



**TOWN OF LOS GATOS
RETIREE HEALTHCARE PLAN**



June 30, 2023 Actuarial Valuation
Plan Funding for 2024/25 and 2025/26

Doug Pryor, ASA, EA, MAAA
Katherine Moore, ASA, MAAA
Joseph Herm
Foster & Foster, Inc.

August 9, 2024

ATTACHMENT 1

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BENEFIT SUMMARY

■ Eligibility

- Retire directly from Town under CalPERS (service or disability)
- Town Council members in CalPERS eligible
- Tier 1 eligibility

| Employee Group | Hired on or before |
|--|--------------------|
| TEA | 8/22/18 |
| AFSCME | 7/1/18 |
| POA Management Confidential Town Manager Town Attorney Town Council | 10/1/18 |



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BENEFIT SUMMARY

■ Tier 1
Medical Benefit

- Maximum Town pays up to Kaiser Region 1 single premium plus 90% of difference between Kaiser premium for coverage elected (2-party and family) and single premium using:
 - Non-Medicare premium for employees who retired before 2/1/16
 - Non-Medicare and Medicare premiums for employees who retired on or after 2/1/16
- Town cap uses PEMHCA 5% unequal method
 - Town joined PEMHCA in 1991
 - Maximum annual increase of \$100 per month for family coverage - \$2,047.16 for family coverage for 2023
 - Single/dual coverage at 100%

■ Tier 2
Medical Benefit

- Town pays PEMHCA minimum amount:

| | |
|-------|-----------------------|
| 2023 | \$151 / month |
| 2024 | \$157 / month |
| 2025 | \$158 / month |
| 2026+ | Medical CPI increases |



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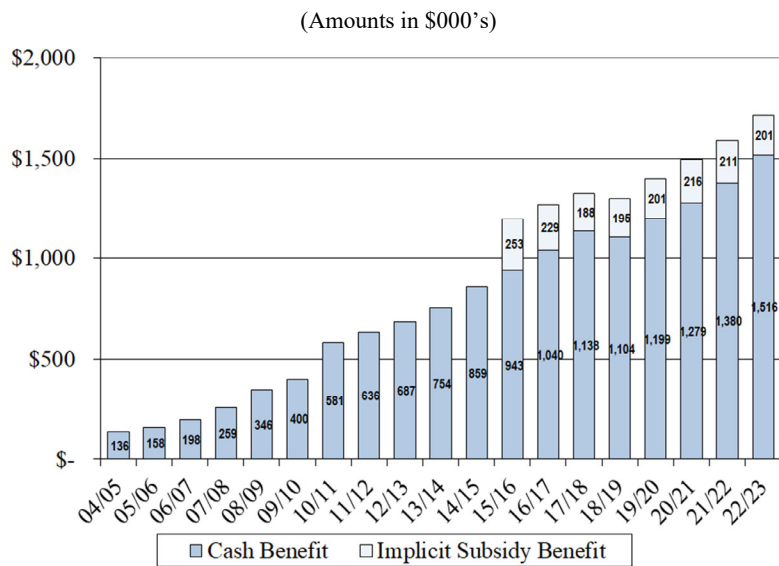


BENEFIT SUMMARY

■ **Surviving Spouse Benefit**

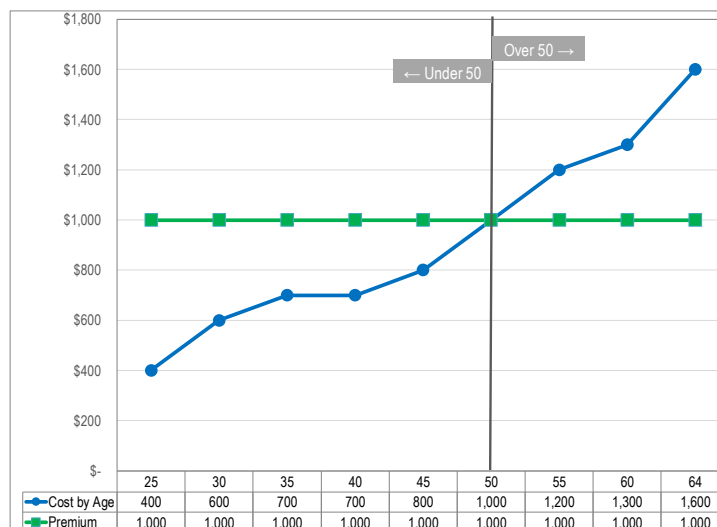
- Retiree benefit paid to surviving spouse of retiree with CalPERS joint and survivor payment option
- Retiree benefit paid to spouse of active employee who died while eligible to retire receiving CalPERS survivor benefit

■ **Pay-As-You-Go Cost (000's)**



IMPLICIT SUBSIDY

- GASB defers to Actuarial Standards of Practice (ASOP)
- Actuarial Standards Board (released May 2014) ASOP 6:
 - Requires implicit subsidy valued for community rated plans such as PEMHCA
- Valuations on and after 6/30/15 include the implicit subsidy
- For PEMHCA, employer cost for allowing retirees to participate at active rates.
- General trend:



PARTICIPANT STATISTICS

Actives

| | 6/30/13 | 6/30/15 | 6/30/17 | 6/30/19 | 6/30/21 | 6/30/23 |
|-----------------------|------------|------------|------------|-----------|-----------|-----------|
| ■ Count | | | | | | |
| • Tier 1 | 143 | 157 | 148 | 139 | 113 | 81 |
| • Tier 2 | <u>n/a</u> | <u>n/a</u> | <u>n/a</u> | <u>10</u> | <u>37</u> | <u>68</u> |
| • Total | 143 | 157 | 148 | 149 | 150 | 149 |
| ■ Averages | | | | | | |
| • Age | 46.3 | 44.4 | 43.9 | 44.4 | 44.6 | 44.2 |
| • Town Service | 11.3 | 8.7 | 8.5 | 8.7 | 8.5 | 7.8 |
| • Salary | 98,300 | \$91,400 | \$94,900 | \$106,600 | \$110,400 | \$114,600 |
| ■ Total Salary (000s) | 13,764 | 14,354 | 14,051 | 15,886 | 16,553 | 17,073 |



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PARTICIPANT STATISTICS

Retirees

| | 6/30/13 | 6/30/15 | 6/30/17 | 6/30/19 | 6/30/21 | 6/30/23 |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| ■ Count | | | | | | |
| • Participating | 97 | 109 | 122 | 130 | 142 | 150 |
| • Waived | <u>50</u> | <u>53</u> | <u>50</u> | <u>45</u> | <u>42</u> | <u>42</u> |
| • Total | 147 | 162 | 172 | 175 | 184 | 192 |
| ■ Averages | | | | | | |
| • Age | 67.7 | 69.2 | 69.0 | 70.2 | 70.4 | 70.7 |
| • Retirement Age | | | | | | |
| ➤ Service Retired | 58.7 | 58.8 | 58.6 | 58.6 | 58.6 | 58.6 |
| ➤ Disabled | 47.9 | 47.3 | 46.6 | 46.5 | 46.0 | 46.0 |



August 9, 2024



PARTICIPANT STATISTICS

Participant Reconciliation

| | Actives | Retirees | | | |
|-----------------------------------|---------|----------|----------|-----------|-------|
| | | Service | Disabled | Survivors | Total |
| ■ June 30, 2021 | 150 | 149 | 19 | 16 | 184 |
| • Terminations | (27) | - | - | - | - |
| • New Retirees & Survivors | (15) | 15 | - | - | 15 |
| • Retiree Deaths with Survivor | - | (3) | - | 3 | - |
| • Retiree Deaths without Survivor | - | (5) | (1) | (3) | (9) |
| • New Participants | 41 | - | - | - | - |
| • Adjustments | - | - | - | 2 | 2 |
| ■ June 30, 2023 | 149 | 156 | 18 | 18 | 192 |



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

CERBT Investment Options

■ **2022 Asset Allocation** (approved March 14, 2022)

| | Strategy 1 | Strategy 2 | Strategy 3 |
|---------------|------------|------------|------------|
| Global Equity | 49% | 34% | 23% |
| Fixed Income | 23% | 41% | 51% |
| TIPS | 5% | 5% | 9% |
| Commodities | 3% | 3% | 3% |
| REITs | <u>20%</u> | <u>17%</u> | <u>14%</u> |
| Total | 100% | 100% | 100% |



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Investment Return

- Future expected returns
 - Stochastic simulations of geometric average returns over 20 years
 - 5,000 trials
 - 2.50% inflation assumption
 - Projections based on 8 independent Investment Advisors 2021 10-year Capital Market Assumptions and where available, investment advisors long-term trends
 - Confidence levels:

| | Strategy 1 | Strategy 2 | Strategy 3 |
|----------------------|-------------------|-------------------|-------------------|
| 50% Confidence Level | 6.25% | 5.75% | 5.25% |
| 55% Confidence Level | 6.00% | 5.50% | 5.00% |
| 60% Confidence Level | 5.75% | 5.25% | 4.75% |

- Town currently in Strategy 1
 - Recommend 6.25% investment return assumption



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

| | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|---|--|
| ■ Valuation Date | <ul style="list-style-type: none"> ■ June 30, 2021 ■ 2022/23 & 2023/24 | <ul style="list-style-type: none"> ■ June 30, 2023 ■ 2024/25 & 2025/26 |
| ■ Discount Rate | ■ 6.25% – Full pre-funding | ■ Same |
| ■ Funding Policy | <ul style="list-style-type: none"> ■ Prefund full ADC less cash and implicit benefit payments with CERBT Strategy #1 ■ Benefit payments currently made from Town assets | ■ Same |
| ■ Retirement, Mortality, Withdrawal, & Disability | <ul style="list-style-type: none"> ■ CalPERS 2000-2019 Experience Study ■ Mortality projected fully generational with Scale MP-21 | ■ Same |
| ■ General Inflation | ■ 2.50% | ■ Same |
| ■ PEMHCA Minimum | ■ 4.00% annual increases after 2023 | ■ 3.50% annual increases after 2025 |



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

| | June 30, 2021 Valuation | June 30, 2023 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|---|--|--|---------------------|------------------------|-----------------------|------|-----------------|--|--|------|-----------------|--|--|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|-----------|-------|-------|-------|-----------|-------|-------|-------|-----------|-------|-------|-------|-----------|-------|-------|-------|-----------|-------|-------|-------|-------|-------|-------|-------|---|---------------|---------------------------------|--|--|---------------------|------------------------|-----------------------|------|-----|--|--|------|-----|--|--|------|-----------------|--|--|------|-----------------|--|--|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|------|-------|-------|-------|---|---|---|---|-------|-------|-------|-------|
| <ul style="list-style-type: none"> ■ Payroll Increases | <ul style="list-style-type: none"> ■ Aggregate Increases: 2.75% ■ Merit Increases: CalPERS 2000-2019 Experience Study | <ul style="list-style-type: none"> ■ Same | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> ■ Healthcare Trend | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="3" style="text-align: center;"><u>Increase from Prior Year¹</u></th> </tr> <tr> <th style="text-align: center;"><u>Non-Medicare</u></th> <th style="text-align: center;"><u>Medicare Kaiser</u></th> <th style="text-align: center;"><u>Medicare Other</u></th> </tr> </thead> <tbody> <tr> <td>2021</td> <td colspan="3" style="text-align: center;">Actual Premiums</td> </tr> <tr> <td>2022</td> <td colspan="3" style="text-align: center;">Actual Premiums</td> </tr> <tr> <td>2023</td> <td style="text-align: center;">6.50%</td> <td style="text-align: center;">4.60%</td> <td style="text-align: center;">5.65%</td> </tr> <tr> <td>2024</td> <td style="text-align: center;">6.25%</td> <td style="text-align: center;">4.45%</td> <td style="text-align: center;">5.45%</td> </tr> <tr> <td>2025</td> <td style="text-align: center;">6.00%</td> <td style="text-align: center;">4.35%</td> <td style="text-align: center;">5.25%</td> </tr> <tr> <td>2026</td> <td style="text-align: center;">5.75%</td> <td style="text-align: center;">4.25%</td> <td style="text-align: center;">5.05%</td> </tr> <tr> <td>2027</td> <td style="text-align: center;">5.55%</td> <td style="text-align: center;">4.20%</td> <td style="text-align: center;">4.90%</td> </tr> <tr> <td>2028</td> <td style="text-align: center;">5.35%</td> <td style="text-align: center;">4.15%</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td>2029</td> <td style="text-align: center;">5.15%</td> <td style="text-align: center;">4.10%</td> <td style="text-align: center;">4.60%</td> </tr> <tr> <td>2030</td> <td style="text-align: center;">4.95%</td> <td style="text-align: center;">4.05%</td> <td style="text-align: center;">4.45%</td> </tr> <tr> <td>2031-2035</td> <td style="text-align: center;">4.80%</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">4.35%</td> </tr> <tr> <td>2036-2045</td> <td style="text-align: center;">4.65%</td> <td style="text-align: center;">3.95%</td> <td style="text-align: center;">4.25%</td> </tr> <tr> <td>2046-2055</td> <td style="text-align: center;">4.50%</td> <td style="text-align: center;">3.90%</td> <td style="text-align: center;">4.20%</td> </tr> <tr> <td>2056-2065</td> <td style="text-align: center;">4.35%</td> <td style="text-align: center;">3.85%</td> <td style="text-align: center;">4.15%</td> </tr> <tr> <td>2066-2075</td> <td style="text-align: center;">4.05%</td> <td style="text-align: center;">3.80%</td> <td style="text-align: center;">3.95%</td> </tr> <tr> <td>2076+</td> <td style="text-align: center;">3.75%</td> <td style="text-align: center;">3.75%</td> <td style="text-align: center;">3.75%</td> </tr> </tbody> </table> | Year | <u>Increase from Prior Year¹</u> | | | <u>Non-Medicare</u> | <u>Medicare Kaiser</u> | <u>Medicare Other</u> | 2021 | Actual Premiums | | | 2022 | Actual Premiums | | | 2023 | 6.50% | 4.60% | 5.65% | 2024 | 6.25% | 4.45% | 5.45% | 2025 | 6.00% | 4.35% | 5.25% | 2026 | 5.75% | 4.25% | 5.05% | 2027 | 5.55% | 4.20% | 4.90% | 2028 | 5.35% | 4.15% | 4.75% | 2029 | 5.15% | 4.10% | 4.60% | 2030 | 4.95% | 4.05% | 4.45% | 2031-2035 | 4.80% | 4.00% | 4.35% | 2036-2045 | 4.65% | 3.95% | 4.25% | 2046-2055 | 4.50% | 3.90% | 4.20% | 2056-2065 | 4.35% | 3.85% | 4.15% | 2066-2075 | 4.05% | 3.80% | 3.95% | 2076+ | 3.75% | 3.75% | 3.75% | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Calendar Year</th> <th colspan="3" style="text-align: center;"><u>Increase from Prior Year</u></th> </tr> <tr> <th style="text-align: center;"><u>Non-Medicare</u></th> <th style="text-align: center;"><u>Medicare Kaiser</u></th> <th style="text-align: center;"><u>Medicare Other</u></th> </tr> </thead> <tbody> <tr> <td>2021</td> <td colspan="3" style="text-align: center;">n/a</td> </tr> <tr> <td>2022</td> <td colspan="3" style="text-align: center;">n/a</td> </tr> <tr> <td>2023</td> <td colspan="3" style="text-align: center;">Actual Premiums</td> </tr> <tr> <td>2024</td> <td colspan="3" style="text-align: center;">Actual Premiums</td> </tr> <tr> <td>2025</td> <td style="text-align: center;">8.50%</td> <td style="text-align: center;">6.25%</td> <td style="text-align: center;">7.50%</td> </tr> <tr> <td>2026</td> <td style="text-align: center;">7.90%</td> <td style="text-align: center;">5.65%</td> <td style="text-align: center;">6.90%</td> </tr> <tr> <td>2027</td> <td style="text-align: center;">7.35%</td> <td style="text-align: center;">5.45%</td> <td style="text-align: center;">6.50%</td> </tr> <tr> <td>2028</td> <td style="text-align: center;">6.75%</td> <td style="text-align: center;">5.25%</td> <td style="text-align: center;">6.10%</td> </tr> <tr> <td>2029</td> <td style="text-align: center;">6.20%</td> <td style="text-align: center;">5.05%</td> <td style="text-align: center;">5.70%</td> </tr> <tr> <td>2030</td> <td style="text-align: center;">5.60%</td> <td style="text-align: center;">4.85%</td> <td style="text-align: center;">5.25%</td> </tr> <tr> <td>2031</td> <td style="text-align: center;">5.05%</td> <td style="text-align: center;">4.65%</td> <td style="text-align: center;">4.85%</td> </tr> <tr> <td>2032-38</td> <td style="text-align: center;">4.45%</td> <td style="text-align: center;">4.45%</td> <td style="text-align: center;">4.45%</td> </tr> <tr> <td>2039-40</td> <td style="text-align: center;">4.35%</td> <td style="text-align: center;">4.35%</td> <td style="text-align: center;">4.35%</td> </tr> <tr> <td>2041</td> <td style="text-align: center;">4.30%</td> <td style="text-align: center;">4.30%</td> <td style="text-align: center;">4.30%</td> </tr> <tr> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> <td style="text-align: center;">↓</td> </tr> <tr> <td>2076+</td> <td style="text-align: center;">3.45%</td> <td style="text-align: center;">3.45%</td> <td style="text-align: center;">3.45%</td> </tr> </tbody> </table> | Calendar Year | <u>Increase from Prior Year</u> | | | <u>Non-Medicare</u> | <u>Medicare Kaiser</u> | <u>Medicare Other</u> | 2021 | n/a | | | 2022 | n/a | | | 2023 | Actual Premiums | | | 2024 | Actual Premiums | | | 2025 | 8.50% | 6.25% | 7.50% | 2026 | 7.90% | 5.65% | 6.90% | 2027 | 7.35% | 5.45% | 6.50% | 2028 | 6.75% | 5.25% | 6.10% | 2029 | 6.20% | 5.05% | 5.70% | 2030 | 5.60% | 4.85% | 5.25% | 2031 | 5.05% | 4.65% | 4.85% | 2032-38 | 4.45% | 4.45% | 4.45% | 2039-40 | 4.35% | 4.35% | 4.35% | 2041 | 4.30% | 4.30% | 4.30% | ↓ | ↓ | ↓ | ↓ | 2076+ | 3.45% | 3.45% | 3.45% |
| Year | <u>Increase from Prior Year¹</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>Non-Medicare</u> | <u>Medicare Kaiser</u> | <u>Medicare Other</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | 6.50% | 4.60% | 5.65% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | 6.25% | 4.45% | 5.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2025 | 6.00% | 4.35% | 5.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2026 | 5.75% | 4.25% | 5.05% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2027 | 5.55% | 4.20% | 4.90% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2028 | 5.35% | 4.15% | 4.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | 5.15% | 4.10% | 4.60% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2030 | 4.95% | 4.05% | 4.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2031-2035 | 4.80% | 4.00% | 4.35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2036-2045 | 4.65% | 3.95% | 4.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2046-2055 | 4.50% | 3.90% | 4.20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2056-2065 | 4.35% | 3.85% | 4.15% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2066-2075 | 4.05% | 3.80% | 3.95% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2076+ | 3.75% | 3.75% | 3.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Calendar Year | <u>Increase from Prior Year</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>Non-Medicare</u> | <u>Medicare Kaiser</u> | <u>Medicare Other</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021 | n/a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2022 | n/a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2023 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2024 | Actual Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2025 | 8.50% | 6.25% | 7.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2026 | 7.90% | 5.65% | 6.90% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2027 | 7.35% | 5.45% | 6.50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2028 | 6.75% | 5.25% | 6.10% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | 6.20% | 5.05% | 5.70% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2030 | 5.60% | 4.85% | 5.25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2031 | 5.05% | 4.65% | 4.85% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2032-38 | 4.45% | 4.45% | 4.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2039-40 | 4.35% | 4.35% | 4.35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2041 | 4.30% | 4.30% | 4.30% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ↓ | ↓ | ↓ | ↓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2076+ | 3.45% | 3.45% | 3.45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

¹ Medical premiums after 2022 and estimated claims after 2021 do not take into account buy-downs (CalPERS subsidizations of premium rates from the reserves).



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ACTUARIAL METHODS

| Method | June 30, 2021 Valuation | June 30, 2023 Valuation |
|--|---|--|
| <ul style="list-style-type: none"> ■ Cost Method | <ul style="list-style-type: none"> ■ Entry Age Normal | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Plan Assets | <ul style="list-style-type: none"> ■ Investment gains and losses spread over a 5-year fixed period ■ Not less than 80% nor more than 120% of market value | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Amortization Method | <ul style="list-style-type: none"> ■ Level percent of payroll | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Amortization Periods | <ul style="list-style-type: none"> ■ 16-year fixed (closed) period for 6/30/22 projected UAAL for 2022/23 ADC | <ul style="list-style-type: none"> ■ 14-year fixed (closed) period for 6/30/22 projected UAAL for 2024/25 ADC ■ 15-year fixed (closed) period for assumption changes and experience gains and losses |



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ASSETS

Market Value of Plan Assets

(Amounts in 000's)

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Projected 2023/24 ² |
|---|----------|----------|----------|----------|-----------------------------------|
| ■ Market Value (Beginning of Year) | \$18,380 | \$20,124 | \$26,235 | \$22,861 | \$24,318 |
| • Contributions | 1,100 | 591 | 149 | - | - |
| • Benefit Payments | - | - | - | - | - |
| • CERBT Admin Expenses | (9) | (11) | (13) | (11) | (12) |
| • Investment Expenses | (7) | (8) | (9) | (8) | - |
| • Investment Earnings | 660 | 5,539 | (3,500) | 1,477 | 2,674 |
| ■ Market Value (End of Year) | 20,124 | 26,235 | 22,861 | 24,318 | 26,981 |
| ■ Estimated Annual Return | 3.6% | 27.5% | (13.4%) | 6.4% | 11.0% |

² Projection assumes 11.0% investment return for CERBT Strategy #1



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ASSETS

Actuarial Value of Plan Assets (AVA)

(Amounts in 000's)

| | 6/30/22 | 6/30/23 | Projected 6/30/24 |
|-----------------------------------|----------|----------|----------------------|
| ■ Market Value of Assets | \$22,861 | \$24,318 | \$26,981 |
| ■ Unrecognized (Gain)/Loss | | | |
| • 1 year prior – 80% | 4,119 | (32) | (924) |
| • 2 years prior – 60% | (2,503) | 3,089 | (24) |
| • 3 years prior – 40% | 235 | (1,669) | 2,060 |
| • 4 years prior – 20% | 18 | 118 | (834) |
| ■ Adjustment to MVA | 1,869 | 1,506 | 277 |
| ■ AVA | 24,730 | 25,824 | 27,258 |
| ■ Ratio: AVA/MVA | 108% | 106% | 101% |



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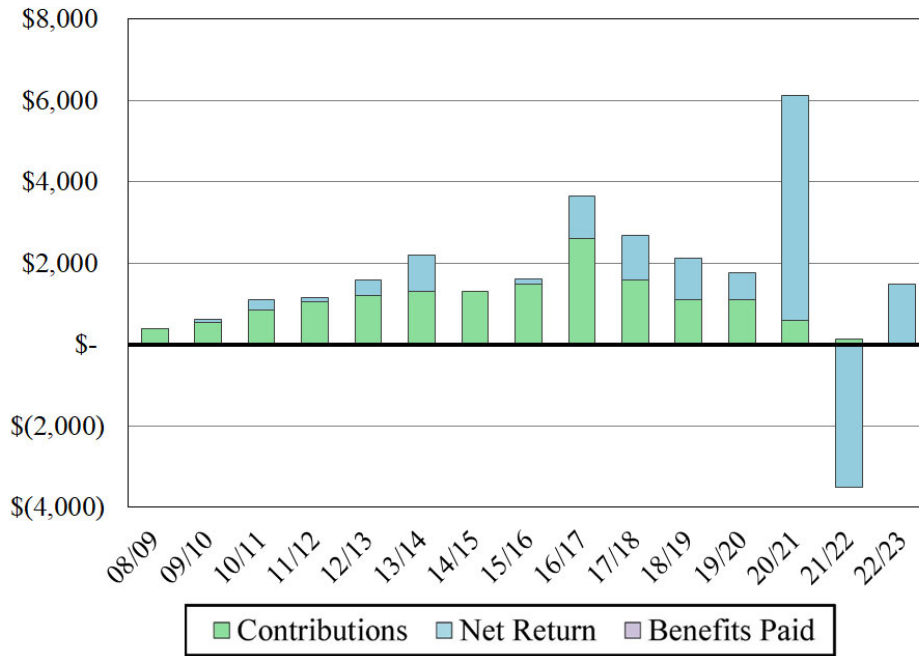
14



ASSETS

Historical Plan Asset Changes

(Amounts in 000's)

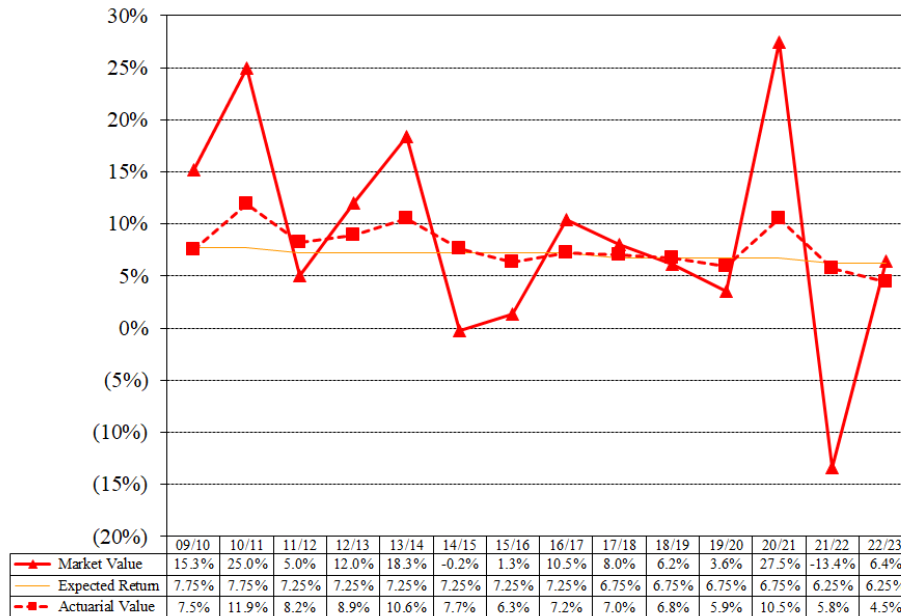


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ASSETS

Historical Annual Asset Returns



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RESULTS

Actuarial Obligations

(Amounts in 000's)

| | 6/30/21 | 6/30/23 | Projected 6/30/24 |
|---|-------------------------------------|-------------------------------------|------------------------------|
| ■ Present Value of Benefits <ul style="list-style-type: none"> • Actives (future retirees) \$18,251 • Retirees <u>18,809</u> • Total 37,060 | \$18,251 <u>18,809</u> 37,060 | \$17,249 <u>23,049</u> 40,298 | |
| ■ Actuarial Accrued Liability <ul style="list-style-type: none"> • Actives (future retirees) 9,911 • Retirees <u>18,809</u> • Total 28,720 | 9,911 <u>18,809</u> 28,720 | 10,282 <u>23,049</u> 33,331 | \$34,519 |
| ■ Actuarial (Smoothed) Asset Value | <u>23,252</u> | <u>25,824</u> | <u>27,258</u> |
| ■ Unfunded AAL | 5,468 | 7,507 | 7,261 |
| ■ Funded % (Assets / AAL) <ul style="list-style-type: none"> • Actuarial Assets 81.0% • Market Assets 91.3% | 81.0% 91.3% | 77.5% 73.0% | 79.0% 78.2% |



RESULTS

Estimated Actuarial Gains/Losses

(Amounts in 000's)

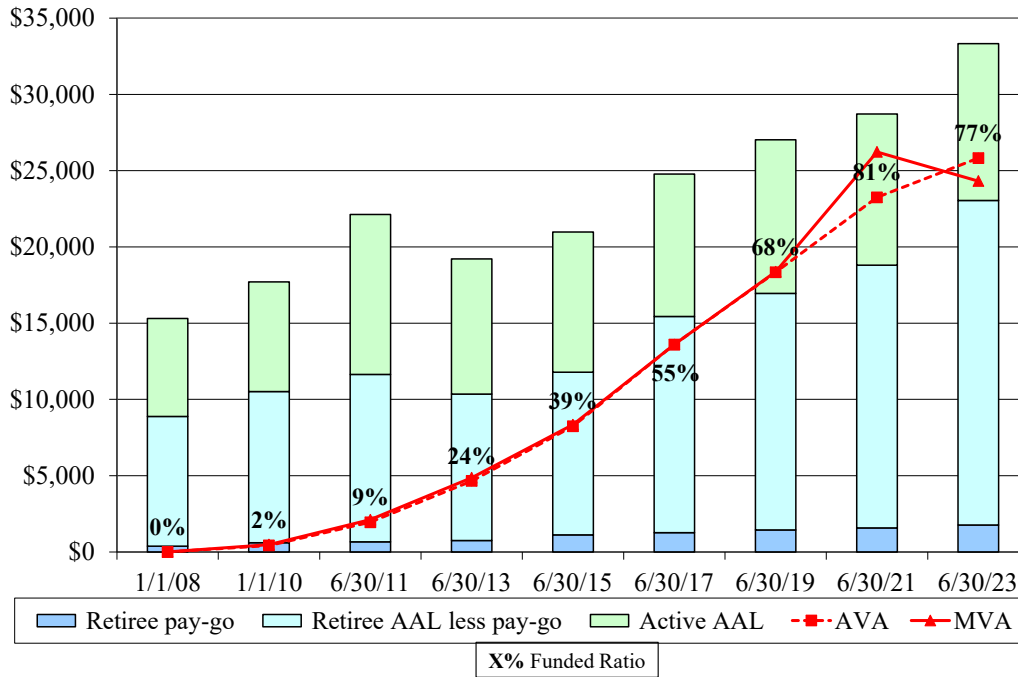
| | AAL | (Assets) | UAAL |
|--|---------------------|-----------------|---------------------|
| ■ 6/30/21 Actual Amounts | \$28,720 | \$(23,252) | \$5,468 |
| ■ 6/30/23 Expected Amounts | 31,113 | (26,181) | 4,932 |
| ■ Experience Losses (Gains) <ul style="list-style-type: none"> • Actual versus expected premiums (362) • Demographic 389 • Asset loss (gain) 357 | (362) 389 357 | - - 357 | (362) 389 357 |
| ■ Assumption Changes <ul style="list-style-type: none"> • Medical & PEMHCA minimum trend update <u>2,191</u> | <u>2,191</u> | <u>-</u> | <u>2,191</u> |
| ■ Total Changes | 2,218 | 357 | 2,575 |
| ■ 6/30/23 Actual Amounts | 33,331 | (25,824) | 7,507 |



RESULTS

Funded Status

(Amounts in 000's)



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RESULTS

Actuarial Obligations by Tier – Actives Only

June 30, 2023

(Amounts in 000's)

| | Tier 1 | Tier 2 | Total |
|---|----------|---------|----------|
| ■ Active Count | 81 | 68 | 149 |
| ■ Projected 2024/25 Active Employee Payroll | \$11,561 | \$6,464 | \$18,025 |
| ■ 2024/25 Normal Cost | 775 | 119 | 894 |
| ■ Normal Cost as % of Payroll | 6.7% | 1.8% | 5.0% |
| ■ Actuarial Accrued Liability | 10,143 | 139 | 10,282 |



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RESULTS

Actuarially Determined Contributions (ADC)

(Amounts in 000's)

| | <u>6/30/21 Valuation</u> | | <u>6/30/23 Valuation</u> | |
|----------------------------|--------------------------|-------------|--------------------------|-------------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| ■ ADC - \$ | | | | |
| • Normal Cost | \$1,004 | \$1,001 | \$894 | \$865 |
| • Administrative Expenses | 18 | 19 | 19 | 20 |
| • UAAL Amortization | <u>350</u> | <u>407</u> | <u>665</u> | <u>681</u> |
| • Total ADC | 1,372 | 1,427 | 1,579 | 1,567 |
| ■ Projected Payroll | 17,476 | 17,957 | 18,025 | 18,521 |
| ■ ADC - % | | | | |
| • Normal Cost | 5.7% | 5.6% | 5.0% | 4.7% |
| • Administrative Expenses | 0.1% | 0.1% | 0.1% | 0.1% |
| • UAAL Amortization | <u>2.0%</u> | <u>2.3%</u> | <u>3.7%</u> | <u>3.7%</u> |
| • Total ADC% | 7.9% | 7.9% | 8.8% | 8.5% |



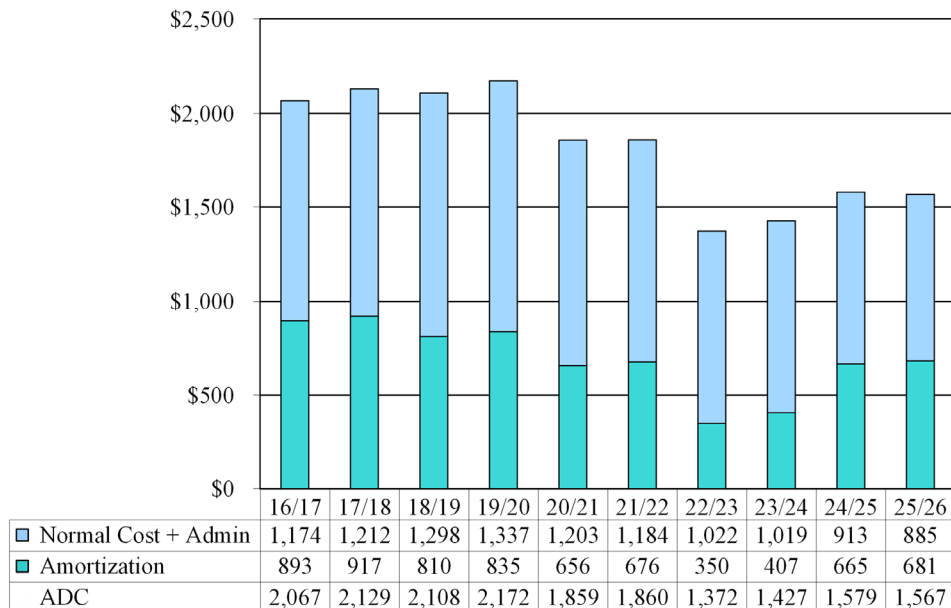
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RESULTS

Actuarially Determined Contributions (ADC)

(Amounts in \$000's)



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RESULTS

Amortization Bases

(Amounts in 000's)

| | 6/30/21 Valuation | | 6/30/23 Valuation | |
|---|-------------------|---------|-------------------|--------------|
| | 6/30/22 | 6/30/23 | 6/30/24 | 6/30/25 |
| ■ 2021 Valuation UAAL | \$4,154 | \$4,596 | \$4,476 | \$4,337 |
| ■ Assumption Changes & Experience (Gain)/Loss | | | | |
| • 2023 Valuation | — | — | <u>2,785</u> | <u>2,686</u> |
| ■ Total | 4,154 | 4,596 | 7,261 | 7,023 |



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RESULTS

Amortization Payments

(Amounts in 000's)

| | 6/30/21 Valuation | | 6/30/23 Valuation | |
|---|-------------------|---------|-------------------|------------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| ■ 2021 Valuation UAAL | \$350 | \$407 | \$418 | \$430 |
| ■ Assumption Changes & Experience (Gain)/Loss | | | | |
| • 2023 Valuation | — | — | <u>247</u> | <u>251</u> |
| ■ Total | 350 | 407 | 665 | 681 |
| ■ Amortization Years | 16.0 | 15.0 | 14.4 | 13.4 |



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RESULTS

10-Year Projection

(Amounts in 000's)

| Fiscal Year | Contributions | | | | | Payroll | Contrib. % | Funded % BOY |
|-------------|---------------|-------------------------|--------------|---------|-------------|----------|------------|--------------|
| | Pay-Go Cash | Pay-Go Implicit Subsidy | PEMHCA Admin | Trust | Total = ADC | | | |
| 2024/25 | \$1,692 | \$193 | \$5 | \$(311) | \$1,579 | \$18,025 | 8.8% | 79.0% |
| 2025/26 | 1,821 | 221 | 6 | (481) | 1,567 | 18,521 | 8.5% | 80.3% |
| 2026/27 | 1,936 | 245 | 6 | (558) | 1,629 | 19,030 | 8.6% | 79.3% |
| 2027/28 | 2,033 | 253 | 7 | (696) | 1,597 | 19,553 | 8.2% | 81.3% |
| 2028/29 | 2,184 | 320 | 7 | (939) | 1,572 | 20,091 | 7.8% | 83.1% |
| 2029/30 | 2,259 | 337 | 8 | (1,037) | 1,567 | 20,643 | 7.6% | 84.3% |
| 2030/31 | 2,301 | 311 | 8 | (1,058) | 1,562 | 21,211 | 7.4% | 85.5% |
| 2031/32 | 2,437 | 395 | 8 | (1,275) | 1,565 | 21,794 | 7.2% | 86.9% |
| 2032/33 | 2,523 | 459 | 9 | (1,418) | 1,573 | 22,394 | 7.0% | 88.2% |
| 2033/34 | 2,577 | 475 | 9 | (1,481) | 1,580 | 23,010 | 6.9% | 89.6% |



RESULTS

10-Year Projection Illustration – No Trust Disbursements

(Amounts in 000's)

| Fiscal Year | Contributions | | | | | Payroll | Contrib. % | Funded % BOY |
|-------------|---------------|-------------------------|--------------|-------|---------|----------|------------|--------------|
| | Pay-Go Cash | Pay-Go Implicit Subsidy | PEMHCA Admin | Trust | Total | | | |
| 2024/25 | \$1,692 | \$193 | \$5 | \$ - | \$1,890 | \$18,025 | 10.5% | 79.0% |
| 2025/26 | 1,821 | 221 | 6 | - | 2,048 | 18,521 | 11.1% | 81.3% |
| 2026/27 | 1,936 | 245 | 6 | - | 2,187 | 19,030 | 11.5% | 81.8% |
| 2027/28 | 2,033 | 253 | 7 | - | 2,293 | 19,553 | 11.7% | 85.6% |
| 2028/29 | 2,184 | 320 | 7 | - | 2,511 | 20,091 | 12.5% | 89.6% |
| 2029/30 | 2,259 | 337 | 8 | - | 2,604 | 20,643 | 12.6% | 93.7% |
| 2030/31 | 2,301 | 311 | 8 | - | 2,620 | 21,211 | 12.4% | 98.2% |
| 2031/32 | 2,437 | 395 | 8 | - | 2,840 | 21,794 | 13.0% | 103.0% |
| 2032/33 | 2,523 | 459 | 9 | - | 2,991 | 22,394 | 13.4% | 108.6% |
| 2033/34 | 2,577 | 475 | 9 | - | 3,061 | 23,010 | 13.3% | 115.0% |



RESULTS

Actuarial Obligations

June 30, 2023

(Amounts in 000's)

| | Cash Subsidy | Implicit Subsidy | Total Subsidy |
|---|-------------------------|-----------------------------|--------------------------|
| ■ Present Value of Benefits | | | |
| • Actives (future retirees) | \$14,323 | \$2,926 | \$17,249 |
| • Retirees | <u>20,897</u> | <u>2,152</u> | <u>23,049</u> |
| • Total | 35,220 | 5,078 | 40,298 |
| ■ Actuarial Accrued Liability | | | |
| • Actives (future retirees) | 8,661 | 1,621 | 10,282 |
| • Retirees | <u>20,897</u> | <u>2,152</u> | <u>23,049</u> |
| • Total | 29,558 | 3,773 | 33,331 |
| ■ Actuarial (Smoothed) Asset Value³ | <u>22,901</u> | <u>2,923</u> | <u>25,824</u> |
| ■ Unfunded AAL | 6,657 | 850 | 7,507 |

³ Actuarial Value of Assets allocated to cash subsidy and implicit subsidy in proportion to Actuarial Accrued Liability.



August 9, 2024



RESULTS

Actuarially Determined Contribution (ADC)

2024/25 Fiscal Year

(Amounts in 000's)

| | Cash Subsidy | Implicit Subsidy | Total Subsidy |
|----------------------------|-------------------------|-----------------------------|--------------------------|
| ■ ADC - \$ | | | |
| • Normal Cost | \$738 | \$156 | \$894 |
| • Administrative Expenses | 19 | - | 19 |
| • UAAL Amortization | <u>588</u> | <u>77</u> | <u>665</u> |
| • Total ADC | 1,346 | 233 | 1,579 |
| ■ Projected Payroll | 18,025 | 18,025 | 18,025 |
| ■ ADC - % | | | |
| • Normal Cost | 4.1% | 0.9% | 5.0% |
| • Administrative Expenses | 0.1% | 0.0% | 0.1% |
| • UAAL Amortization | <u>3.3%</u> | <u>0.4%</u> | <u>3.7%</u> |
| • Total ADC | 7.5% | 1.3% | 8.8% |

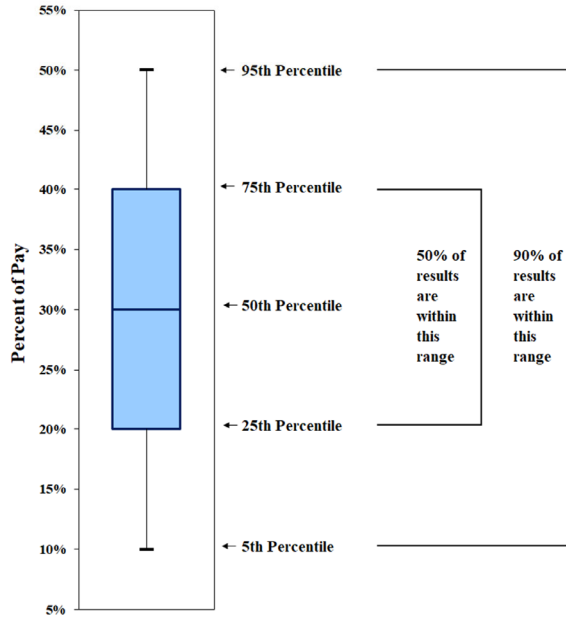


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OPEB DATABASE

Foster & Foster California OPEB Database Sample Percentile Graph

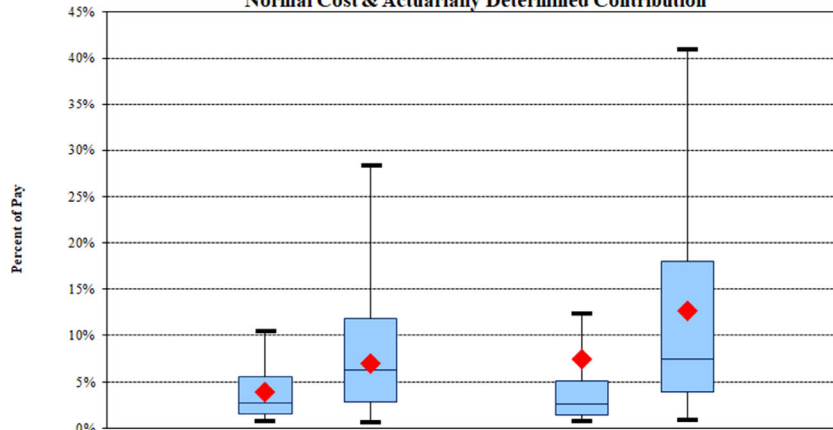


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OPEB DATABASE

Foster & Foster California OPEB Database Normal Cost & Actuarially Determined Contribution



| | Miscellaneous | | Safety | |
|---------------------------|---------------|-------------|-------------|--------------|
| | NC | ADC | NC | ADC |
| 95th Percentile | 10.4% | 28.3% | 12.3% | 41.0% |
| 75th Percentile | 5.5% | 11.9% | 5.1% | 18.1% |
| 50th Percentile | 2.8% | 6.3% | 2.6% | 7.5% |
| 25th Percentile | 1.5% | 2.8% | 1.5% | 4.0% |
| 5th Percentile | 0.7% | 0.6% | 0.7% | 0.8% |
| Percent of Pay (♦) | 3.9% | 6.9% | 7.5% | 12.7% |
| Percentile | 65% | 56% | 88% | 67% |

Discount Rate = 6.25%, Average Amortization Period = 14.4 Years

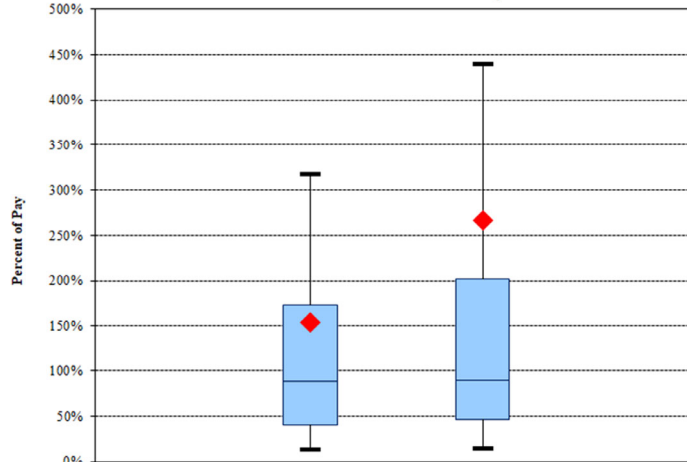


August 9, 2024



OPEB DATABASE

Foster & Foster California OPEB Database Actuarial Accrued Liability



| | <u>Miscellaneous</u> | <u>Safety</u> |
|---------------------------|----------------------|---------------|
| 95th Percentile | 317% | 440% |
| 75th Percentile | 173% | 202% |
| 50th Percentile | 88% | 89% |
| 25th Percentile | 40% | 47% |
| 5th Percentile | 14% | 15% |
| Percent of Pay (♦) | 154% | 267% |
| Percentile | 71% | 86% |

Discount Rate = 6.25%



August 9, 2024



ACTUARIAL CERTIFICATION

This report presents Town of Los Gatos Retiree Healthcare Plan (“Plan”) June 30, 2023 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan’s June 30, 2023 Benefit Obligations,
- Determine the Plan’s June 30, 2023 Funded Status, and
- Calculate the 2024/25 and 2025/26 Actuarially Determined Contributions (ADC).

The report provides information intended for plan funding, but may not be appropriate for other purposes. 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 assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

The valuation is based on Plan provisions, participant data, and asset information provided by the Town as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

Doug Pryor, ASA, MAAA, EA
Foster & Foster, Inc.

Katherine Moore, ASA, MAAA
Foster & Foster, Inc.



August 9, 2024



PREMIUMS

2023 PEMHCA Monthly Medical Premiums

Region 1

| Medical Plan | Non-Medicare Eligible | | | Medicare Eligible | | |
|---------------------------|-----------------------|------------|------------|-------------------|----------|------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Anthem Select | \$1,128.83 | \$2,257.66 | \$2,934.96 | \$413.59 | \$827.18 | \$1,240.77 |
| Anthem Traditional | 1,210.71 | 2,421.42 | 3,147.85 | 413.59 | 827.18 | 1,240.77 |
| Blue Shield Access+ | 1,035.21 | 2,070.42 | 2,691.55 | 361.90 | 723.80 | 1,085.70 |
| Blue Shield Trio | 888.94 | 1,777.88 | 2,311.24 | 361.90 | 723.80 | 1,085.70 |
| Health Net SmartCare | 1,174.50 | 2,349.00 | 3,053.70 | n/a | n/a | n/a |
| Kaiser | 913.74 | 1,827.48 | 2,375.72 | 283.25 | 566.50 | 849.75 |
| Kaiser Summit | n/a | n/a | n/a | 336.29 | 672.58 | 1,008.87 |
| UnitedHealthcare Alliance | 1,044.07 | 2,088.14 | 2,714.58 | n/a | n/a | n/a |
| UnitedHealthcare MA | n/a | n/a | n/a | 299.68 | 599.36 | 899.04 |
| UnitedHealthcare MA Edge | n/a | n/a | n/a | 357.70 | 715.40 | 1,073.10 |
| Western Health Advantage | 760.17 | 1,520.34 | 1,976.44 | 331.11 | 662.22 | 993.33 |
| PERS Gold | 825.61 | 1,651.22 | 2,146.59 | 392.71 | 785.42 | 1,178.13 |
| PERS Platinum | 1,200.12 | 2,400.24 | 3,120.31 | 420.02 | 840.04 | 1,260.06 |
| PORAC | 825.00 | 1,875.00 | 2,300.00 | 465.00 | 1,030.00 | 1,395.00 |



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PREMIUMS

2024 PEMHCA Monthly Medical Premiums

Region 1

| Medical Plan | Non-Medicare Eligible | | | Medicare Eligible | | |
|---------------------------|-----------------------|------------|------------|-------------------|----------|------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Anthem Select | \$1,138.86 | \$2,277.72 | \$2,961.04 | \$405.83 | \$811.66 | \$1,217.49 |
| Anthem Traditional | 1,339.70 | 2,679.40 | 3,483.22 | 405.83 | 811.66 | 1,217.49 |
| Blue Shield Access+ | 1,076.84 | 2,153.68 | 2,799.78 | 392.68 | 785.36 | 1,178.04 |
| Blue Shield Trio | 946.84 | 1,893.68 | 2,461.78 | 392.68 | 785.36 | 1,178.04 |
| Kaiser | 1,021.41 | 2,042.82 | 2,655.67 | 324.79 | 649.58 | 974.37 |
| Kaiser Summit | n/a | n/a | n/a | 386.55 | 773.10 | 1,159.65 |
| UnitedHealthcare Alliance | 1,091.13 | 2,182.26 | 2,836.94 | n/a | n/a | n/a |
| UnitedHealthcare Harmony | 937.39 | 1,874.78 | 2,437.21 | n/a | n/a | n/a |
| UnitedHealthcare MA | n/a | n/a | n/a | 341.72 | 683.44 | 1,025.16 |
| UnitedHealthcare MA Edge | n/a | n/a | n/a | 366.01 | 732.02 | 1,098.03 |
| Western Health Advantage | 807.23 | 1,614.46 | 2,098.80 | 268.62 | 537.24 | 805.86 |
| PERS Gold | 914.82 | 1,829.64 | 2,378.53 | 406.60 | 813.20 | 1,219.80 |
| PERS Platinum | 1,314.27 | 2,628.54 | 3,417.10 | 448.15 | 896.30 | 1,344.45 |
| PORAC | 931.00 | 2,117.00 | 2,651.00 | 465.00 | 1,030.00 | 1,395.00 |



August 9, 2024

E-2



DATA SUMMARY

Participants - June 30, 2023

| | Misc | Safety | Total |
|--------------------------|-----------|-----------|-----------|
| ■ Actives | | | |
| • Count | 113 | 36 | 149 |
| • Average Age | 45.0 | 41.9 | 44.2 |
| • Average Town Service | 7.1 | 10.1 | 7.8 |
| • Average Salary | \$103,100 | \$150,700 | \$114,600 |
| • Total Salary (000s) | 11,646 | 5,427 | 17,073 |
| ■ Retirees | | | |
| • Service Retired | 124 | 32 | 156 |
| • Disabled | 1 | 17 | 18 |
| • Survivor | <u>12</u> | <u>6</u> | <u>18</u> |
| • Total Count | 137 | 55 | 192 |
| • Average Age | 73.2 | 64.3 | 70.7 |
| • Average Retirement Age | | | |
| ➤ Service | 59.8 | 54.3 | 58.6 |
| ➤ Disability | 49.8 | 45.8 | 46.0 |



August 9, 2024

E-3



DATA SUMMARY

Participants - June 30, 2021

| | Misc | Safety | Total |
|--------------------------|-----------|----------|-----------|
| ■ Actives | | | |
| • Count | 113 | 37 | 150 |
| • Average Age | 45.4 | 42.2 | 44.6 |
| • Average Town Service | 8.0 | 9.9 | 8.5 |
| • Average Salary | 99,400 | 143,900 | 110,400 |
| • Total Salary (000s) | 11,229 | 5,324 | 16,553 |
| ■ Retirees | | | |
| • Service Retired | 119 | 30 | 149 |
| • Disabled | 1 | 18 | 19 |
| • Survivor | <u>12</u> | <u>4</u> | <u>16</u> |
| • Total Count | 132 | 52 | 184 |
| • Average Age | 73.1 | 63.8 | 70.4 |
| • Average Retirement Age | | | |
| ➤ Service Retired | 59.9 | 53.7 | 58.6 |
| ➤ Disabled | 49.8 | 45.8 | 46.0 |



August 9, 2024

E-4



DATA SUMMARY

Medical Plan Participation
Non-Waived Participants

| | Actives | Retirees | |
|---------------------|---------|----------|------|
| | | < 65 | ≥ 65 |
| Anthem Select | 5% | 10% | 3% |
| Anthem Traditional | 2% | 0% | |
| Blue Shield Access+ | 2% | 0% | 1% |
| Blue Shield Trio | 1% | 2% | |
| Kaiser | 68% | 32% | 28% |
| UnitedHealthcare | 0% | 0% | 10% |
| PERS Gold | 5% | 7% | 2% |
| PERS Platinum | 13% | 32% | 50% |
| PORAC | 4% | 17% | 6% |
| Total | 100% | 100% | 100% |



August 9, 2024

E-5



DATA SUMMARY

Active Medical Coverage

| | Single | 2-Party | Family | Waived | Total |
|---------------------|--------|---------|--------|--------|-------|
| Anthem Select | 1 | 2 | 3 | - | 6 |
| Anthem Traditional | 1 | - | 2 | - | 3 |
| Blue Shield Access+ | - | 2 | 1 | - | 3 |
| Blue Shield Trio | - | - | 1 | - | 1 |
| Kaiser | 36 | 15 | 30 | - | 81 |
| PERS Gold | 3 | 1 | 2 | - | 6 |
| PERS Platinum | 9 | 2 | 4 | - | 15 |
| PORAC | - | - | 5 | - | 5 |
| Waived | - | - | - | 29 | 29 |
| Total | 50 | 22 | 48 | 29 | 149 |



August 9, 2024

E-6



DATA SUMMARY

Retiree Medical Coverage
Under Age 65

| | Single | 2-Party | Family | Waived | Total |
|---------------------|---------------|----------------|---------------|---------------|--------------|
| Anthem Select | 2 | - | 2 | - | 4 |
| Blue Shield Access+ | - | - | - | - | - |
| Blue Shield Trio | - | - | 1 | - | 1 |
| Kaiser | 6 | 3 | 4 | - | 13 |
| UnitedHealthcare | - | - | - | - | - |
| PERS Gold | 1 | 1 | 1 | - | 3 |
| PERS Platinum | 6 | 4 | 3 | - | 13 |
| PORAC | 1 | 3 | 3 | - | 7 |
| Waived | - | - | - | 6 | 6 |
| Total | 16 | 11 | 14 | 6 | 47 |



August 9, 2024

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DATA SUMMARY

Retiree Medical Coverage
Age 65 & Over

| | Single | 2-Party | Family | Waived | Total |
|------------------|---------------|----------------|---------------|---------------|--------------|
| Anthem Preferred | - | 2 | 1 | - | 3 |
| Blue Shield | - | - | 1 | - | 1 |
| Kaiser | 19 | 11 | 1 | - | 31 |
| UnitedHealthcare | 6 | 5 | - | - | 11 |
| PERS Gold | - | 2 | - | - | 2 |
| PERS Platinum | 31 | 23 | - | - | 54 |
| PORAC | 1 | 5 | 1 | - | 7 |
| Waived | - | - | - | 36 | 36 |
| Total | 57 | 48 | 4 | 36 | 145 |



August 9, 2024

E-8



DATA SUMMARY

Actives by Age and Town Service
Miscellaneous

| Age | Town Service | | | | | | | Total |
|--------------|--------------|-----------|-----------|----------|----------|----------|----------|------------|
| | < 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | ≥ 25 | |
| < 25 | 1 | 1 | - | - | - | - | - | 2 |
| 25-29 | 4 | 6 | 2 | - | - | - | - | 12 |
| 30-34 | 3 | 6 | 9 | - | - | - | - | 18 |
| 35-39 | 3 | 2 | 4 | - | - | - | - | 9 |
| 40-44 | 3 | 4 | 4 | 1 | 1 | 1 | - | 14 |
| 45-49 | 2 | 3 | 6 | 3 | 4 | - | 1 | 19 |
| 50-54 | 1 | 3 | 4 | 1 | 2 | 2 | 1 | 14 |
| 55-59 | 3 | 3 | 3 | 1 | 2 | 1 | - | 13 |
| 60-64 | - | 1 | 3 | - | - | 1 | - | 5 |
| ≥ 65 | 1 | 4 | - | - | - | - | 2 | 7 |
| Total | 21 | 33 | 35 | 6 | 9 | 5 | 4 | 113 |



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E-9



DATA SUMMARY

Actives by Age and Town Service
Safety

| Age | Town Service | | | | | | | Total |
|--------------|--------------|-----------|----------|----------|----------|----------|----------|-----------|
| | < 1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | ≥ 25 | |
| < 25 | - | - | - | - | - | - | - | - |
| 25-29 | 1 | 7 | - | - | - | - | - | 8 |
| 30-34 | - | 1 | - | - | - | - | - | 1 |
| 35-39 | 2 | 1 | 1 | - | 1 | - | - | 5 |
| 40-44 | - | 1 | 2 | 1 | 1 | 1 | - | 6 |
| 45-49 | 1 | 1 | - | - | 1 | 2 | 1 | 6 |
| 50-54 | - | 1 | 2 | 2 | 1 | 2 | 1 | 9 |
| 55-59 | - | - | - | - | - | - | 1 | 1 |
| 60-64 | - | - | - | - | - | - | - | - |
| ≥ 65 | - | - | - | - | - | - | - | - |
| Total | 4 | 12 | 5 | 3 | 4 | 5 | 3 | 36 |



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DATA SUMMARY

Retiree Medical Coverage by Age Group
Miscellaneous

| Age | Single | 2-Party | Family | Waived | Total |
|----------|--------|---------|--------|--------|-------|
| Under 50 | - | - | - | - | - |
| 50-54 | - | - | 1 | - | 1 |
| 55-59 | 5 | 3 | 3 | - | 11 |
| 60-64 | 5 | - | 2 | 1 | 8 |
| 65-69 | 12 | 13 | 3 | 6 | 34 |
| 70-74 | 13 | 7 | - | 4 | 24 |
| 75-79 | 12 | 10 | - | 8 | 30 |
| 80-84 | 6 | 4 | - | 7 | 17 |
| 85+ | 6 | 2 | - | 4 | 12 |
| Total | 59 | 39 | 9 | 30 | 137 |



August 9, 2024

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DATA SUMMARY

Retiree Medical Coverage by Age Group
Safety

| Age | Single | 2-Party | Family | Waived | Total |
|----------|--------|---------|--------|--------|-------|
| Under 50 | - | - | 3 | 2 | 5 |
| 50-54 | - | 4 | 4 | 1 | 9 |
| 55-59 | 2 | - | 1 | 2 | 5 |
| 60-64 | 4 | 4 | - | - | 8 |
| 65-69 | 3 | 5 | 1 | 2 | 11 |
| 70-74 | 1 | 3 | - | 1 | 5 |
| 75-79 | 3 | 3 | - | 1 | 7 |
| 80-84 | - | 1 | - | 3 | 4 |
| 85+ | 1 | - | - | - | 1 |
| Total | 14 | 20 | 9 | 12 | 55 |



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E-12



ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|--|---|
| <ul style="list-style-type: none"> ■ Administrative Expenses | <ul style="list-style-type: none"> ■ CERBT - 0.05% of assets included in ADC ■ PEMHCA - 0.25% of retiree premium included in ADC (2021/22 PEMHCA administrative fee) | <ul style="list-style-type: none"> ■ CERBT - 0.05% of assets included in ADC ■ PEMHCA - 0.30% of retiree premium included in ADC (5-year average) |
| <ul style="list-style-type: none"> ■ Participation at Retirement | <ul style="list-style-type: none"> ■ Tier 1 Actives: <ul style="list-style-type: none"> ● Participating - 100% ● Waived - 100% ■ Tier 2 Actives: <ul style="list-style-type: none"> ● Participating - 60% ● Waived - 40% ■ Retirees: <ul style="list-style-type: none"> ● Participating - 100% ● Waived - 0% | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Medical Plan at Retirement | <ul style="list-style-type: none"> ■ Current plan election ■ Waived - Kaiser | <ul style="list-style-type: none"> ■ Same |



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ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|--|--|
| <ul style="list-style-type: none"> ■ Spouse Coverage at Retirement | <ul style="list-style-type: none"> ■ Actives: <ul style="list-style-type: none"> ● Currently covered - current spouse coverage ● Waived - 80% cover spouse ■ Retirees - based on current coverage | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Spouse Age | <ul style="list-style-type: none"> ■ Actives - males 3 years older than females ■ Retirees - males 3 years older than females if spouse birth date not provided | <ul style="list-style-type: none"> ■ Same |



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ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2021 Valuation | June 30, 2023 Valuation |
|---|---|--|
| <ul style="list-style-type: none"> ■ Spouse & Dependent Coverage at Retirement | <ul style="list-style-type: none"> ■ Surviving spouse coverage - 100% of married retirees elect CalPERS joint and survivor annuity ■ Family coverage: <ul style="list-style-type: none"> • Current Tier 1 actives: <ul style="list-style-type: none"> - Misc - 10% until age 65 - Safety - 35% until age 65 • Current retirees <ul style="list-style-type: none"> - Current coverage until 65 • No coverage after age 65 | <ul style="list-style-type: none"> ■ Same |
| <ul style="list-style-type: none"> ■ Medicare Eligibility | <ul style="list-style-type: none"> ■ 100% eligible for Medicare at age 65 ■ Medicare eligible retirees will elect Part B coverage | <ul style="list-style-type: none"> ■ Same |



ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2023 Valuation | | | | | | | | |
|---|--|----------|----------|--------------------|----------|---------------|----------|-------------------------|----------|
| <ul style="list-style-type: none"> ■ Medical Claims Costs 2024 Calendar Year | <ul style="list-style-type: none"> ■ Sample estimated monthly claims costs: | | | | | | | | |
| | <u>Region 1</u> | | | | | | | | |
| | Anthem | | | | | | | | |
| | <u>Anthem Select</u> | | | <u>Traditional</u> | | <u>Kaiser</u> | | <u>UnitedHealthcare</u> | |
| | <u>Age</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> |
| | 25 | \$413 | \$682 | \$486 | \$803 | \$371 | \$612 | \$396 | \$654 |
| | 35 | 543 | 955 | 639 | 1,124 | 487 | 857 | 520 | 915 |
| | 45 | 776 | 1,034 | 913 | 1,216 | 696 | 927 | 743 | 991 |
| | 55 | 1,220 | 1,333 | 1,435 | 1,569 | 1,094 | 1,196 | 1,169 | 1,278 |
| | 60 | 1,535 | 1,545 | 1,805 | 1,817 | 1,376 | 1,386 | 1,470 | 1,480 |
| 64 | 1,824 | 1,760 | 2,146 | 2,071 | 1,636 | 1,579 | 1,748 | 1,687 | |
| 65 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| 70 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| 75 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |
| 80 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | |



ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2023 Valuation | | | | | | |
|--|---|------------------|----------|----------------------|----------|--------------|----------|
| ■ Medical Claims Costs 2024 Calendar Year (continued) | ■ Sample estimated monthly claims costs: | | | | | | |
| | | <u>Region 1</u> | | | | | |
| | | <u>PERS Gold</u> | | <u>PERS Platinum</u> | | <u>PORAC</u> | |
| | <u>Age</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> | <u>M</u> | <u>F</u> |
| | 25 | \$365 | \$595 | \$415 | \$676 | \$362 | \$603 |
| | 35 | 476 | 827 | 541 | 941 | 478 | 846 |
| | 45 | 674 | 894 | 767 | 1,017 | 686 | 917 |
| | 55 | 1,052 | 1,149 | 1,197 | 1,307 | 1,083 | 1,184 |
| | 60 | 1,320 | 1,329 | 1,503 | 1,513 | 1,364 | 1,373 |
| | 64 | 1,567 | 1,512 | 1,783 | 1,722 | 1,622 | 1,566 |
| | 65 | 370 | 354 | 447 | 428 | 408 | 391 |
| 70 | 401 | 384 | 484 | 463 | 442 | 423 | |
| 75 | 427 | 410 | 516 | 495 | 471 | 452 | |
| 80 | 440 | 425 | 532 | 514 | 486 | 469 | |



ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2023 Valuation |
|--------------------------------|---|
| ■ Basis for Assumptions | <ul style="list-style-type: none"> ■ 2021 CalPERS experience study covering 2000 to 2019 experience ■ Mortality improvement based on Society of Actuaries table ■ Inflation based on the Plan’s very long time horizon ■ Participation and coverage take into account Plan experience ■ Capital market assumptions based on 2021 Foster & Foster stochastic analysis, taking into account capital market assumptions of investment advisory firms ■ Age-based claims costs were based on demographic data provided by CalPERS and Society of Actuaries studies ■ Medical trends were based on expectations over the short term blended into long term medical trends developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends |
| ■ Data Quality | <ul style="list-style-type: none"> ■ Our valuation used census data provided by the Town and CalPERS OPEB data extract. We reviewed the data for reasonableness and resolved any questions with the Town. We believe the resulting data can be relied on for all purposes of this valuation without limitation. |



ACTUARIAL ASSUMPTIONS

| Assumption | June 30, 2023 Valuation |
|----------------------|--|
| ■ Actuarial Modeling | ■ Our valuation was performed using and relying on ProVal, an actuarial model leased from WinTech. Our use of ProVal is consistent with its intended purpose. We have reviewed and understand ProVal and its operation, sensitivities and dependencies |



August 9, 2024

E-19



DEFINITIONS

| | |
|-------------------------|--|
| ■ Actuarial Obligations | <ul style="list-style-type: none">■ The Present Value of Benefits (PVB) is calculated as follows:<ul style="list-style-type: none">➢ Project future employer-provided retiree benefits for current retirees and current active employees (future retirees)➢ Discount projected benefits to valuation date using the discount rate➢ Discount rate is the expected long-term net rate of return on assets for benefits projected to be paid from the OPEB trust and the expected long-term net rate of return on Town investments for benefits projected to be paid from Town assets➢ Allocate the PVB to past, current, and future working periods using the Entry Age Normal Cost Method■ Normal Cost (NC) is portion of the PVB allocated to one fiscal year■ Actuarial Accrued Liability (AAL) is the portion of the PVB allocated to prior Town service, that is, the accumulation of prior years' NCs■ Unfunded AAL (UAAL) is AAL less the Actuarial Value of Assets■ Actuarial Value of Assets (AVA) smooths market value of assets (MVA) volatility by spreading investment gains and losses over 5 years |
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August 9, 2024

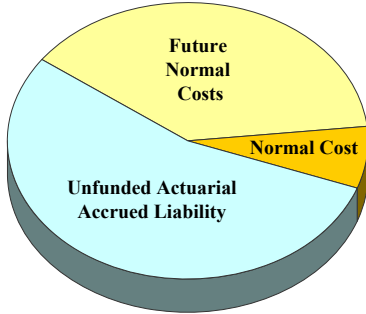
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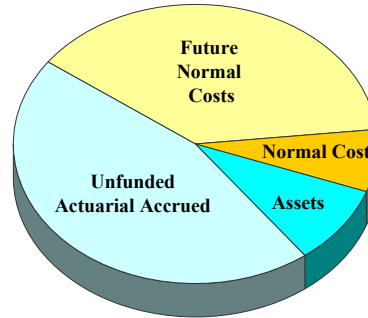
DEFINITIONS

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**



DEFINITIONS

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| <ul style="list-style-type: none"> ■ PayGo Cost | <ul style="list-style-type: none"> ■ Cash Subsidy is the Town’s pay-as-you-go cash payments for its portion of retiree premiums ■ Implicit Subsidy is the difference between the expected cost of retiree healthcare benefits, by age and gender, and retiree premiums, that is, it is the portion of retiree healthcare costs subsidized by active employee premiums |
| <ul style="list-style-type: none"> ■ Terminology Used in Report | <ul style="list-style-type: none"> ■ AAL - Actuarial Accrued Liability ■ ADC - Actuarially Determined Contribution ■ AVA - Actuarial Value of Assets ■ GASBS 75 - Governmental Accounting Standards Board Statement No. 75 ■ MVA - Market Value of Assets ■ NC - Normal Cost ■ OPEB - Other (than pensions) Postemployment Benefits ■ PVB - Present Value of Benefits ■ UAAL - Unfunded Actuarial Accrued Liability |

