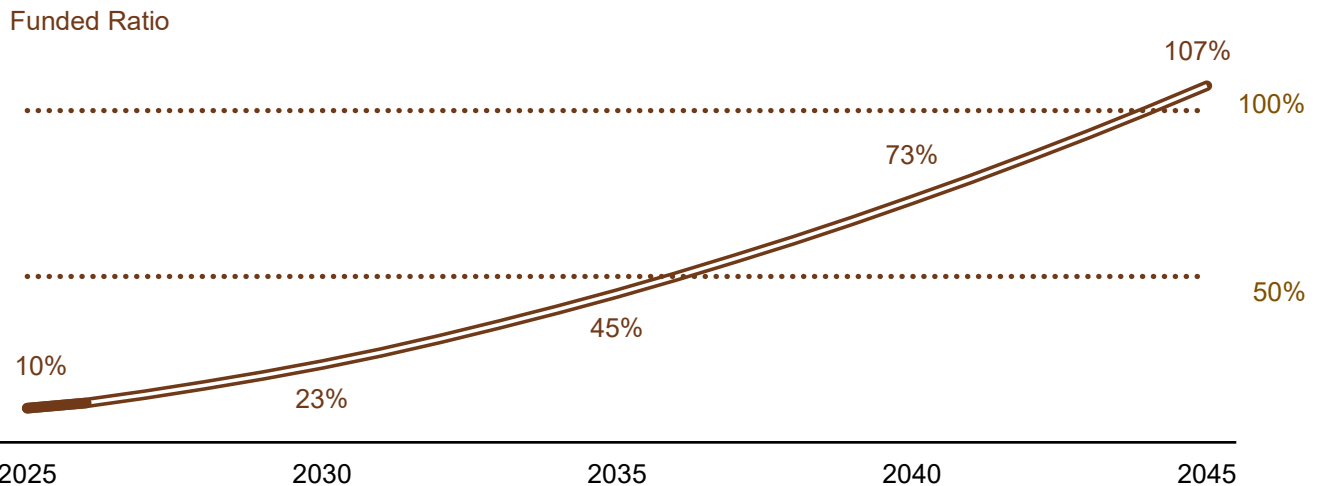
This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

ix. 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 long-range Actuarially Determined Contributions (in \$ millions):



On the basis of this forecast, the Actuarially Determined Contribution currently exceeds the sum of the Normal Cost plus one year's interest on the Unfunded Accrued Liability and the Unfunded Accrued Liability is expected to be fully amortized by 2044. Over time, the funded ratio is expected to change as follows:

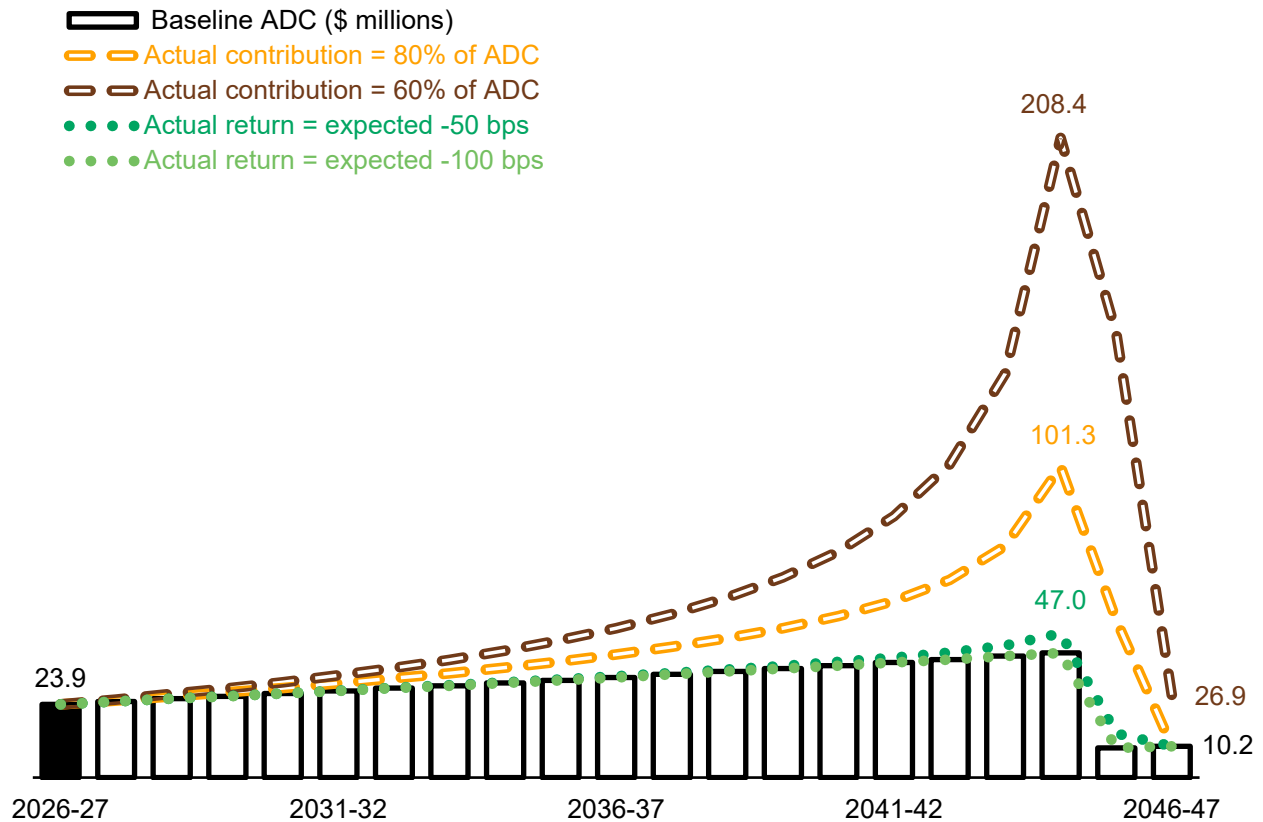


To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Appendix A for more details of the long range forecast.

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

ix. Long-Range Forecast (continued)

OPEB benefits are paid for through a combination of contributions from the Town and 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; in particular that actual asset returns will be constant in every year of the projection period. 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.

1. Summary of Fund Transactions

	Total
Market Value as of July 1, 2023	\$18,228,545
Town Contributions	17,437,017
Member Contributions	120,256
Net Investment Income	1,413,998
Benefit Payments	(14,443,746)
Administrative Expenses	(4,550)
Market Value as of June 30, 2024	22,751,520
Expected Return on Market Value of Assets	1,285,453
Market Value (Gain)/Loss	(128,545)
Approximate Rate of Return *	7.15%
Market Value as of July 1, 2024	\$22,751,520
Town Contributions	19,939,085
Member Contributions	158,965
Net Investment Income	1,445,328
Benefit Payments	(15,381,261)
Administrative Expenses	(30,150)
Market Value as of June 30, 2025	28,883,487
Expected Return on Market Value of Assets	1,631,013
Market Value (Gain)/Loss	185,685
Approximate Rate of Return *	5.76%

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

2. Accrued Liability

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) that current active members and their covered dependents will receive once the member retires, 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	Non-Certified	Total
Current Active Members					
Members Under Age 65	\$13,163,316	\$1,478,152	\$10,083,507	\$1,256,507	\$25,981,482
Members Over Age 65	6,932,565	6,462,571	64,440	5,037,246	18,496,822
Spouses/Dependents Under Age 65	12,560,652	868,252	1,641,951	482,540	15,553,395
Spouses/Dependents Over Age 65	<u>4,839,992</u>	<u>3,621,643</u>	<u>27,913</u>	<u>1,136,771</u>	<u>9,626,319</u>
Total	37,496,525	12,430,618	11,817,811	7,913,064	69,658,018
Current Members Receiving Benefits					
Members Under Age 65	\$29,300,792	\$2,727,963	\$1,634,324	\$1,720,606	\$35,383,685
Members Over Age 65	44,175,228	30,296,365	5,012,030	11,981,178	91,464,801
Spouses/Dependents Under Age 65	28,466,518	2,784,204	281,709	560,339	32,092,770
Spouses/Dependents Over Age 65	<u>31,442,058</u>	<u>17,498,798</u>	<u>707,232</u>	<u>2,361,659</u>	<u>52,009,747</u>
Total	133,384,596	53,307,330	7,635,295	16,623,782	210,951,003
Total Accrued Liability	170,881,121	65,737,948	19,453,106	24,536,846	280,609,021
Accrued Liability Sensitivity					
			1% Decrease	Baseline	1% Increase
Discount Rate			315,351,411	280,609,021	251,944,461
Trend Rate			251,115,683	280,609,021	316,614,301

3. Actuarially Determined Contribution

The Past Service Cost is calculated by amortizing the Unfunded Accrued Liability over a closed period of 30 years starting in 2014 using an amortization growth rate of 2.75%. On this basis, the Actuarially Determined Contribution (ADC) is determined as follows:

	Police & Fire	Town	Certified	Non-Certified	Total
Accrued Liability	\$170,881,121	\$65,737,948	\$19,453,106	\$24,536,846	\$280,609,021
Market Value of Assets*	17,589,037	6,766,501	2,002,336	2,525,613	28,883,487
Unfunded Accrued Liability	153,292,084	58,971,447	17,450,770	22,011,233	251,725,534
Funded Ratio	10.3%	10.3%	10.3%	10.3%	10.3%
Amortization Period	19	19	19	19	19
Amortization Growth Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Past Service Cost	10,927,924	4,203,971	1,244,035	1,569,142	17,945,072
Total Normal Cost	3,028,724	648,247	532,498	368,035	4,577,504
Employee Contributions	158,324	0	0	0	158,324
Expenses*	18,939	7,286	2,156	2,719	31,100
Net Normal Cost	2,889,339	655,533	534,654	370,754	4,450,280
Interest	898,122	315,868	115,615	126,093	1,455,698
ADC for FY 2026-27	14,715,385	5,175,372	1,894,304	2,065,989	23,851,050
Expected Benefit Payments	(10,639,099)	(4,762,214)	(1,263,911)	(1,619,686)	(18,284,910)
Net Budget Impact	4,076,286	413,158	630,393	446,303	5,566,140

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

* The Market Value of Assets and Expenses are allocated in proportion to the Accrued Liability.

4. Long Range Funded Status Forecast

This forecast is based on the results of the July 1, 2025 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 a minimum threshold 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	Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio
7/1/2025	\$280,609,021	\$28,883,487	\$251,725,534	10.3%
7/1/2026	285,382,000	33,866,000	251,516,000	11.9%
7/1/2027	292,011,000	41,950,000	250,061,000	14.4%
7/1/2028	296,746,000	50,838,000	245,908,000	17.1%
7/1/2029	302,129,000	60,938,000	241,191,000	20.2%
7/1/2030	308,346,000	72,386,000	235,960,000	23.5%
7/1/2031	314,116,000	85,196,000	228,920,000	27.1%
7/1/2032	320,549,000	99,847,000	220,702,000	31.1%
7/1/2033	327,319,000	116,074,000	211,245,000	35.5%
7/1/2034	334,578,000	133,968,000	200,610,000	40.0%
7/1/2035	342,208,000	153,639,000	188,569,000	44.9%
7/1/2036	350,024,000	174,918,000	175,106,000	50.0%
7/1/2037	358,472,000	198,400,000	160,072,000	55.3%
7/1/2038	367,320,000	224,034,000	143,286,000	61.0%
7/1/2039	376,298,000	251,626,000	124,672,000	66.9%
7/1/2040	385,453,000	281,298,000	104,155,000	73.0%
7/1/2041	395,068,000	313,577,000	81,491,000	79.4%
7/1/2042	404,907,000	348,253,000	56,654,000	86.0%
7/1/2043	414,920,000	385,465,000	29,455,000	92.9%
7/1/2044	424,969,000	425,194,000	(225,000)	100.1%

5. Long Range Cash Flow Forecast

This forecast is based on the results of the July 1, 2025 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 a minimum threshold 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.

Fiscal Year	Town Contributions	Member Contributions	Benefit Payments	Administrative Expenses	Net Cash Flows
2026-27	\$23,851,050	\$163,074	(\$18,284,909)	(\$31,987)	\$5,697,228
2027-28	24,756,000	168,000	(18,924,000)	(33,000)	5,967,000
2028-29	25,689,000	173,000	(19,247,000)	(34,000)	6,581,000
2029-30	26,489,000	178,000	(19,381,000)	(35,000)	7,251,000
2030-31	27,343,000	184,000	(19,641,000)	(36,000)	7,850,000
2031-32	28,263,000	189,000	(19,588,000)	(37,000)	8,827,000
2032-33	29,114,000	195,000	(19,841,000)	(38,000)	9,430,000
2033-34	29,917,000	201,000	(20,054,000)	(39,000)	10,025,000
2034-35	30,818,000	207,000	(20,366,000)	(41,000)	10,618,000
2035-36	31,696,000	213,000	(20,930,000)	(42,000)	10,937,000
2036-37	32,634,000	219,000	(21,079,000)	(43,000)	11,731,000
2037-38	33,601,000	226,000	(21,445,000)	(44,000)	12,338,000
2038-39	34,536,000	233,000	(22,104,000)	(46,000)	12,619,000
2039-40	35,480,000	239,000	(22,774,000)	(47,000)	12,898,000
2040-41	36,486,000	247,000	(23,130,000)	(48,000)	13,555,000
2041-42	37,459,000	254,000	(23,819,000)	(50,000)	13,844,000
2042-43	38,495,000	262,000	(24,589,000)	(51,000)	14,117,000
2043-44	39,554,000	270,000	(25,559,000)	(53,000)	14,212,000
2044-45	40,595,000	278,000	(26,695,000)	(54,000)	14,124,000
2045-46	9,654,000	286,000	(27,618,000)	(56,000)	(17,734,000)

6. History of Funded Status

Valuation Date	Market Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
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%
July 1, 2021	13,487,190	242,528,208	229,041,018	5.6%
July 1, 2023	18,228,545	244,470,076	226,241,531	7.5%
July 1, 2025	28,883,487	280,609,021	251,725,534	10.3%

7. History of Town Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Town Contribution	Contribution Deficiency (Excess)
2011-12	\$7,318,000	\$6,450,000	\$868,000
2012-13	8,506,100	7,381,000	1,125,100
2013-14	8,999,000	7,690,000	1,309,000
2014-15	9,779,951	8,473,000	1,306,951
2015-16	11,251,000	10,813,000	438,000
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	16,098,730	(1,262,730)
2020-21	16,669,426	16,741,414	(71,988)
2021-22	17,086,090	17,178,178	(92,088)
2022-23	18,063,970	18,231,972	(168,002)
2023-24	18,849,025	17,437,017	1,412,008
2024-25	19,939,085	19,939,085	0
2025-26	20,656,523	17,437,017	3,219,506
2026-27	23,851,050	TBD	TBD

8. Summary of Active Membership Data

July 1, 2023

July 1, 2025

Number of Active Members

Police & Fire	211	214
Town	221	236
Certified	906	922
Non-Certified	<u>225</u>	<u>235</u>
Total	1,563	1,607

Average Age

Police & Fire	36.1	36.9
Town	48.2	48.7
Certified	45.2	45.8
Non-Certified	51.8	51.0
Total	45.4	45.8

Average Service

Police & Fire	8.2	8.7
Town	9.2	9.7
Certified	13.1	13.4
Non-Certified	11.9	11.6
Total	11.7	12.0

Payroll

Police & Fire	\$26,102,525	\$20,980,206
Town	19,728,282	17,002,764
Certified	78,577,023	95,313,089
Non-Certified	<u>14,077,279</u>	<u>18,056,291</u>
Total	138,485,109	151,352,350

Average Payroll

Police & Fire	\$123,709	\$98,038
Town	89,268	72,046
Certified	86,730	103,376
Non-Certified	62,566	76,835
Total	88,602	94,183

9. Summary of Inactive Membership Data

July 1, 2023

July 1, 2025

Number of Members Receiving Benefits

Police & Fire	335	330
Town	284	272
Certified	61	61
Non-Certified	<u>202</u>	<u>207</u>
Total	882	870

Average Age of Members Receiving Benefits

Police & Fire	66.5	67.3
Town	74.3	75.6
Certified	70.2	69.2
Non-Certified	73.5	74.2
Total	70.9	71.6

Number of Spouses/Dependents Receiving Benefits

Police & Fire	227	230
Town	146	145
Certified	21	13
Non-Certified	<u>67</u>	<u>74</u>
Total	461	462

Average Age of Spouses/Dependents Receiving Benefits

Police & Fire	62.4	64.0
Town	72.0	73.1
Certified	62.3	59.9
Non-Certified	71.9	73.3
Total	66.8	68.2

Appendix A - Actuarial Funding Method

Cost Method

The actuarial cost 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 for each individual. 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 Members Receiving Benefits 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.

Amortization Method

The Unfunded Accrued Liability is the excess of the Accrued Liability less the Market Value of Assets. This Unfunded Accrued Liability is amortized as a level percent over a closed 30 year period starting on July 1, 2014.

Long-Range Forecast

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 a formal study of the plan's experience for the period of July 1, 2017 - June 30, 2022 supplemented by 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. Several assumptions were changed with this valuation. See pages 31-32 of this report for the assumptions that were used for the prior valuation.

Interest Rate 6.50%

Inflation 2.50%

**Amortization
Growth Rate** 2.75%

Medical Trend The medical trend assumption used in this valuation is based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model. Inputs to the model are consistent with other assumptions used in the valuation.

Year	State Partnership Plan		All Others	
	Pre-65	Post-65	Pre-65	Post-65
2025 to 2026	6.00%	18.40%*	6.50%	6.40%
2026 to 2027	5.50%	5.70%	5.60%	5.80%
2027 to 2028	5.20%	5.40%	5.10%	5.50%
2028 to 2029	5.10%	5.20%	5.00%	5.30%
2029 to 2030	4.90%	5.10%	4.90%	5.20%
2030 to 2031	4.80%	4.90%	4.80%	5.00%
2031 to 2032	4.70%	4.80%	4.60%	4.90%
2032 to 2033	4.60%	4.60%	4.50%	4.70%
2033 to 2034	4.40%	4.40%	4.40%	4.60%
2034 to 2035	4.30%	4.30%	4.30%	4.50%
2035 to 2049	4.30%	4.30%	4.30%	4.40%
2049 to 2061	4.40%	4.40%	4.30%	4.40%
2061 to 2066	4.30%	4.30%	4.30%	4.30%
2066 to 2068	4.20%	4.20%	4.20%	4.20%
2068 to 2070	4.10%	4.10%	4.10%	4.10%
2070 to 2073	4.00%	4.00%	4.00%	4.00%
2073 +	3.90%	3.90%	3.90%	3.90%

* 2025-26 Post-65 trend rate for the State Partnership Plan reflects actual increases during that time.

Appendix B - Actuarial Assumptions (continued)

Salary Scale Rates are based on years of service:

Service	Police	Fire	Certified BOE#	All Others
0	7.10%	7.20%	6.50%	6.00%
1	7.50%	7.40%	6.25%	6.00%
2	5.70%	5.70%	6.00%	6.00%
3	6.50%	6.50%	6.00%	6.00%
4	9.40%	8.50%	6.00%	6.00%
5	3.00%	2.75%	6.00%	5.00%
6	3.00%	2.75%	6.00%	4.50%
7	3.00%	2.75%	6.00%	4.50%
8	3.00%	2.75%	6.00%	4.50%
9	3.00%	2.75%	6.00%	3.50%
10	3.00%	2.75%	5.50%	3.50%
11	3.00%	2.75%	5.50%	3.50%
12	3.00%	2.75%	5.25%	3.50%
13	3.00%	2.75%	5.00%	3.50%
14	3.00%	2.75%	4.75%	3.50%
15	3.00%	2.75%	4.50%	2.75%
16	3.00%	2.75%	4.00%	2.75%
17	3.00%	2.75%	3.75%	2.75%
18	3.00%	2.75%	3.50%	2.75%
19	3.00%	2.75%	3.25%	2.75%
20	7.00%	2.75%	3.00%	2.75%
21+	2.75%	2.75%	3.00%	2.75%

Plus an additional 1% increase in the first year for all groups except Certified BOE.

Healthy Mortality

Certified BOE#: Pub-2016 Mortality Table with generational projection per the MP-2021 Ultimate scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

All Others: Pub-2016 Mortality Table with generational projection per the MP-2021 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.

Appendix B - Actuarial Assumptions (continued)

Disabled Mortality **Certified BOE#:** PubT-2016 Disabled Mortality Table for males and females with generational projection of future improvements per the MP-2021 Ultimate scale. This assumption includes a margin for mortality improvement beyond the valuation date.

All Others: Pub-2016 Mortality Table for disabled retirees with generational projection per the MP-2021 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.

Retirement **Certified BOE#:** rates based on age, eligibility for pension benefits, and gender:

Age	Unreduced			
	< 35 years of service		35+ years of service	
	Male	Female	Male	Female
50-59			35.00%	30.00%
60	20.00%	20.00%	30.00%	30.00%
61	20.00%	20.00%	30.00%	30.00%
62	22.50%	20.00%	30.00%	30.00%
63	22.50%	20.00%	30.00%	30.00%
64	25.00%	25.00%	30.00%	30.00%
65	27.50%	32.50%	35.00%	37.50%
66	27.50%	30.00%	35.00%	37.50%
67-74	27.50%	30.00%	30.00%	32.50%
75	100.00%	100.00%	100.00%	100.00%

Age	Proratable		Reduced	
	Male	Female	Male	Female
50-52			1.50%	1.25%
53			1.50%	1.75%
54			2.00%	2.25%
55			3.00%	3.00%
56			4.00%	3.75%
57			5.00%	4.50%
58			6.50%	5.50%
59			8.00%	7.00%
60	6.00%	5.00%		
61	6.00%	6.00%		
62	6.00%	7.00%		
63	9.00%	8.00%		
64	12.00%	9.00%		
65	15.00%	12.00%		
66-68	18.00%	15.00%		
69-79	28.50%	15.00%		
80	100.00%	100.00%		

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Appendix B - Actuarial Assumptions (continued)

Retirement

Parts B & B1 & E:

Age	Rate
45-54	3%
55	10%
56-57	5%
58	8%
59-61	12%
62	20%
63	11%
64-66	25%
67	40%
68	25%
69-73	20%
74	50%
75	100%

Part C:

Age	Rate
40-42	0%
43-54	20%
55	30%
56-64	40%
65	100%

In the year in which the member becomes eligible for both an unreduced pension and retiree medical benefits, the greater of the rate from the table and 20% for ages 40-49 and 25% for ages 50+

Part D:

Age	Rate
30-39	0%
40-44	1%
45-54	50%
55-59	60%
60	100%

In the year in which the member becomes eligible for both an unreduced pension and retiree medical benefits, the greater of the rate from the table and 60% for ages 40-45 and 50% for ages 46+

Appendix B - Actuarial Assumptions (continued)

Turnover

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

Service	Male	Female
0-1	15.00%	12.00%
1-2	11.00%	11.00%
2-3	8.50%	9.50%
3-4	7.00%	8.00%
4-5	5.50%	7.50%
5-6	4.50%	7.00%
6-7	4.00%	6.50%
7-8	3.50%	6.00%
8-9	3.50%	5.50%
9-10	3.50%	5.00%
10+	1.80%	6.00%

Age	Male	Female
25	1.80%	6.00%
35	1.80%	4.25%
45	1.80%	2.00%
55	4.00%	3.90%

Parts B & B1 & E:

Town employees: 5% per year

BOE Non-Certified:

Service	Custodian & Maintenance	Others
0-4	3.00%	13.00%
5-9	1.00%	8.00%
10+	0.00%	7.00%

Parts C & D:

Service	Rate
0	18.00%
1-3	5.00%
4-9	1.50%
10+	0.00%

Appendix B - Actuarial Assumptions (continued)

Disability

Certified BOE#:

Service	Male	Female
0-1	15.00%	12.00%
1-2	11.00%	11.00%
2-3	8.50%	9.50%
3-4	7.00%	8.00%
4-5	5.50%	7.50%
5-6	4.50%	7.00%
6-7	4.00%	6.50%
7-8	3.50%	6.00%
8-9	3.50%	5.50%
9-10	3.50%	5.00%
10+	1.80%	6.00%

All Others:

Age	Rate
25	0.12%
30	0.15%
35	0.21%
40	0.30%
45	0.54%
50	1.08%
55	2.70%
60+	0.00%

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

Appendix B - Actuarial Assumptions (continued)

Future Retiree Coverage The following percentages of current active members and their spouses will elect medical coverage at retirement.

	Police	Fire	Town	Certified BOE	Non-Certified BOE
Member	90%	90%	80%	80%	85%
Spouse	85%	80%	70%	50%	50%

Married Assumption 80% 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.

Valuation of Dental Benefits We did not value any implicit rate subsidy for dental, as the liability is de minimis (less than 1% of the Town's Accrued Liability).

Valuation of SPP Medicare Benefits This plan was valued without aging, per guidance from a March 2021 ASOP No. 6 Practice Note.

Certain actuarial demographic assumptions for Teachers and Administrators are based on the assumptions used in the June 30, 2024 valuation of the Connecticut State Teachers' Retirement System.

Appendix B - Actuarial Assumptions (continued)

Changes in Assumptions from Prior Valuation

Medical Trend	Year Beginning	State Partnership Plan		All Others	
		Pre-65	Post-65	Pre-65	Post-65
	2023 to 2024	6.40%	53.90%	7.50%	9.00%
	2024 to 2025	6.80%	35.80%	6.30%	7.90%
	2025 to 2026	6.70%	6.60%	5.70%	6.20%
	2026 to 2027	6.10%	6.10%	5.30%	5.30%
	2027 to 2028	5.50%	5.50%	5.20%	5.20%
	2028 to 2029	5.10%	5.10%	5.00%	5.00%
	2029 to 2030	5.00%	5.00%	4.90%	4.90%
	2030 to 2031	4.80%	4.80%	4.70%	4.70%
	2031 to 2032	4.70%	4.70%	4.60%	4.60%
	2032 to 2033	4.50%	4.50%	4.30%	4.30%
	2033 to 2034	4.50%	4.50%	4.20%	4.20%
	2034 to 2049	4.40%	4.40%	4.20%	4.20%
	2049 to 2050	4.50%	4.50%	4.20%	4.30%
	2050 to 2065	4.50%	4.50%	4.30%	4.30%
	2065 to 2067	4.40%	4.40%	4.20%	4.20%
	2067 to 2068	4.40%	4.40%	4.10%	4.10%
	2068 to 2070	4.30%	4.30%	4.10%	4.10%
	2070 to 2072	4.20%	4.20%	4.00%	4.00%
	2072 to 2073	4.10%	4.10%	4.00%	4.00%
	2073 to 2074	4.10%	4.10%	3.90%	3.90%
	2074 +	4.00%	4.00%	3.90%	3.90%

Appendix B - Actuarial Assumptions (continued)

Changes in Assumptions from Prior Valuation

Healthy Mortality

Certified BOE#: PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2021 Ultimate scale. The PubT-2010 Contingent Survivor Table projected generationally per the MP-2021 Ultimate scale and set forward 1 year for both males and females is used for survivors and beneficiaries. This assumption includes a margin for improvements in longevity beyond the valuation date.

All Others: Pub-2010 Mortality Table with generational projection per the MP-2021 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.

Disabled Mortality

Certified BOE#: PubT-2010 Disabled Mortality Table for males and females with generational projection of future improvements per the MP-2021 Ultimate scale. This assumption includes a margin for mortality improvement beyond the valuation date.

All Others: Pub-2010 Mortality Table for disabled retirees with generational projection per the MP-2021 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.

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

Appendix C - Summary of Plan Provisions (continued)

Eligibility

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

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
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

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
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

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.

Appendix C - Summary of Plan Provisions (continued)

Eligibility	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
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
	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

Appendix C - Summary of Plan Provisions (continued)

Eligibility

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

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

Security (12)

Hired before 7/1/2013
Age 55 with 25 years of Credited Service
Age 60 with 10 years of Credited Service

Hired on or after 7/1/2013
Not eligible for OPEB.

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

Cafeteria Managers (15)

No current or future employees are eligible for OPEB. There are a few current retirees that are receiving benefits.

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

Not eligible for OPEB.

Appendix C - Summary of Plan Provisions (continued)

Cost Sharing

Police (60)

Hired before 6/26/2018 Town pays 100% of the premium.

Hired after 6/26/2018 Town pays 50% 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 (continued)

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.
	Hired on or after 5/27/2025	Town pays 50% of the premium for the retiree. The retiree pays for dependent coverage.
	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.
	Hired on or after 6/25/2024	Town pays 50% of the premium for the retiree. The retiree pays for dependent coverage.
	Parking Monitors Union (81)	Retiree pays 100% of the premium.

Appendix C - Summary of Plan Provisions (continued)

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	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.
	Hired on or after 7/1/2023 (Grounds Union only)	Town pays 50% of the premium for the retiree. The retiree pays for dependent coverage.
	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 (continued)

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 Medicare premium.
	Nurses Union (07)	Board pays 50% of the premium for the retiree and dependents.
	Security (12)	Pre-65, Board pays 75% of the premium for employee and 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 Medicare premium for the dependent.
	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.
	Cafeteria Managers (15)	Board pays 100% of the premium until Medicare eligibility.
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).

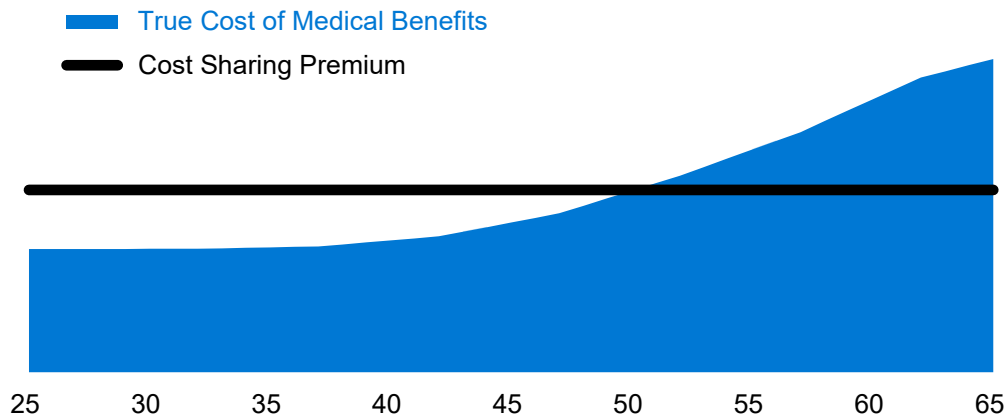
Appendix C - Summary of Plan Provisions (continued)

Life Insurance	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).
	Nurses (58), 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.
	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.
	Professional and Technical (14)	\$15,000.
	Secretarial/Clerical (02)	\$10,000.
Active Contributions towards Retiree Healthcare	Police (60)	
	Hired before 6/26/2018	1.65% of bi-weekly base wage.
	Hired after 6/26/2018	No active contributions.
	Fire (61)	
	Hired before 7/1/2005	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 - Healthcare Information - 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 this report. 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 Program – different retirees pay different percentages based on their union or department, date of retirement, age at retirement, and other factors. We term this amount the **offset liability**.

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

Appendix D - Healthcare Information - Current Premiums

The annual medical premiums for cost sharing purposes as of July 1, 2025 are shown below.

	Retiree	Spouse
Pre-65 Medical Plan		
Police and Town - State Partnership Plan	\$17,809.32	\$35,272.56 *
Police, Town and Fire - Grandfathered PPO	22,266.12	36,149.04 *
Fire - HDHP	11,637.60	19,554.60 *
BOE - State Partnership Plan	14,752.56	16,515.24
Post-65 Medical Plan		
Police, Town and Fire - Medicare Eligible	9,094.20	9,086.64
Police, Town and Fire - Not Medicare Eligible	22,266.12	22,569.12
BOE Certified State Partnership Plan	14,752.56	16,515.24
BOE Non-Certified State Partnership Plan**	4,748.52	4,748.52

* Includes child dependent costs.

** Average of 1/1/2025 and 1/1/2026 premiums.

Appendix D - Healthcare Information - 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/dependents. Representative healthcare cost factors are shown in the tables below. These factors were then applied to the plan's healthcare rates for the year beginning July 1, 2025 to arrive at the expected annual per capita claims costs for a 65-year-old, which are also shown below.

Age	Retiree		Spouse	
	Male	Female	Male	Female
Fire HDHP				
45	0.50099	0.86544	0.51287	0.68229
50	0.58093	0.80933	0.59959	0.76399
55	0.68460	0.80078	0.70498	0.83818
60	0.79402	0.88435	0.81743	0.90423
64	0.94473	0.97282	0.95509	0.97826
Age 65 per capita claims cost				
Pre-65	\$29,651.28	\$26,719.07	\$29,829.37	\$27,835.58
Police and Town - State Partnership Plan				
45	0.53705	0.87157	0.53735	0.67130
50	0.62119	0.81351	0.62007	0.74547
55	0.73114	0.80408	0.72062	0.81285
60	0.84766	0.88741	0.82835	0.87297
64	0.96547	0.97383	0.95817	0.96620
Age 65 per capita claims cost				
Pre-65	\$30,517.13	\$29,273.69	\$33,867.98	\$33,129.36

Appendix D - Healthcare Information - Expected Healthcare Costs (continued)

Age	Retiree		Spouse	
	Male	Female	Male	Female
Police, Town and Fire - Medicare Supplement				
65	1.00000	1.00000	1.00000	1.00000
70	1.05935	1.04311	1.05935	1.04311
75	1.12055	1.07850	1.12055	1.07850
80	1.16693	1.09814	1.16693	1.09814
85	1.18550	1.10525	1.18550	1.10525
90	1.19100	1.10784	1.19100	1.10784
Age 65 per capita claims cost				
Post-65	\$8,264.60	\$8,407.35	\$8,264.60	\$8,407.35
<hr/>				
Police, Town and Fire - Grandfathered PPO				
Pre-65 and Post-65 for those Not Eligible for Medicare				
45	0.53478	0.86904	0.50171	0.64514
50	0.62012	0.81270	0.59100	0.72566
55	0.73078	0.80411	0.69975	0.79889
60	0.84758	0.88802	0.81567	0.86401
65	1.00000	1.00000	1.00000	1.00000
70	1.19180	1.13983	1.31888	1.24899
75	1.40656	1.28045	1.62091	1.45535
80	1.58935	1.38894	1.83156	1.57866
85	1.69517	1.46735	1.95351	1.66777
90	1.75368	1.52546	2.02094	1.73382
Age 65 per capita claims cost				
Pre-65	\$34,952.23	\$33,481.18	\$36,402.48	\$35,513.26
Post-65	34,952.23	33,481.18	30,329.99	29,457.62

Appendix D - Healthcare Information - Expected Healthcare Costs (continued)

Age	Retiree		Spouse	
	Male	Female	Male	Female
Board of Education - Not eligible for Medicare				
45	0.53705	0.87157	0.40495	0.57469
50	0.62119	0.81351	0.50991	0.67023
55	0.73114	0.80408	0.64091	0.75841
60	0.84766	0.88741	0.77956	0.83625
65	1.00000	1.00000	1.00000	1.00000
70	1.19208	1.14178	1.31919	1.25112
75	1.41305	1.29095	1.62840	1.46728
80	1.60842	1.42069	1.85355	1.61475
85	1.74163	1.52929	2.00705	1.73818
90	1.83109	1.61483	2.11014	1.83540
Age 65 per capita claims cost				
All ages	\$30,619.43	\$29,371.82	\$26,570.17	\$25,842.09
Board of Education - Eligible for Medicare				
45	0.53705	0.87157	0.40495	0.57469
50	0.62119	0.81351	0.50991	0.67023
55	0.73114	0.80408	0.64091	0.75841
60	0.84766	0.88741	0.77956	0.83625
64	0.96547	0.97383	0.94610	0.95618
Age 65 per capita claims cost				
Pre-65	\$30,619.43	\$29,371.82	\$26,570.17	\$25,842.09

This work product was prepared solely for the Town for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Appendix E - 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 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.
Market 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.
Attribution Period	The period of an active member's service to which the expected benefit obligation for that member is assigned. The beginning of the attribution period is the member's date of hire and costs are spread across all service.
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 75) 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 Market Value of Assets.