

# Town of Windsor Other Post-Employment Benefits Plan

Actuarial Valuation as of July 1, 2023  
To Determine Funding for Fiscal Year 2024-25

Prepared by

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Issued September 27, 2024



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## Certification

As part of our engagement with the Town of Windsor ("Town"), we have performed an actuarial valuation of the Plan as of July 1, 2023. Our findings are set forth in this actuary's report. The main purposes of this valuation are to determine funding for fiscal year 2024-25, 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. Note that a Plan's funded status is dependent on the selection of both the actuarial cost method and the asset smoothing method; different measurements would result if, for instance, the Market Value of Assets were used in place of the Actuarial Value of Assets.

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.



Rebecca A. Sielman, FSA  
Consulting Actuary



Scott Lindberg, FSA  
Consulting Actuary

## i. Summary of Principal Results

Actuarial Valuation for Plan Year Beginning	July 1, 2021	July 1, 2023
<b>Membership</b>		
Active Members	731	819
Members Receiving Benefits	201	200
Spouses/Dependents Receiving Benefits	<u>91</u>	<u>75</u>
Total Count	1,023	1,094
Payroll	\$50,017,968	\$58,362,556
<b>Assets and Liabilities</b>		
Market Value of Assets	\$5,450,759	\$6,569,515
Actuarial Value of Assets	4,653,382	6,690,315
Accrued Liability for Active Members	16,438,091	17,240,547
Accrued Liability for Members Receiving Benefits	<u>26,853,993</u>	<u>20,280,306</u>
Total Accrued Liability	43,292,084	37,520,853
Unfunded Accrued Liability	38,638,702	30,830,538
Funded Ratio	10.7%	17.8%
<b>Actuarially Determined Contribution</b>		
For Fiscal Year	2022-23	2024-25
Normal Cost	\$1,078,316	\$1,265,798
Past Service Cost	2,133,381	1,839,199
Interest	<u>160,584</u>	<u>155,249</u>
Actuarially Determined Contribution	3,372,281	3,260,246
Allocated to BOE Certified	854,088	745,940
Allocated to BOE Non-Certified	943,047	814,333
Allocated to Town Dispatchers	35,341	31,464
Allocated to Town Admin	530,636	574,271
Allocated to Town Teamsters	310,049	325,214
Allocated to Police	<u>699,120</u>	<u>769,024</u>
Total	3,372,281	3,260,246

## ii. Changes Since the Prior Valuation

### Demographic Changes and Plan Experience

From July 1, 2021 to July 1, 2023 the overall membership increased from 1,023 to 1,094. The number of active members increased from 731 to 819, and the total number of members and spouses/dependents receiving benefits decreased from 292 to 275.

The average age of active members decreased slightly from 45.4 to 44.9, and the average age of members receiving benefits increased from 71.7 to 73.2.

### Plan Changes

None.

### Changes in Actuarial Methods and Assumptions

We updated the medical trend assumption to better reflect anticipated future experience. This change increased the Unfunded Accrued Liability by about \$1 million and increased the Actuarially Determined Contribution by about \$120,000.

### Other Significant Changes

Although it is possible that the COVID-19 pandemic could have a material impact on the projected mortality, liabilities, and contribution requirements, we have chosen not to make an adjustment in the projections at this time, given the substantial current uncertainty regarding the impact of COVID-19 on mortality and plan costs, including whether the pandemic will increase or decrease mortality during the term of our projections. We will be monitoring this development closely and may adjust future projections to reflect the impact of COVID-19, if and when it becomes appropriate.

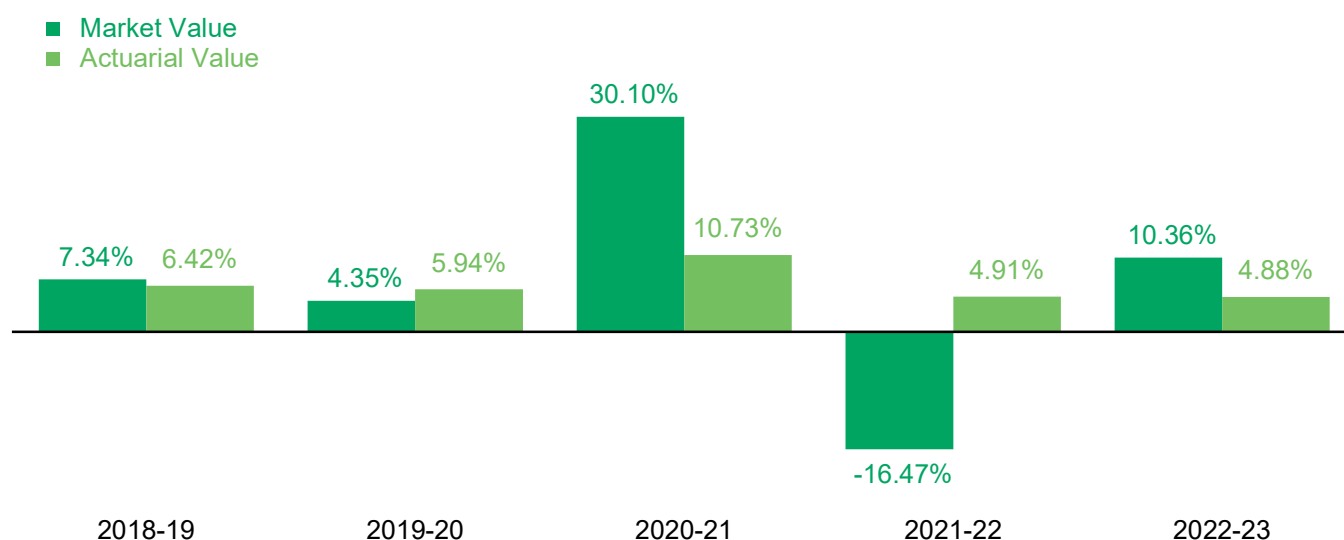
### iii. Asset Performance

There are two different measures of the plan's assets that are used throughout this report. The Market Value is a snapshot of the plan's investments as of the valuation date. The Actuarial Value is a smoothed asset value designed to temper the volatile fluctuations in the market by recognizing investment gains or losses non-asymptotically over five years.

	Market Value	Actuarial Value
Value as of July 1, 2021	\$5,450,759	\$4,653,382
Town Contributions	2,906,483	2,906,483
Investment Income	(959,354)	246,933
Benefit Payments and Administrative Expenses	<u>(2,158,351)</u>	<u>(2,158,351)</u>
Value as of July 1, 2022	5,239,537	5,648,447
Town Contributions	3,105,305	3,105,305
Investment Income	581,820	293,710
Benefit Payments and Administrative Expenses	<u>(2,357,147)</u>	<u>(2,357,147)</u>
Value as of July 1, 2023	6,569,515	6,690,315

For fiscal year 2021-22, the plan's assets earned -16.47% on a Market Value basis. The interest rate assumption for this period was 5.00%, so the result was a loss of about \$1,251,000. For fiscal year 2022-23, the plan's assets earned 10.36% on a Market Value basis. The interest rate assumption for this period was 5.00%, so the result was a gain of about \$301,000.

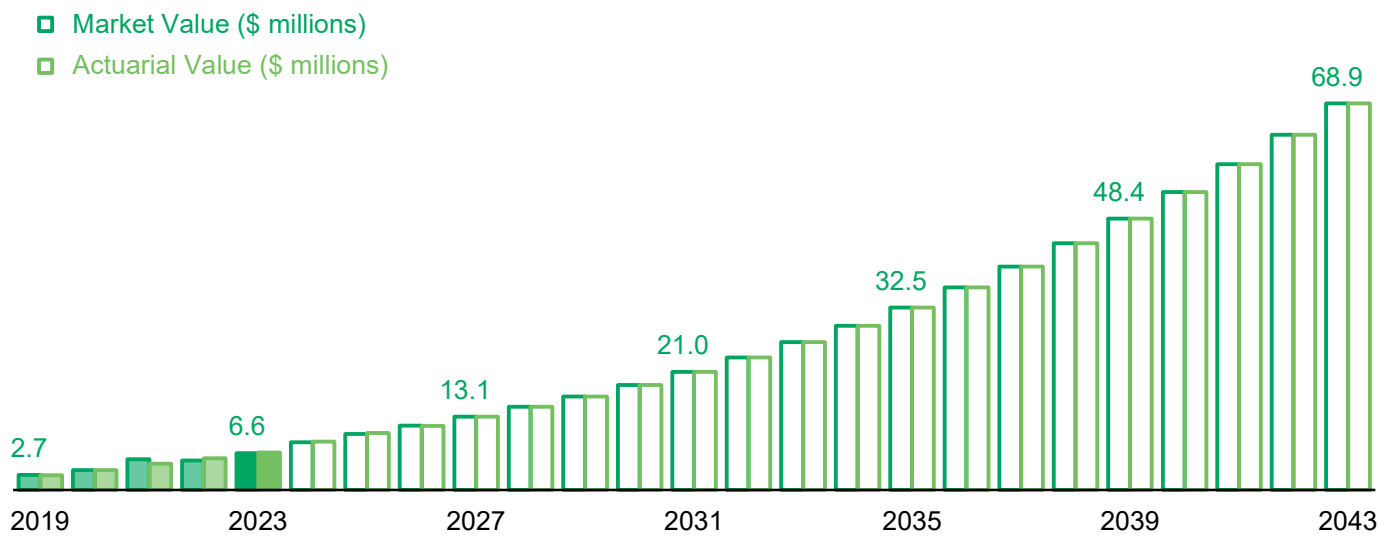
Historical rates of return are shown in the graph below:



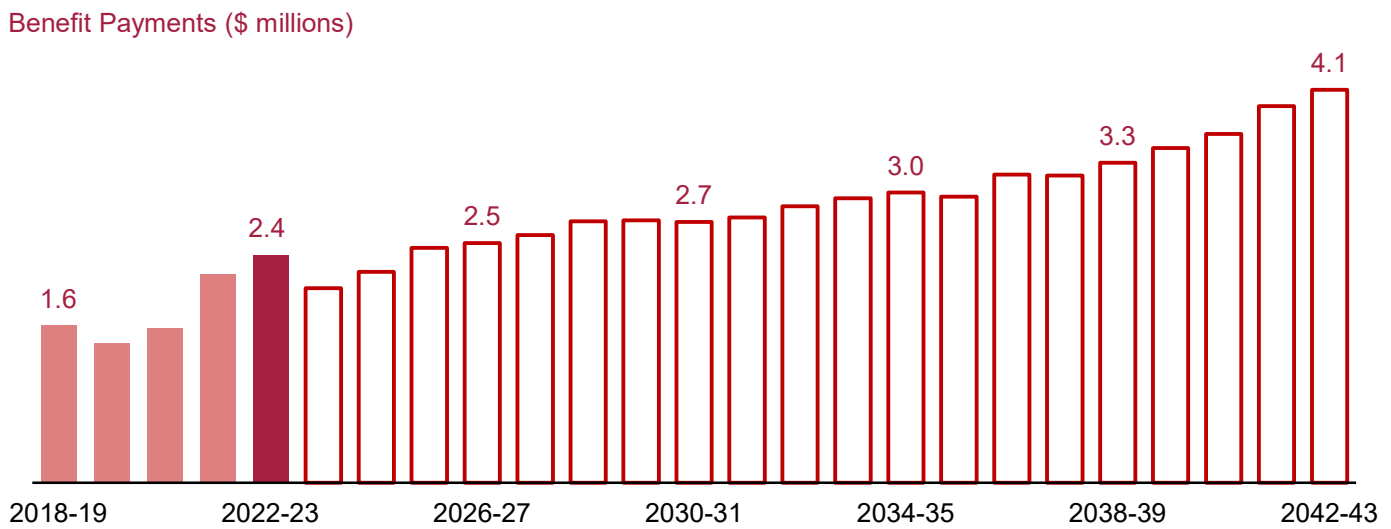
The Actuarial Value currently exceeds the Market Value by \$120,800. This figure represents investment losses that will be gradually recognized in future years. This process will exert upward pressure on the Town's contribution, unless there are offsetting market gains.

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 2022-23, the plan paid out \$2.4 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$59 million in benefits to members.



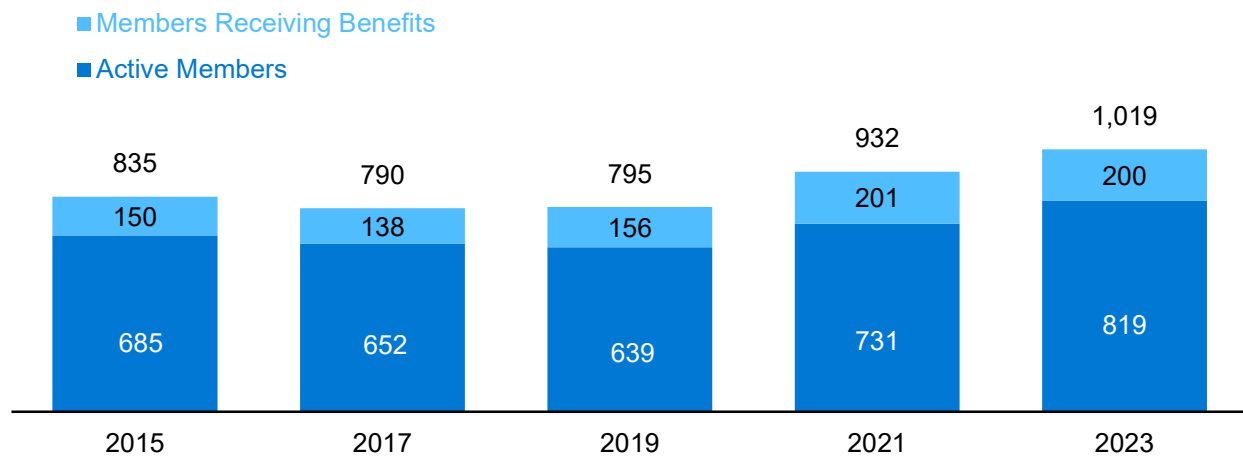
To the extent that there are future investment or liability gains or losses, changes in the actuarial assumptions or methods, or plan changes, the actual valuation results will differ from these forecasts. Please see Appendix A for more details of the long range forecast.



## v. Membership

### Overview

There are two basic categories of plan members included in the valuation: (1) active employees who have met the eligibility requirements for membership, and (2) retirees and their spouses / dependents who are currently receiving benefits. Full valuations are only performed in odd-numbered years, so membership information is not available for even-numbered years.

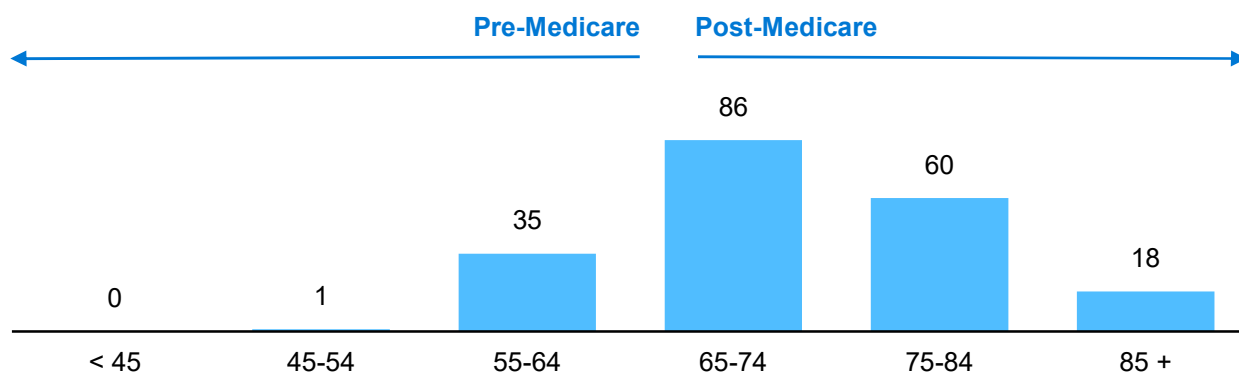


### Currently Receiving Benefits on July 1, 2023

Members Receiving Benefits	200
Average Age	72.8

There are also 75 Spouses/Dependents Receiving Benefits.

The members receiving benefits fall across a wide distribution of ages:



## v. Membership (continued)

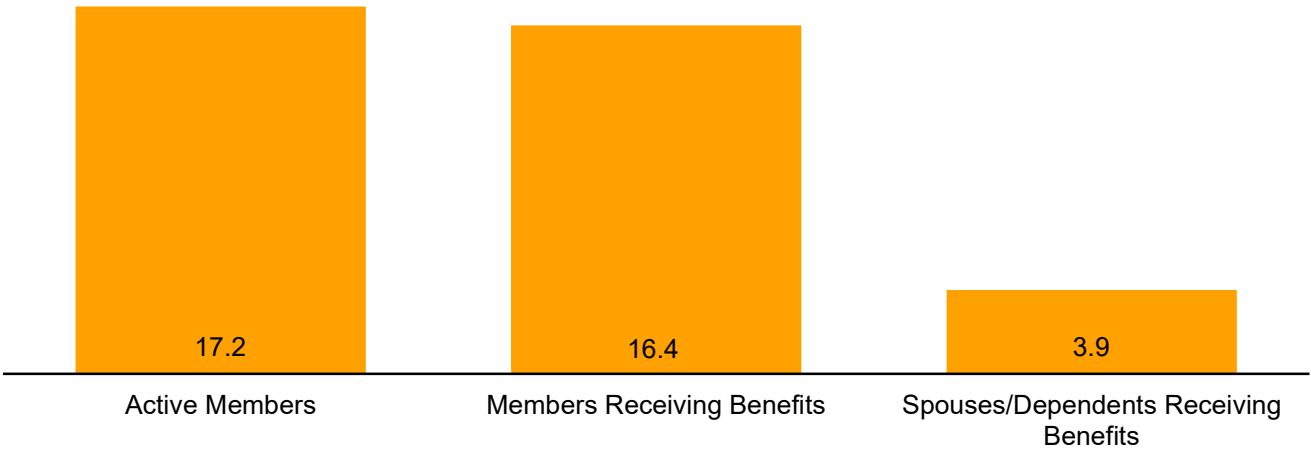
### Active Members on July 1, 2023

BOE Certified	393	Average Age	44.9
BOE Non-Certified	270	Average Service	8.7
Town Dispatchers	5	Payroll	\$58,362,556
Town Admin	73	Average Payroll	71,261
Town Teamsters	36		
Police	<u>42</u>		
Total	819		

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	33	1						34
25-29	75	14	1					90
30-34	64	30						94
35-39	58	25	9	2				94
40-44	52	18	14	15	3			102
45-49	36	12	12	15	15	2		92
50-54	40	24	14	17	21	3	1	120
55-59	23	11	12	15	13	6	6	86
60-64	14	8	10	11	18	3	4	68
65+	7	5	3	8	11		5	39
Total	402	148	75	83	81	14	16	819

vi. Accrued Liability

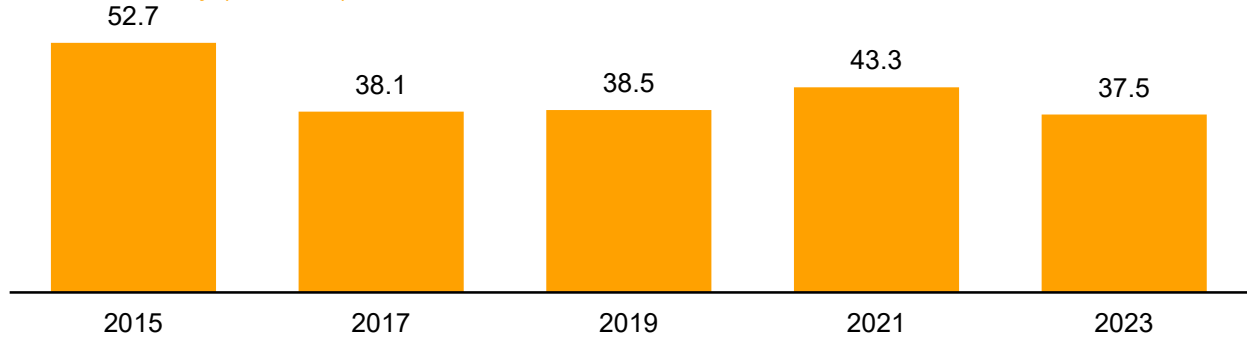
The Accrued Liability as of July 1, 2023 equals \$37,520,853, which consists of the following pieces (in \$ millions):



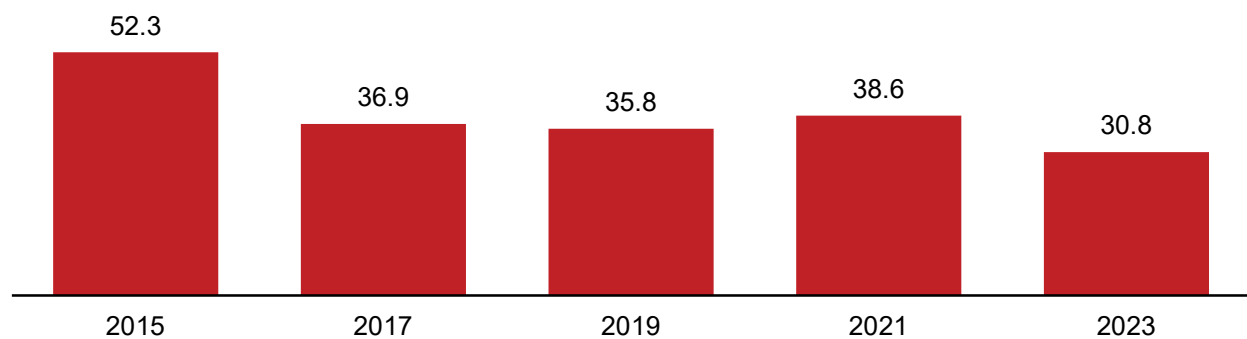
## vii. Funded Status

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 Actuarial Value of Assets; the Funded Ratio is the ratio of the two.

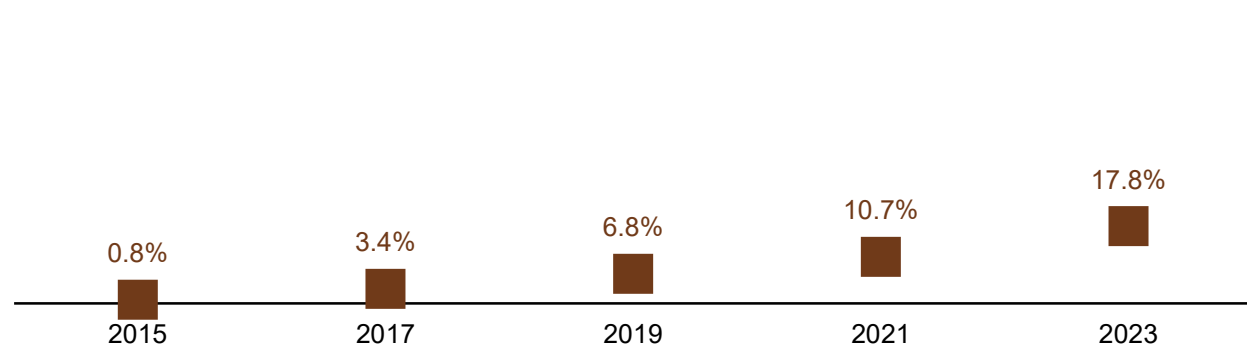
Accrued Liability (\$ millions)



Unfunded Accrued Liability (\$ millions)



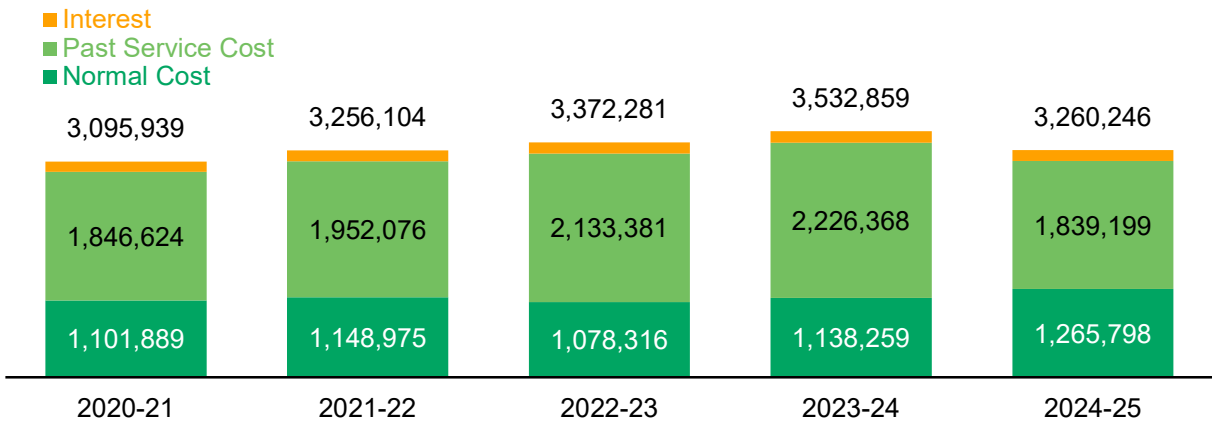
Funded Ratio



viii. Actuarially Determined Contribution (ADC)

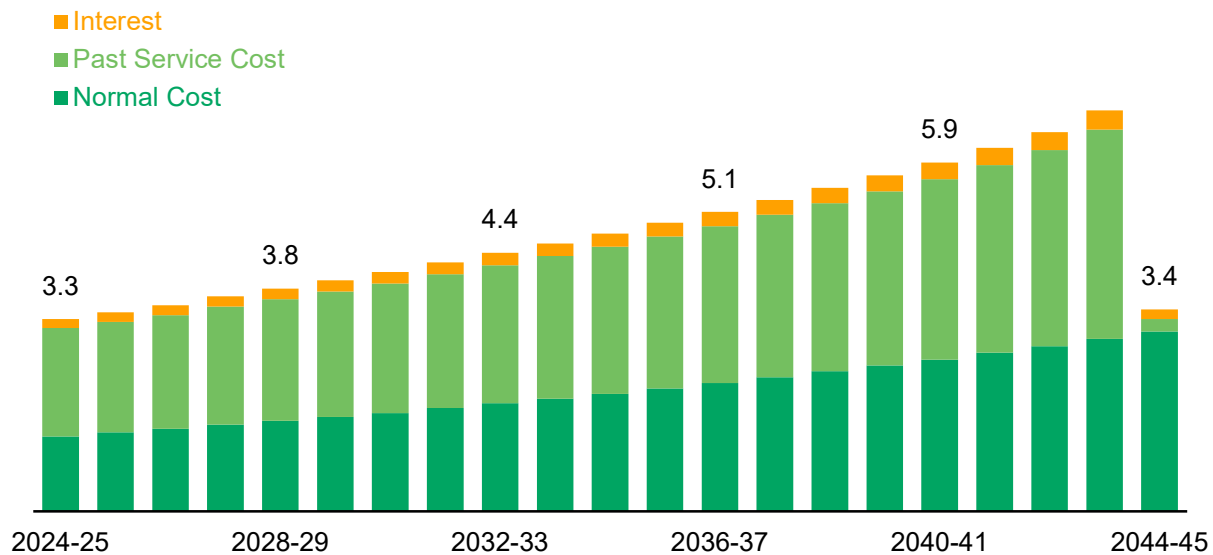
The ADC consists of three pieces: a Normal Cost payment to fund the benefits earned each year, a Past Service Cost to gradually reduce any unfunded or surplus liability, and Interest to reflect the timing of the contribution relative to the valuation date. The ADC for fiscal year 2024-25 is \$3,260,246:

The ADC for the past five years is shown below:



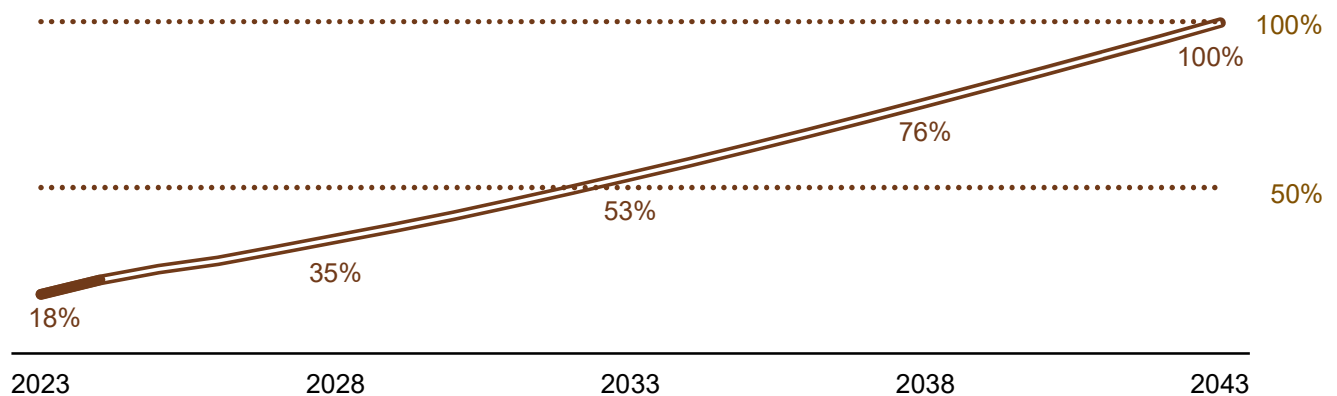
## ix. Long-Range Forecast

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 not expected to be fully amortized until beyond the end of the projection period. Over time, the funded ratio is expected to change as follows:

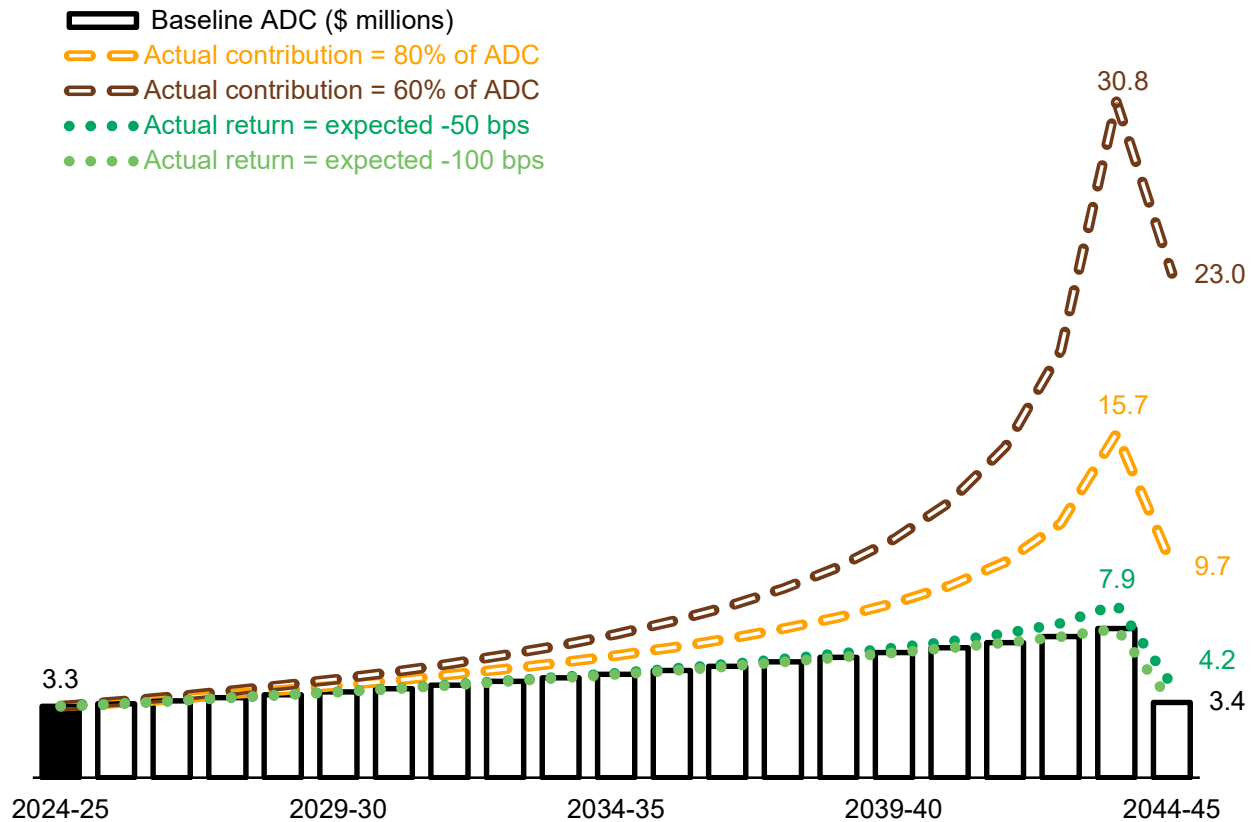
### Funded Ratio



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.

## 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
<b>Market Value as of July 1, 2021</b>	<b>\$5,450,759</b>
Town Contributions	2,906,483
Net Investment Income	(959,354)
Benefit Payments	(2,156,483)
Administrative Expenses	(1,868)
<b>Market Value as of June 30, 2022</b>	<b>5,239,537</b>
Expected Return on Market Value of Assets, 2021-22	291,243
Market Value (Gain)/Loss, 2021-22	1,250,597
Approximate Rate of Return, 2021-22 *	-16.47%
<b>Market Value as of July 1, 2022</b>	<b>\$5,239,537</b>
Town Contributions	3,105,305
Net Investment Income	581,820
Benefit Payments	(2,355,305)
Administrative Expenses	(1,842)
<b>Market Value as of June 30, 2023</b>	<b>6,569,515</b>
Expected Return on Market Value of Assets, 2022-23	280,801
Market Value (Gain)/Loss, 2022-23	(301,019)
Approximate Rate of Return, 2022-23 *	10.36%

\* The rates shown here are not the dollar or time weighted investment yield rates which measure investment performance. They are approximate net returns assuming all activity occurred on average midway through the year.



## 2. Development of Actuarial Value of Assets

In order to minimize the impact of market fluctuations on the contribution level, we use an Actuarial Value of Assets that recognizes gains and losses in equal installments ('non-asymptotically') over a five year period. The Actuarial Value of Assets as of July 1, 2022 is determined below.

1.	Expected Market Value of Assets:			
	a. Market Value of Assets as of July 1, 2021			\$5,450,759
	b. Town Contributions			2,906,483
	c. Benefit Payments and Administrative Expenses			(2,158,351)
	d. Expected Earnings Based on 5.00% Interest			<u>291,243</u>
	e. Expected Market Value of Assets as of July 1, 2022			6,490,134
2.	Actual Market Value of Assets as of July 1, 2022			5,239,537
3.	Market Value (Gain)/Loss: (1e) - (2)			1,250,597
4.	Delayed Recognition of Market (Gains)/Losses			
	<b>Plan Year End</b>	<b>(Gain)/Loss</b>	<b>Percent Not Recognized</b>	<b>Amount Not Recognized</b>
	06/30/2022	\$1,250,597	80%	\$1,000,478
	06/30/2021	(981,789)	60%	(589,073)
	06/30/2020	19,866	40%	7,946
	06/30/2019	(52,207)	20%	<u>(10,441)</u>
				408,910
5.	Actuarial Value of Assets as of July 1, 2022: (2) + (4)			5,648,447
6.	Return on Actuarial Value of Assets			246,933
7.	Approximate Rate of Return on Actuarial Value of Assets			4.91%
8.	Actuarial Value (Gain)/Loss			4,526

## 2. Development of Actuarial Value of Assets (continued)

The Actuarial Value of Assets as of July 1, 2023 is determined below.

1.	Expected Market Value of Assets:			
	a. Market Value of Assets as of July 1, 2022			\$5,239,537
	b. Town Contributions			3,105,305
	c. Benefit Payments and Administrative Expenses			(2,357,147)
	d. Expected Earnings Based on 5.00% Interest			<u>280,801</u>
	e. Expected Market Value of Assets as of July 1, 2023			6,268,496
2.	Actual Market Value of Assets as of July 1, 2023			6,569,515
3.	Market Value (Gain)/Loss: (1e) - (2)			(301,019)
4.	Delayed Recognition of Market (Gains)/Losses			
	<b>Plan Year End</b>	<b>(Gain)/Loss</b>	<b>Percent Not Recognized</b>	<b>Amount Not Recognized</b>
	06/30/2023	(\$301,019)	80%	(\$240,815)
	06/30/2022	1,250,597	60%	750,358
	06/30/2021	(981,789)	40%	(392,716)
	06/30/2020	19,866	20%	<u>3,973</u>
				120,800
5.	Actuarial Value of Assets as of July 1, 2023: (2) + (4)			6,690,315
6.	Return on Actuarial Value of Assets			293,710
7.	Approximate Rate of Return on Actuarial Value of Assets			4.88%
8.	Actuarial Value (Gain)/Loss			7,222

### 3. 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.

	BOE Certified	BOE Non-Certified	Town Dispatchers	Town Admin	Town Teamsters	Police	Total
<b>Current Active Members</b>							
Members < 65	\$2,864,680	\$1,759,948	\$120,256	\$2,068,630	\$1,333,118	\$1,668,968	\$9,815,600
Members > 65	147,668	1,205,462	104,744	1,494,132	684,619	465,743	4,102,368
Sp/Dep < 65	584,941	92,423	4,971	483,811	334,782	959,686	2,460,614
Sp/Dep > 65	<u>32,627</u>	<u>212,604</u>	<u>11,845</u>	<u>266,778</u>	<u>160,536</u>	<u>177,575</u>	<u>861,965</u>
Total	3,629,916	3,270,437	241,816	4,313,351	2,513,055	3,271,972	17,240,547
<b>Current Members Receiving Benefits</b>							
Members < 65	\$264,302	\$184,193	\$75,756	\$159,296	\$374,544	\$1,486,853	\$2,544,944
Members > 65	5,008,651	5,148,012	48,076	1,358,160	697,173	1,551,319	13,811,391
Sp/Dep < 65	0	92	0	276,554	96,678	902,811	1,276,135
Sp/Dep > 65	<u>133,455</u>	<u>1,243,046</u>	<u>0</u>	<u>390,020</u>	<u>283,869</u>	<u>597,446</u>	<u>2,647,836</u>
Total	5,406,408	6,575,343	123,832	2,184,030	1,452,264	4,538,429	20,280,306
<b>Total</b>	9,036,324	9,845,780	365,648	6,497,381	3,965,319	7,810,401	37,520,853
<b>Accrued Liability Sensitivity</b>							
	<b>1% Decrease</b>		<b>Baseline</b>		<b>1% Increase</b>		
Discount Rate	41,713,372		37,520,853		33,969,432		
Trend Rate	33,573,529		37,520,853		42,272,456		

## 4. Past Service Cost

In determining the Past Service Cost, the Unfunded Accrued Liability is amortized as a level percent over a closed 30 year period starting July 1, 2013.

	BOE Certified	BOE Non-Certified	Town Dispatchers	Town Admin	Town Teamsters	Police	Total
1. Accrued Liability	\$9,036,324	\$9,845,780	\$365,648	\$6,497,381	\$3,965,319	\$7,810,401	\$37,520,853
2. Actuarial Value of Assets (see Exhibit 2)*	1,611,260	1,755,594	65,198	1,158,543	707,053	1,392,667	6,690,315
3. Unfunded Accrued Liability: (1) - (2)	7,425,064	8,090,186	300,450	5,338,838	3,258,266	6,417,734	30,830,538
4. Funded Ratio: (2) / (1)	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%	17.8%
5. Amortization Period	20	20	20	20	20	20	20
6. Amortization Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
7. Past Service Cost: (3) amortized over (5)	442,943	482,621	17,923	318,489	194,372	382,851	1,839,199

\*The Actuarial Value of Assets is allocated to groups in proportion to their respective Accrued Liability

## 5. Actuarially Determined Contribution for FY 2024-25

	BOE Certified	BOE Non-Certified	Town Dispatchers	Town Admin	Town Teamsters	Police	Total
1. Total Normal Cost	\$267,019	\$292,436	\$12,024	\$228,107	\$115,155	\$349,157	\$1,263,898
2. Expected Administrative Expenses	457	498	19	329	201	396	1,900
3. Net Normal Cost: (1) + (2)	267,476	292,934	12,043	228,436	115,356	349,553	1,265,798
4. Past Service Cost (see Exhibit 3)	442,943	482,621	17,923	318,489	194,372	382,851	1,839,199
5. Interest on (3) + (4) to beginning of fiscal year	35,521	38,778	1,498	27,346	15,486	36,620	155,249
6. Actuarially Determined Contribution for FY 2024-25: (3) + (4) + (5)	745,940	814,333	31,464	574,271	325,214	769,024	3,260,246
7. Expected Benefit Payouts	(469,175)	(669,864)	(36,812)	(336,845)	(200,328)	(468,249)	(2,181,273)
8. Net Budget Impact	276,765	144,469	(5,348)	237,426	124,886	300,775	1,078,973

## 6. Long Range Funded Status Forecast

This forecast is based on the results of the July 1, 2023 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	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio
7/1/2023	\$37,520,853	\$6,690,315	\$30,830,538	17.83%
7/1/2024	38,664,000	8,577,000	30,086,000	22.18%
7/1/2025	39,767,000	10,110,000	29,657,000	25.42%
7/1/2026	40,733,000	11,384,000	29,349,000	27.95%
7/1/2027	41,770,000	13,053,000	28,717,000	31.25%
7/1/2028	42,843,000	14,815,000	28,028,000	34.58%
7/1/2029	43,890,000	16,651,000	27,239,000	37.94%
7/1/2030	45,051,000	18,713,000	26,338,000	41.54%
7/1/2031	46,375,000	21,036,000	25,339,000	45.36%
7/1/2032	47,805,000	23,596,000	24,209,000	49.36%
7/1/2033	49,267,000	26,332,000	22,935,000	53.45%
7/1/2034	50,804,000	29,285,000	21,519,000	57.64%
7/1/2035	52,452,000	32,498,000	19,954,000	61.96%
7/1/2036	54,321,000	36,099,000	18,222,000	66.46%
7/1/2037	56,157,000	39,838,000	16,319,000	70.94%
7/1/2038	58,199,000	43,982,000	14,217,000	75.57%
7/1/2039	60,311,000	48,405,000	11,906,000	80.26%
7/1/2040	62,478,000	53,111,000	9,367,000	85.01%
7/1/2041	64,724,000	58,126,000	6,598,000	89.81%
7/1/2042	66,904,000	63,351,000	3,553,000	94.69%

## 7. Long Range Cash Flow Forecast

This forecast is based on the results of the July 1, 2023 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.

Fiscal Year	Town Contributions	Member Contributions	Benefit Payments	Administrative Expenses	Net Cash Flows
2024-25	\$3,260,246	\$0	\$2,181,273	\$1,954	\$1,077,019
2025-26	3,371,000	0	2,428,000	2,000	\$941,000
2026-27	3,493,000	0	2,479,000	2,000	\$1,012,000
2027-28	3,645,000	0	2,561,000	2,000	\$1,082,000
2028-29	3,777,000	0	2,706,000	2,000	\$1,069,000
2029-30	3,914,000	0	2,713,000	2,000	\$1,199,000
2030-31	4,055,000	0	2,699,000	2,000	\$1,354,000
2031-32	4,219,000	0	2,745,000	2,000	\$1,472,000
2032-33	4,382,000	0	2,862,000	2,000	\$1,518,000
2033-34	4,543,000	0	2,945,000	3,000	\$1,595,000
2034-35	4,711,000	0	3,003,000	3,000	\$1,705,000
2035-36	4,892,000	0	2,961,000	3,000	\$1,928,000
2036-37	5,078,000	0	3,188,000	3,000	\$1,887,000
2037-38	5,280,000	0	3,177,000	3,000	\$2,100,000
2038-39	5,485,000	0	3,313,000	3,000	\$2,169,000
2039-40	5,697,000	0	3,464,000	3,000	\$2,230,000
2040-41	5,915,000	0	3,610,000	3,000	\$2,302,000
2041-42	6,163,000	0	3,898,000	3,000	\$2,262,000
2042-43	6,433,000	0	4,067,000	3,000	\$2,363,000
2043-44	6,800,000	0	4,079,000	3,000	\$2,718,000

## 8. History of Funded Status

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2013	\$0	\$67,718,910	\$67,718,910	0.0%
July 1, 2015	407,210	52,675,687	52,268,477	0.8%
July 1, 2017	1,279,497	38,142,396	36,862,899	3.4%
July 1, 2019	2,613,587	38,454,762	35,841,175	6.8%
July 1, 2021	4,653,382	43,292,084	38,638,702	10.7%
July 1, 2023	6,690,315	37,520,853	30,830,538	17.8%



## 9. History of Town Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Town Contribution	Payroll	Actual Contribution as a Percent of Payroll
2014-15	\$6,299,617	\$2,595,904	\$44,515,553	5.8%
2015-16	6,762,112	2,593,319	44,515,553	5.8%
2016-17	4,883,931	2,410,939	45,660,809	5.3%
2017-18	5,250,156	1,976,204	45,660,809	4.3%
2018-19	3,360,296	2,226,427	46,133,025	4.8%
2019-20	3,571,873	2,170,946	46,133,025	4.7%
2020-21	3,095,939	2,322,777	43,755,414	5.3%
2021-22	3,256,104	2,906,483	43,755,414	6.6%
2022-23	3,372,281	3,105,305	50,017,968	6.2%
2023-24	3,532,859	TBD	50,017,968	TBD
2024-25	3,260,246	TBD	TBD	TBD

## 10. Active Membership

		July 1, 2021	July 1, 2023
<b>Number of Active Members</b>	BOE Certified	343	393
	BOE Non-Certified	228	270
	Town Dispatchers	7	5
	Town Admin	74	73
	Town Teamsters	40	36
	Police	<u>39</u>	<u>42</u>
	Total	731	819
<b>Average Age</b>	BOE Certified	42.9	43.0
	BOE Non-Certified	49.0	47.5
	Town Dispatchers	49.7	46.3
	Town Admin	49.5	49.2
	Town Teamsters	46.5	47.8
	Police	37.2	34.9
	Total	45.4	44.9
<b>Average Service</b>	BOE Certified	9.5	8.8
	BOE Non-Certified	8.6	7.1
	Town Dispatchers	17.1	14.9
	Town Admin	12.7	12.1
	Town Teamsters	11.8	12.4
	Police	9.8	8.0
	Total	9.8	8.7
<b>Payroll</b>	BOE Certified	\$27,095,478	\$33,142,503
	BOE Non-Certified	10,169,627	12,027,189
	Town Dispatchers	505,589	373,257
	Town Admin	5,971,549	6,398,196
	Town Teamsters	2,595,955	2,493,305
	Police	<u>3,679,770</u>	<u>3,928,106</u>
	Total	50,017,968	58,362,556

## 11. Distribution of Active Members as of July 1, 2023

### BOE Certified

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	13							13
25-29	41	4						45
30-34	33	22						55
35-39	28	13	5	1				47
40-44	25	12	8	11	1			57
45-49	18	8	8	9	11	2		56
50-54	22	10	8	7	17			64
55-59	5	1	5	7	7	3	5	33
60-64	3	2	1	4	5		1	16
65+		2	1	2	2			7
<b>Total</b>	<b>188</b>	<b>74</b>	<b>36</b>	<b>41</b>	<b>43</b>	<b>5</b>	<b>6</b>	<b>393</b>

### BOE Non-Certified

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	15	1						16
25-29	21	2						23
30-34	18	5						23
35-39	18	6						24
40-44	23	3	4	1				31
45-49	16	2	2	1				21
50-54	16	13	3	5	1	1		39
55-59	13	6	5	4	3	2	1	34
60-64	9	4	6	4	8	3	1	35
65+	7	3	2	5	6		1	24
<b>Total</b>	<b>156</b>	<b>45</b>	<b>22</b>	<b>20</b>	<b>18</b>	<b>6</b>	<b>3</b>	<b>270</b>

### Town Dispatchers

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1							1
25-29								0
30-34								0
35-39		1						1
40-44								0
45-49				1				1
50-54								0
55-59								0
60-64			1					1
65+							1	1
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>

## 11. Distribution of Active Members as of July 1, 2023

### Town Admin

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29	5	1						6
30-34	5	1						6
35-39	7	2	1					10
40-44	3	1	1	2				7
45-49	1		1		3			5
50-54	2		2	3		1		8
55-59	4	1	1	4	3	1		14
60-64	2	2	1	1	4		2	12
65+					3		2	5
<b>Total</b>	<b>29</b>	<b>8</b>	<b>7</b>	<b>10</b>	<b>13</b>	<b>2</b>	<b>4</b>	<b>73</b>

### Town Teamsters

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25								0
25-29	2	2	1					5
30-34	2	1						3
35-39	2		1					3
40-44	1	1						2
45-49	1	1		3				5
50-54			1	2	3		1	7
55-59	1	3	1					5
60-64			1	2	1			4
65+				1			1	2
<b>Total</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>36</b>

### Police

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	4							4
25-29	6	5						11
30-34	6	1						7
35-39	3	3	2	1				9
40-44		1	1	1	2			5
45-49		1	1	1	1			4
50-54		1				1		2
55-59								0
60-64								0
65+								0
<b>Total</b>	<b>19</b>	<b>12</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>42</b>

## 12. Statistics of Inactive Membership

Members Receiving Benefits		July 1, 2021	July 1, 2023
<b>Number</b>			
BOE Certified		68	63
BOE Non-Certified		41	35
Town Dispatchers		0	1
Town Admin		36	40
Town Teamsters		25	24
Police		<u>31</u>	<u>37</u>
Total		201	200
<b>Average Age</b>			
BOE Certified		72.1	73.9
BOE Non-Certified		73.2	73.9
Town Dispatchers		N/A	62.0
Town Admin		72.4	73.7
Town Teamsters		72.2	72.3
Police		67.3	71.4
Total		71.7	73.2

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Spouses/Dependents Receiving Benefits		July 1, 2021	July 1, 2023
<b>Number</b>			
BOE Certified		25	23
BOE Non-Certified		16	15
Town Dispatchers		0	0
Town Admin		17	14
Town Teamsters		12	9
Police		<u>21</u>	<u>14</u>
Total		91	75
<b>Average Age</b>			
BOE Certified		73.5	76.2
BOE Non-Certified		70.5	73.8
Town Dispatchers		N/A	N/A
Town Admin		71.7	70.7
Town Teamsters		69.9	68.8
Police		68.9	65.1
Total		71.1	71.7

## 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 and Terminated 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.

### Asset Smoothing Method

The Actuarial Value of Assets is determined by recognizing market gains and losses non-asymptotically over a five year period.

### Amortization Method

The Unfunded Accrued Liability is the excess of the Accrued Liability less the Actuarial Value of Assets. This Unfunded Accrued Liability is amortized as a level percent over a closed 30 year period starting July 1, 2013.

### 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 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** 5.00%

**Inflation** 2.60%

**Medical Inflation Rate** The first year of trend reflects the known change in premiums in the first year following the valuation. The large negative trend for the Plan F/MA column reflects that the Plan F option was replaced with a less expensive Medicare Advantage plan as of January 1, 2024.

Year	BOE Pre-Medicare	Town Pre-Medicare	BOE Post-Medicare	Town Post-Medicare (Plan 83)	Town Post-Medicare (Plan F/MA)
2023	2.2%	23.8%	6.9%	2.9%	-26.3%
2024	6.4%	6.4%	6.0%	6.0%	6.0%
2025	5.7%	5.7%	5.6%	5.6%	5.6%
2030	4.8%	4.8%	4.8%	4.8%	4.8%
2040	4.3%	4.3%	4.3%	4.3%	4.3%
2050	4.3%	4.3%	4.3%	4.3%	4.3%
2060	4.4%	4.4%	4.4%	4.4%	4.4%
2070	4.1%	4.1%	4.1%	4.1%	4.1%
2080	4.0%	4.0%	4.0%	4.0%	4.0%

Prior:

Year	BOE Pre-Medicare	Town Pre-Medicare	All Post-Medicare
2021	12.1%	1.1%	4.5%
2022	5.4%	5.4%	4.6%
2023	5.1%	5.1%	4.8%
2024	4.9%	4.9%	4.9%
2025	4.9%	4.9%	4.9%
2030	4.6%	4.6%	4.6%
2040	4.5%	4.5%	4.5%
2050	4.5%	4.5%	4.5%
2060	4.5%	4.5%	4.5%
2070	4.2%	4.2%	4.2%
2080	4.0%	4.0%	4.0%

## Appendix B - Actuarial Assumptions

**Dental Inflation Rate** -5.90% for 2023 to reflect the known change in premium in the first year following the valuation; 3.00% thereafter.

Prior:

**Salary Scale** **Teachers and Administrators<sup>#</sup>:**

Service	Rate
0	6.50%
1	6.25%
2-9	6.00%
10-11	5.50%
12	5.25%
13	5.00%
14	4.75%
15	4.50%
16	4.00%
17	3.75%
18	3.50%
19	3.25%
20+	3.00%

**All Others:** 3.50%

**Healthy Mortality** **Teachers and Administrators<sup>#</sup>:** 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.

**Police:** PubS-2010 Mortality Table with generational projection per MP-2021 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for mortality improvement beyond the valuation date.

**All Others:** PubG-2010 Mortality Table with generational projection per MP-2021 ultimate scale, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for mortality improvement beyond the valuation date.

**Disabled Mortality** **Teachers and Administrators<sup>#</sup>:** 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:** N/A.



## Appendix B - Actuarial Assumptions

### Turnover

**Teachers and Administrators<sup>#</sup>:** 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%

**Police:** None.

**All Others:** According to the Crocker-Sarason T9 Table:

Age	Rate
20	17.95%
30	15.85%
40	11.27%
50	5.10%

## Appendix B - Actuarial Assumptions

### Retirement

**Teachers and Administrators<sup>#</sup>:** 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			35.0%	30.0%
60	20.0%	20.0%	30.0%	30.0%
61	20.0%	20.0%	30.0%	30.0%
62	22.5%	20.0%	30.0%	30.0%
63	22.5%	20.0%	30.0%	30.0%
64	25.0%	25.0%	30.0%	30.0%
65	27.5%	32.5%	35.0%	37.5%
66	27.5%	30.0%	35.0%	37.5%
67-74	27.5%	30.0%	30.0%	32.5%
75	100.0%	100.0%	100.0%	100.0%

Age	Proratable		Reduced	
	Male	Female	Male	Female
50-52			1.5%	1.3%
53			1.5%	1.8%
54			2.0%	2.3%
55			3.0%	3.0%
56			4.0%	3.8%
57			5.0%	4.5%
58			6.5%	5.5%
59			8.0%	7.0%
60	6.0%	5.0%		
61	6.0%	6.0%		
62	6.0%	7.0%		
63	9.0%	8.0%		
64	12.0%	9.0%		
65	15.0%	12.0%		
66-68	18.0%	15.0%		
69-79	28.5%	15.0%		
80	100.0%	100.0%		

## Appendix B - Actuarial Assumptions

### Retirement (continued)

**Police:** 15% at age 55 with 10 years of service; 40% at age 55 with 25 years of service; at all other ages:

Age	Rate
45-49	25%
50	20%
51	16%
52	14%
53-58	12%
59	16%
60-62	20%
63-64	25%
65+	100%

**All Others:** 15% at age 55 with 10 years of service; 40% at the earlier of age 55 with 30 years of service or age 65 with 10 years of service; at all other ages:

Age	Rate
56-59	10%
60-61	20%
62-69	30%
70	100%

### Disability

**Teachers and Administrators<sup>#</sup>:** rates based on age and gender:

Age	Male	Female
20	0.02%	0.02%
30	0.02%	0.02%
40	0.03%	0.06%
50	0.15%	0.15%
60	0.15%	0.15%

**All Others:** None.

### Future Retiree Coverage

**Teachers, Administrators, and BOE Non-Certified:** 90% of future retirees are assumed to elect coverage under the retiree medical program.

**All Others:** 100% of future retirees are assumed to elect coverage under the retiree medical program.

## Appendix B - Actuarial Assumptions

**Future Dependent Coverage** Current active members are assumed to elect dependent coverage at retirement as follows. All female spouses are assumed to be 3 years younger than males.

	Male	Female
Teachers and Administrators	50%	30%
Police	80%	80%
Town	70%	25%
BOE Non-Certified	50%	40%

**Future Post-65 Coverage** **Teachers and Administrators:** 75% of current Non-Medicare eligible actives and pre-65 retirees are assumed either to enroll in retiree health coverage through the Connecticut State Teachers Retirement System at age 65, or transfer to a Medicare Supplement Plan.

**All Others:** All current actives and pre-65 retirees are assumed to continue coverage past age 65 (if available).

**Valuation of Dental and Post-65 Medicare Eligible Medical Benefits** It is assumed that there is no implicit rate subsidy associated with these benefits.

**Valuation of Benefits for Children** Benefits attributed to children have been excluded from this valuation for all groups except Police, as they were determined to be de minimis.

# Certain actuarial demographic assumptions for **Teachers** and **Administrators** are based on the assumptions used in the June 30, 2022 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.

### Eligibility

#### Teachers and Administrators

A Teacher or Administrator retiring shall be eligible to receive medical and dental benefits for self and spouse.

Normal Retirement for Teachers and Administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

#### Police

Employees retiring under the Connecticut Municipal Employees' Retirement Fund B (MERF B), shall be eligible to receive health benefits for self and spouse only if similar insurance is not available through another employer or spouse's employer.

#### Town, BOE Non-Certified and Dispatchers hired before July 1, 2016

Employees retiring under the Town of Windsor Retirement Plan, shall be eligible to receive health benefits for self and spouse.

Coverage for self - age 55 with 10 years of service.

Coverage for spouse- earlier of age 55 with 30 years of service or age 65 with 10 years of service.

Town employees shall be eligible to receive health benefits for self and spouse only if similar insurance is not available through another employer or spouse's employer.

#### Dispatchers hired on and after July 1, 2016

Employees retiring under the Town of Windsor Retirement Plan, shall be eligible to receive health benefits for self and spouse.

Coverage for self - age 55 with 15 years of service.

Coverage for spouse - earlier of age 55 with 30 years of service or age 65 with 15 years of service.

## Appendix C - Summary of Plan Provisions

### Cost-Sharing

#### Police

Hired prior to July 1, 2013:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and spouse, up to a maximum retiree share of 25% of the premium.

Dental Retiree pays same percentage of premium that is in effect for current employees for self, with a maximum retiree share of 25%. Spouse coverage is available at 100% retiree-paid.

Hired on or after July 1, 2013:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and 100% for spouse.

Dental Retiree pays same percentage of premium that is in effect for current employees for self and 100% for spouse.

\* The Town's contribution towards post-65 Medicare Supplement coverage is based on the premium of the High Option/Plan 83. If a different option is elected the retiree is also responsible for the difference in premiums.

#### Town Administrative

Hired prior to July 1, 2009:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and spouse, up to a maximum retiree share of 25% of the premium.

Dental Retiree contributes 0% of the cost for self and 100% for spouse.

Hired after July 1, 2009 and prior to March 1, 2013:

Medical\* Retiree contributes 25% of the cost for self and 50% for spouse.

Dental Retiree contributes 0% of the cost for self and 100% for spouse.

Hired on or after March 1, 2013:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and 100% for spouse.

Dental Retiree contributes 0% of the cost for self and 100% for spouse.

\* The Town's contribution towards post-65 Medicare Supplement coverage is based on the premium of the High Option/Plan 83. If a different option is elected the retiree is also responsible for the difference in premiums.

## Appendix C - Summary of Plan Provisions

### Cost-Sharing

#### Dispatchers

Hired prior to January 1, 2007:

**Medical\*** Retiree pays the same percentage of premium that is in effect for current employees for self and spouse, up to a maximum retiree share of 25% of the premium.

**Dental** Retiree pays the same percentage of premium that is in effect for current employees for self, with a maximum retiree share of 25%. Spouse coverage is available at 100% retiree-paid.

Hired after January 1, 2007 and prior to July 1, 2011:

**Medical\*** Retiree pays the same percentage of premium that is in effect for current employees for self and spouse, to a maximum retiree share of 25% for the retiree and 40% for the spouse.

**Dental** Retiree pays the same percentage of premium that is in effect for current employees for self, with a maximum retiree share of 25%. Spouse coverage is available at 100% retiree-paid.

Hired on or after July 1, 2011:

**Medical\*** Retiree pays the same percentage of premium that is in effect for current employees for self and 100% for spouse.

**Dental** Retiree pays the same percentage of premium that is in effect for current employees for self and 100% for spouse.

\* The Town's contribution towards post-65 Medicare Supplement coverage is based on the premium of the High Option/Plan 83. If a different option is elected the retiree is also responsible for the difference in premiums.

## Appendix C - Summary of Plan Provisions

### Cost-Sharing

#### Town Teamsters

Hired prior to July 1, 2008:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and spouse, up to a maximum retiree share of 25% of the premium.

Dental Retiree contributes 100% of the cost for self and spouse.

Hired after July 1, 2008 and prior to November 1, 2011:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and spouse, to a maximum retiree share of 25% for the retiree and 50% for the spouse.

Dental Retiree contributes 100% of the cost for self and spouse.

Hired on or after November 1, 2011:

Medical\* Retiree pays the same percentage of premium that is in effect for current employees for self and 100% for spouse.

Dental Retiree contributes 100% of the cost for self and spouse.

\* The Town's contribution towards post-65 Medicare Supplement coverage is based on the premium of the High Option/Plan 83. If a different option is elected the retiree is also responsible for the difference in premiums.

#### Board NAGE (Custodians/Maintenance/Food)

Hired prior to July 1, 2010:

Medical Retiree contributes 75% of the cost for self and 100% for spouse.

Dental Retiree contributes 100% of the cost for self and spouse.

Hired on or after July 1, 2010:

Medical Retiree contributes 100% of the cost for self and spouse.

Dental Retiree contributes 100% of the cost for self and spouse.

Board Nurses and Paras:

Medical Retiree contributes 100% of the cost for self and spouse.

Dental Retiree contributes 100% of the cost for self and spouse.



## Appendix C - Summary of Plan Provisions

### Cost-Sharing

#### Board Non-Affiliated

Hired prior to January 1, 2007:

Retiree pays the same percentage of premium that is in effect at the time of the employee's retirement.

Medical      Retiree contributes 15% of the cost for self and 50% for spouse.

Dental      Retiree contributes 15% of the cost for self and 25% for spouse, up to an annual cap of \$2,500.

Hired on or after January 1, 2007:

Medical      Retiree contributes 100% of the cost for self and spouse.

Dental      Retiree contributes 100% of the cost for self and spouse.

#### Board Administrative Support Staff

Hired prior to July 1, 2008:

Medical      Retiree contributes 85% of the cost for self and 100% for spouse.

Dental      Retiree contributes 85% of the cost for self and 100% for spouse.

Hired on or after July 1, 2008:

Medical      Retiree contributes 100% of the cost for self and spouse.

Dental      Retiree contributes 100% of the cost for self and spouse.

#### Teachers and Central Office Administrators

Medical\*      Retiree contributes 100% of the cost for self and spouse.

Dental\*      Retiree contributes 100% of the cost for self and spouse.

\* less annual CT Teachers Retirement Board subsidy

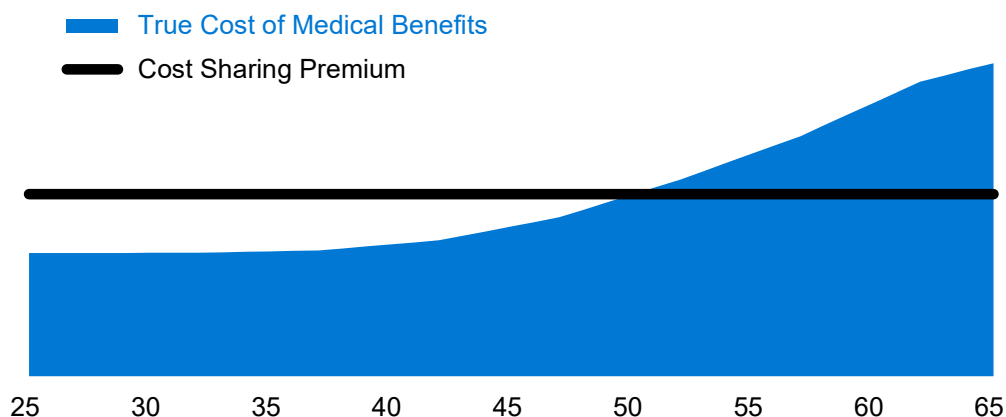
#### Other Bargaining Units

No retiree medical or dental benefits are provided.

## 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

Based on current plan elections, we developed the following blended annual premiums as of July 1, 2023:

	Employee	Spouse
<b>Pre-65 Medical Plan</b>		
Board of Education Blended	\$12,048.96	\$11,576.28
Town Blended	14,148.48	14,139.00
<b>Post-65 Medical Plan*</b>		
Board of Education Med Supp	\$6,680.52	\$6,680.40
Town Plan F/MA	6,438.36	6,438.24
Town High Option 83	2,225.64	2,225.64
<b>Dental Plan</b>		
Board of Education Blended	\$488.40	\$531.96
Town Blended	442.68	707.88

\* Values reflect 6 months of actual trend from July 1, 2023 to January 1, 2024. The Plan F was replaced on January 1, 2024 with a Medicare Advantage plan.

## 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, 2023 to arrive at the expected annual per capita claims costs for a 65-year-old, which are also shown below.

Plan	Employee		Spouse	
	Male	Female	Male	Female

### Board of Education - Non-Medicare Eligible

Age				
45	0.5736	0.9042	0.4506	0.6105
50	0.6505	0.8587	0.5424	0.6883
55	0.7379	0.8286	0.6449	0.7556
60	0.8457	0.8878	0.7735	0.8307
64	0.9655	0.9739	0.9432	0.9545
65	1.0000	1.0000	1.0000	1.0000
70	1.1921	1.1411	1.3393	1.2625
75	1.4130	1.2899	1.6633	1.4860
80	1.6084	1.4195	1.8932	1.6353
85	1.7416	1.5280	2.0500	1.7603
90	1.8311	1.6135	2.1553	1.8588

### Age 65 per capita claims cost

All ages	\$25,287.51	\$24,277.36	\$21,483.54	\$21,073.35
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### Board of Education - Medicare Eligible

Age				
45	0.5736	0.9042	0.4506	0.6105
50	0.6505	0.8587	0.5424	0.6883
55	0.7379	0.8286	0.6449	0.7556
60	0.8457	0.8878	0.7735	0.8307
64	0.9655	0.9739	0.9432	0.9545
65	1.0000	1.0000	1.0000	1.0000
70	1.1046	1.0659	1.1046	1.0659
75	1.2083	1.1196	1.2083	1.1196
80	1.2852	1.1407	1.2852	1.1407
85	1.3018	1.1202	1.3018	1.1202
90	1.2914	1.0905	1.2914	1.0905

### Age 65 per capita claims cost

Pre-Medicare	\$25,287.51	\$24,277.36	\$21,483.54	\$21,073.35
Post-Medicare	6,052.29	5,999.70	6,052.29	5,999.70

## Appendix D - Healthcare Information - Expected Healthcare Costs

Plan	Employee		Spouse	
	Male	Female	Male	Female
<b>Town - Pre Medicare</b>				
<b>Age</b>				
45	0.5379	0.9015	0.4531	0.6468
50	0.6101	0.8561	0.5454	0.7291
55	0.6920	0.8261	0.6486	0.8005
60	0.7931	0.8852	0.7778	0.8800
64	0.9450	0.9730	0.9450	0.9730
65	1.0000	1.0000	1.0000	1.0000
<b>Age 65 per capita claims cost</b>				
All ages	\$30,270.38	\$27,334.67	\$23,981.39	\$22,330.72
<b>Town - Post Medicare Plan F</b>				
<b>Age</b>				
65	1.0000	1.0000	1.0000	1.0000
70	1.0273	1.0237	1.0273	1.0237
75	1.0654	1.0453	1.0654	1.0453
80	1.1010	1.0693	1.1010	1.0693
85	1.1300	1.0917	1.1300	1.0917
90	1.1538	1.1074	1.1538	1.1074
<b>Age 65 per capita claims cost</b>				
All ages	\$6,223.75	\$6,031.47	\$6,223.75	\$6,031.47
<b>Town - Post Medicare High Option 83</b>				
<b>Age</b>				
65	1.0000	1.0000	1.0000	1.0000
70	1.2434	1.1741	1.2434	1.1741
75	1.5109	1.3275	1.5109	1.3275
80	1.7223	1.4207	1.7223	1.4207
85	1.8250	1.4694	1.8250	1.4694
90	1.8706	1.4980	1.8706	1.4980
<b>Age 65 per capita claims cost</b>				
All ages	\$1,583.86	\$1,694.75	\$1,583.86	\$1,694.75

## Appendix D - Healthcare Information - Expected Healthcare Costs

Plan	Employee		Spouse	
	Male	Female	Male	Female
<b>Board of Education - Dental</b>				
<b>Age</b>				
45	0.6216	0.7324	0.6216	0.7324
50	0.6741	0.7817	0.6741	0.7817
55	0.7577	0.8502	0.7577	0.8502
60	0.8738	0.9399	0.8738	0.9399
65	1.0000	1.0000	1.0000	1.0000
70+	1.1062	1.0271	1.1062	1.0271
<b>Age 65 per capita claims cost</b>				
All ages	\$576.25	\$565.22	\$576.25	\$565.22
<b>Town - Dental</b>				
<b>Age</b>				
45	0.6216	0.7324	0.6216	0.7324
50	0.6741	0.7817	0.6741	0.7817
55	0.7577	0.8502	0.7577	0.8502
60	0.8738	0.9399	0.8738	0.9399
65	1.0000	1.0000	1.0000	1.0000
70+	1.1062	1.0271	1.1062	1.0271
<b>Age 65 per capita claims cost</b>				
All ages	\$607.47	\$595.84	\$607.47	\$595.84

## Appendix E - Glossary

<b>Actuarial Cost Method</b>	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.
<b>Accrued Liability</b>	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).
<b>Actuarial Assumptions</b>	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.
<b>Actuarial Present Value of Benefits</b>	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.
<b>Actuarial Value of Assets</b>	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.
<b>Attribution Period</b>	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.
<b>Interest Rate</b>	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.
<b>Normal Cost</b>	This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.
<b>Past Service Cost</b>	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.
<b>Return on Plan Assets</b>	This is the actual investment return on plan assets during the fiscal year.
<b>Unfunded Accrued Liability</b>	This is the excess of the Accrued Liability over the Actuarial Value of Assets.