



**TOWN OF GLASTONBURY
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

**Actuarial Valuation as of July 1, 2021
To Determine Funding for Fiscal Year 2022-23**

Prepared by

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Certification

We have performed an actuarial valuation of the Plan as of July 1, 2021 to determine funding for fiscal year 2022-23. This report presents the results of our valuation.

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

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

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

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

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

Certification

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

The valuation results were developed using models employing standard actuarial techniques. In addition to the models described previously, 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 (ASOP). The models, including all input, calculations, and output may not be appropriate for any other purpose.

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

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

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



Rebecca A. Sielman, FSA
Consulting Actuary

Section I - Executive Summary Changes Since the Prior Valuation

Demographic Changes and Plan Experience

From July 1, 2019 to July 1, 2021, the overall membership increased from 1,081 to 1,192. The number of active members increased from 932 to 979, and the total number of members and spouses/dependents receiving benefits increased from 149 to 213.

The average age of active members increased from 47.8 to 48.0, and the average age of members receiving benefits increased from 70.8 to 71.8.

We updated expected claims costs based on our analysis of the claims experience and premium information that was provided to us for this valuation. Expected per capita growth since 2019 was higher than expected, which increased the Accrued Liability by about \$2.1 million.

Plan Changes

None.

Changes in Actuarial Methods and Assumptions

We updated the medical trend assumption. The new assumption includes slightly higher rates in the short term but generally lower rates in the long term, the net effect of this assumption change is a decrease in the Accrued Liability of about \$2.2 million.

We updated the assumptions for Certified employees to reflect the assumptions used in the June 30, 2020 Actuarial Valuation Report for the Connecticut State Teachers' Retirement System.

Our prior valuations assumed that there is no Implicit Rate Subsidy for dental benefits. This valuation reflects a change in procedure to value the Implicit Rate Subsidy directly.

The above changes, in combination, decreased the Accrued Liability by about \$2.5 million and decreased the Actuarially Determined Contribution by about \$379,000.

Other Significant Changes

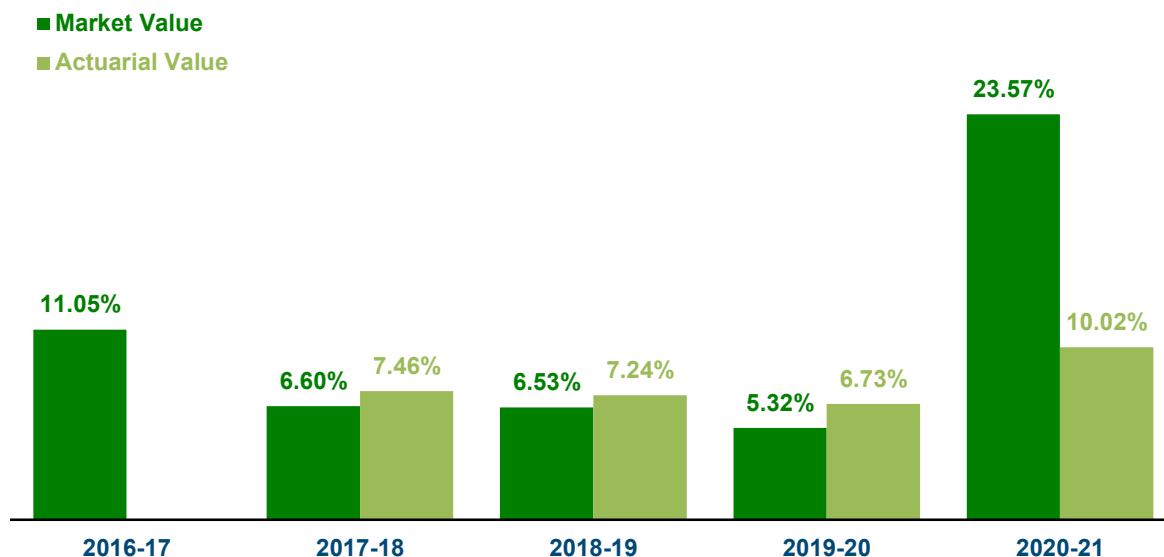
Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of our projections, we have chosen not to make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have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

Section I - Executive Summary Assets

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	Actuarial
Value as of July 1, 2019	\$5,795,133	\$5,745,521
Town Contributions	1,684,686	1,684,686
Investment Income	328,778	412,493
Benefit Payments and Administrative Expenses	(920,463)	(920,463)
Value as of July 1, 2020	6,888,134	6,922,237
Town Contributions	1,743,050	1,743,050
Investment Income	1,715,812	733,064
Benefit Payments and Administrative Expenses	(961,492)	(961,492)
Value as of July 1, 2021	9,385,504	8,436,859

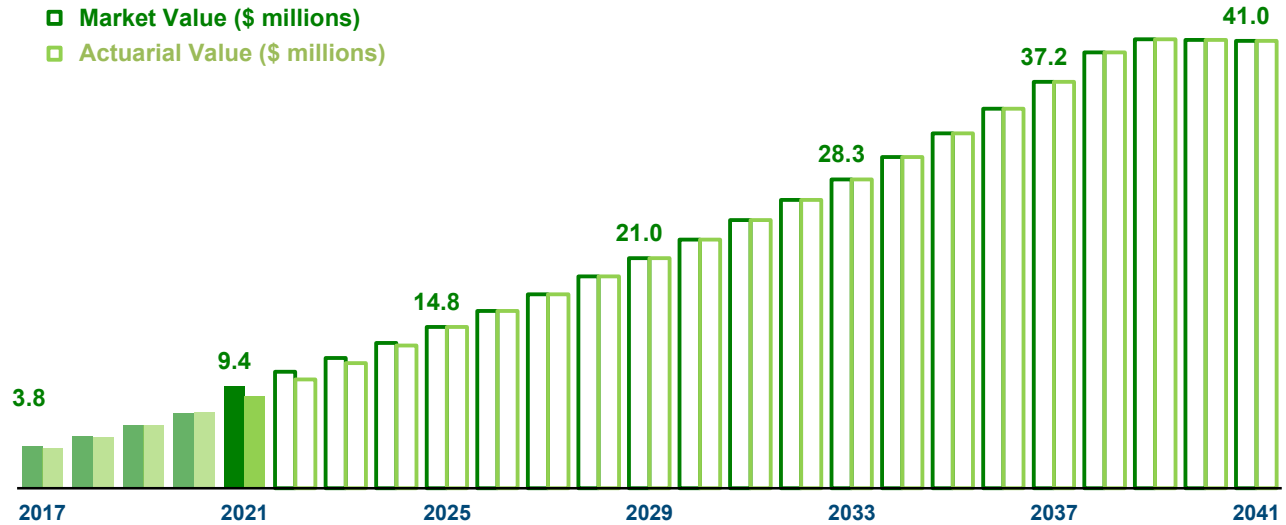
For fiscal year 2019-20, the plan's assets earned 5.32% on a Market Value basis. The actuarial assumption for this period was 6.50%; the result is an asset loss of about \$0.1 million. For fiscal year 2020-21, the plan's assets earned 23.57% on a Market Value basis. The actuarial assumption for this period was 6.50%; the result is an asset gain of about \$1.2 million. Historical rates of return are shown in the graph below.



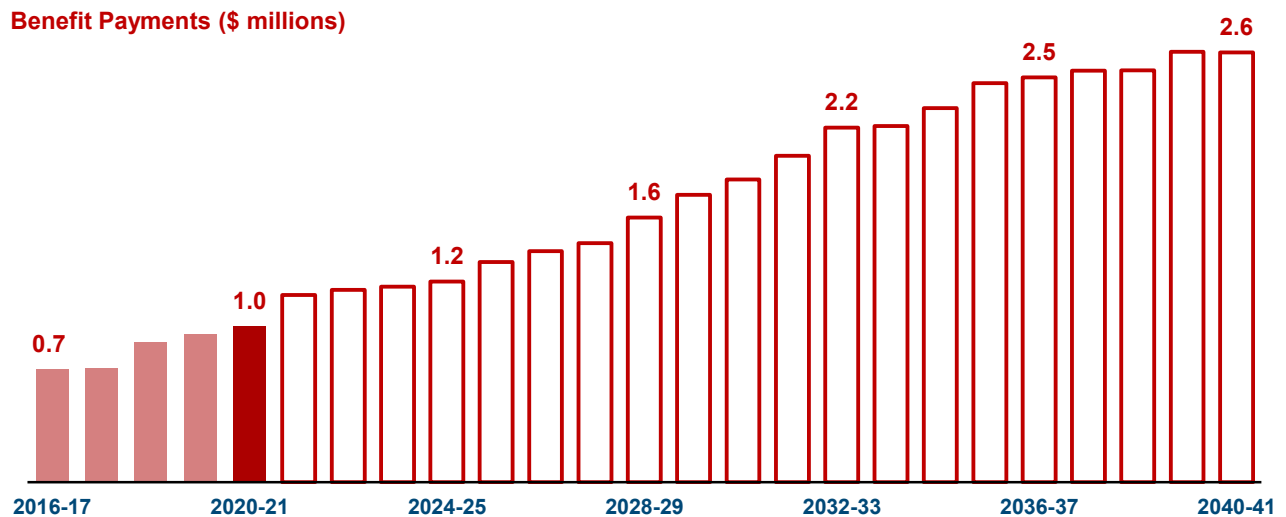
Please note that the Actuarial Value currently is less than the Market Value by \$0.9 million. This figure represents investment gains that will be gradually recognized in future years. This process will exert downward pressure on the Town's contribution, unless there are offsetting market losses.

Section I - Executive Summary Assets (continued)

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

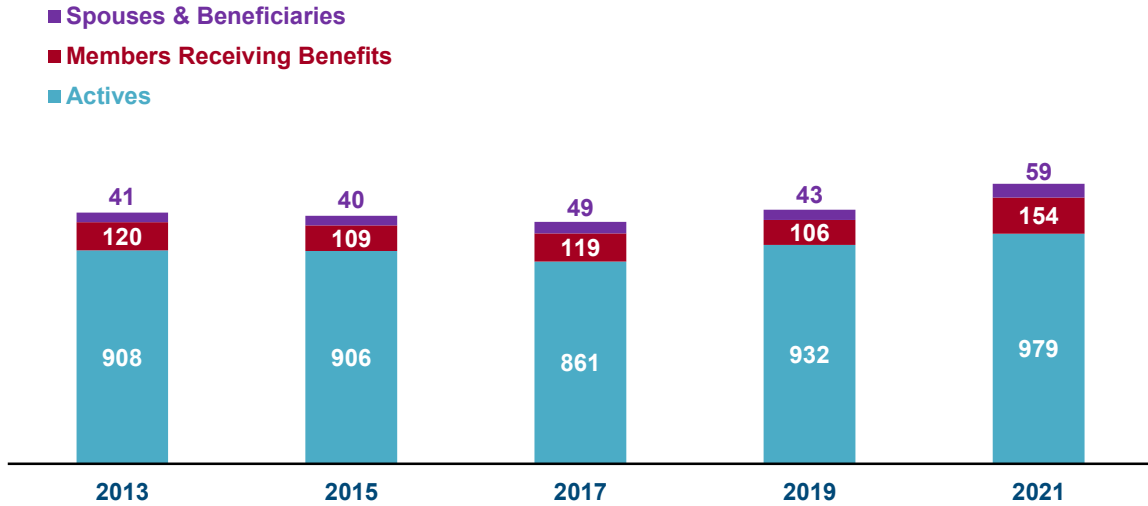


In 2020-21, the plan paid out \$1.0 million in benefits to members. Over the next 20 years, the plan is projected to pay out a total of \$38 million in benefits to members.



Section I - Executive Summary Membership

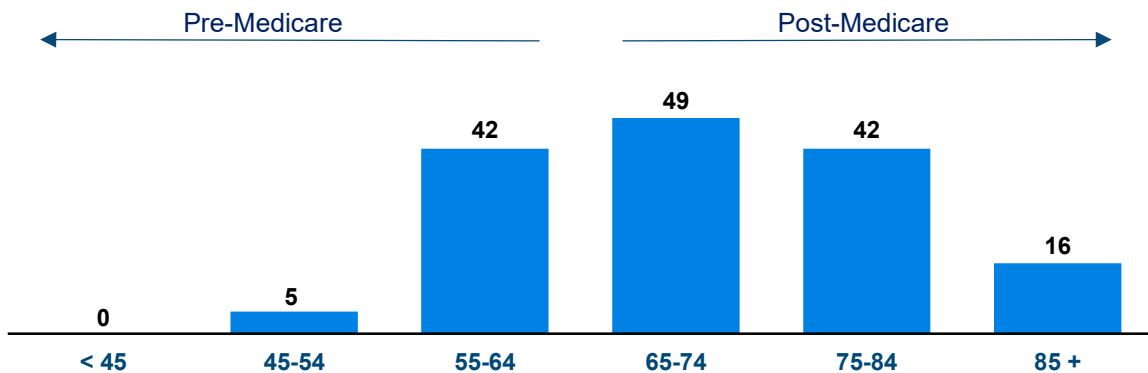
There are three basic categories of plan members included in the valuation: (1) spouses and beneficiaries of members who are receiving benefits, (2) members who are receiving benefits and (3) active employees who have met the eligibility requirements for membership.



Members Receiving Benefits on July 1, 2021

Housing Authority	1	Average Age	71.8
Town	55		
GPOA	21		
BOE Non-Certified	8		
BOE Certified	<u>69</u>		
Total	154		

As of July 1, 2021, there were 154 members receiving benefits and 59 spouses/dependents receiving benefits. The members receiving benefits fall across a wide distribution of ages:



Section I - Executive Summary Membership (continued)

Active Members on July 1, 2021

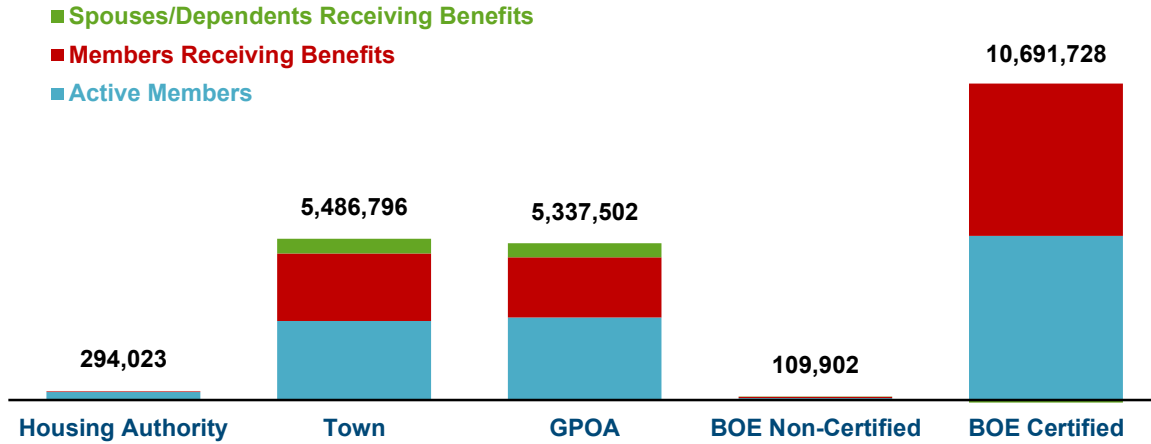
Housing Authority	13	Average Age	48.0
Town	140	Average Service	14.0
GPOA	54	Payroll	\$82,816,858
BOE Non-Certified	252	Average Payroll	84,593
BOE Certified	<u>520</u>		
Total	979		

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

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	11	2						13
25-29	40	10	1					51
30-34	34	40	7					81
35-39	27	49	34	5	1			116
40-44	30	18	27	36	12			123
45-49	30	22	20	35	32	3		142
50-54	17	22	27	32	32	18	5	153
55-59	11	20	24	32	28	11	22	148
60-64	2	7	21	23	34	8	13	108
65+	1	1	6	5	5	10	16	44
Total	203	191	167	168	144	50	56	979

Section I - Executive Summary Accrued Liability

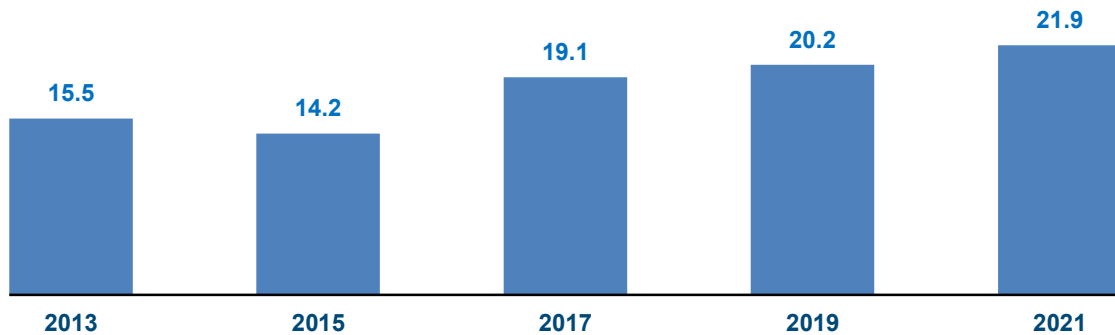
The Accrued Liability as of July 1, 2021 is \$21,919,951, which consists of the following pieces:



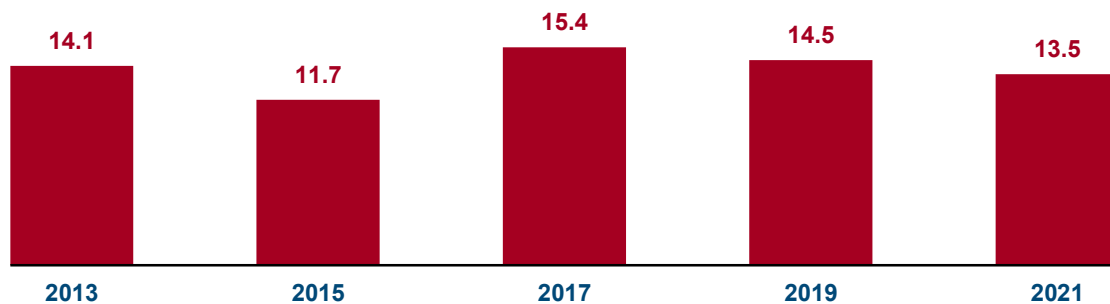
Section I - Executive Summary Funded Status

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

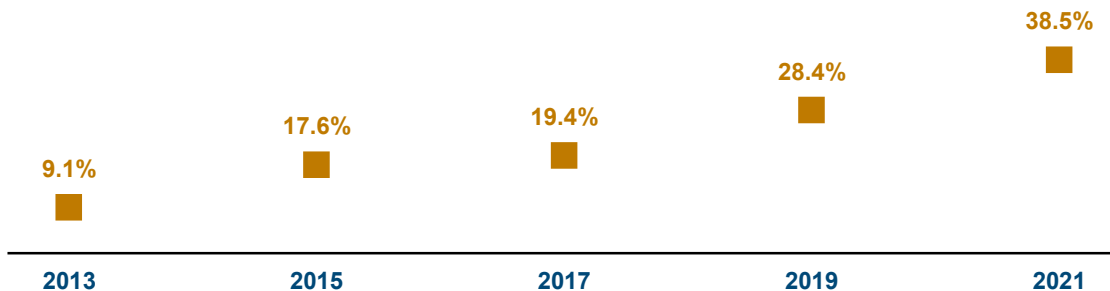
Accrued Liability (\$ millions)



Unfunded Accrued Liability (\$ millions)



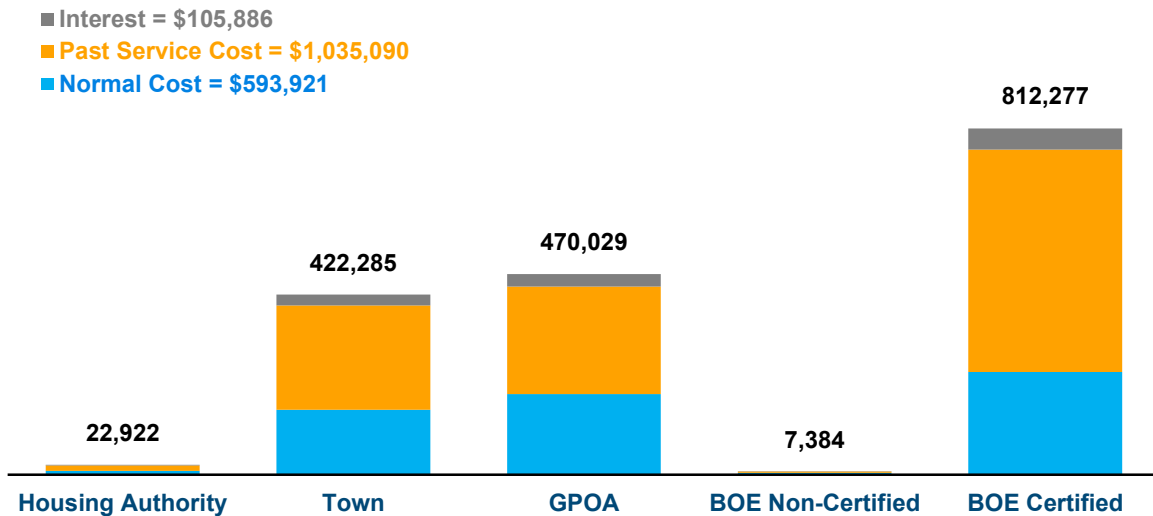
Funded Ratio



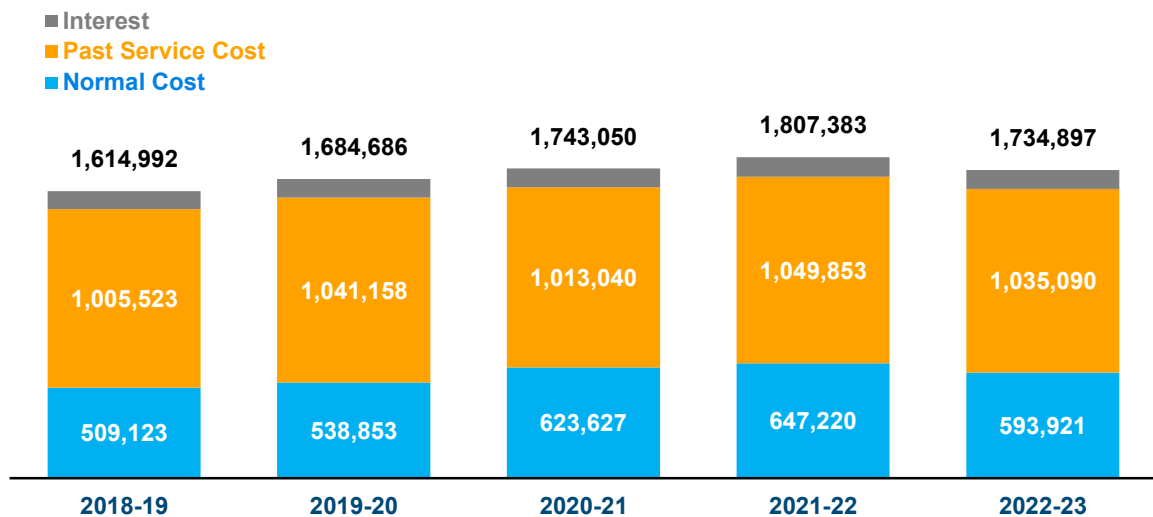
Section I - Executive Summary Actuarially Determined Contribution

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

The Actuarially Determined Contribution for fiscal year 2022-23 is \$1,734,897, as shown graphically below.



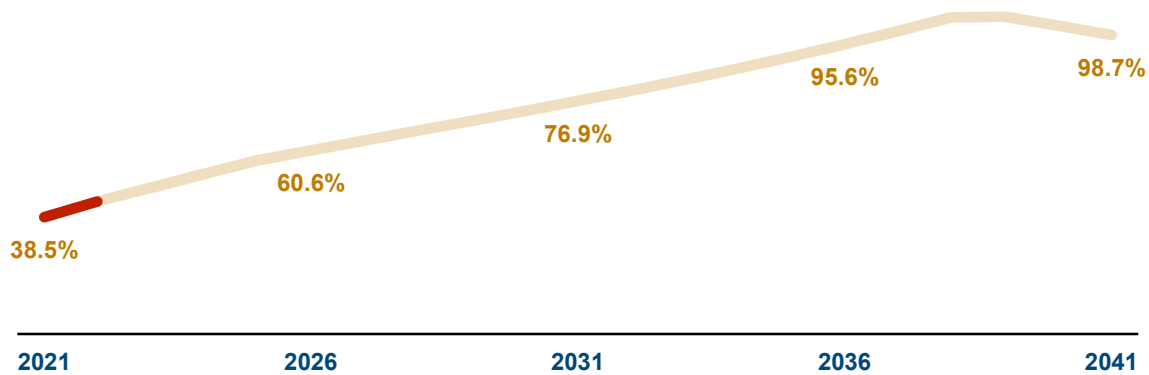
The chart below shows the Actuarially Determined Contribution for the past five fiscal years. Note that the Normal Cost is relatively consistent from year to year, whereas the Past Service Cost tends to be more volatile since it reflects the impact of asset performance.



Section I - Executive Summary Long-Range Forecast

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

Funded Ratio



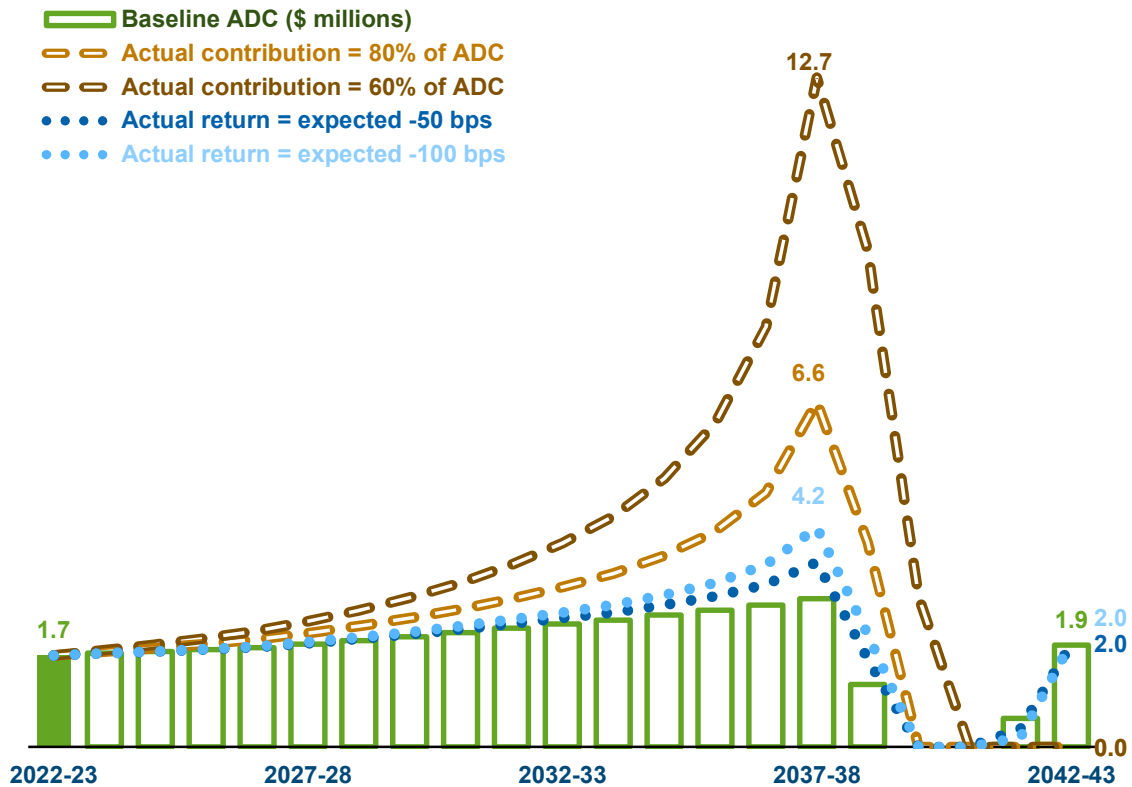
Actuarially Determined Contribution (\$ millions)



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

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

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



The scenarios illustrated above are based on deterministic projections that assume emerging plan experience always exactly matches the actuarial assumptions; 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.

Section I - Executive Summary Summary of Principal Results

Membership as of	July 1, 2019	July 1, 2021
Active Members	932	979
Members Receiving Benefits	106	154
	<u>43</u>	<u>59</u>
Total Count	1,081	1,192
 Payroll	 \$74,692,514	 \$82,816,858
 Assets and Liabilities as of	 July 1, 2019	 July 1, 2021
Market Value of Assets	\$5,795,133	\$9,385,504
Actuarial Value of Assets	5,745,521	8,436,859
Accrued Liability for Active Members	10,395,228	11,411,143
Accrued Liability for Members Receiving Benefits	<u>9,810,744</u>	<u>10,508,808</u>
Total Accrued Liability	20,205,972	21,919,951
Unfunded Accrued Liability	14,460,451	13,483,092
Funded Ratio	28.4%	38.5%
 Actuarially Determined Contribution for Fiscal Year	 2020-21	 2022-23
Normal Cost	\$623,627	\$593,921
Past Service Cost	1,013,040	1,035,090
Interest	<u>106,383</u>	<u>105,886</u>
Actuarially Determined Contribution	1,743,050	1,734,897
Allocated to Housing Authority	\$18,484	\$22,922
Allocated to Town	380,104	422,285
Allocated to GPOA	475,174	470,029
Allocated to BOE Non-Certified	5,272	7,384
Allocated to BOE Certified	<u>864,016</u>	<u>812,277</u>
Total	1,743,050	1,734,897

Section II - Plan Assets

A. Summary of Fund Transactions

Market Value as of July 1, 2019	\$5,795,133
Town Contributions	1,684,686
Net Investment Income	328,778
Benefit Payments	(907,975)
Administrative Expenses	(12,488)
 Market Value as of June 30, 2020	 6,888,134
Expected Return on Market Value of Assets, 2019-20	401,130
Market Value (Gain)/Loss, 2019-20	72,352
Approximate Rate of Return, 2019-20*	5.32%
 Market Value as of July 1, 2020	 \$6,888,134
Town Contributions	1,743,050
Net Investment Income	1,715,812
Benefit Payments	(958,954)
Administrative Expenses	(2,538)
 Market Value as of June 30, 2021	 9,385,504
Expected Return on Market Value of Assets, 2020-21	473,177
Market Value (Gain)/Loss, 2020-21	(1,242,635)
Approximate Rate of Return, 2020-21*	23.57%

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

Section II - Plan Assets

B. 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, 2020 is determined below.

1.	Expected Market Value of Assets:																					
	a. Market Value of Assets as of July 1, 2019	\$5,795,133																				
	b. Town Contributions	1,684,686																				
	c. Benefit Payments and Administrative Expenses	(920,463)																				
	d. Expected Earnings Based on 6.50% Interest	<u>401,130</u>																				
	e. Expected Market Value of Assets as of July 1, 2020	6,960,486																				
2.	Actual Market Value of Assets as of July 1, 2020	6,888,134																				
3.	Market Value (Gain)/Loss: (1e) - (2)	72,352																				
4.	Delayed Recognition of Market (Gains)/Losses																					
	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Plan Year End</th> <th style="text-align: left;">(Gain)/Loss</th> <th style="text-align: left;">Percent Not Recognized</th> <th style="text-align: left;">Amount Not Recognized</th> </tr> </thead> <tbody> <tr> <td>6/30/2020</td> <td style="text-align: right;">\$72,352</td> <td style="text-align: right;">80%</td> <td style="text-align: right;">\$57,882</td> </tr> <tr> <td>6/30/2019</td> <td style="text-align: right;">4,571</td> <td style="text-align: right;">60%</td> <td style="text-align: right;">2,743</td> </tr> <tr> <td>6/30/2018</td> <td style="text-align: right;">1,122</td> <td style="text-align: right;">40%</td> <td style="text-align: right;">449</td> </tr> <tr> <td>6/30/2017</td> <td style="text-align: right;">(134,854)</td> <td style="text-align: right;">20%</td> <td style="text-align: right;"><u>(26,971)</u></td> </tr> </tbody> </table>	Plan Year End	(Gain)/Loss	Percent Not Recognized	Amount Not Recognized	6/30/2020	\$72,352	80%	\$57,882	6/30/2019	4,571	60%	2,743	6/30/2018	1,122	40%	449	6/30/2017	(134,854)	20%	<u>(26,971)</u>	34,103
Plan Year End	(Gain)/Loss	Percent Not Recognized	Amount Not Recognized																			
6/30/2020	\$72,352	80%	\$57,882																			
6/30/2019	4,571	60%	2,743																			
6/30/2018	1,122	40%	449																			
6/30/2017	(134,854)	20%	<u>(26,971)</u>																			
5.	Actuarial Value of Assets as of July 1, 2020: (2) + (4)	6,922,237																				
6.	Return on Actuarial Value of Assets	412,493																				
7.	Approximate Rate of Return on Actuarial Value of Assets	6.732%																				
8.	Actuarial Value (Gain)/Loss	(14,215)																				

Section II - Plan Assets

B. Development of Actuarial Value of Assets

The Actuarial Value of Assets as of July 1, 2021 is determined below.

1.	Expected Market Value of Assets:		
	a. Market Value of Assets as of July 1, 2020		\$6,888,134
	b. Town Contributions		1,743,050
	c. Benefit Payments and Administrative Expenses		(961,492)
	d. Expected Earnings Based on 6.50% Interest		<u>473,177</u>
	e. Expected Market Value of Assets as of July 1, 2021		8,142,869
2.	Actual Market Value of Assets as of July 1, 2021		9,385,504
3.	Market Value (Gain)/Loss: (1e) - (2)		(1,242,635)
4.	Delayed Recognition of Market (Gains)/Losses		
		Percent Not	Amount Not
	Plan Year End	(Gain)/Loss	Recognized
	6/30/2021	(\$1,242,635)	80%
	6/30/2020	72,352	60%
	6/30/2019	4,571	40%
	6/30/2018	1,122	20%
			<u>224</u>
			(948,645)
5.	Actuarial Value of Assets as of July 1, 2021: (2) + (4)		8,436,859
6.	Return on Actuarial Value of Assets		733,064
7.	Approximate Rate of Return on Actuarial Value of Assets		10.02%
8.	Actuarial Value (Gain)/Loss		(257,523)

Section III - Development of Contribution

A. Summary of Liabilities

We have calculated the Accrued Liability separately for 5 groups, who are eligible for different OPEB benefits. We have broken the accrued liability into several pieces: benefits that are expected to be paid prior to age 65 (i.e. prior to Medicare) and after age 65 (i.e. after Medicare) to current active members and their covered dependents after retirement, and the same figures for members who have already retired and are currently receiving benefits. In all cases, the Accrued Liability only reflects benefits that are paid for by the Town, taking into account any implicit rate subsidies.

	Housing Authority	Town	GPOA	BOE Non- Certified	BOE Certified	Total
Current active members						
Members Under Age 65	\$28,081	\$316,014	\$1,641,974	\$54,569	\$5,219,688	\$7,260,326
Members Over Age 65	174,457	1,718,013	512,469	0	0	2,404,939
Spouses/Dependents Under Age 65	6,711	91,619	515,740	4,975	371,274	990,319
Spouses/Dependents Over Age 65	<u>57,605</u>	<u>562,531</u>	<u>135,423</u>	<u>0</u>	<u>0</u>	<u>755,559</u>
Total	266,854	2,688,177	2,805,606	59,544	5,590,962	11,411,143
Current members receiving benefits						
Members Under Age 65	0	123,146	1,133,510	39,096	769,197	2,064,949
Members Over Age 65	27,169	2,180,427	916,630	4,163	4,423,185	7,551,574
Spouses/Dependents Under Age 65	0	4,341	230,479	7,974	(86,010)	156,784
Spouses/Dependents Over Age 65	<u>0</u>	<u>490,705</u>	<u>251,277</u>	<u>(875)</u>	<u>(5,606)</u>	<u>735,501</u>
Total	27,169	2,798,619	2,531,896	50,358	5,100,766	10,508,808
Total Accrued Liability	294,023	5,486,796	5,337,502	109,902	10,691,728	21,919,951
Accrued Liability Sensitivity at July 1, 2021						
	1% Decrease		Baseline		1% Increase	
Discount Rate	24,389,988		21,919,951		19,807,898	
Trend Rate	19,506,727		21,919,951		24,817,690	

Section III - Development of Contribution

B. Actuarially Determined Contribution

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

The amortization method produces annual payments that will increase by 3.50% annually. On this basis, the ADC is determined as follows:

	Housing Authority	Town	GPOA	BOE Non- Certified	BOE Certified	Total
Accrued Liability	\$294,023	\$5,486,796	\$5,337,502	\$109,902	\$10,691,728	\$21,919,951
Actuarial Value of Assets	122,211	2,301,407	2,050,379	69,059	3,893,803	8,436,859
Unfunded Accrued Liability	171,812	3,185,389	3,287,123	40,843	6,797,925	13,483,092
Funded Ratio	41.6%	41.9%	38.4%	62.8%	36.4%	38.5%
Amortization Period	16	16	16	16	16	16
Amortization Growth Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Past Service Cost	13,190	244,541	252,351	3,135	521,873	1,035,090
Normal Cost	8,295	151,262	188,359	3,777	239,628	591,321
Employee Contributions	0	0	0	0	0	0
Expenses	38	709	632	21	1,200	2,600
Employer Normal Cost	8,333	151,971	188,991	3,798	240,828	593,921
Interest	1,399	25,773	28,687	451	49,576	105,886
ADC for FY 2022-23	22,922	422,285	470,029	7,384	812,277	1,734,897
Expected Benefit Payouts	(9,433)	(271,532)	(310,053)	(23,732)	(567,614)	(1,182,363)
Net Budget Impact	13,489	150,753	159,976	(16,348)	244,663	552,534

Section III - Development of Contribution C. Long Range Forecast

This forecast is based on the results of the July 1, 2021 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. Actual results at each point in time will yield different values, reflecting the actual experience of the plan membership and assets. 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 City from contribution volatility.

Valuation Date	Values as of the Valuation Date				Fiscal Year	Cash Flows Projected to the Following Fiscal Year			
	Accrued Liability	Actuarial Value of Assets	Unfunded Accrued Liability	Funded Ratio		Town Contributions	Member Contributions	Benefit Payments	Net Cash Flows
7/1/2021	\$21,919,951	\$8,436,859	\$13,483,092	38.5%	2022-23	\$1,734,897	\$0	(\$1,182,363)	\$552,534
7/1/2022	22,787,000	9,954,000	12,833,000	43.7%	2023-24	1,779,000	0	(1,201,000)	578,000
7/1/2023	23,721,000	11,449,000	12,272,000	48.3%	2024-25	1,807,000	0	(1,233,000)	574,000
7/1/2024	24,712,000	13,052,000	11,660,000	52.8%	2025-26	1,845,000	0	(1,354,000)	491,000
7/1/2025	25,761,000	14,754,000	11,007,000	57.3%	2026-27	1,880,000	0	(1,420,000)	460,000
7/1/2026	26,780,000	16,217,000	10,563,000	60.6%	2027-28	1,948,000	0	(1,469,000)	479,000
7/1/2027	27,827,000	17,743,000	10,084,000	63.8%	2028-29	2,018,000	0	(1,627,000)	391,000
7/1/2028	28,919,000	19,388,000	9,531,000	67.0%	2029-30	2,091,000	0	(1,766,000)	325,000
7/1/2029	29,948,000	21,049,000	8,899,000	70.3%	2030-31	2,170,000	0	(1,861,000)	309,000
7/1/2030	30,935,000	22,749,000	8,186,000	73.5%	2031-32	2,255,000	0	(2,008,000)	247,000
7/1/2031	31,925,000	24,543,000	7,382,000	76.9%	2032-33	2,334,000	0	(2,181,000)	153,000
7/1/2032	32,855,000	26,390,000	6,465,000	80.3%	2033-34	2,406,000	0	(2,191,000)	215,000
7/1/2033	33,688,000	28,260,000	5,428,000	83.9%	2034-35	2,501,000	0	(2,300,000)	201,000
7/1/2034	34,609,000	30,315,000	4,294,000	87.6%	2035-36	2,592,000	0	(2,454,000)	138,000
7/1/2035	35,508,000	32,489,000	3,019,000	91.5%	2036-37	2,694,000	0	(2,491,000)	203,000
7/1/2036	36,345,000	34,739,000	1,606,000	95.6%	2037-38	2,811,000	0	(2,531,000)	280,000
7/1/2037	37,236,000	37,202,000	34,000	99.9%	2038-39	1,185,000	0	(2,534,000)	(1,349,000)
7/1/2038	38,193,000	39,906,000	(1,713,000)	104.5%	2039-40	0	0	(2,648,000)	(2,648,000)
7/1/2039	39,259,000	41,103,000	(1,844,000)	104.7%	2040-41	0	0	(2,643,000)	(2,643,000)
7/1/2040	40,324,000	41,036,000	(712,000)	101.8%	2041-42	540,000	0	(2,705,000)	(2,165,000)

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

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio
July 1, 2011	\$537,000	\$16,558,000	\$16,021,000	3.2%
July 1, 2013	1,405,088	15,478,492	14,073,404	9.1%
July 1, 2015	2,486,174	14,156,020	11,669,846	17.6%
July 1, 2017	3,707,707	19,091,521	15,383,814	19.4%
July 1, 2019	5,745,521	20,205,972	14,460,451	28.4%
July 1, 2021	8,436,859	21,919,951	13,483,092	38.5%

Section III - Development of Contribution

E. History of Town Contributions

Fiscal Year	Actuarially Determined Contribution	Actual Town Contribution	Contribution Deficiency (Excess)
2012-13	\$1,478,000	\$1,141,000	\$337,000
2013-14	1,556,000	1,088,000	468,000
2014-15	1,528,458	1,381,616	146,842
2015-16	1,634,197	1,522,386	111,811
2016-17	1,321,393	925,241	396,152
2017-18	1,392,913	1,392,915	(2)
2018-19	1,614,992	1,579,962	35,030
2019-20	1,684,686	1,684,686	0
2020-21	1,743,050	1,743,050	0
2021-22	1,807,383	TBD	TBD
2022-23	1,734,897	TBD	TBD

Section IV - Membership Data

A. Statistics of Active Membership

		As of July 1, 2019	As of July 1, 2021
Number of Active Members	Housing Authority	13	13
	Town	135	140
	GPOA	58	54
	BOE Non-Certified	235	252
	BOE Certified	<u>491</u>	<u>520</u>
	Total	932	979
Average Age	Housing Authority	49.5	52.4
	Town	51.2	49.9
	GPOA	39.0	40.4
	BOE Non-Certified	52.8	52.1
	BOE Certified	45.5	46.1
	Total	47.8	48.0
Average Service	Housing Authority	14.7	16.4
	Town	14.3	13.6
	GPOA	10.9	11.8
	BOE Non-Certified	13.5	12.8
	BOE Certified	14.3	14.8
	Total	13.9	14.0

Section IV - Membership Data

B. Distribution of Active Members as of July 1, 2021

Housing Authority

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

Town

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	1							1
25-29	10	1						11
30-34	6	3						9
35-39	9	4	1		1			15
40-44	4	2	3		1			10
45-49	6	3		4	3			16
50-54	6	2	2	2	3		1	16
55-59	4	2	4	4	7	3	7	31
60-64		3	4	5	4	1	4	21
65+	1	1	1	1			6	10
Total	47	21	15	16	19	4	18	140

GPOA

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	2							2
25-29	4	1						5
30-34	6	4	1					11
35-39	1	6	2	2				11
40-44	1	1	1	6				9
45-49	1	1		3				5
50-54			1	3	2		1	7
55-59				1	1			2
60-64							2	2
65+								0
Total	15	13	5	15	3	0	3	54

Section IV - Membership Data

B. Distribution of Active Members as of July 1, 2021

BOE Non-Certified

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	6	2						8
25-29	7	2	1					10
30-34	7	2	3					12
35-39	8	3	3					14
40-44	11	3	3					17
45-49	13	5	2	1	4			25
50-54	8	12	8	5	2		1	36
55-59	5	12	13	13	9	2	2	56
60-64	2	4	14	9	18	3	5	55
65+			3	4	1	6	5	19
Total	67	45	50	32	34	11	13	252

BOE Certified

Age	Years of Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
< 25	2							2
25-29	19	6						25
30-34	14	30	3					47
35-39	9	35	28	3				75
40-44	14	12	20	30	11			87
45-49	9	12	18	26	25	3		93
50-54	3	8	15	22	25	17	2	92
55-59	2	6	7	14	11	6	11	57
60-64			3	9	12	4	2	30
65+			1		3	3	5	12
Total	72	109	95	104	87	33	20	520

Section IV - Membership Data

C. Information on Members Receiving Benefits

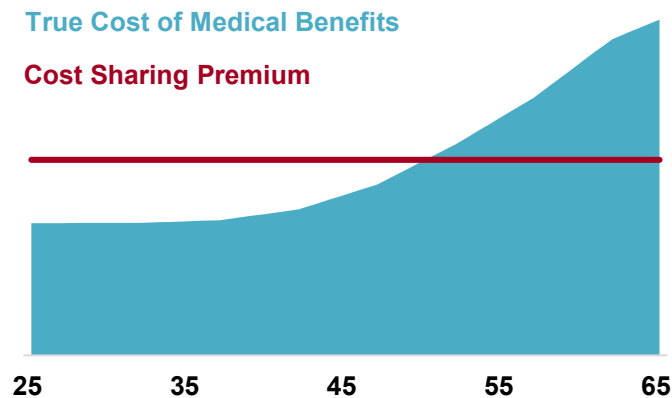
	As of July 1, 2019	As of July 1, 2021
Members Receiving Benefits		
Number		
Housing Authority	1	1
Town	53	55
GPOA	18	21
BOE Non-Certified	2	8
BOE Certified	<u>32</u>	<u>69</u>
Total	106	154
Average Age		
Housing Authority	83.9	85.9
Town	75.0	75.7
GPOA	66.3	64.9
BOE Non-Certified	63.2	68.6
BOE Certified	66.1	70.9
Total	70.8	71.8
Spouses/Dependents Receiving Benefits		
Number		
Housing Authority	0	0
Town	27	18
GPOA	12	9
BOE Non-Certified	0	3
BOE Certified	<u>4</u>	<u>29</u>
Total	43	59
Average Age		
Housing Authority	N/A	N/A
Town	72.9	73.6
GPOA	57.7	67.0
BOE Non-Certified	N/A	72.2
BOE Certified	59.7	70.1
Total	67.3	70.8

Section V - Healthcare Information

A. Introduction

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

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



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

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

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

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

Section V - Healthcare Information

B. Current Premiums

The annual medical premiums are shown below.

Pre-65 Medical Plan	Employee	Spouse	Effective Date
Town	\$12,317.04	\$14,780.40	7/1/2021
BOE	10,687.92	12,825.84	7/1/2021
Post-65 Medical Plan			
Medicare Low/High Option	2,718.00	2,718.00	7/1/2021
Medicare Plan F	9,349.32	9,349.32	7/1/2021
Non-Medicare Eligible	10,687.92	12,825.84	7/1/2021
Dental Plan			
BOE	524.16	730.56	7/1/2021

Section V - Healthcare Information

C. Expected Healthcare Costs

Milliman's Health Cost Guidelines were used to develop the expected true cost of healthcare benefits by age and gender, separately for employees and spouses. Representative healthcare cost factors are shown in the table below. These factors were then applied to the plan's healthcare rates for the year beginning July 1, 2021 to arrive at the expected annual per capita claims costs for a 65-year-old, which are also shown below.

Town Medical

Age	Employee		Spouse	
	Male	Female	Male	Female
45	0.5794	0.9441	0.4735	0.6301
50	0.6326	0.8779	0.5579	0.7101
55	0.6867	0.8251	0.6463	0.7917
60	0.7847	0.8797	0.7736	0.8784
65	1.0000	1.0000	1.0000	1.0000
70	1.2887	1.1793	1.2887	1.1793
75	1.5853	1.3441	1.5853	1.3441
80	1.8303	1.4831	1.8303	1.4831
85	2.1314	1.7246	2.1314	1.7246
90	2.4466	2.0079	2.4466	2.0079

Age 65 per capita claims cost

Pre-Medicare	\$27,195.58	\$24,287.90	\$21,515.18	\$19,848.15
Medicare High/Low	1,803.41	2,013.18	1,803.41	2,013.18

Town Plan F

Age	Employee		Spouse	
	Male	Female	Male	Female
65	1.0000	1.0000	1.0000	1.0000
70	1.1910	1.1376	1.1910	1.1376
75	1.3425	1.2275	1.3425	1.2275
80	1.4067	1.2536	1.4067	1.2536
85	1.3996	1.2280	1.3996	1.2280
90	1.3737	1.1896	1.3737	1.1896

Age 65 per capita claims cost

Medicare Plan F	\$8,004.76	\$7,703.09	\$8,004.76	\$7,703.09
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Section V - Healthcare Information

C. Expected Healthcare Costs

BOE Medical

Age	Employee		Spouse	
	Male	Female	Male	Female
45	0.5975	0.9082	0.4552	0.5706
50	0.6524	0.8445	0.5363	0.6430
55	0.7081	0.7937	0.6212	0.7168
60	0.8091	0.8462	0.7436	0.7953
65	1.0000	1.0000	1.0000	1.0000
70	1.2679	1.2310	1.4255	1.3617
75	1.5402	1.4440	1.8147	1.6632
80	1.7663	1.6190	2.0811	1.8647
85	1.9857	1.8042	2.3396	2.0780
90	2.1801	1.9702	2.5686	2.2692

Age 65 per capita claims cost

Pre-Medicare	\$22,427.78	\$21,470.13	\$19,035.27	\$18,640.85
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BOE Dental

Age	Employee		Spouse	
	Male	Female	Male	Female
45	0.6339	0.7485	0.6339	0.7485
50	0.6874	0.7967	0.6874	0.7967
55	0.7769	0.8665	0.7769	0.8665
60	0.8859	0.9418	0.8859	0.9418
65	1.0000	1.0000	1.0000	1.0000
70	1.0998	1.0389	1.0998	1.0389

Age 65 per capita claims cost

Dental	\$638.95	\$624.40	\$638.95	\$624.40
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Appendix A - Actuarial Funding Method

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

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

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

The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. This Unfunded Accrued Liability is amortized as a level percent over a closed 30 year period starting July 1, 2007.

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

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

Appendix B - Actuarial Assumptions

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

Interest Rate 6.50%

Inflation 2.50%

Amortization Growth Rate 3.50%

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

Year Beginning	Pre-65	Year Beginning	Post-65
2021 to 2022	5.60%	2021 to 2022	3.00%
2022 to 2023	5.40%	2022 to 2023	4.70%
2023 to 2024	5.10%	2023 to 2024	4.90%
2024 to 2026	4.90%	2024 to 2025	5.00%
2026 to 2027	4.80%	2025 to 2026	4.90%
2027 to 2028	4.70%	2026 to 2027	4.80%
2028 to 2030	4.60%	2027 to 2029	4.70%
2030 to 2032	4.50%	2029 to 2037	4.60%
2032 to 2037	4.60%	2037 to 2043	4.50%
2037 to 2041	4.50%	2043 to 2065	4.40%
2041 to 2065	4.40%	2065 to 2067	4.30%
2065 to 2067	4.30%	2067 to 2069	4.20%
2067 to 2069	4.20%	2069 to 2071	4.10%
2069 to 2071	4.10%	2071 to 2073	4.00%
2071 to 2073	4.00%	2073 +	3.90%
2073 +	3.90%		

Prior: 5.30% - 4.50% over 52 years.

Dental Trend 3.00%

Appendix B - Actuarial Assumptions

Mortality

Teachers and Administrators[#]: Current: 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-2019 Ultimate scale. The PubT-2010 Contingent Survivor Table projected generationally per the MP-2019 Ultimate scale and set forward 1 year for both males and females is used for survivors and beneficiaries. This assumption includes a margin for mortality improvement beyond the valuation date.

Prior:

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

Police: PubS-2010 Mortality Table with generational projection per the MP-2019 ultimate scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

All Others: PubG-2010 Mortality Table with generational projection per the MP-2019 ultimate scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

Appendix B - Actuarial Assumptions

Salary Scale

Teachers and Administrators#:

	Service	Rate
Current:	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%	

	Service	Rate
Prior:	0-1	6.50%
	2-9	6.25%
	10-11	5.50%
	12-14	5.00%
	15	4.75%
	16	4.50%
	17	4.25%
	18	4.00%
	19	3.75%
	20	3.50%
	21+	3.25%

All Others:

Age	Police	Town/BOE
25	6.50%	6.25%
30	6.00%	5.75%
35	4.75%	4.50%
40	3.75%	4.25%
45	3.50%	4.00%
50	3.50%	3.50%
55	3.25%	3.25%
60+	3.00%	3.00%

Appendix B - Actuarial Assumptions

Turnover

Teachers and Administrators[#]: rates based on gender and length of service for the first ten years and gender and age thereafter:

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

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

	Service	Male	Female
Prior:	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%
	10+	2.50%	4.00%

	Age	Male	Female
	25	1.50%	4.00%
	35	1.50%	3.50%
	45	1.59%	1.50%
	55	3.44%	2.50%

Appendix B - Actuarial Assumptions

Turnover **Police:** None

All Others:

Age	Rate
20	13.95%
25	10.20%
30	7.58%
35	5.93%
40	4.88%
45	4.13%
50	3.38%
55	2.33%
60+	0.00%

Retirement **Police:**

Hired before January 1, 2013:

Service	Rate
20	10%
21	15%
22	30%
23-24	15%
25-29	30%
30	100%

Minimum assumed retirement age is 50. 100% assumed to retire at age 60.

Hired on or after January 1, 2013:

Service	Rate
25	50%
26-29	20%
30	100%

Minimum assumed retirement age is 50. 100% assumed to retire at age 60.

Housing Authority, Town, Dispatchers and Animal Control Officers:

Age	Rate
60	3%
61-64	15%
65	50%
66-69	30%
70	100%

Appendix B - Actuarial Assumptions

Retirement

BOE Non-Certified:

Age	Rate
63-64	10%
65	50%
66-69	30%
70	100%

Teachers and **Administrators[#]**: Rates based on age, eligibility for pension benefits, and gender:

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

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

Appendix B - Actuarial Assumptions

Retirement

Teachers and Administrators[#]: rates based on age, eligibility for pension benefits, and gender:

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

Disability

Teachers and Administrators[#]: Rates based on age and gender:

	Age	Male	Female
Current:	20	0.0200%	0.0200%
	30	0.0200%	0.0200%
	40	0.0300%	0.0600%
	50	0.1500%	0.1500%
	60	0.1500%	0.1500%
Prior:	20	0.0341%	0.0500%
	30	0.0341%	0.0410%
	40	0.0536%	0.0720%
	50	0.2438%	0.2630%
	60	0.9604%	0.5000%

All Others:

50% of the 1985 Disability Pension Table Class 1 Rates.

Appendix B - Actuarial Assumptions

Future Retiree Coverage

Current active members are assumed to elect coverage at retirement as follows:

Group	Percent
Teachers and Administrators	90%
BOE Custodians and Non-Contract Personnel	10%
BOE (Others)	50%
GPOA, Housing Authority and Town	58%

Future Dependent Coverage

Current active members are assumed to elect dependent coverage at retirement as follows. All female spouses are assumed to be three years younger than males.

Group	Male	Female
Teachers	30%	30%
Administrators	40%	40%
BOE (Others)	25%	25%
GPOA, Housing Authority and Town	Pre-65: 40%	Pre-65: 40%
	Post-65: 50%	Post-65: 50%

Future Post-65 Coverage

Teachers and Administrators: 100% of current actives and pre-65 retirees are assumed to either be Medicare eligible or enroll in retiree health coverage through the Connecticut State Teachers' Retirement System at age 65.

BOE Non-Certified: No current actives and pre-65 retirees are assumed to continue coverage beyond age 65.

All Others: All current actives and pre-65 retirees are assumed to continue coverage beyond age 65.

Valuation of Dental Benefits

For Town employees, it is assumed that there is no implicit rate subsidy associated with dental benefits.

Valuation of Benefits for Children

Benefits attributed to children have been excluded from this valuation for all groups, 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, 2020 valuation of the Connecticut State Teachers' Retirement System.

Appendix C - Summary of Plan Provisions

This summary is intended only to describe our understanding of the essential features of the benefits that will be provided to future retirees based on copies of bargaining agreements, applicable personnel rules and the benefits being currently provided to retired members. All eligibility requirements and benefit amounts shall be determined in strict accordance with the relevant plan documents. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility

BOE Certified (Teachers and Administrators):

Employees who retire from Glastonbury Public Schools are eligible for retiree medical and dental benefits. Administrators must have at least 15 years of continuous service with Glastonbury Public Schools, and Teachers must attain at least 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.

GPOA (Police, Dispatchers and Animal Control Officers):

Police Officers who separate their service with the Town on or after reaching Normal Retirement Age, and who are at least age 50 with at least 10 years of continuous service, are eligible for retiree medical benefits. Normal Retirement is the earlier of 25 years of service (20 years of service, if hired prior to January 1, 2013) or age 55.

Dispatchers and **Animal Control Officers** who separate their service with the Town, and who are at least age 55 with at least 10 years of continuous service, are eligible for retiree medical benefits.

Housing Authority and Town (AFSCME, IOUE and Non-Affiliated):

Employees who separate their service with the Town, and who are at least age 55 with at least 10 years of continuous service, are eligible for retiree medical and dental benefits.

BOE Non-Certified (Secretaries, Paraprofessionals, Nurses, Custodians and Non-Contract Personnel):

Employees who retire from Glastonbury Public Schools are eligible for retiree medical and dental benefits. Nurses and Non-Contract Personnel must have at least 15 years of continuous service with Glastonbury Public Schools.

Appendix C - Summary of Plan Provisions

Cost Sharing

Teachers:

Retirees pay 100% of the premium less \$1,320 annual Connecticut Teachers' Retirement Board (TRB) subsidy until they reach age 65 (subsidy is pre-65 only). Retiree health insurance coverage ends at age 65.

Administrators:

If retired before July 1, 1991:

The Board pays \$1,000 per year towards the cost of the retiree health insurance premium, and the retiree pays the remainder of the cost. The Board payment and retiree health insurance coverage ends at age 65.

If retired on or after July 1, 1991:

The Board pays \$1,250 per year towards the cost of the retiree health insurance premium, and the retiree pays the remainder of the cost. The Board payment and retiree health insurance coverage ends at age 65.

If retired on or after July 1, 2018:

The Board pays \$2,000 per year towards the cost of the retiree health insurance premium, and the retiree pays the remainder of the cost. The Board payment and retiree health insurance coverage ends at age 65.

BOE Superintendent:

In addition to the benefits provided to Administrators, the Superintendent and spouse shall be provided with health insurance at the Board's expense less any TRB contribution for a period of 10 years (120 months for two people or 240 months for one person). If one of the two should die prior to reaching 120 months, the other will continue to receive this benefit for twice the remaining number of months less any TRB contribution. This benefit has been excluded from this valuation, as it was determined to be de minimis.

Appendix C - Summary of Plan Provisions

Cost Sharing

Police Officers:

If hired before January 1, 2013

A retiree who was employed prior to January 1, 2013 shall be eligible to participate in the Anthem PPO, ConnectiCare Flex or ConnectiCare HMO or equal plans. The retiree's co-pay shall be 30% of the benchmark plan (defined as the plan with the lowest premium cost of the plans described in Section 29.1(a) of the Glastonbury Police Officers Association agreement for the period July 1, 2021 - June 30, 2025). If the retiree chooses any of the other available health insurance plans, other than the benchmark plan, the retiree in addition shall pay the difference between the total benchmark plan premium and the higher premium of any alternative health plan selected. Spousal coverage does not continue after the death of the retiree.

The above benefits shall exclude dental coverage.

If hired after January 1, 2013

Employees hired after January 1, 2013 shall be eligible to participate in the Anthem PPO, ConnectiCare Flex or ConnectiCare HMO or equal plans. The retiree's co-pay shall be sixty six and two thirds percent (66-2/3%) of the benchmark plan. If the retiree chooses any of the other available health insurance plans, other than the benchmark plan, the retiree in addition shall pay the difference between the total benchmark plan premium and the higher premium of any alternative health plan selected. Spousal coverage does not continue after the death of the retiree.

The above benefits shall exclude dental coverage.

For all retirees

At age 65, the Town will provide to bargaining unit members the Anthem Low Option Medical Supplement Plan. The cost of any insurance plan in excess of the Anthem Low Option Plan shall be paid in full by the retiree.

Appendix C - Summary of Plan Provisions

Cost Sharing

Dispatchers and Animal Control Officers:

Retirees ages 55-64 pay 100% of the premium until they reach age 65. At age 65, the Town will provide to bargaining unit members the Anthem Low Option Medical Supplement Plan. The cost of any insurance plan in excess of the Anthem Low Option Plan shall be paid in full by the retiree.

The above benefits shall exclude dental coverage.

Housing Authority and Town (IOUE and Non-Affiliated):

Retirees ages 55-64 pay 100% of the premium until they reach age 65. At age 65, the Town will provide Blue Cross 65 with the Town paying 100% for such coverage.

Town (AFSCME):

Retirees ages 55-64 pay 105% of the premium until they reach age 65. At age 65, the Town will provide Blue Cross 65 with the Town paying 100% for such coverage.

BOE Non-Certified (Secretaries, Paraprofessionals, Nurses, Custodians and Non-Contract Personnel):

Retirees pay 100% of the premium until they reach age 65. Retiree health insurance coverage ends at age 65.

Appendix D - Glossary

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

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

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

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

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

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

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

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

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

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

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

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