



**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

JULY 1, 2009 VALUATION



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February 8, 2011

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PERSONAL & CONFIDENTIAL

milliman.com

Mr. Michael P. Walsh
Director of Finance
Town of East Hartford
740 Main Street
East Hartford, CT 06108

Re: Town of East Hartford Other Post-Employment Benefits Program

Dear Mike:

We are pleased to provide this actuarial report for the Town of East Hartford Other Post-Employment Benefits Program. The report shows the financial status of the plan as of July 1, 2009 and presents cost figures for the 2010-11 fiscal year.

We have included 25 bound copies of the report and one unbound copy in case you need to make additional copies.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve'.

Steve A. Lemanski, FSA, FCA
Consulting Actuary

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**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

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**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

CERTIFICATION

We have performed an actuarial valuation of the Town of East Hartford Other Post-Employment Benefits Program as of July 1, 2009. The results of this valuation, along with supporting data, are set forth in the following report.

Milliman has prepared this report in compliance with Government Accounting Standard No. 45. No attempt is being made to offer any accounting opinion or advice. 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 meeting accounting requirements.

In preparing this report, we relied on employee census data, asset information and claims and premium information as of the valuation date, furnished by the Town of East Hartford. We performed a limited review of the financial information 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 financial 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.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate, all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices, and the methods and assumptions produced results which are reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as 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 our assignment, we did not perform an analysis of the potential range of future measurements.

The actuarial method and assumptions used in this valuation are discussed on pages 18-23 of this report. A summary of the plan provisions starts on page 24 of this report.

TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

CERTIFICATION

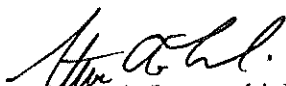
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The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MILLIMAN INC.

February 8, 2011



Steve A. Lemanski, FSA, FCA
Consulting Actuary



Samuel Boustani, ASA
Actuary

TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

OVERVIEW OF GASB 43 AND GASB 45

GASB 43 requires OPEB plans to disclose information about asset and liability levels and show historical contribution information. GASB 43 only applies in situations where a separate trust is established to prefund these benefits. GASB 45 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. GASB 43 was effective starting in FY 2006-07 for a Phase I government, FY 2007-08 for a Phase II government, and FY 2008-09 for a Phase III government. GASB 45 was effective for the fiscal year following implementation of GASB 43.

GASB 43 and 45 apply to just about any benefit that is provided after retirement except for pension benefits: medical insurance, dental, vision, and hearing benefits plus life insurance and long term care insurance. The benefits provided by the Town to retirees include medical and dental insurance plus life insurance. The philosophy driving the accounting standard is that these post-employment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 43 and 45 extend the same thinking to all other post-employment benefits.

TOWN OF EAST HARTFORD OTHER POST-EMPLOYMENT BENEFITS PROGRAM

THE VALUATION PROCESS

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates: How likely is it that an employee will qualify for post-employment benefits and when will they start?

Medical inflation and claims costs assumptions: When an employee starts receiving post-employment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption: How long is a retiree likely to receive the benefits?

Discount rate assumption: What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the Town, the present value is divided into three pieces: the part that is attributed to past years (the "Accrued Liability" or "Past Service Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Normal Cost have been calculated, the next step is to determine an annual contribution. This consists of two pieces:

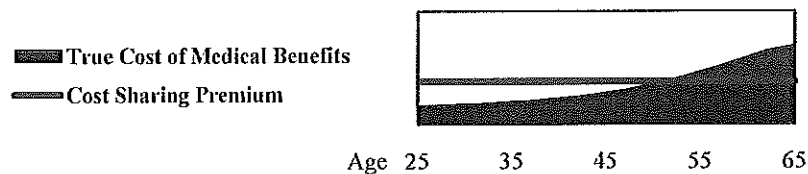
- Normal Cost – because the benefits earned each year should be paid for each year
- Past Service Cost – a catch-up payment to fund the Accrued Liability over time.

TOWN OF EAST HARTFORD OTHER POST-EMPLOYMENT BENEFITS PROGRAM

IMPLICIT RATE SUBSIDIES

As part of the Other Post-Employment Benefits Program, there are situations where the cost is borne partly or entirely by retirees. In most cases, the premium that is used to split the cost 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 43 and 45 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 on the prior page. 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 retiree medical 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.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

DISCUSSION OF EXPERIENCE

This valuation reflects a number of changes relative to the July 1, 2007 valuation:

Demographic Changes from 2007 to 2009

From July 1, 2007 to July 1, 2009, the overall membership decreased from 2,861 to 2,546. The total number of active members decreased from 1,514 to 1,357 and the total number of retirees, terminated vested and spouses of retirees decreased from 1,347 to 1,189. The July 1, 2009 active count reflects those members who have not waived healthcare coverage as of the valuation date. The July 1, 2009 inactive count reflects a refinement to the valuation methodology for post-65 coverage for Medicare-eligible members who pay 100% of the premium.

The average age of active members increased from 44.6 to 45.2, and the average age of retired and terminated vested members decreased slightly, from 70.4 to 70.2.

Changes in Plan Provisions Valued

Town Appointed Directors and Assistant to the Mayor: Effective July 1, 2009, retirees electing health insurance will pay 16% premium share for self.

BOE Non-Certified Supervisors: Retirees will pay 100% of the premium for health insurance.

Town Local 818: Retiree life insurance has been increased from \$5,000 to \$10,000.

The combined effect of the above changes reduced the Accrued Liability by about \$140,000 and reduced the ARC by about \$30,000.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

DISCUSSION OF EXPERIENCE

Assumption Changes

Discount Rate: We lowered the discount rate to 4% to reflect the Town's current funding policy and the current economic outlook (prior valuation: 8.50%).

Medical inflation: Using a new medical inflation model developed by the Society of Actuaries, we revised this assumption to an initial inflation rate of 6.7%, grading down to an ultimate inflation rate of 4.7% over a period of 72 years (prior valuation: an initial inflation rate of 9% graded down to an ultimate inflation rate of 5% over a period of 4 years).

Medical and dental age curves: We updated the age curves with respect to expected claims costs, based on our analysis of the claims experience and premium information provided to us for this valuation.

The effect of the above changes was as follows: (1) changing the discount rate from 8.50% to 4% increased the Accrued Liability by about \$58.6 million and increased the ARC by about \$3.9 million and (2) updating the other assumptions increased the Accrued Liability by about \$3.8 million and increased the ARC by about \$540,000.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

KEY ASSUMPTIONS

Our results are highly dependent on two key assumptions: the rate at which we assume medical costs will increase over time, and the discount rate we use to translate future payments into current dollars.

	Medical Benefits	
	Pre-65	Post-65
Medical inflation rate		
Initial inflation rate	6.70%	6.70%
Ultimate inflation rate	4.70%	4.70%
Years until ultimate inflation rate	72	72
Discount rate	4.00%	

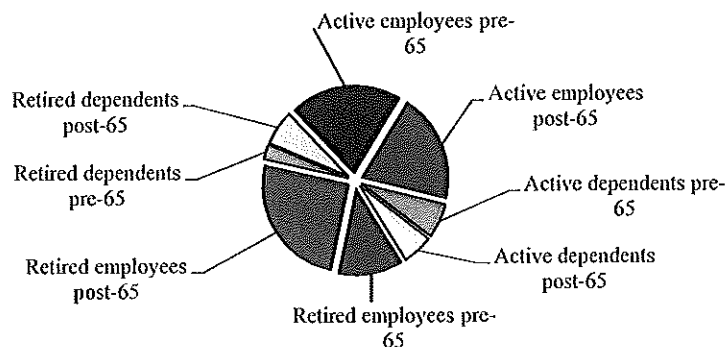
The Town has formally established an OPEB trust to prefund its OPEB benefits. Based on the Town's current funding policy and the current economic outlook, a 4.00% discount rate was selected.

TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

SUMMARY OF LIABILITIES AS OF JULY 1, 2009

We have calculated the Accrued Liability separately for two groups of Town employees, who are eligible for different OPEB benefits. We have broken the accrued liability for each group 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.

	Town	BOE	Total
Current active members			
Employees under age 65	\$21,115,000	\$6,047,000	\$27,162,000
Employees over age 65	12,875,000	13,364,000	26,239,000
Dependents under age 65	7,047,000	1,300,000	8,347,000
Dependents over age 65	<u>6,897,000</u>	<u>673,000</u>	<u>7,570,000</u>
Total	47,934,000	21,384,000	69,318,000
Current retired members			
Employees under age 65	11,721,000	4,014,000	15,735,000
Employees over age 65	17,354,000	15,532,000	32,886,000
Dependents under age 65	2,969,000	552,000	3,521,000
Dependents over age 65	<u>7,545,000</u>	<u>894,000</u>	<u>8,439,000</u>
Total	39,589,000	20,992,000	60,581,000
Total Accrued Liability	87,523,000	42,376,000	129,899,000



TOWN OF EAST HARTFORD
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ANNUAL REQUIRED CONTRIBUTION

The Annual Required Contribution (ARC) for the OPEB program consists of two 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). The amortization period is 30 years starting FY 2008. The amortization method produces annual payments that will increase over time as payroll grows. On this basis, the ARC is determined as follows:

	Town	BOE	Total
Accrued Liability	\$87,523,000	\$42,376,000	\$129,899,000
Assets	2,404,000	0	2,404,000
Unfunded Accrued Liability	85,119,000	42,376,000	127,495,000
Amortization Period	27	27	27
Payroll Growth Rate	4.0%	4.0%	4.0%
Past Service Cost	3,153,000	1,569,000	4,722,000
Normal Cost	3,658,000	2,060,000	5,718,000
Interest	272,000	145,000	417,000
ARC for FY 2011	7,083,000	3,774,000	10,857,000
Expected Benefit Payouts	2,616,000	1,731,000	4,347,000
Net Budget Impact	4,467,000	2,043,000	6,510,000

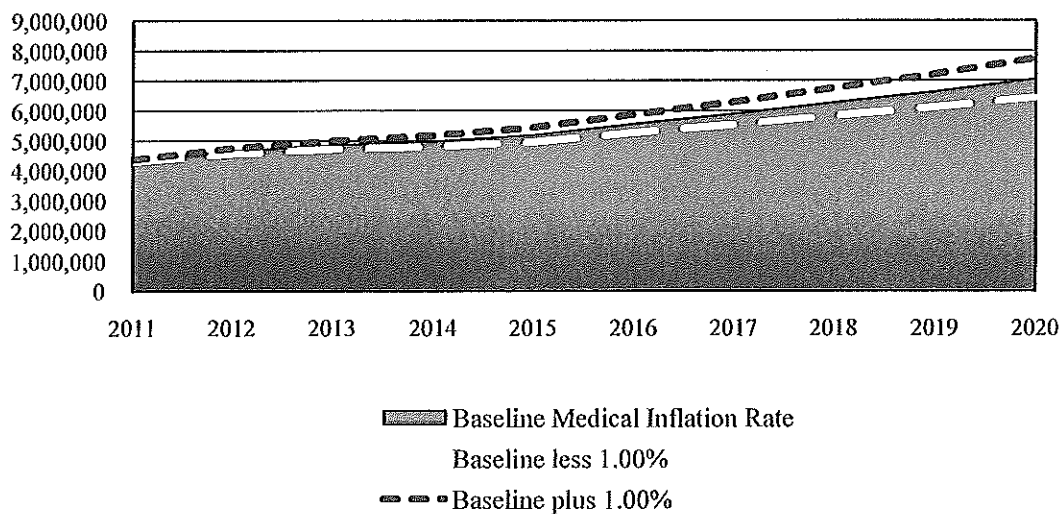
The ARC is assumed to be paid at the beginning of the Fiscal Year.

TOWN OF EAST HARTFORD OTHER POST-EMPLOYMENT BENEFITS PROGRAM

PROJECTED PAYOUTS

The annual Town payments for OPEB benefits are expected to rise in coming years, both because medical costs are expected to rise over time and because more employees will retire and start to receive Town-paid OPEB benefits. The table and graph below show the expected annual payments for OPEB benefits for the next 10 years.

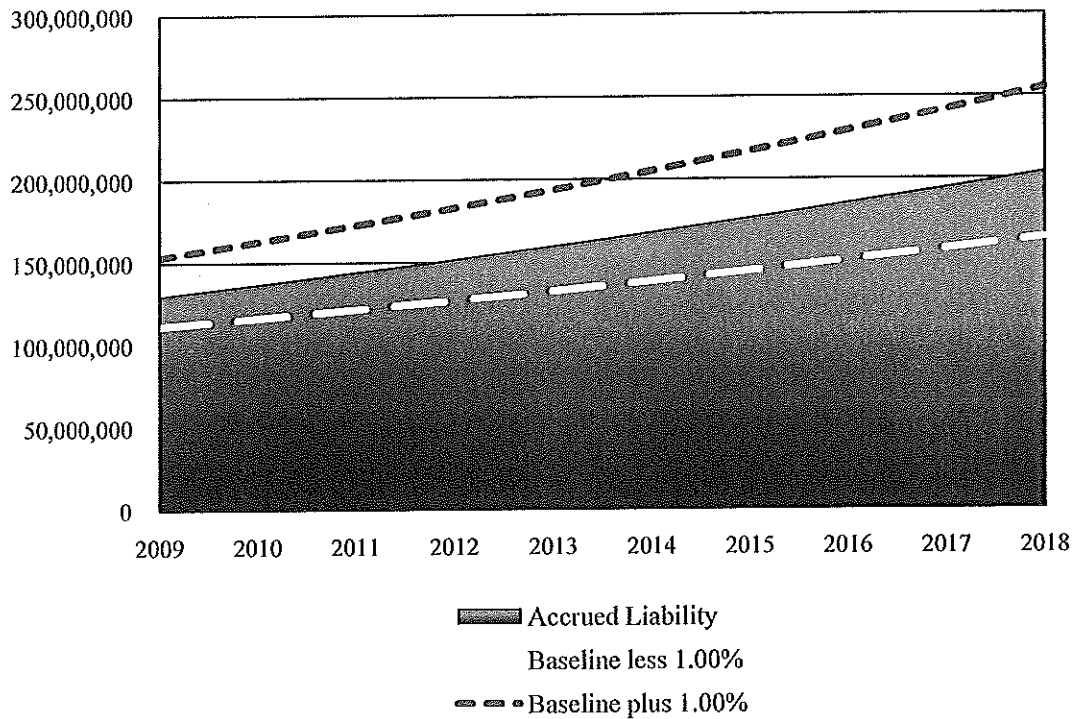
Fiscal Year	Baseline less 1.00%	Baseline Medical Inflation Rate	Baseline plus 1.00%
2011	\$4,307,000	\$4,347,000	\$4,387,000
2012	4,581,000	4,666,000	4,753,000
2013	4,728,000	4,861,000	4,996,000
2014	4,807,000	4,989,000	5,175,000
2015	4,962,000	5,197,000	5,441,000
2016	5,261,000	5,562,000	5,877,000
2017	5,522,000	5,893,000	6,285,000
2018	5,824,000	6,274,000	6,753,000
2019	6,101,000	6,633,000	7,207,000
2020	6,427,000	7,053,000	7,735,000



TOWN OF EAST HARTFORD OTHER POST-EMPLOYMENT BENEFITS PROGRAM

PROJECTED LIABILITIES

The graph below shows how the Town's accrued liability for OPEB benefits is expected to grow over the next 10 years.



**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

GASB 45 SCHEDULE OF FUNDING PROGRESS

The following information is required to be disclosed in the Town's financial statement.

(\$ 000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2007	\$0	\$128,765	\$128,765	0.00%	N/A	N/A
7/1/2009	2,404	129,899	127,495	1.85%	N/A	N/A

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

GASB 45 SCHEDULE OF EMPLOYER CONTRIBUTIONS

The following information is required to be disclosed in the Town's financial statement.

(\$ 000s)

Year Ended June 30	Annual Required Contribution	Actual Contribution Made	Percentage Contributed
2008	\$10,360	\$4,079	39.37%
2009	10,767	6,746	62.65%
2010	11,189	6,285	56.17%
2011	10,857	N/A	N/A

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF CENSUS DATA

The following were included in our analysis as of July 1, 2009 based on information provided by the Town.

	Town	BOE	Total
Number of members			
Active	473	884	1,357
Retired & TV members	359	652	1,011
Spouses of retirees	132	46	178
Total	964	1,582	2,546
 Average age			
Active	45.1	45.3	45.2
Retired & TV	67.9	71.5	70.2
 Average retirement age			
Active	57.4	60.7	59.5
Retired & TV	56.9	N/A	N/A
 Expected lifetime			
Active [to retirement]	12.4	15.4	14.4
Retired & TV [lifetime]	16.7	16.8	16.8

The retiree census data excludes post 65 Medicare eligible retired members who are paying 100% of the premium.

Where complete census data was not available, we have made assumptions which we believe to be reasonable.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

CURRENT PREMIUMS

Based on information provided by the Town regarding current retirees' plan elections, the following weighted average blended actual premiums were used:

2009 -2010 Monthly COBRA Premiums		Employee	Spouse
Medical - BOE Certified		\$552.73	\$552.73
Medical - BOE Para's	Pre 65	613.74	613.72
	Post 65	377.20	377.20
Medical - Town/BOE All Others	Pre 65	626.46	626.45
	Post 65	169.47	169.47
Dental - BOE Certified/BOE Para's		43.39	69.56
Dental - BOE All Others		40.81	65.42

TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

MEDICAL COST ADJUSTMENT FACTORS

Milliman's Health Cost Guidelines were used to develop the expected relationship of the true cost of medical benefits across age and gender. Representative factors are shown below.

Age	Town - Medical	
	Employee	Spouse
40	2.96%	1.60%
45	4.22%	3.12%
50	4.94%	4.19%
55	5.12%	3.97%
60	4.56%	4.04%
65	2.12%	1.96%
70	2.25%	2.11%
75	1.60%	1.34%
80	1.05%	1.31%

Age	BOE - Medical		BOE - Dental	
	Employee	Spouse	Employee	Spouse
40	1.59%	2.97%	1.39%	1.58%
45	3.12%	4.23%	1.09%	1.39%
50	4.19%	4.94%	0.59%	0.73%
55	3.97%	5.13%	0.08%	0.26%
60	4.04%	4.57%	0.13%	0.15%
65	1.96%	2.12%	-0.10%	-0.18%
70	2.11%	2.25%	0.00%	0.00%
75	1.34%	1.60%	0.00%	0.00%
80	1.32%	1.05%	0.00%	0.00%

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL METHOD

The actuarial funding method used is the **Projected Unit Credit Cost Method**. Recommended annual contributions consist of two pieces: Normal Cost plus a payment towards the Unfunded Accrued Liability.

The **Accrued Liability** is determined directly as the present value of benefits accrued to date, where the accrued benefit for each Member is the pro-rata portion (based on service to date) of the projected benefit payable at death, disability, retirement or termination.

The **Normal Cost** is similarly determined as the present value of the portion of the projected benefit attributable to the current year.

The **Unfunded Accrued Liability** is the Accrued Liability less the value of any plan assets.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Payroll Growth Rate	4.00%
Healthy Mortality	<p>Teachers and Administrators[#]: RP-2000 projected forward 19 years using scale AA, with a two-year age setback.</p> <p>All Others: RP-2000 Combined Healthy Mortality Table.</p>
Disabled Mortality	<p>Teachers and Administrators[#]: RP-2000 projected forward 19 years using scale AA, with an eight-year age set forward for males and females.</p> <p>All Others: RP-2000 Combined Healthy Mortality Table.</p>
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
0-1	14.00%	12.00%
1-2	8.50	9.00
2-3	5.50	7.00
3-4	4.50	6.00
4-5	3.50	5.50
5-6	2.50	5.00
6-7	2.40	4.50
7-8	2.30	3.50
8-9	2.20	3.00
9-10	2.10	2.50

Age	Male	Female
25	1.20%	3.50%
35	1.20	3.50
45	1.26	1.30
55	3.36	1.60

General Employees, Dispatchers and Paraprofessionals:
Crocker-Sarason T-3 withdrawal table.

Police and Fire: Crocker-Sarason T-1 withdrawal table.

**TOWN OF EAST HARTFORD
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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
50 – 51	27.5%	15.0%			2.0%	2.0%
52	27.5%	15.0%			3.0%	4.0%
53	27.5%	15.0%			3.0%	4.5%
54	27.5%	15.0%			5.0%	5.5%
55	38.5%	30.0%			5.0%	7.5%
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%	6.0%	5.4%		
61	25.3%	22.5%	6.0%	7.2%		
62	25.3%	22.5%	15.0%	9.9%		
63-64	27.5%	22.5%	10.0%	7.2%		
65	36.3%	30.0%	20.0%	13.5%		
66	27.5%	30.0%	20.0%	10.8%		
67	27.5%	30.0%	20.0%	13.5%		
68	27.5%	30.0%	20.0%	10.8%		
69	27.5%	30.0%	35.0%	10.8%		
70-73	100.0%	40.0%	35.0%	10.8%		
74	100.0%	40.0%	35.0%	18.0%		
75 – 79	100.0%	40.0%	40.0%	18.0%		
80	100.0%	100.0%	40.0%	18.0%		

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Retirement

General Employees and Paraprofessionals: rates are based on age:

Age	Rate
55-59	2%
60	10%
61	5%
62	20%
63-64	5%
65	100%

Retirement rates are increased by 15% the year the participant satisfies requirements for the Rule of 85.

Dispatchers: 50% upon first becoming eligible for Normal Retirement, followed by 20% for each of the next four years and then 100% in the fifth year.

Police: 35% at Normal Retirement Age (minimum age 47); 30% at 26 years of service; 20% at 27 through 29 years of service; 50% at 30 through 34 years of service; and 100% by the earlier of 35 years of service or age 65.

Fire: 30% at Normal Retirement Age (minimum age 47); 25% at 26 years of service; 15% at 27 through 29 years of service; 30% at 30 years of service; 40% at 31 through 34 years of service; and 100% by the earlier of 35 years of service or age 65.

Disability

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

Age	Male	Female
20	0.0455%	0.0500%
30	0.0455	0.0410
40	0.0715	0.0720
50	0.3250	0.2630
60	1.2805	0.5000

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Disability

General Employees, Dispatchers and Paraprofessionals: rates based on age:

Age	Rate
20	0.03%
30	0.06
40	0.11
50	0.30
60	0.81

100% of disabilities are assumed to be Non Service-Connected for General Employees, Dispatchers and Paraprofessionals.

Police and Fire: rates based on age:

Age	Rate
20	0.06%
30	0.11
40	0.22
50	0.60

25% of disabilities are assumed to be Non Service-Connected for Police and Fire.

Cost Blending

In order to dampen the volatility of the pre-65 premium changes, this valuation is based on 75% of expected costs/premiums plus 25% of actual costs/premiums.

Future Retiree Coverage

90% of active **Town and BOE Non-Certified** members, and 85% of active **Teachers and Administrators** members are assumed to elect coverage at retirement. 90% of terminated vested **Town and BOE Non-Certified** members are assumed to elect coverage at retirement.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

**Future Dependent
Coverage**

Current active members are assumed to elect dependent coverage at retirement as follows. All female spouses are assumed to be 3 years younger than males.

	Male	Female
Police	50%	50%
Fire	60%	60%
Dispatchers	50%	50%
Other Town Employees	60%	20%
Teachers and Administrators	30%	25%
Paraprofessionals	20%	20%
Other BOE Employees	50%	35%

**Future Post-65
Coverage**

Teachers and Administrators:

50% of current actives and pre-65 retirees are assumed either to enroll in retiree health coverage through the Connecticut State Teachers Retirement System at age 65, or transfer to a Medicare Supplement Plan. 88% of current actives and pre-65 retirees are assumed to be Medicare-eligible (Prior: 86%).

- # Certain actuarial demographic assumptions for Teachers and Administrators are based on the assumptions used in the 2006 valuation of the Connecticut State Teachers Retirement System by Gabriel, Roeder, Smith and Company.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Eligibility

BOE Teachers and Administrators

A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive medical and dental benefits for self and spouse.

Normal Retirement for Teachers and Administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is 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.

Town and BOE (Others)

A retired Town employee shall be eligible to receive medical benefits for self and spouse.

A retired BOE employee shall be eligible to receive medical and dental benefits for self and spouse.

General Employees hired prior to March 1, 1983, who terminate before retirement with 8 or more years of service (10 years of service for employees hired on or after March 1, 1983) are eligible for post-retirement health benefits upon the attainment of age 52 (age 55 for employees hired on or after March 1, 1983), provided they do not elect a refund of their pension deductions.

Paraprofessionals who terminate before retirement with 10 or more years of service are eligible for post-retirement health benefits upon Normal Retirement, provided they do not elect a refund of their pension deductions.

Dispatchers who terminate before retirement with 5 or more years of service are eligible for post-retirement health benefits upon Normal Retirement, provided they do not elect a refund of their pension deductions.

Police and Fire who terminate before retirement with 15 or more years of service are eligible for post-retirement health benefits upon Normal Retirement, provided they do not elect a refund of their pension deductions.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Eligibility

Normal Retirement for **General Employees** hired prior to March 1, 1983, is the earlier of age 62 with 8 years of service, or Rule of 85. Early Retirement is age 52 with 8 years of service.

Normal Retirement for **General Employees** hired on or after March 1, 1983, is the earliest of age 65 with 10 years of service, age 62 with 25 years of service, or Rule of 85. Early Retirement is age 55 with 10 years of service.

Normal Retirement for **Paraprofessionals** is the earliest of age 65 with 10 years of service, age 62 with 25 years of service, or Rule of 85.

Normal Retirement for **Dispatchers** is the earliest of age 65 with 5 years of service, 25 years of service regardless of age, or Rule of 75. Early Retirement is age 55 with 5 years of service.

Normal Retirement for **Police and Fire** is the earliest of 25 years of service regardless of age, or age 65 with 15 years of service.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Cost Sharing

Town Appointed Directors and Assistant to the Mayor

Pre 65: Retiree – 84% Town-paid/16% retiree-paid (effective 7/1/2009).

Spouse – If retiree has attained age 60, then Town pays 50% of the premium. Otherwise, retiree pays 100% of the premium.

Post-65: Retiree/Spouse – 100% Town-paid High Option /Plan 82 Medicare Supplement Plan. Retiree/spouse pays the difference in premiums if chooses one of the 2 optional plans (Plan F with BlueScript or ConnectiCare).

Town All Others

Pre 65: Retiree – 100% Town-paid.

Spouse – If retiree has attained age 60, then Town pays 50% of the premium. Otherwise, retiree pays 100% of the premium.

Post-65: Retiree/Spouse – 100% Town-paid High Option /Plan 82 Medicare Supplement Plan. Retiree/spouse pays the difference in premiums if chooses one of the 2 optional plans (Plan F with BlueScript or ConnectiCare).

BOE Teachers and Administrators

Retiree/Spouse – 100% retiree-paid*. Coverage is pre-65 only. Post-65 non-Medicare eligible retirees can continue coverage at their own expense.

* less \$1,320 annual CT Teachers Retirement Board subsidy

BOE Office and Professional Employees International Union

Retiree – 100% BOE-paid (if retired prior to 6/30/2006).

87% BOE-paid /13% retiree-paid for Century Preferred Plan and 90% BOE-paid/10% retiree-paid for Comprehensive PPO Plan (as of 7/1/2010).

Spouse – 100% retiree-paid.

**TOWN OF EAST HARTFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Cost Sharing

BOE Paraeducators

Retiree – 85% BOE-paid / 15% retiree-paid.

Spouse – 100% retiree-paid.

Coverage is post-65 only.

BOE Non-Certified Supervisors

Retiree/Spouse – 100% retiree-paid.

BOE Others

Retiree – 100% BOE-paid.

Spouse – 100% retiree-paid.

Note: Retiree can elect Major Medical plan, provided he/she pays 100% of the premium.

Upon the retiree's death, coverage is available to spouses at their own expense.

**Service-Connected
Disability**

Same benefits and cost sharing provisions as above.

Life Insurance

Police - \$3,000

Fire - \$10,000

Town Local 818 - \$10,000

Town (Local 1174 and Local 2001) - \$5,000

Town (Others) and BOE - \$3,000

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, the Town's 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.