



THE CITY OF MERIDEN'S POST-RETIREMENT BENEFITS OTHER THAN
PENSION FOR THE CITY AND BOARD OF EDUCATION EMPLOYEES

GASB 45 VALUATION REPORT

AS OF JULY 1, 2016





Table of Contents

Actuarial Certification	1
Executive Summary	2
Unfunded Actuarial Accrued Liability and Actuarially Determined Employer Contribution	3
Participant Counts and Average.....	5
Projected Benefit Payments.....	7
Description of Actuarial Methods	8
Description of Actuarial Assumptions.....	9
Summary of Plan Provisions.....	19

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Actuarial Certification

This report presents the results of the July 1, 2016 Actuarial Valuation for (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal years ending June 30, 2018 and June 30, 2019. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a. This report may not be appropriate for any other purpose.

The valuation has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with all applicable Actuarial Standards of Practice.

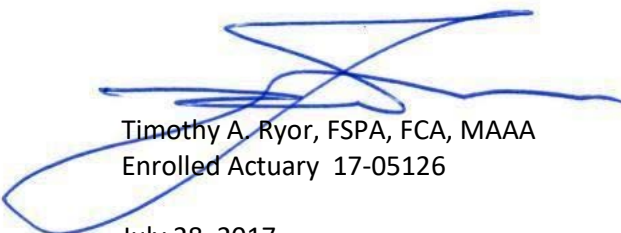
I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the City. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this valuation report are based on the Plan as summarized in the Plan Provisions section of this report and the actuarial assumptions and methods detailed in the Description of Actuarial Methods and Assumptions section of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Timothy A. Ryor, FSPA, FCA, MAAA
Enrolled Actuary 17-05126

July 28, 2017



Executive Summary

The July 1, 2016 accrued liability of \$80,060,837 is lower than anticipated. The gain is primarily due to premiums being lower than expected, change in decrements, trend and inflation. The gain was offset by changes in actuarial cost method, morbidity and discount rate. The actuarial cost method was changed to Entry Age Normal to assist with the implementation of GASB 74/75. The assumption and method changes increased the liability by approximately 10.4%.

Schedule of Funding Status and Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2010	\$5,142,767	\$104,364,393	\$99,221,626	5%	\$94,310,588	105%
7/1/2012	10,416,198	80,957,206	70,541,008	13%	95,772,885	74%
7/1/2014	20,830,636	89,516,332	68,685,696	23%	95,450,755	72%
7/1/2016	26,225,826	80,060,837	53,835,011	33%	99,427,684	54%

History of Actuarially Determined Employer Contribution (ADEC)	
Year Ended June 30	Actuarially Determined Employer Contribution (ADEC)
2014	\$7,725,338
2015	7,680,809
2016	7,513,565
2017	7,728,391
2018	5,424,655
2019	5,440,438



Unfunded Actuarial Accrued Liability and Actuarially Determined Employer Contribution

GASB 45/74/75 Unfunded Actuarial Accrued Liability (UAAL)						
Actuarial Accrued Liability (AAL) 7/1/2016	City	Police	Fire	Certified	Non-Certified	Grand Total
Actives	\$13,893,058	\$12,368,850	\$9,083,776	\$5,752,525	\$10,235,096	\$51,333,305
Retirees	<u>9,609,823</u>	<u>4,725,601</u>	<u>4,224,635</u>	<u>5,481,212</u>	<u>4,686,261</u>	<u>28,727,532</u>
Total	23,502,881	17,094,451	13,308,411	11,233,737	14,921,357	80,060,837
Assets 7/1/2016	<u>7,957,458</u>	<u>5,109,925</u>	<u>4,380,707</u>	<u>5,709,499</u>	<u>3,068,237</u>	<u>26,225,826</u>
Unfunded Actuarial Accrued Liability (UAAL) 7/1/2016	15,545,423	11,984,526	8,927,704	5,524,238	11,853,120	53,835,011
Funded Ratio	33.9%	29.9%	32.9%	50.8%	20.6%	32.8%
GASB 45/74/75 Actuarially Determined Employer Contribution (ADEC)						
Actuarially Determined Employer Contribution (ADEC) 2017 / 2018 Fiscal Year	City	Police	Fire	Certified	Non-Certified	Grand Total
Normal Cost	\$336,143	\$671,601	\$558,239	\$268,558	\$361,636	\$2,196,177
Employee Contributions	(793,052)	(304,463)	(187,442)	0	(358,615)	(1,643,572)
Amortization of UAAL	1,348,421	1,039,546	774,395	479,176	1,028,148	4,669,686
Interest	<u>34,546</u>	<u>54,509</u>	<u>44,376</u>	<u>28,975</u>	<u>39,958</u>	<u>202,364</u>
Total ADEC 2017 / 2018	926,058	1,461,193	1,189,568	776,709	1,071,127	5,424,655
Expected Benefit Payments 2017 / 2018	1,064,424	537,529	458,680	547,586	546,102	3,154,321
ADEC minus EBP 2017 / 2018	(138,366)	923,664	730,888	229,123	525,025	2,270,334
Actuarially Determined Employer Contribution (ADEC) 2018 / 2019 Fiscal Year	City	Police	Fire	Certified	Non-Certified	Grand Total
Normal Cost	\$345,387	\$690,070	\$573,591	\$275,943	\$371,581	\$2,256,572
Employee Contributions	(814,861)	(312,836)	(192,597)	0	(368,477)	(1,688,771)
Amortization of UAAL	1,348,421	1,039,546	774,395	479,176	1,028,148	4,669,686
Interest	<u>34,058</u>	<u>54,900</u>	<u>44,771</u>	<u>29,261</u>	<u>39,961</u>	<u>202,951</u>
Total ADEC 2018 / 2019	913,005	1,471,680	1,200,160	784,380	1,071,213	5,440,438
Expected Benefit Payments 2018 / 2019	1,215,180	604,222	471,846	630,250	624,347	3,545,845
ADEC minus EBP 2018 / 2019	(302,175)	867,458	728,314	154,130	446,866	1,894,593



GASB 45/74/75 Unfunded Actuarial Accrued Liability (UAAL)

Actuarial Accrued Liability (AAL) 7/1/2016	City	Water	Sewer	Golf	Grand Total
Actives	\$11,211,429	\$1,999,704	\$484,337	\$197,588	\$13,893,058
Retirees	<u>8,174,989</u>	<u>1,022,226</u>	<u>410,826</u>	<u>1,782</u>	<u>9,609,823</u>
Total	19,386,418	3,021,930	895,163	199,370	23,502,881
Assets 7/1/2016	<u>6,267,676</u>	<u>1,185,140</u>	<u>435,577</u>	<u>69,065</u>	<u>7,957,458</u>
Unfunded Actuarial Accrued Liability (UAAL) 7/1/2016	13,118,742	1,836,790	459,586	130,305	15,545,423
Funded Ratio	32.3%	39.2%	48.7%	34.6%	33.9%

GASB 45/74/75 Actuarially Determined Employer Contribution (ADEC)

Actuarially Determined Employer Contribution (ADEC)					
2017 / 2018 Fiscal Year	City	Water	Sewer	Golf	Grand Total
Normal Cost	\$277,988	\$31,868	\$23,154	\$3,133	\$336,143
Employee Contributions	(640,608)	(95,652)	(47,026)	(9,766)	(793,052)
Amortization of UAAL	1,137,929	159,324	39,865	11,303	1,348,421
Interest	<u>30,043</u>	<u>3,702</u>	<u>620</u>	<u>181</u>	<u>34,546</u>
Total ADEC 2017 / 2018	805,352	99,242	16,613	4,851	926,058
Expected Benefit Payments 2017 / 2018	915,735	100,356	45,713	2,621	1,064,424
ADEC minus EBP 2017 / 2018	(110,383)	(1,114)	(29,100)	2,230	(138,366)

Actuarially Determined Employer Contribution (ADEC)					
2018 / 2019 Fiscal Year	City	Water	Sewer	Golf	Grand Total
Normal Cost	\$285,633	\$32,744	\$23,791	\$3,219	\$345,387
Employee Contributions	(658,225)	(98,282)	(48,319)	(10,035)	(814,861)
Amortization of UAAL	1,137,929	159,324	39,865	11,303	1,348,421
Interest	<u>29,656</u>	<u>3,634</u>	<u>594</u>	<u>174</u>	<u>34,058</u>
Total ADEC 2018 / 2019	794,993	97,420	15,931	4,661	913,005
Expected Benefit Payments 2018 / 2019	1,025,656	132,805	52,325	4,393	1,215,180
ADEC minus EBP 2018 / 2019	(230,663)	(35,385)	(36,394)	268	(302,175)



Participant Counts and Average Age as of July 1, 2016

Participant Counts			
Group	Active Participants*	Retirees**	Total
City DB	195	201	396
City DC	74	0	74
Police	97	58	155
Fire	99	63	162
Certified	696	58	754
Non-Certified	208	104	312
Total	1,369	484	1,853

*Includes 74 (City) DC participants with flat dollar benefits.

**Does not include spouses of existing retirees.

Average Age		
Group	Active Average Age	Retiree Average Age
City DB	53.4	73.0
City DC	40.7	N/A
Police	43.3	71.1
Fire	42.0	74.1
Certified	43.4	67.7
Non-Certified	54.4	75.4



As of July 1, 2014

Participant Counts			
Group	Active Participants	Retirees*	Total
City	238	200	438
Police	106	70	176
Fire	98	66	164
Certified	690	85	775
Non-Certified	249	100	349
Total	1,381	521	1,902

*Does not include spouses of existing retirees.

Average Age		
Group	Active Average Age	Retiree Average Age
City	52.4	73.5
Police	41.7	67.9
Fire	42.4	72.6
Certified	43.0	66.0
Non-Certified	53.5	77.1



Projected Benefit Payments

Fiscal Year Beginning July 1st	Currently Active Employees	Currently Retired Employees	Total
2017	\$701,416	\$2,452,905	\$3,154,321
2018	1,159,569	2,386,276	3,545,845
2019	1,615,638	2,437,932	4,053,570
2020	2,146,546	2,470,955	4,617,501
2021	2,640,925	2,463,663	5,104,588
2022	3,098,547	2,477,992	5,576,539
2023	3,604,480	2,553,440	6,157,920
2024	4,040,167	2,580,581	6,620,748
2025	4,569,428	2,551,984	7,121,412
2026	5,218,535	2,526,160	7,744,695
2027	5,658,906	2,500,390	8,159,296
2028	6,079,537	2,420,608	8,500,145
2029	6,744,600	2,400,174	9,144,774
2030	7,182,603	2,373,458	9,556,061
2031	7,805,689	2,304,241	10,109,930
2032	8,295,987	2,279,124	10,575,111
2033	8,751,878	2,246,814	10,998,692
2034	9,302,028	2,206,938	11,508,966
2035	9,660,219	2,105,533	11,765,752
2036	10,171,796	2,044,318	12,216,114



Description of Actuarial Methods

Asset Valuation Method

Market Value

Plan Assets equal the Market Value of assets.

Actuarial Cost Method

A. Changes in Actuarial Cost Method: The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal.

B. Description of Current Actuarial Cost Method:

Basic cost method: Entry Age Normal (level percentage of salary)

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). This amount is amortized over 30 years on a closed basis as of July 1, 2016.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.



Description of Actuarial Assumptions

Changes in Actuarial Assumptions as of July 1, 2016

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Interest
- Mortality
- Retirement
- Withdrawal
- Disability
- Inflation
- Compensation Increase
- Medical Trend
- Morbidity

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Interest

7.75%. (Prior: 8.00%)

Rate of compensation increase (including inflation)

City and BOE Non-Certified

Years of Service	Rates
< 1	10.75%
1	7.75
2	6.75
3-4	5.75
5	5.25
6	4.75
7	4.50
8	4.25
9	4.00
10	3.75
11-13	3.50
14	3.25
15	3.00
>= 16	2.75

Police

Years of Service	Rates
< 1	10.75%
1	9.25
2	7.75
3	6.75
4	4.75
5	3.75
6-13	3.25
>= 14	3.00



Rate of compensation increase (including inflation) (cont.)

Fire

Years of Service	Rates
< 1	10.75%
1	8.75
2	6.75
3-6	4.25
7-12	4.00
13-14	3.75
>= 15	3.25

BOE Certified

2.75%

The actuarial assumption in regards to rate of compensation increases shown above (except for BOE Certified) are based on the results of an actuarial experience study for the period July 1, 2008 through July 1, 2014.

Inflation

2.75%. (Prior: 3.00%)

This assumption is based on long term historical inflation numbers. While near term averages have been lower, we do not believe this trend will continue indefinitely and expect that there will be a reversion to the long-term average.

The assumption was changed to better reflect expected experience.

Mortality

City and BOE Retirements: RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2016. (Prior: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate table for non-annuitants and annuitants, projected to the valuation date with Scale AA.)

Police and Fire Retirements: RP-2014 Adjusted to 2006 Blue Collar Mortality Table, projected to the valuation date with Scale MP-2016. (Prior: RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, separate table for non-annuitants and annuitants, projected to the valuation date with Scale AA.)

Disabled Mortality

RP-2014 Adjusted to 2006 Disabled Mortality Table, projected to the valuation date with Scale MP-2016. (Prior: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment (blue collar for Police & Fire), separate table for non-annuitants and annuitants, projected to the valuation date with Scale AA.)

Mortality Improvement

All: Projected to date of decrement using Scale MP-2016 (generational).

We have selected this mortality assumption because it is based on the latest published pension mortality study released by the Society of Actuaries. The group composition of the Plan is consistent with the collar adjustment selected.

We are using Scale AA because it is consistent with recent industry analysis of future mortality improvement.



Retirement

City and BOE Non-Certified – sample rates:

Age	Completed Years Of Service				
	10	15	20	25	>=30
50	0.00%	0.00%	0.00%	10.00%	15.00%
55	2.50	2.50	3.50	10.00	7.00
60	2.50	2.50	10.00	7.00	10.00
65	15.00	15.00	15.00	35.00	35.00
70	20.00	20.00	20.00	25.00	25.00
75	20.00	20.00	20.00	50.00	50.00
80	100.00	100.00	100.00	100.00	100.00

Prior:

Age	Completed Years Of Service				
	10	15	20	25	>=30
50	6.25%	6.25%	6.25%	6.25%	12.50%
55	6.25	6.25	6.25	6.25	12.50
60	15.00	15.00	15.00	15.00	30.00
65	25.00	25.00	25.00	25.00	25.00
70	20.00	20.00	20.00	20.00	20.00
75	100.00	100.00	100.00	100.00	100.00

Fire – sample rates:

Age	Completed Years Of Service			
	<25	25	30	>=35
50	0.00%	5.00%	5.00%	5.00%
55	0.00	20.00	20.00	20.00
60	0.00	20.00	20.00	30.00
65	0.00	100.00	100.00	100.00

Prior:

Years of Service	Rates
25	10.00%
26-29	5.00
30	40.00
31-34	20.00
35	100.00



Retirement (cont.)

Police – sample rates:

Age	Completed Years Of Service					
	10	15	20	25	30	>=33
40	0.00%	0.00%	0.00%	50.00%	10.00%	25.00%
45	0.00	0.00	0.00	50.00	10.00	25.00
50	0.00	0.00	0.00	50.00	10.00	25.00
55	0.00	0.00	0.00	50.00	5.00	25.00
60	0.00	0.00	0.00	50.00	25.00	25.00
65	100.00	100.00	100.00	100.00	100.00	100.00

Prior:

Years of Service	Rates
20	25.00%
21-24	10.00
25-29	15.00
30	50.00
31-34	20.00
35	100.00

Retirement (cont.)

BOE Certified: Per table below (from Connecticut State TRS 2016 OPEB Valuation):

Age	Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. Serv. or 35 yrs. Serv.)		Eligible for Early (Reduced) Retirement (Age 55 and 20 Yrs. Serv. or 25 yrs. Serv.)	
	Male	Female	Male	Female
50	27.5%	27.5%	1.00%	1.00
51	27.5	27.5	1.00	1.25
52	27.5	27.5	1.00	1.75
53	27.5	27.5	2.00	2.25
54	27.5	27.5	3.00	2.75
55	38.5	27.5	4.00	4.75
56	38.5	27.5	6.00	6.25
57	38.5	27.5	7.00	6.75
58	38.5	27.5	8.00	7.25
59	38.5	27.5	11.00	8.50
60	22.0	27.5		
61-62	25.3	27.5		
63-64	27.5	27.5		
65	36.3	32.5		
66-69	27.5	32.5		
70-79	100.0	32.5		
80	100.0	100.0		



Retirement (cont.)

Prior: Assumed Rates of Retirement: (from CT State TRS 2014 OPEB Valuation)

Age	Eligible for Normal (Unreduced) Retirement (Age 60 and 20 Yrs. Serv. or 35 yrs. Serv.)		Eligible for Early (Reduced) Retirement (Age 55 and 20 Yrs. Serv. or 25 yrs. Serv.)	
	Male	Female	Male	Female
50-51	27.5%	15.0%	2.0%	2.0%
52	27.5	15.0	3.0	4.0
53	27.5	15.0	3.0	4.0
54	27.5	15.0	4.5	5.0
55	38.5	30.0	4.5	6.0
56	38.5	30.0	7.0	8.5
57	38.5	30.0	10.0	9.5
58	38.5	30.0	11.0	10.0
59	38.5	30.0	12.0	10.0
60	22.0	20.0		
61-62	25.3	22.5		
63-64	27.5	22.5		
65	36.3	30.0		
66-69	27.5	30.0		
70-79	100.0	40.0		
80	100.0	100.0		

Termination prior to retirement

10% of the Vaughn Select & Ultimate Withdrawal Table for City employees

City and BOE Non-Certified – sample rates:

Age	Completed Years Of Service			
	0	1	2	3
20	20.86	17.50	14.70	13.02
25	19.46	15.75	12.95	9.52
30	18.06	14.00	11.20	7.07
35	16.66	12.46	9.66	5.53
40	15.26	11.06	8.26	4.55
45	13.86	9.87	7.07	3.85
50	12.46	8.82	6.02	3.15
55	0.00	0.00	0.00	0.00

Prior:

Age	Unisex rates
20	5.00%
30	5.00
40	4.00
50	2.00



Termination prior to retirement (cont.)

Fire and Police: None

BOE Certified:

Rates based on gender and length of service for first Ten years and gender and age thereafter (Connecticut State TRS 2016 OPEB Valuation):

Service	Male Rate	Female Rate
0-1	14.00%	12.00%
1-2	11.00	10.50
2-3	8.00	8.75
3-4	6.50	7.50
4-5	4.50	6.75
5-6	3.50	6.00
6-7	3.00	5.25
7-8	2.75	4.75
8-9	2.50	4.25
9-10	2.50	4.00
10 +	use age-related rates until eligible to retire	

Prior:

Service-Based Withdrawal Rates (until eligible to retire) (from CT State TRS 2014 OPEB Valuation)

Age	Male Rate	Female Rate
0-1	.1400	.1200
1-2	.0850	.0900
2-3	.0550	.0700
3-4	.0450	.0600
4-5	.0350	.0550
5-6	.0250	.0500
6-7	.0240	.0450
7-8	.0230	.0350
8-9	.0220	.0300
9-10	.0210	.0250
10 +	use age-related rates until eligible to retire	

Sample Age-Based Withdrawal Rates (until eligible to retire) (from CT State TRS 2014 OPEB Valuation)

Age	Male Rate	Female Rate
25-37	.0120	.0350
40	.0120	.0230
45	.0126	.0130
50	.0196	.0125
55	.0276	.0160
59+	.0300	.0190



Disability

City and BOE Non-Certified: None assumed.

Fire and Police: 1985 OPEB Disability Study Class 4 Unisex Table

Prior:

Police:

Age	Rates
20	.12%
30	.22
40	.44
50	1.22

Fire:

Age	Rates
20	.06%
30	.11
40	.22
50	.61

BOE Certified:

Age	Male Rates	Female Rates
30	.05%	.04%
40	.07	.07
50	.33	.26

The actuarial assumptions in regards to rates of decrement (except for BOE Certified) shown above are based on the results of an actuarial experience study for the period July 1, 2008 through July 1, 2014.

The actuarial assumptions for BOE Certified in regards to rates of decrement shown above are based on rates used by the Connecticut State Teachers' Retirement System actuaries.

The assumptions were updated to better reflect actual experience.

Medical Utilization

100% of current active members will elect medical coverage at retirement.

Medicare Eligibility

20% of current Certified BOE members hired prior to April 1, 1986 and 100% of All Others are assumed to be Medicare Eligible.



Spousal Benefits

City and BOE Non-Certified: 75% of male and 65% of female active members are assumed to be married and elect spousal benefits at retirement with wives three years younger than husbands.

Fire and Police: 75% of active members are assumed to be married and elect spousal benefits at retirement with wives three years younger than husbands.

BOE Certified: 50% of active members are assumed to be married and elect spousal benefits at retirement with wives three years younger than husbands.

Health Trend Rates

8.25% in 2016, reducing by 0.5% each year to a final 4.75% per year rate for 2023 and later.

Prior: 9.00% in 2014, reducing by 0.5% each year to a final 5.00% per year rate for 2022 and later.

Dental is assumed to increase by 5.00% per year.

Health care trend rates reflect both the current and long-term outlook for increases in health care costs. The short term rates are based on recent industry surveys, plan experience and near-term expectations. The long term trend rate is based on our general inflation assumption plus an adjustment to reflect expectations for long-term medical inflation.

The trend rates were changed to align with the inflation assumption change and better reflect actual experience.

Premiums/Allocation Rates

	Employee	Employee & Spouse
City H.S.A	\$742.43	\$1,484.86
City PPO	1,011.32	2,022.65
P&F H.S.A	759.13	1,518.26
P&F PPO	1,019.71	2,039.43
BOE Non-Certified H.S.A	777.29	1,554.57
BOE Non-Certified PPO	1,095.19	2,190.38
BOE Certified H.S.A	681.79	1,328.61
Medicare Supplemental	387.97	775.94
Dental	75.00	150.00

Allocation rates were used as the basis for per capita costs. The average rate was derived by reflecting participation among the various plans offered by the employer.



Expected Claims Costs

City, BOE Non-Certified, Fire and Police Actives:

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$5,911	\$8,239
50	7,719	9,600
55	10,129	11,183
60	13,048	13,043
64	15,935	15,270

City, BOE Non-Certified, Fire and Police Retirees:

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$5,317	\$7,411
50	6,944	8,636
55	9,112	10,060
60	11,738	11,734
64	14,335	13,736

BOE Certified:

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$5,307	\$7,398
50	6,931	8,620
55	9,095	10,041
60	11,716	11,712
65	14,918	14,196
70	17,945	16,604
75	20,593	18,638

The sample per capita claim for plans not integrated with Medicare was developed as follows: Using the total count of active participants eligible for post-retirement medical benefits and retirees currently electing medical coverage in a non-Medicare supplement plan, we calculate the total projected claims by multiplying the total count by the average annual premium. Using the cost increases derived from a study sponsored by the Society of Actuaries prepared by Dale H. Yamamoto from May 2013: "Health Care Costs from Birth to Death", we allocate the total projected claims by age and gender.



Expected Claims Costs (cont.)

(Prior: The sample per capita claim for plans not integrated with Medicare was developed as follows: Using the total count of active participants eligible for post-retirement medical benefits and retirees currently electing medical coverage in a non-Medicare supplement plan, we calculate the total projected claims by multiplying the total count by the average annual premium. Using the cost increases derived from a study sponsored by the Society of Actuaries prepared by J.P Petertil from August 1, 2003: "Aging Curves for Health Care Costs in Retirement", we allocate the total projected claims by age.)

For plans integrated with Medicare, the post Medicare eligible premium is assumed to be unaffected by age.

The per capita claims method was changed to reflect the most recent study (and better reflect actual experience).

Patient Protection and Affordable Care Act (PPACA)

High Cost Plan Excise Tax ("Cadillac Tax"): Effective in 2020, there will be a 40% excise tax on per capita medical benefit costs in excess of certain thresholds, which (in 2018) are \$10,200 for single coverage and \$27,500 for family coverage for Medicare eligible retirees. Thresholds (in 2018) for retirees who are between ages 55 and 65 are \$11,850 and \$30,950 for single and family coverage respectively. After 2018, the thresholds are indexed by CPI (CPI +1% in 2018 only). CPI is assumed to equal the inflation assumption. The impact of this future excise tax has been reflected in plan liabilities.

Other Requirements of PPACA:

For purposes of this valuation, extended coverage for adult children and 100% coverage of preventive care are assumed to be reflected in per capita costs.

For purposes of this valuation, elimination of lifetime maximum benefits and removal of the limits on essential healthcare are assumed to have no impact on plan liabilities.



Summary of Plan Provisions

This summary is provided for valuation purposes only. It outlines the major features of the Plan and does not give full details.

City

Eligibility for Retiree Medical Coverage

15 years of service and Rule of 80.

Retiree Cost for Medical

Retiree pays same as active employees for medical coverage until age 65. Retiree pays nothing for coverage after age 65.

Spouse Cost for Medical

Spouse pays 50% of the cost plus retiree cost share percentage above, until age 65. Spouse pays 100% for coverage after age 65 (except spouses of department heads that pay nothing after age 65).

Retiree/Spouse Dental

Prior to age 65 only, with same cost share as medical.

Death Benefit

\$1,000, increasing to \$5,000 in 2015.

Employee Contribution

Active employees contribute 11.0% of pay, split between Pension and OPEB at the City's discretion.

New Hires

Employees hired after 2011 with 25 years of service and at least age 65, receive \$1,000 toward post-65 coverage.

Police in Police Plan

Eligibility for Retiree Medical Coverage

20 years of service.

Retiree Cost for Medical (Retirement after 2009)

Retiree pays same as active employees for medical coverage until age 65. Retiree pays nothing for coverage after age 65.

Spouse Cost for Medical (Retirement after 2009)

With 20 years of service: Spouse pays 50% of the cost until age 65. Spouse pays nothing after age 65.

With 25 years of service: Spouse pays same as retiree.



Police in Police Plan (cont.)

Retiree/Spouse Medical (Retirement 2003 – 2009)

Retiree receives either emolument or 100% city paid coverage for retiree and spouse at all ages.

Retiree/Spouse Medical (Retirement prior to 2003)

Retiree receives only emolument and pays 100% for coverage for retiree and spouse at all ages.

Retiree/Spouse Dental

None.

Death Benefit

None.

Employee Contribution

Active employees contribute 8.0% of pay, split between Pension and OPEB at the City's discretion.

Police in City Plan

Eligibility for Retiree Medical Coverage

25 years of service and hired after March 2003. (Those hired prior to March 2003 are under the Police Plan).

Retiree Cost for Medical

Retiree pays same as active employees for medical coverage until age 65. Retiree pays nothing for coverage after age 65.

Spouse Cost for Medical

Spouse pays 50% of the cost plus retiree cost share percentage above, until age 65. Spouse pays 100% for coverage after age 65.

Retiree/Spouse Dental

Prior to age 65 only.

Death Benefit

\$1,000.

Employee Contribution

Active employees contribute 10.0% of pay, split between Pension and OPEB at the City's discretion.

New Hires

Employees hired after 2012 receive no retiree healthcare benefits.



Fire

Eligibility for Retiree Medical Coverage

25 years of service.

Retiree/Spouse Medical (Retirement after 2003)

Retiree receives either emolument or 100% city paid coverage for retiree and spouse at all ages.

Retiree/Spouse Medical (Retirement prior to 2003)

Retiree receives only emolument and pays 100% for coverage for retiree and spouse at all ages.

Retiree/Spouse Dental

None.

Death Benefit

None.

Employee Contribution

Active employees contribute 8.0% (for Fire Plan) and 7.5% (for City Plan) of pay, split between Pension and OPEB at the City's discretion.

New Hires

Employees hired after 2016 receive no retiree healthcare benefits.

Board of Education – Non Certified

Eligibility for Retiree Medical Coverage

15 years of service and Rule of 80.

Retiree Cost for Medical

Retiree pays same as active employees for medical coverage until age 65. Retiree pays nothing for coverage after age 65.

Spouse Cost for Medical

Spouse pays 50% of the cost plus retiree cost share percentage above, until age 65. Spouse pays 100% for coverage after age.

Retiree/Spouse Dental

Prior to age 65 only, with same cost share as Medical.

Death Benefit

\$1,000

Employee Contribution

Active employees contribute 8.0% of pay, split between Pension and OPEB at the City's discretion.

New Hires

Employees hired after 2011 receive no retiree healthcare benefits.



Board of Education – Certified

Eligibility for Retiree Medical Coverage

Age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service.

Retiree/Spouse Medical

The retiree must pay 100% of the cost for medical coverage for themselves or their spouse, at all ages.

Retiree/Spouse Dental

Prior to age 65 only.

Death Benefit

None.