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**Town and Board
of Education -
Branford
GASB 45**

**Valuation as of
July 1, 2014**

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February 20, 2015

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Actuarial Certification

This report presents the results of the July 1, 2014 Actuarial Valuation for the Town of Branford's post-retirement benefits other than pension (OPEB) for the purpose of estimating the funded status of the Plan and determining the Annual Required Contribution (ARC) for the fiscal years ending June 30, 2016 and June 30, 2017. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a. This report may not be appropriate for any other purpose.

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

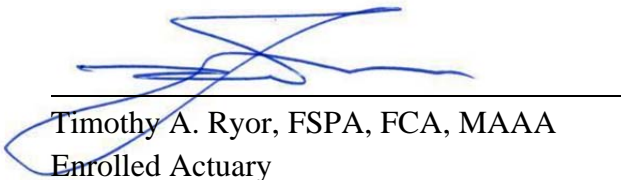
I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this valuation, I have relied on employee data provided by the Town of Branford. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

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

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

I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.



Timothy A. Ryor, FSPA, FCA, MAAA
Enrolled Actuary

February 20, 2015

Executive Summary

The July 1, 2014 accrued liability of \$22,798,733 is slightly higher than anticipated. The reasons for this increase include:

- Medical premiums for the Town were up slightly more than anticipated, while Board of Education premiums were down.
- Change in the discount rate from 7.25% to 7.00%
- Revision in trend to 9% for 2014 decreasing by 1% to an ultimate rate of 5%.

The July 1, 2014 valuation reflects the impact of the High Cost Plan Excise Tax. Effective in 2018, there will be an excise tax of 40% on medical benefit costs in excess of certain thresholds. The threshold is \$11,850 for single coverage and \$30,950 for family coverage retirees under age 65. There are lower thresholds for Medicare eligible retirees.

Schedule of Funding Status and Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	\$0	\$16,496,800	\$16,496,800	0%	\$41,807,100	40%
7/1/2010	4,134,000	17,271,300	13,137,300	24%	39,028,800	34%
7/1/2012	5,856,346	20,977,792	15,121,446	28%	39,169,500	39%
7/1/2014	9,510,785	22,798,733	13,287,948	42%	48,861,400	27%

History of Annual Required Contribution (ARC)	
Year Ended June 30	Annual Required Contribution (ARC)
2009	\$1,818,900
2010	1,955,400
2011	1,997,300
2012	1,613,400
2013	1,651,000
2014	1,790,540
2015	1,835,900
2016	1,847,914
2017	1,907,215

Actuarial Accrued Liabilities and Annual Required Contribution (ARC)

Liabilities and assets were valued as of July 1, 2014. The July 1, 2014 results were used to determine the Annual Required Contribution for the fiscal years ending June 30, 2016 and June 30, 2017.

GASB 45 Unfunded Actuarial Accrued Liability (UAAL)			
Actuarial Accrued Liability (AAL) 7/1/2014	Town	BOE	Combined Town and BOE
Actives	\$9,949,939	\$2,720,889	\$12,670,828
Retirees	<u>6,087,390</u>	<u>4,040,515</u>	<u>10,127,905</u>
Total	16,037,329	6,761,404	22,798,733
Assets 7/1/2014	<u>8,188,305</u>	<u>1,322,480</u>	<u>9,510,785</u>
Unfunded Actuarial Accrued Liability (UAAL) 7/1/2014	\$7,849,024	\$5,438,924	\$13,287,948

GASB 45 Annual Required Contribution (ARC)			
Annual Required Contribution (ARC) 2015 / 2016 Fiscal Year	Town	BOE	Combined Town and BOE
Normal Cost	\$667,566	\$179,574	\$847,140
30 Year Amortization of UAAL	<u>591,145</u>	<u>409,629</u>	<u>1,000,774</u>
Total ARC 2015 / 2016	\$1,258,711	\$589,203	\$1,847,914
Annual Required Contribution (ARC) 2016 / 2017 Fiscal Year	Town	BOE	Combined Town and BOE
Normal Cost	\$714,296	\$192,145	\$906,441
30 Year Amortization of UAAL	<u>591,145</u>	<u>409,629</u>	<u>1,000,774</u>
Total ARC 2016 / 2017	\$1,305,441	\$601,774	\$1,907,215

Actuarial Accrued Liabilities and Annual Required Contribution (ARC)

Town Detail

GASB 45 Unfunded Actuarial Accrued Liability (UAAL)				
Actuarial Accrued Liability (AAL) 7/1/2014	Police	Fire	Other Town	Town Total
Actives	5,119,321	4,082,365	748,253	9,949,939
Retirees	<u>5,003,452</u>	<u>1,051,173</u>	<u>32,765</u>	<u>6,087,390</u>
Total	10,122,773	5,133,538	781,018	16,037,329
Assets 7/1/2014	<u>5,168,464</u>	<u>2,621,071</u>	<u>398,770</u>	<u>8,188,305</u>
Unfunded Actuarial Accrued Liability (UAAL) 7/1/2014	4,954,309	2,512,467	382,248	7,849,024

GASB 45 Annual Required Contribution (ARC)				
Annual Required Contribution (ARC) 2015 / 2016 Fiscal Year	Police	Fire	Other Town	Town Total
Normal Cost	334,531	260,410	72,625	667,566
30 Year Amortization of UAAL	<u>373,131</u>	<u>189,225</u>	<u>28,789</u>	<u>591,145</u>
Total ARC 2015 / 2016	707,662	449,635	101,414	1,258,711
Annual Required Contribution (ARC) 2016 / 2017 Fiscal Year	Police	Fire	Other Town	Town Total
Normal Cost	357,948	278,639	77,709	714,296
30 Year Amortization of UAAL	<u>373,131</u>	<u>189,225</u>	<u>28,789</u>	<u>591,145</u>
Total ARC 2016 / 2017	731,079	467,864	106,498	1,305,441

**Participant Counts and Average Attained Age
As of July 1, 2014**

Participant Counts				
Group	Active Participants	Retirees	Spouses of Retirees	Total
Town	130	4	2	136
Police	50	35	11	96
Fire	36	4	2	42
Non-certified BOE	45	1	1	47
Certified BOE	<u>341</u>	<u>44</u>	<u>9</u>	<u>394</u>
Total	602	88	25	715

Average Age and Service				
Group	Average Attained Age of Actives	Average Service of Actives	Average Attained Age of Retirees	Average Attained Age of Spouses of Retirees
Town	52.5	12.2	59.0	56.0
Police	42.3	13.0	69.7	61.6
Fire	44.0	14.2	55.8	57.5
Non-certified BOE	52.5	10.8	59.0	59.0
Certified BOE	44.5	11.4	66.5	66.8
Total	46.6	11.9	66.9	62.6

**Participant Counts and Average Attained Age
As of July 1, 2012**

Participant Counts				
Group	Active Participants	Retirees	Spouses of Retirees	Total
Town	134	7	3	144
Police	49	37	15	101
Fire	34	4	1	39
Non-certified BOE	41	1	0	42
Certified BOE	<u>327</u>	<u>43</u>	<u>15</u>	<u>385</u>
Total	585	92	34	711

Average Age and Service				
Group	Average Attained Age of Actives	Average Service of Actives	Average Attained Age of Retirees	Average Attained Age of Spouses of Retirees
Town	52.1	12.6	60.7	57.7
Police	44.3	15.7	70.2	63.4
Fire	42.4	12.5	53.8	61.0
Non-certified BOE	51.3	9.7	63.0	N/A
Certified BOE	47.3	13.6	68.0	66.2
Total	48.1	13.1	67.7	64.1

Projected Benefit Payments

Fiscal Year July 1st	Currently Active Employees	Currently Retired Employees	Total
2014	\$50,241	\$766,532	\$816,773
2015	158,936	737,483	896,419
2016	263,145	707,494	970,639
2017	370,869	725,561	1,096,430
2018	491,783	738,477	1,230,260
2019	602,357	752,631	1,354,988
2020	727,023	765,073	1,492,096
2021	868,127	767,089	1,635,216
2022	984,323	782,273	1,766,596
2023	1,136,776	811,452	1,948,228
2024	1,282,869	807,345	2,090,214
2025	1,423,345	806,352	2,229,697
2026	1,563,376	801,561	2,364,937
2027	1,766,505	807,352	2,573,857
2028	1,918,155	825,671	2,743,826
2029	1,991,611	841,128	2,832,739
2030	2,149,397	802,493	2,951,890
2031	2,316,420	809,224	3,125,644
2032	2,465,817	790,116	3,255,933
2033	2,565,338	789,100	3,354,438

Summary of Plan Provisions

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

Town Employees

Eligibility for Retiree Medical Coverage	Age 55 with 5 years of service or 25 years of service with no age requirement.
Retiree/Spouse Cost of Medical Coverage	The retiree must pay 100% of the premium for medical coverage until age 65. No coverage after age 65.
Retiree/Spouse Dental Coverage	None.
Life Insurance Benefit	None.

Finance Director

Eligibility for Retiree Medical Coverage	Age 50 with 15 years of service or 25 years of service with no age requirement.
Retiree/Spouse Cost of Medical Coverage	The retiree pays 0% of the premium for their coverage and 50% of the premium for the spouse. Spouse coverage ends on the death of the retiree. If the retiree or spouse is offered comparable insurance coverage, they will not receive insurance through the Town. If there is a premium share, however, the Town will reimburse the retiree. When the retiree or spouse is eligible for Medicare, the Town shall provide a Plan F supplement to Medicare.
Retiree/Spouse Cost of Dental Coverage	Same as Medical.
Life Insurance Benefit	None.

Police (including Chief of Police)

Eligibility for Medical and Dental Coverage	25 years of service with no age requirement.
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Summary of Plan Provisions (cont.)

Police (including Chief of Police) (continued)

Retiree/Spouse Cost of Medical Coverage	The retiree pays 0% of the premium for their coverage and 50% of the premium for the spouse. Spouse coverage ends on the death of the retiree. If an employee retires prior to age 50, the Town will not contribute toward spouse coverage until the retiree attains age 50. If the retiree or spouse is offered comparable insurance coverage, they will not receive insurance through the Town. If there is a premium share, however, the Town will reimburse the retiree. When the retiree or spouse is eligible for Medicare, the Town shall provide a Plan F supplement to Medicare.
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For Police hired after January 15, 2010, the spouse does not have access to medical benefits after retirement.

Retiree/Spouse Cost of Dental Coverage	Same as Medical.
Life Insurance Benefit	None.

Fire (including Fire Chief/Deputy Fire Marshal and Assistant Fire Chief)

Eligibility for Medical and Dental Coverage	Age 55 with either 10 years of continuous service or 15 years of aggregate service or 25 years of service with no age requirement.
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Retiree/Spouse Cost of Medical Coverage	The retiree pays 0% of the premium for their coverage and 50% of the premium for the spouse. Spouse coverage ends on the death of the retiree. If the retiree or spouse is offered comparable insurance coverage, they will not receive insurance through the Town. If there is a premium share, however, the Town will reimburse the retiree. When the retiree or spouse is eligible for Medicare, the Town shall provide a Blue Cross/Blue Shield supplement to Medicare.
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For Fire employees hired after July 1, 2004, the spouse does not have access to medical benefits after retirement.

Retiree/Spouse Cost of Dental Coverage	Same as Medical.
Life Insurance Benefit	None.

Summary of Plan Provisions (cont.)

Board of Education Employees (Other than Certified Staff and Administrators)*

Eligibility for Retiree Medical Coverage	Age 55 with 5 years of service or 25 years of service with no age requirement.
Retiree/Spouse Cost of Medical Coverage	The retiree must pay 100% of the premium for medical coverage until age 65. No coverage after age 65.
Retiree/Spouse Dental Coverage	None.
Life Insurance Benefit	None.

Certified Staff and Administrators

Eligibility for Medical, Dental and Life Coverage	Age 50 with 25 years of service, age 55 with 20 years of service or age 60 with 10 years of service.
Retiree/Spouse Cost of Medical Coverage	The retiree must pay 100% of the premium for medical coverage for themselves or their spouse.
Retiree/Spouse Dental Coverage	None.
Life Insurance Benefit	None.

* *BASS, Professionals, Technical Staff, and Nurses (those hired after October 1, 2011) do not have access to medical insurance after retirement.*

Actuarial Assumptions
Town Employees and Non-Certified BOE

The actuarial assumptions used in the determination of costs and liabilities are as follows:

Interest: 7.00% per annum (was 7.25%).

Mortality: Pre-65 mortality per table below:

<u>Age</u>	<u>Rate of mortality</u>
20	.01%
25	.01
30	.01
35	.02
40	.02
45	.03
50	.05
55	.08
60	.12

Post-retirement: RP 2000 Combined, set forward one year for males and set back one year for females, projected to valuation date with Scale AA.

Mortality Improvement: Pre-65: None
 Post-retirement: Projected to date of decrement using Scale AA (generational mortality).

Retirement: Per table below (shown as sample rates):

<u>Age</u>	<u>Rate of Retirement</u>
45	15%
50	15
55	7
60	10
65	20
70	15
75	100

**Actuarial Assumptions
Town Employees and Non-Certified BOE (cont.)**

Withdrawal rates: Annual rates of withdrawal per table below (shown at sample ages):

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	18.0%	20.0%
30	12.0	15.0
40	7.5	10.0
50	5.0	5.0
60	5.0	5.0

Additional Assumptions: 70% of males and 60% of females assumed married with wives assumed to be three years younger than their husbands.

Medical inflation: 9.0% for 2014, decreasing 1% per year, to an ultimate rate of 5.0% for 2018 and later.

(Changed from 9.0% for 2012, decreasing 1% per year, to an ultimate rate of 5.0% for 2016 and later.)

Aging Rates effect on Medical Costs:

<u>Age</u>	<u>%/Yr. Increase</u>
20 – 24	1.5%
25 – 29	1.8
30 – 34	2.1
35 – 39	2.4
40 – 44	2.7
45 – 49	3.0
50 – 54	3.3
55 – 59	3.6
60 – 64	4.2
65 – 69	3.0
70 – 74	2.5
75 – 79	2.0
80 – 84	1.0
85 – 89	0.5
90 – 90	0.0

**Actuarial Assumptions
Town Employees and Non-Certified BOE (cont.)**

Percentage of Actives Eligible at Retirement who continue with Medical Coverage: 100%.

Medical premiums:	<u>Employee</u>	<u>Employee Plus Spouse</u>
Town		
Century Preferred	\$827.63	\$1,655.19
H.S.A	727.44	1,454.81
BOE Non-Certified		
Blue Care	\$744.08	\$1,489.18
Century Preferred \$15	777.17	1,555.44
Century Preferred \$20	770.77	1,542.63

Actuarial Assumptions Police

The actuarial assumptions used in the determination of costs and liabilities are as follows:

Interest: 7.00% per annum (was 7.25%).

Mortality: Pre-65 mortality per table below:

<u>Age</u>	<u>Rate of mortality</u>
20	.01%
25	.01
30	.01
35	.02
40	.02
45	.03
50	.05
55	.08
60	.12
65	.20

Post-retirement: RP 2000 Combined, set forward one year for males and set back one year for females, projected to the valuation date with Scale AA.

Disabled retirees: RP2000 Combined Disability Mortality (+5 for males +1 for females).

Mortality Improvement: Pre-65 and Disabled retirees: None
Post-retirement: Projected to date of decrement using Scale AA (generational mortality).

Retirement: Per table below:

<u>Age</u>	<u>Rate of retirement</u>
45	25%
50	20
55	12
60	20
65	100

Actuarial Assumptions Police (cont.)

Withdrawal rates: Annual rates of withdrawal per table below (shown at sample ages):

<u>Age</u>	<u>Rate of withdrawal</u>
20	7.00%
30	3.00
40	2.00
50	0.00

Service-connected disability: Annual rates of disability per table below (shown at sample ages):

<u>Age</u>	<u>Rate of disability</u>
20	.11%
30	.15
40	.32
50	1.11
60	6.88

Additional Assumptions: 70% of males and 60% of females are assumed married with wives assumed to be three years younger than their husbands.

Medical inflation: 9.0% for 2014, decreasing 1% per year, to an ultimate rate of 5.0% for 2018 and later.

(Changed from 9.0% for 2012, decreasing 1% per year, to an ultimate rate of 5.0% for 2016 and later.)

**Actuarial Assumptions
Police (cont.)**

Aging Rates effect on Medical Costs:	<u>Age</u>	<u>%/Yr. Increase</u>
	20 – 24	1.5%
	25 – 29	1.8
	30 – 34	2.1
	35 – 39	2.4
	40 – 44	2.7
	45 – 49	3.0
	50 – 54	3.3
	55 – 59	3.6
	60 – 64	4.2
	65 – 69	3.0
	70 – 74	2.5
	75 – 79	2.0
	80 – 84	1.0
	85 – 89	0.5
	90 – 90	0.0

Percentage of Actives Eligible at Retirement who continue with Medical Coverage: 100%.

Medical premiums:		<u>Employee</u>	<u>Employee Plus Spouse</u>
	Century Preferred	\$847.70	\$1,695.52
	H.S.A.	805.97	1,611.85
	Plan F	635.35	1,270.30
	Dental	31.90	63.79

Actuarial Assumptions Fire

The actuarial assumptions used in the determination of costs and liabilities are as follows:

Interest: 7.00% per annum (was 7.25%).

Mortality: Pre-65 mortality per table below:

<u>Age</u>	<u>Rate of mortality</u>
20	.01%
25	.01
30	.01
35	.02
40	.02
45	.03
50	.05
55	.08
60	.12
65	.20

Post-retirement: RP 2000 Combined, set forward one year for males and set back one year for females, projected to the valuation date with Scale AA.

Disabled retirees: RP2000 Combined Disability Mortality (+5 for males +1 for females).

Mortality Improvement: Pre-65 and Disabled retirees: None
Post-retirement: Projected to date of decrement using Scale AA (generational mortality).

Retirement: Per table below:

<u>Age</u>	<u>Rate of retirement</u>
45	25%
50	20
55	12
60	20
65	100

**Actuarial Assumptions
Fire (cont.)**

Withdrawal rates: Annual rates of withdrawal per table below (shown at sample ages):

<u>Age</u>	<u>Rate of withdrawal</u>
20	7.00%
30	5.00
40	2.00
50	0.00

Service-connected disability: Annual rates of disability per table below (shown at sample ages):

<u>Age</u>	<u>Rate of disability</u>
20	.11%
30	.15
40	.32
50	1.11
60	6.88

Additional Assumptions: 70% of males and 60% of females are assumed married with wives assumed to be three years younger than their husbands.

Medical inflation: 9.0% for 2014, decreasing 1% per year, to an ultimate rate of 5.0% for 2018 and later.

(Changed from 9.0% for 2012, decreasing 1% per year, to an ultimate rate of 5.0% for 2016 and later.)

**Actuarial Assumptions
Fire (cont.)**

Aging Rates effect on Medical Costs:	<u>Age</u>	<u>%/Yr. Increase</u>
	20 – 24	1.5%
	25 – 29	1.8
	30 – 34	2.1
	35 – 39	2.4
	40 – 44	2.7
	45 – 49	3.0
	50 – 54	3.3
	55 – 59	3.6
	60 – 64	4.2
	65 – 69	3.0
	70 – 74	2.5
	75 – 79	2.0
	80 – 84	1.0
	85 – 89	0.5
	90 – 90	0.0

Percentage of Actives Eligible at Retirement who continue with Medical Coverage: 100%.

Medical premiums:		<u>Employee</u>	<u>Employee Plus Spouse</u>
	Century Preferred	\$827.63	\$1,655.19
	H.S.A.	727.44	1,454.81
	Plan F	635.15	1,270.30
	Dental	31.90	63.79

Actuarial Assumptions Certified BOE

The actuarial assumptions used in the determination of costs and liabilities are as follows:

Interest: 7.00% per annum (changed from 7.25%).

Mortality:

Pre-65 Mortality: RP-2000 Generational Combined projected to valuation date with Scale AA.

Post-65 Mortality: Teacher's Retirement Post-retirement Mortality projected to valuation date with Scale AA.

Mortality Improvement: Projected to date of decrement using Scale AA (generational mortality).

Assumed Rates of Retirement:
(from CT State TRS 2012 Retiree Healthcare Plan Actuarial Valuation)

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

Actuarial Assumptions
Certified BOE (cont.)

Service-Based Withdrawal Rates: (from CT State TRS 2012 Retiree Healthcare Plan Actuarial Valuation)	<u>Service</u>	Male <u>Rate</u>	Female <u>Rate</u>
	0-1	.1400	.1200
	1-2	.0850	.0900
	2-3	.0550	.0700
	3-4	.0450	.0600
	4-5	.0350	.0550
	5-6	.0250	.0500
	6-7	.0240	.0450
	7-8	.0230	.0350
	8-9	.0220	.0300
	9-10	.0210	.0250
	10 +	use age-related rates until eligible to retire	

Sample Age-Based Withdrawal Rates: (from CT State TRS 2012 Retiree Healthcare Plan Actuarial Valuation)	<u>Age</u>	Male <u>Rate</u>	Female <u>Rate</u>
	25-37	.0120	.0350
	40	.0120	.0230
	45	.0126	.0140
	50	.0196	.0125
	55	.0276	.0160
	59+	.0300	.0190

Non-service-connected disability: No disability assumed

Additional Assumptions: 50% of males and 50% of females assumed
married with wives assumed to be three years
younger than their husbands.

Medical inflation: 9.0% for 2014, decreasing 1% per year, to an
ultimate rate of 5.0% for 2018 and later.

(Changed from 9% for 2012, decreasing 1% per
year, to an ultimate rate of 5.0% for 2016 and
later.)

Actuarial Assumptions
Certified BOE (cont.)

Aging Rates effect on Medical Costs:	<u>Age</u>	<u>%/Yr. Increase</u>
	20 – 24	1.5%
	25 – 29	1.8
	30 – 34	2.1
	35 – 39	2.4
	40 – 44	2.7
	45 – 49	3.0
	50 – 54	3.3
	55 – 59	3.6
	60 – 64	4.2
	65 – 69	3.0
	70 – 74	2.5
	75 – 79	2.0
	80 – 84	1.0
	85 – 89	0.5
	90 – 90	0.0

Percentage of Actives Eligible at Retirement
who continue with Medical Coverage: 100%

Percentage of non-Medicare eligible
Continuing after 65: 20% (changed from 25%).

Medical premiums:		<u>Single</u>	<u>Employee Plus Spouse</u>
	Administrators		
	Century Preferred \$25	\$804.21	\$1,610.42
	Teachers		
	Blue Care	\$746.98	\$1,494.96
	Century Preferred \$20	770.77	1,542.63
	Century Preferred Comp	703.92	1,408.91

Healthcare Reform – Patient Protection and Affordable Care Act (PPACA)

Patient Protection and Affordable Care Act (PPACA)

High Cost Plan Excise Tax (“Cadillac Tax”):
Effective in 2018 there will be a 40% excise tax on per capita medical benefit costs in excess of certain thresholds, which are \$10,200 for single coverage and \$27,500 for family coverage for Medicare eligible retirees. Thresholds for retirees who are between ages 55 and 65 are \$11,850 and \$30,950 for single and family coverage respectively.

After 2018, the thresholds are indexed by CPI (CPI +1% in 2019 only). CPI is assumed to be 3.0% in all future years.

For purposes of this valuation, this future excise tax is assumed to have no impact on liabilities in that retirees pay the full premium and no age weighting is applied to the value of the tax.

Other Requirements of PPACA:

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

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

Age-Weighted Claims Cost

Age	Town Age-weighted Claims Cost	BOE Age-weighted Claims Cost	Age	Town Age-weighted Claims Cost	BOE Age-weighted Claims Cost
20	\$4,535	\$4,401	65	\$15,237	\$14,790
21	4,603	4,467	66	15,694	15,233
22	4,672	4,534	67	16,165	15,690
23	4,742	4,602	68	16,650	16,161
24	4,813	4,671	69	17,150	16,646
25	4,885	4,741	70	17,664	17,145
26	4,973	4,827	71	18,106	17,574
27	5,062	4,914	72	18,558	18,013
28	5,154	5,002	73	19,022	18,464
29	5,246	5,092	74	19,498	18,925
30	5,341	5,184	75	19,985	19,398
31	5,453	5,293	76	20,385	19,786
32	5,567	5,404	77	20,793	20,182
33	5,684	5,517	78	21,209	20,586
34	5,804	5,633	79	21,633	20,997
35	5,926	5,752	80	22,065	21,417
36	6,068	5,890	81	22,286	21,631
37	6,213	6,031	82	22,509	21,848
38	6,363	6,176	83	22,734	22,066
39	6,515	6,324	84	22,961	22,287
40	6,672	6,476	85	23,191	22,510
41	6,852	6,650	86	23,307	22,622
42	7,037	6,830	87	23,423	22,735
43	7,227	7,014	88	23,541	22,849
44	7,422	7,204	89	23,658	22,963
45	7,622	7,398	90	23,777	23,078
46	7,851	7,620	91	23,777	23,078
47	8,086	7,849	92	23,777	23,078
48	8,329	8,084	93	23,777	23,078
49	8,579	8,327	94	23,777	23,078
50	8,836	8,577	95	23,777	23,078
51	9,128	8,860	96	23,777	23,078
52	9,429	9,152	97	23,777	23,078
53	9,740	9,454	98	23,777	23,078
54	10,062	9,766	99	23,777	23,078
55	10,394	10,088			
56	10,768	10,452			
57	11,155	10,828			
58	11,557	11,218			
59	11,973	11,621			
60	12,404	12,040			
61	12,925	12,545			
62	13,468	13,072			
63	14,034	13,621			
64	14,623	14,194			

Actuarial Cost Method

Actuarial Cost Method: Projected Unit Credit

The Normal Cost is derived for each active participant as the actuarial present value of the projected benefits that are attributed to expected service in the current plan year. The Normal Cost for plan benefits is the total of the individual Normal Costs for active participants.

The Accrued Liability is equal to the portion of the present value of future benefits that is allocated to years of service before the valuation date.

Amortization Method: 30 years, level dollar, open

The Unfunded Accrued Liability is amortized each year over a constant 30 year period, as a level dollar amount.

Asset Valuation Method: Market Value

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