

CITY OF STAMFORD

GASB 45/74/75 VALUATION REPORT

AS OF JULY 1, 2016

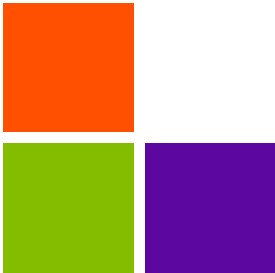




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Actuarial Certification

This report presents the results of the July 1, 2016 Actuarial Valuation for the City of Stamford's post-retirement benefit other than pension (OPEB) for City Employees (the Plan) for the purpose of estimating the funded status of the Plan and determining the Actuarially Determined Employer Contribution (ADEC) for the fiscal year ending June 30, 2018. This report is intended to satisfy the requirements of Connecticut General Statute 7-450a. This report may not be appropriate for any other purpose.

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

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

In preparing this valuation, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Town. 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 *Summary of 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 the following: retiree group benefits program experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in the retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this report, an analysis of the potential range of such future measurements has not been performed.

The signing actuary is independent of the Plan Sponsor. I am not aware of any relationship that would impact the objectivity of my work.

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

Evan W. Woollacott, Jr. FCA, MAAA,
Enrolled Actuary 14-04513

April 20, 2017



Executive Summary

The July 1, 2016 accrued liability of \$279,009,000 is higher than expected. The increase is mainly due to per capita costs increasing more than expected. The approach used to age-weight per capita costs was updated to reflect a newer table, resulting in a 0.5% decrease in the accrued liability.

| 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 |
| 7/1/2013 | \$24,204,000 | \$238,545,000 | \$214,341,000 | 10% | \$98,521,000 | 218% |
| 7/1/2014 | 38,031,000 | 233,041,000 | 195,010,000 | 16% | 85,979,000 | 227% |
| 7/1/2015 | 46,738,000 | 242,622,000 | 195,884,000 | 19% | 88,129,000 | 222% |
| 7/1/2016 | 54,664,000 | 279,009,000 | 224,345,000 | 20% | 84,862,000 | 264% |

| History of Actuarially Determined Employer Contribution (ADEC) | |
|--|---|
| Year Ended June 30 | Actuarially Determined Employer Contribution (ADEC) |
| 2013 | \$24,021,000 |
| 2014 | 22,605,000 |
| 2015 | 23,304,000 |
| 2016 | 22,047,000 |
| 2017 | 21,891,000 |
| 2018 | 25,097,000 |



Unfunded Actuarial Accrued Liability and Actuarially Determined Employer Contribution

| GASB 45/74/75 Unfunded Actuarial Accrued Liability (UAAL) | | | | | | |
|---|---------------------|--------------------|--------------------|---------------------|---------------------|--------------------|
| Actuarial Accrued Liability (AAL) 7/1/2016 | CERF City | CERF BoE | CERF WPCA | Police | Fire | Grand Total |
| Actives | \$43,898,000 | \$5,948,000 | \$2,493,000 | \$52,913,000 | \$32,675,000 | \$137,927,000 |
| Retirees | <u>\$41,097,000</u> | <u>\$6,196,000</u> | <u>\$2,063,000</u> | <u>\$51,821,000</u> | <u>\$39,905,000</u> | <u>141,082,000</u> |
| Total | 84,995,000 | 12,144,000 | 4,556,000 | 104,734,000 | 72,580,000 | 279,009,000 |
| Assets 7/1/2016 | <u>16,646,000</u> | <u>2,378,000</u> | <u>912,000</u> | <u>20,512,000</u> | <u>14,216,000</u> | <u>54,664,000</u> |
| Unfunded Actuarial Accrued Liability (UAAL) 7/1/2016 | 68,349,000 | 9,766,000 | 3,644,000 | 84,222,000 | 58,364,000 | 224,345,000 |
| Funded Ratio | 19.6% | 19.6% | 20.0% | 19.6% | 19.6% | 19.6% |

| GASB 45/74/75 Actuarially Determined Employer Contribution (ADEC) | | | | | | |
|---|------------------|------------------|----------------|------------------|------------------|-------------------|
| Actuarially Determined Employer Contribution (ADEC) 2017 / 2018 Fiscal Year | CERF City | CERF BoE | CERF WPCA | Police | Fire | Grand Total |
| Normal Cost | \$2,503,000 | \$367,000 | \$202,000 | \$2,771,000 | \$1,871,000 | \$7,714,000 |
| Employee Contributions | 0 | 0 | 0 | (186,000) | 0 | (186,000) |
| 20 Year Amortization of UAAL | 5,305,000 | 758,000 | 283,000 | 6,537,000 | 4,530,000 | 17,413,000 |
| Interest | <u>49,000</u> | <u>7,000</u> | <u>3,000</u> | <u>57,000</u> | <u>40,000</u> | <u>156,000</u> |
| Total ADEC 2017 / 2018 | 7,857,000 | 1,132,000 | 488,000 | 9,179,000 | 6,441,000 | 25,097,000 |



Market Value of OPEB Assets For Fiscal Year Ending June 30, 2016

| | TOTAL | CITY* | BOE** | WPCA |
|---|------------------------|------------------------|-----------------------|---------------------|
| Net Assets as of July 1, 2015 | \$ 57,480,912 | \$ 45,980,209 | \$ 10,742,385 | \$ 758,318 |
| Additions: | | | | |
| Employer | 21,632,906 | 19,466,242 | 1,837,800 | 328,864 |
| Plan Members | 4,898,321 | 2,833,612 | 2,064,710 | - |
| Other Revenues | <u>1,918,282</u> | <u>1,918,282</u> | <u>-</u> | <u>-</u> |
| Total Additions | \$ 28,449,509 | \$ 24,218,135 | \$ 3,902,510 | \$ 328,864 |
| Investment Earnings | | | | |
| Net Increase in Fair Value of Investments | (2,701,304) | (2,188,849) | (477,146) | (35,310) |
| Interest and dividends | <u>1,576,178</u> | <u>1,277,167</u> | <u>278,409</u> | <u>20,603</u> |
| Total Investment Earnings | \$ (1,125,126) | \$ (911,682) | \$ (198,737) | \$ (14,707) |
| Investment Expenses | 36,595 | 29,652 | 6,464 | 478 |
| Deductions | | | | |
| Benefits | (16,756,182) | (14,578,480) | (2,018,038) | (159,664) |
| Administrative Costs | <u>(973,117)</u> | <u>(926,444)</u> | <u>(46,672)</u> | <u>-</u> |
| Total Deductions | \$ (17,729,299) | \$ (15,504,925) | \$ (2,064,710) | \$ (159,664) |
| Change in Net Assets | 9,558,489 | 7,771,876 | 1,632,599 | 154,015 |
| Net Assets as of June 30, 2016 | \$ 67,039,401 | \$ 53,752,085 | \$ 12,374,984 | \$ 912,333 |
| Market Value Rate of Return | -1.85% | -1.87% | -1.76% | -1.80% |

*Includes City Cerf, BOE Cerf, Police, & Fire

**Includes Teachers, Administrators, Custodians, & Ed Assistants



OPEB Asset Return Assumption July 1, 2016

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* | Weighting |
|-----------------------------------|--------------------------|--|------------------|
| Fixed Income | 10.00% | 1.95% | 0.195% |
| Domestic Equity | 25.00% | 5.08% | 1.270% |
| International Equity | 21.00% | 6.00% | 1.260% |
| Alternatives | 5.00% | 5.00% | 0.250% |
| Asset Allocation | 39.00% | 4.06% | 1.583% |
| | 100.00% | | 4.56% |
| Long-Term Inflation Expectation | | | 2.75% |
| Long-Term Expected Nominal Return | | | 7.31% |

**Long-Term Returns are provided by HHIA and FIA. The returns are geometric means.*

The long-term expected rate of return on investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 7.0% and 7.5%. An expected rate of return of 7.5% was used.



Participant Counts and Average Attained Age As of July 1, 2016

| Participant Counts | | | |
|--------------------|---------------------|-----------|-------|
| Group | Active Participants | Retirees* | Total |
| CERF City | 490 | 361 | 851 |
| CERF BoE | 68 | 64 | 132 |
| CERF WPCA | 33 | 14 | 47 |
| Police | 272 | 224 | 496 |
| Fire | 274 | 198 | 472 |
| Total | 1,137 | 861 | 1,998 |

*Does not include spouses of existing retirees.

| Average Age | | |
|-------------|--------------------|---------------------|
| Group | Active Average Age | Retiree Average Age |
| CERF City | 51.6 | 74.7 |
| CERF BoE | 54.5 | 78.5 |
| CERF WPCA | 53.4 | 66.0 |
| Police | 44.9 | 68.5 |
| Fire | 45.8 | 73.3 |



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

| Participant Counts | | | |
|--------------------|---------------------|-----------|-------|
| Group | Active Participants | Retirees* | Total |
| CERF City | 616 | 338 | 954 |
| CERF BoE | 87 | 69 | 156 |
| CERF WPCA | 30 | 14 | 44 |
| Police | 282 | 209 | 491 |
| Fire | 257 | 193 | 450 |
| Total | 1272 | 823 | 2,095 |

*Does not include spouses of existing retirees.

| Average Age | | |
|-------------|--------------------|---------------------|
| Group | Active Average Age | Retiree Average Age |
| CERF City | 52.0 | 76.0 |
| CERF BoE | 54.0 | 78.0 |
| CERF WPCA | 51.0 | 66.0 |
| Police | 46.0 | 68.0 |
| Fire | 46.0 | 73.0 |



Projected Benefit Payments

| Fiscal Year Beginning July 1st | Currently Active Employees | Currently Retired Employees | Total |
|--------------------------------|----------------------------|-----------------------------|--------------|
| 2017 | \$3,675,000 | \$10,830,000 | \$14,505,000 |
| 2018 | 4,741,000 | 11,079,000 | 15,820,000 |
| 2019 | 5,740,000 | 11,192,000 | 16,932,000 |
| 2020 | 7,171,000 | 11,776,000 | 18,947,000 |
| 2021 | 8,399,000 | 11,741,000 | 20,140,000 |
| 2022 | 9,695,000 | 11,962,000 | 21,657,000 |
| 2023 | 10,839,000 | 11,918,000 | 22,757,000 |
| 2024 | 11,888,000 | 11,958,000 | 23,846,000 |
| 2025 | 13,235,000 | 12,005,000 | 25,240,000 |
| 2026 | 14,579,000 | 12,146,000 | 26,725,000 |
| 2027 | 15,702,000 | 12,056,000 | 27,758,000 |
| 2028 | 16,878,000 | 11,878,000 | 28,756,000 |
| 2029 | 17,715,000 | 11,766,000 | 29,481,000 |
| 2030 | 18,667,000 | 11,556,000 | 30,223,000 |
| 2031 | 19,597,000 | 11,360,000 | 30,957,000 |
| 2032 | 21,292,000 | 11,278,000 | 32,570,000 |
| 2033 | 22,241,000 | 11,036,000 | 33,277,000 |
| 2034 | 23,045,000 | 10,868,000 | 33,913,000 |
| 2035 | 23,599,000 | 10,688,000 | 34,287,000 |
| 2036 | 24,739,000 | 10,440,000 | 35,179,000 |



Actuarial Methods

Actuarial Cost Method: Projected Unit Credit

Normal Cost

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

Accrued Liability

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

The Unfunded Accrued Liability is amortized each year over a constant 20 year period, as a level percent of payroll. A 2.5% payroll growth assumption was used.

Asset Valuation Method

Market Value.

Contribution Policy

The plan sponsor's contribution policy is to fund the Actuarially Determined Employer Contribution (ADEC).



Actuarial Assumptions City

Discount Rate

7.5% per annum

The discount rate is based on the expected long-term return of plan assets for OPEB plans that are funding.

Inflation

2.75% (Prior: 3.00%)

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

The assumption was changed to better reflect expected experience.

Mortality

CERF & WPCA: RP-2000 Mortality Table with separate male and female rates, with 50% blue collar adjustment and 50% no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB.

Police & Fire: RP-2000 Mortality Table with separate male and female rates, with blue collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale BB (prior: Scale AA).

We have selected a mortality table commonly used by public pension systems (such as the State of Connecticut). It is a recently published pension mortality study released by the Society of Actuaries. The plan does not have sufficiently credible data on which to perform a mortality experience study.

Mortality Improvement

CERF & WPCA: Projected to date of decrement using Scale BB (generational mortality).

Police & Fire: Projected to date of decrement using Scale BB (generational mortality) (prior: Scale AA).

We are using these scales because they are consistent with recent industry analysis of future mortality improvement.

The change in assumption increased the liabilities by about 1.8%.



Actuarial Assumptions City (continued)

Separation from Employment

Annual rates of withdrawal and disability are as follows:

| Withdrawal | | | |
|------------|-------------------------------|---------------------|------------|
| Age | Classified and WPCA Employees | Police Firefighters | Disability |
| 20 | .1060 | .0544 | .0005 |
| 25 | .0790 | .0489 | .0005 |
| 30 | .0580 | .0370 | .0005 |
| 35 | .0420 | .0235 | .0006 |
| 40 | .0310 | - | .0009 |
| 45 | .0210 | - | .0018 |
| 50 | .0130 | - | .0040 |
| 55 | .0050 | - | .0085 |
| 60 | - | - | -* |

* .0174 for Police and Firefighters only.

Retirement

CERF & WPCA: Annual rates of retirement for CERF and WPCA, after reaching retirement eligibility, are as follows:

| CERF and WPCA | |
|---------------|------------|
| Age | Retirement |
| 50-61 | .05 |
| 62-65 | 1.00 |

Police: Annual rates of retirement for Police, after completion of 25 years of service, are as follows:

| Police | |
|--------|------------|
| Age | Retirement |
| 55 | .50 |
| 56 | .50 |
| 57 | .50 |
| 58 | .50 |
| 59 | .50 |

An additional 50% probability of retirement is added upon attainment of 20 years of service and 100% of those members remaining beyond the earlier of age 60 with 25 years of service or age 65 are assumed to retire.



Actuarial Assumptions City (continued)

Firefighters:

| Ret Rates by Years of Service* | |
|--------------------------------|-------|
| Years | Rate |
| 25 | 0.040 |
| 26 | 0.000 |
| 27 | 0.040 |
| 28 | 0.040 |
| 29 | 0.040 |
| 30 | 0.040 |
| 31 | 0.040 |
| 32 | 0.180 |
| 33 | 0.110 |
| 34 | 0.380 |
| 35 | 0.100 |
| 36 | 0.220 |
| 37 | 0.000 |
| 38 | 0.290 |
| 39 | 0.200 |
| 40 | 1.000 |

* Retirement rate at age 65 is 1.00

The actuarial assumptions in regards to rates of decrement shown above are based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Unit Costs

The 2016 assumed annual average per-capita incurred medical unit costs are as follows:

Current Retirees:

| <u>Plan</u> | <u>CIGNA & Medco</u> | <u>IPI & Medco</u> |
|---------------|------------------------------|------------------------|
| Pre-Medicare | \$16,894 | \$8,226 |
| Post-Medicare | 9,434 | 8,226 |

Future Retirees:

| <u>Plan</u> | <u>CIGNA & Medco</u> |
|---------------|------------------------------|
| Pre-Medicare | \$13,260 |
| Post-Medicare | 7,328 |

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



Actuarial Assumptions City (continued)

Sample per capita claims

Active Pre-65

| Sample Age | Expected Claim (Male) | Expected Claim (Female) |
|------------|--------------------------|----------------------------|
| 45 | \$8,633 | \$12,033 |
| 50 | 11,274 | 14,021 |
| 55 | 14,794 | 16,334 |
| 60 | 19,059 | 19,051 |
| 64 | 23,275 | 22,303 |

Retiree Pre-65

| Sample Age | Expected Claim (Male) | Expected Claim (Female) |
|------------|--------------------------|----------------------------|
| 45 | \$8,079 | \$11,261 |
| 50 | 10,550 | 13,121 |
| 55 | 13,844 | 15,285 |
| 60 | 17,835 | 17,828 |
| 64 | 21,780 | 20,871 |

Retiree Post-65 (IPI)

| Sample Age | Expected Claim (Male) | Expected Claim (Female) |
|------------|--------------------------|----------------------------|
| 65 | 6,520 | 6,179 |
| 70 | 7,475 | 7,076 |
| 75 | 8,126 | 7,719 |
| 80 | 8,547 | 8,163 |
| 85 | 8,600 | 8,217 |

Retiree Post-65 (Cigna)

| Sample Age | Expected Claim (Male) | Expected Claim (Female) |
|------------|--------------------------|----------------------------|
| 65 | 8,114 | 7,689 |
| 70 | 9,303 | 8,807 |
| 75 | 10,113 | 9,606 |
| 80 | 10,637 | 10,159 |
| 85 | 10,703 | 10,226 |



Actuarial Assumptions City (continued)

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

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

The per capita claims method was changed to reflect the most recent study.

Health Care Cost Trend Rates

Medical: 7.5% in 2016, decreasing 0.5% per year to an ultimate rate of 4.5% in 2022.

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

Dental: Assumed to be 4.5% for all years (prior: 5.0%).

Retiree Contribution

Some current retirees have flat amounts with no future increases assumed. Other retirees and future retirees have percentage contributions, which are assumed to increase periodically with the Health Care Cost Trend.

Effective July 1, 2016, all active police employees shall contribute one percent of the Top Step Patrol Rate.

Medicare Coordination

For those participants who are eligible for Medicare, Medicare is assumed to remain the primary payor of medical benefits for retirees and spouses over age 65.

Medical Plan Enrollment and Dependent Assumption

Reported data was used to identify current covered retirees, spouses and surviving spouses. All active employees were assumed to elect coverage under the CIGNA Plans and be eligible for Medicare upon attainment of age 65. We assumed 60% of active members are married. Husbands are assumed to be four years older than their wives. Married participants were assumed to elect dual coverage.



Actuarial Assumptions City (continued)

The actuarial assumptions in regards to utilization shown above are based on standard assumptions modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

Patient Protection and Affordable Care Act (PPACA)

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

The impact of this future excise tax has been reflected in plan liabilities.

Other Requirements of PPACA:

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

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

The change in the inflation assumption and the assumptions linked to inflation (such as trend rates and the Cadillac Tax indexed thresholds) decreased liabilities.



Summary of Principal Plan Provisions City

Retirement Eligibility

Police: 20 years of service.

Firefighters: 20 years of service, or;
Age 48 with 20 years of service if hired after January 1, 1981.

CERF: Age 50 and 25 years of service, or;
Age 58 and 15 years of service (except for UE hired after 7/1/2012 and non-grandfathered UAW after 1/1/2015), or;
Age 60 and 10 years of service, or;
25 years of service for MAA only.

Medical

CERF Existing Retirees: Various cost shares as provided by the City via the retiree census data.

CERF Future Retirees: Cost shares as detailed in **Appendix A**.

Life Insurance

Firefighters: The City shall provide and pay for a life insurance policy in the face amount of \$4,000.00 for each retired employee.

Police: For current and future retirees, the liability for life insurance has been transferred to the Police pension plan.

CERF: In general, for those current and future retirees still eligible for retiree life insurance, the liability is being transferred to the CERF pension plan.

Medicare Part B

For current and future retirees, the liability for Medicare Part B reimbursement has been transferred to the respective pension plans.



Appendix A – Plan Changes

| Union | Contract Dates | Component Category | Section | Language |
|-------|----------------------|---|--------------|--|
| DEN | 7/1/2011 - 6/30/2014 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | Article VIII | The Union shall accept the City's revised health and prescription plan as further described in Exhibit A, attached hereto. Said plan will be effective no earlier than July 1, 2012. Any employee eligible for normal retirement on or before December 31, 2012, may retire on or before that date under the terms of the former health and prescription plan; |
| DEN | 7/1/2011 - 6/30/2014 | Retiree Healthcare Cost Share Pre-65 | Article VIII | Employees eligible for normal retirement on or before June 30, 2014, shall pay 33% of the cost of the pre-age-65 retiree health plan. Employees eligible for normal retirement after June 30, 2014, shall pay 50% of the cost of the pre-age-65 retiree health plan; |
| DEN | 7/1/2011 - 6/30/2014 | Retiree Healthcare Cost Share Post-65 | Article VIII | Employees eligible for normal retirement on or before June 30, 2014, shall pay 33% of the cost of the post-age-65 Medicare supplement plan. Employees eligible for normal retirement after June 30, 2014, shall pay 50% of the cost of the post-age-65 Medicare supplement plan; |
| DEN | 7/1/2011 - 6/30/2014 | Retiree Healthcare Post-65 eligibility | Article VIII | New hires after July 1, 2002 shall not be entitled to retiree medical benefits; |



Appendix A – Plan Changes
continued

| Union | Contract Dates | Component Category | Section | Language |
|-------|----------------------|---|--------------|--|
| MAA | 7/1/2011 - 6/30/2014 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | Section 10.3 | The Union shall accept the City's revised health and prescription plan as further described in Exhibit A, attached hereto. Said plan will be effective no earlier than July 1, 2012. Any employee eligible for normal retirement on or before December 31, 2012, may retire on or before that date under the terms of the former health and prescription plan; |
| MAA | 7/1/2011 - 6/30/2014 | Retiree Healthcare Cost Share Pre-65 | Section 10.3 | Employees eligible for normal retirement on or before June 30, 2014, shall pay 33% of the cost of the pre-age-65 retiree health plan. Employees eligible for normal retirement after June 30, 2014, shall pay 50% of the cost of the pre-age-65 retiree health plan; |
| MAA | 7/1/2011 - 6/30/2014 | Retiree Healthcare Cost Share Post-65 | Section 10.3 | Employees eligible for normal retirement on or before June 30, 2014, shall pay 33% of the cost of the post-age-65 Medicare supplement plan. Employees eligible for normal retirement after June 30, 2014, shall pay 50% of the cost of the post-age-65 Medicare supplement plan; |
| MAA | 7/1/2011 - 6/30/2014 | Retiree Healthcare Post-65 eligibility | Section 10.3 | New hires after April 3, 2012 shall not be entitled to retiree medical benefits; |



Appendix A – Plan Changes
continued

| Union | Contract Dates | Component Category | Section | Language |
|-------|----------------------|---|--------------|--|
| NUR | 7/1/2010 - 6/30/2014 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | Article VIII | The Union shall accept the City's revised health and prescription plan as further described in Exhibit A attached hereto and hereby made a part hereof as if fully set forth herein. Said plan will become effective no earlier than July 1, 2012. Any employee eligible for normal retirement on or before December 31, 2012 may retire on or before that date under the terms of the former health plan; |
| NUR | 7/1/2010 - 6/30/2014 | Retiree Healthcare Cost Share Post-65 | Article VIII | Employees eligible for normal retirement on or before June 30, 2014 shall contribute 33% of the cost of the post-65 Medicare supplemental health insurance. Employees eligible for normal retirement after June 30, 2014 shall contribute 50% of the post-65 Medicare supplement; |
| NUR | 7/1/2010 - 6/30/2014 | Retiree Healthcare Cost Share Pre-65 | Article VIII | Employees eligible for normal retirement on or before June 30, 2014 shall contribute 33% of the pre-age-65 retiree health plan. Employees eligible for normal retirement after June 30, 2014 shall contribute 50% to the pre-age 65 retiree health plan; |
| NUR | 7/1/2010 - 6/30/2014 | Retiree Healthcare Post-65 eligibility | Article VIII | Employees hired after June 30, 2012 shall not be entitled to retiree medical benefits; |



Appendix A – Plan Changes
Continued

| Union | Contract Dates | Component Category | Section | Language |
|------------|----------------------|---|--------------|---|
| TEA (IUOE) | 7/1/2011 - 6/30/2014 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | Section 13.3 | The Union shall accept the City's revised health and prescription plan as further described in Exhibit A., attached hereto; |
| TEA (IUOE) | 7/1/2011 - 6/30/2014 | Retiree Healthcare Cost Share Pre-65 | Section 13.3 | All employees eligible to retire on or before June 30, 2014, shall pay 33% of the cost of the pre-age-65 retiree health plan. Employees not eligible for normal retirement on or before June 30, 2014 shall pay a percentage of the retiree healthcare premium for the pre-65 plan as follows: 50% at age 64, and 2% more for each year under age 64. However this group shall pay 50% regardless of age if they retire as a result of an involuntary layoff. |
| TEA (IUOE) | 7/1/2011 - 6/30/2014 | Retiree Healthcare Post-65 eligibility | Section 13.3 | Effective July 1, 2011, new hires shall not be entitled to post-65 retiree Medicare supplemental coverage; |



Appendix A – Plan Changes
continued

| Union | Contract Dates | Component Category | Section | Language |
|--------------|-------------------------|--|-----------------|--|
| UE | 7/1/2010 - 6/30/2015 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | Section 13.3 | The revised health and prescription plan shall be as set forth in the Summary of Benefits attached hereto as Exhibit A. Said plan shall become effective no earlier than July 1, 2012. Any employee eligible for normal retirement on or before December 31, 2012 may retire on or before that date under the terms of the former health plan; |
| UE | 7/1/2010 - 6/30/2015 | Retiree Healthcare Cost Share Pre-65 | Section 13.3 | Employees who are eligible for normal retirement on or before June 30, 2015 shall contribute one-third (33.33%) for the City's pre-65 retiree health plan. Employees not eligible for normal retirement on or before June 30, 2015 shall pay fifty 50% percent for the City's pre-65 retiree health plan; |
| UE | 7/1/2010 - 6/30/2015 | Retiree Healthcare Post- 65 eligibility | Section 13.3 | Post age 65 retirees hired after July 1, 2012 shall not be entitled to supplementary Medicare coverage; |



Appendix A – Plan Changes
continued

| Union | Contract Dates | Component Category | Section | Language |
|-------|----------------------|---|------------------------|---|
| LAW | 7/1/2010 - 6/30/2014 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | 3 TA; Exhibit 1 of CBA | 1. The Union shall accept the City's revised health and prescription plan as further described in Exhibit A, attached hereto. Said plan will be effective January 1, 2014; |
| LAW | 7/1/2010 - 6/30/2014 | Retiree Healthcare Cost Share Pre-65 | 6 TA; Pgs 10-11 of CBA | Employees who retiree prior to July 1, 2014 must pay one-third (33.33%) and the City will pay two-thirds (66.66%) of the cost of such plan. Effective July 1, 2014, (the employee shall pay fifty (50%) percent and the City will pay fifty (50%) percent. |
| LAW | 7/1/2010 - 6/30/2014 | Retiree Healthcare Post-65 eligibility | 7 TA; Pgs 10-11 of CBA | Employees eligible for normal retirement on or before June 30, 2014, shall pay 33% of the cost of the post-age-65 Medicare supplement plan. Employees eligible for normal retirement after June 30, 2014, shall pay 50% of the cost of the post-age-65 Medicare supplement plan. Employees hired after June 30, 2012 are not eligible for Post-65 health care benefits. |
| LAW | 7/1/2010 - 6/30/2014 | Retiree Healthcare Post-65 eligibility | 8 TA; Pg 10 of CBA | New hires after 6/30/2012 are not eligible for Pre or post 65 retiree medical. |



Appendix A – Plan Changes
Continued

| Union | Contract Dates | Component Category | Section | Language |
|-------|-------------------------|--|---------|---|
| UAW | 7/1/2010 - 6/30/2017 | Retiree Healthcare Cost Share Pre-65 | 13 TA | 1. Employees who are eligible for normal retirement on or before December 31, 2014 shall contribute one-third (33.33%) for the City's pre-65 retiree health plan. Employees not eligible for normal retirement on or before December 31, 2014 shall pay fifty 50% percent for the City's pre-65 retiree health plan, provided they retire on or before June 30, 2015. Employees not eligible for normal retirement on or before December 31, 2014 who retire on or after July 1, 2015 shall pay a percentage of the retiree healthcare premium for the pre-65 plan as follows: 50% at age 64, and 2% more for each year under age 64. However this group shall pay 50% regardless of age if they retire as a result of an involuntary layoff. |



Appendix A – Plan Changes
Continued

| Union | Contract Dates | Component Category | Section | Language |
|--------------|-------------------------|--|----------------|--|
| FIR | 7/1/2011 - 6/30/2019 | Retiree Healthcare Plan Changes (New Comp Mix Plan) | | Employees who retire prior to age 55 must pay one-third (33.33%) and the City will pay two-thirds (66.66%) of the cost of such plan. Employees who retire at or after age 55 must pay \$21.66 per month if retired prior to December 1, 2016, \$85.00 per month if retired after December 1, 2016. |
| FIR | 7/1/2011 - 6/30/2019 | Disability Retiree Healthcare Cost Share | | Effective July 1, 2016, current or new employees who retire on a disability pension must pay \$85.00 per month for health insurance. |



Appendix A – Plan Changes
Continued

| Union | Contract Dates | Component Category | Section | Language |
|-------|----------------------|---|---------|---|
| POL | 7/1/2011 - 6/30/2019 | Retiree Healthcare Cost Share | | Employees hired on or before April 11, 2016 must pay one-third (33.33%) and the City will pay two-thirds (66.66%) of the cost of such plan if retired prior to age 55. The City will pay 100% of the cost of such plan for employees hired on or before April 11, 2016 who retire at or after age 55. |
| POL | 7/1/2011 - 6/30/2019 | Retiree Healthcare Cost Share Pre-65 | | Employees hired after April 11, 2016 must pay 45% and the City will pay 55% of the cost of such plan if retired prior to age 60. Employees hired after April 11, 2016 must pay 40% and the City will pay 60% of the cost of such plan if retired at or after age 60 but prior to age 65. |
| POL | 7/1/2011 - 6/30/2019 | Retiree Healthcare Cost Share Post-65 | | The City will pay 100% of the cost of the post-age-65 Medicare supplement plan for employees hired after April 11, 2016 who retire at or after age 55. |
| POL | 7/1/2011 - 6/30/2019 | Retiree Healthcare Active Employee Contribution | | Effective July 1, 2016, all active employees shall contribute 1% of the Top Step Patrol Rate into an OPEB Trust each payroll period. Employees shall not be required to contribute after 30 years of service. |