



**CITY OF HAWTHORNE
RETIREE HEALTHCARE PLAN**



June 30, 2023 OPEB Actuarial Valuation

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Foster & Foster, Inc.**

October 23, 2024

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BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ Retire directly from the City under CalPERS¹ (age 50² and 5 years of service or disability)
<ul style="list-style-type: none"> ■ Medical Benefit³ 	<ul style="list-style-type: none"> ■ Miscellaneous City pays single premium ■ Police City pays full premium less: <u>Coverage</u> <u>Retiree Contribution</u> Single None 2-Party \$14.15/month Family \$23.99/month
<ul style="list-style-type: none"> ■ PEMHCA Administrative Fee 	<ul style="list-style-type: none"> ■ 0.24% of retiree premium for 2024/25 ■ Paid by City
<ul style="list-style-type: none"> ■ Surviving Spouse Benefit 	<ul style="list-style-type: none"> ■ Surviving spouse coverage continues based on CalPERS retirement plan election
<ul style="list-style-type: none"> ■ Other OPEB 	<ul style="list-style-type: none"> ■ No City-paid dental, vision, Medicare Part B or life

¹ Police: Age 50 and 20 years of service or disability per MOU

² 52 for Miscellaneous PEPR members

³ City contributes single premium for 17 Fire retirees. Current retired Council members receiving full premium.

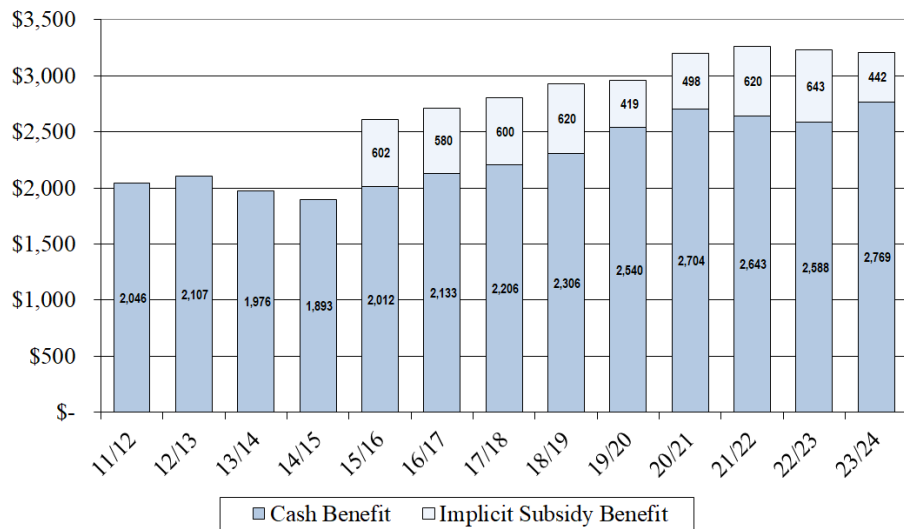


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BENEFIT SUMMARY

■ Pay-as-you-go Costs⁴
(in \$000's)



⁴ Amounts before 2016/17 from City's Annual Financial Reports.

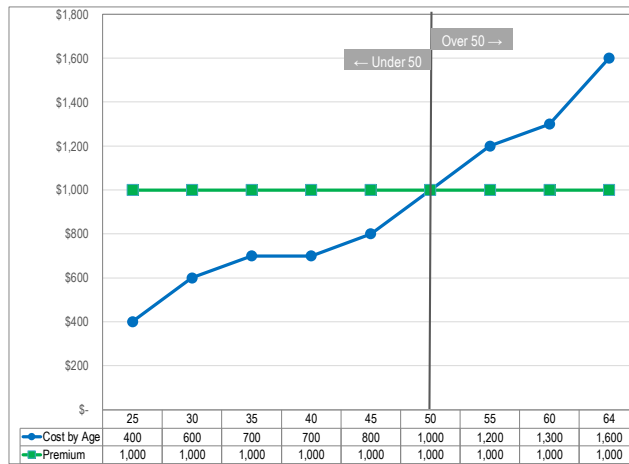


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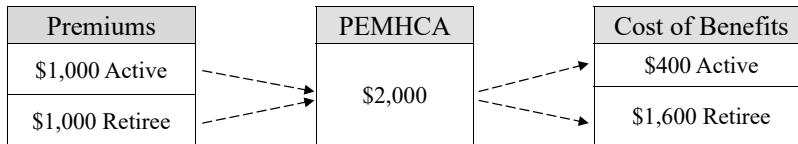


IMPLICIT SUBSIDY

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
- General trend:



- Sample active age 40, retire age 60:



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IMPLICIT SUBSIDY

- GASB defers to actuarial standards of practice.
- Actuarial Standards of Practice No. 6⁵ (ASOP 6), released in May 2014:
 - Requires implicit subsidy valued for community rated plans such as PEMHCA.
 - Effective with all valuations on or after March 31, 2015
- The June 30, 2015 and later valuations include the implicit subsidy

⁵ Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



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DATA SUMMARY

Actives

	6/1/13	6/30/15 ⁶	6/30/17	6/30/19	6/30/21	6/30/23
■ Participants						
• Miscellaneous	149	192	173	167	179	178
• Safety	<u>94</u>	<u>97</u>	<u>94</u>	<u>89</u>	<u>87</u>	<u>82</u>
• Total	243	289	267	256	266	260
■ Average						
• Age	n/a	43.3	43.6	43.4	42.4	42.5
• City Service	n/a	11.7	12.2	12.2	11.2	11.3
• Salary	n/a	\$ 70,600	\$ 73,600	\$ 74,400	\$ 86,800 ⁷	\$ 91,400 ⁸
■ Total Salary (000's)	n/a	20,404	19,643	19,034	23,093	23,752

⁶ Data as of March 2015.

⁷ Salaries for 2020/21 estimated from City's 2020 CalPERS actuarial valuation reports.

⁸ Salaries for 2022/23 estimated from City's 2022 CalPERS actuarial valuation reports.



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DATA SUMMARY

Retirees

	6/1/13	6/30/15 ⁹	6/30/17	6/30/19	6/30/21	6/30/23
■ Participants (benefitting)						
• Miscellaneous	145	138	140	143	149	137
• Safety	<u>114</u>	<u>113</u>	<u>112</u>	<u>121</u>	<u>123</u>	<u>125</u>
• Total ¹⁰	259	251	252	264	272	262
■ Average						
• Age	n/a	70.0	68.8	68.9	69.8	70.3
• Service Retirement Age						
> Miscellaneous	n/a	58.5	58.1	58.0	58.3	58.4
> Safety	n/a	54.5	53.5	53.2	53.6	53.7

⁹ Data as of March 2015.

¹⁰ Excludes 55, 75, 59, 59 & 61 waived participants at 6/30/15, 6/30/17, 6/30/19, 6/30/21 & 6/30/23, respectively.



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

PARS Fund Options¹¹

	Conservative	Moderately Conservative	Moderate	Balanced	Capital Appreciation
■ Target Allocation <ul style="list-style-type: none"> • Equity • Fixed Income • Cash • Total 	15% 80% <u>5%</u> 100%	30% 65% <u>5%</u> 100%	50% 45% <u>5%</u> 100%	60% 35% <u>5%</u> 100%	75% 20% <u>5%</u> 100%
■ Median Return	4.00%	4.50%	5.50%	5.75%	6.25%
■ Discount Rate- Confidence Level <ul style="list-style-type: none"> • 50% • 55% • 60% 	4.00% 3.75% 3.75%	4.50% 4.50% 4.25%	5.50% 5.25% 5.00%	5.75% 5.50% 5.25%	6.25% 6.00% 5.50%

¹¹ City established a trust in the PARS Balanced Strategy in April 2022.



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2021 Valuation	June 30, 2023 Valuation
■ Valuation Date	■ June 30, 2021 ■ 2021/22 & 2022/23 GASBS 75 (separate report)	■ June 30, 2023 ■ 2023/24, 2024/25, and 2025/26 ADC fiscal years ■ 2023/24 & 2024/25 GASBS 75 (separate report)
■ Funding Policy	■ Pay-as-you-go	■ Ad-hoc contributions to trust
■ Discount Rate	■ 2.16% Bond Buyer 20-Bond GO Index at June 30, 2021 (GASBS 75 specified) ■ Not prefunded; assets in General Investment Fund ■ Prefunding illustrated at 5.75%	■ 5.75% return PARS Balanced strategy ■ GASBS 75 discount rate will differ
■ General Inflation	■ 2.50%	■ Same
■ Mortality, Withdrawal & Disability	■ CalPERS 2000-2019 Experience Study ■ Mortality improvement projection MP-2021	■ Same



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2021 Valuation				June 30, 2023 Valuation			
■ Healthcare Trend	<u>Increase from Prior Year¹²</u>				<u>Increase from Prior Year</u>			
		<u>Medicare</u>				<u>Medicare</u>		
	<u>Year</u>	<u>Non-Medicare</u>	<u>Kaiser</u>	<u>Other</u>	<u>Year</u>	<u>Non-Medicare</u>	<u>Kaiser</u>	<u>Other</u>
	2021	Actual Premiums			2021	n/a		
	2022	Actual Premiums			2022	n/a		
	2023	6.50%	4.60%	5.65%	2023	Actual Premiums		
	2024	6.25%	4.45%	5.45%	2024	Actual Premiums		
	↓	↓	↓	↓	2025	Actual Premiums		
	2030	4.95%	4.05%	4.45%	2026	7.90%	5.65%	6.90%
	31-35	4.80%	4.00%	4.35%	2027	7.35%	5.45%	6.50%
	36-45	4.65%	3.95%	4.25%	2028	6.75%	5.25%	6.10%
	46-55	4.50%	3.90%	4.20%	2029	6.20%	5.05%	5.70%
	56-65	4.35%	3.85%	4.15%	2030	5.60%	4.85%	5.25%
	66-75	4.05%	3.80%	3.95%	2031	5.05%	4.65%	4.85%
	2076+	3.75%	3.75%	3.75%	32-38	4.45%	4.45%	4.45%
				39-40	4.35%	4.35%	4.35%	
				2041	4.30%	4.30%	4.30%	
				↓	↓	↓	↓	
				2076+	3.45%	3.45%	3.45%	

¹² Medical premiums after 2022 and estimated claims after 2021 do not take into account buy-downs (CalPERS subsidizations of premium rates from the reserves).



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2021 Valuation			June 30, 2023 Valuation		
■ Retirement	■ CalPERS 2000-2019 Experience Study:			■ CalPERS 2000-2019 Experience Study:		
		<u>Misc</u>	<u>Police</u>		<u>Misc</u>	<u>Police</u>
	Benefit	3%@60	3%@50	Benefit	3%@60	3%@50
	ERA	60.8	53.8	ERA	60.7	53.9
	Benefit	2%@62	2.7%@57	Benefit	2%@62	2.7%@57
	ERA	61.8	55.9	ERA	61.8	55.9
■ Aggregate Payroll Increase	■ 2.75%			■ Same		
■ Salary Merit and Longevity Increases	■ CalPERS 2000-2019 Experience Study			■ Same		
■ Age-related Claims Costs for Medicare Advantage Plans	■ Due to age-risk adjusted federal subsidies, no age-based claims costs were included for Medicare Advantage plans			■ Same		



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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2021 Valuation	June 30, 2023 Valuation
<ul style="list-style-type: none"> ■ Participation at Retirement 	<ul style="list-style-type: none"> ■ Actives: 95% ■ Retirees: <ul style="list-style-type: none"> • Covered – 100% • Waived – 5% Re-elect at age 65 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Dependents at Retirement 	<ul style="list-style-type: none"> ■ Safety Actives: 45% until age 65 ■ Safety Retirees: Based on current coverage election 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Data Adjustments 	<ul style="list-style-type: none"> ■ Data based on CalPERS OPEB data extract with additional information provided by City ■ Pay estimated from 6/30/20 CalPERS valuation reports 	<ul style="list-style-type: none"> ■ Data based on CalPERS OPEB data extract. ■ Pay estimated from 6/30/22 CalPERS valuation reports



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ACTUARIAL METHODS

	June 30, 2021 Valuation	June 30, 2023 Valuation
<ul style="list-style-type: none"> ■ Cost Method 	<ul style="list-style-type: none"> ■ Entry Age Normal 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> ■ Level Percent of Payroll 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Actuarial Value of Assets 	<ul style="list-style-type: none"> ■ No Plan assets 	<ul style="list-style-type: none"> ■ Market Value of Assets
<ul style="list-style-type: none"> ■ Amortization Periods 	<ul style="list-style-type: none"> ■ Sensitivity: 6/30/21 unfunded liability amortized over closed 20 years for 2021/22 ■ Contribution gains/losses amortized over closed 20 years 	<ul style="list-style-type: none"> ■ 6/30/23 unfunded liability amortized over closed 18 years for 2023/24



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ASSETS

Market Value of Plan Assets

(amounts in 000's)

	2022/23	2023/24
■ Market Value (beginning of year)	\$ -	\$3,693
• Contribution	3,500	1,000
• Benefit Payments	-	-
• Administrative Expenses	(5)	(10)
• Investment Return	198	513
■ Market Value (end of year)	3,693	5,197
■ Approximate Return	9.2%	11.5%



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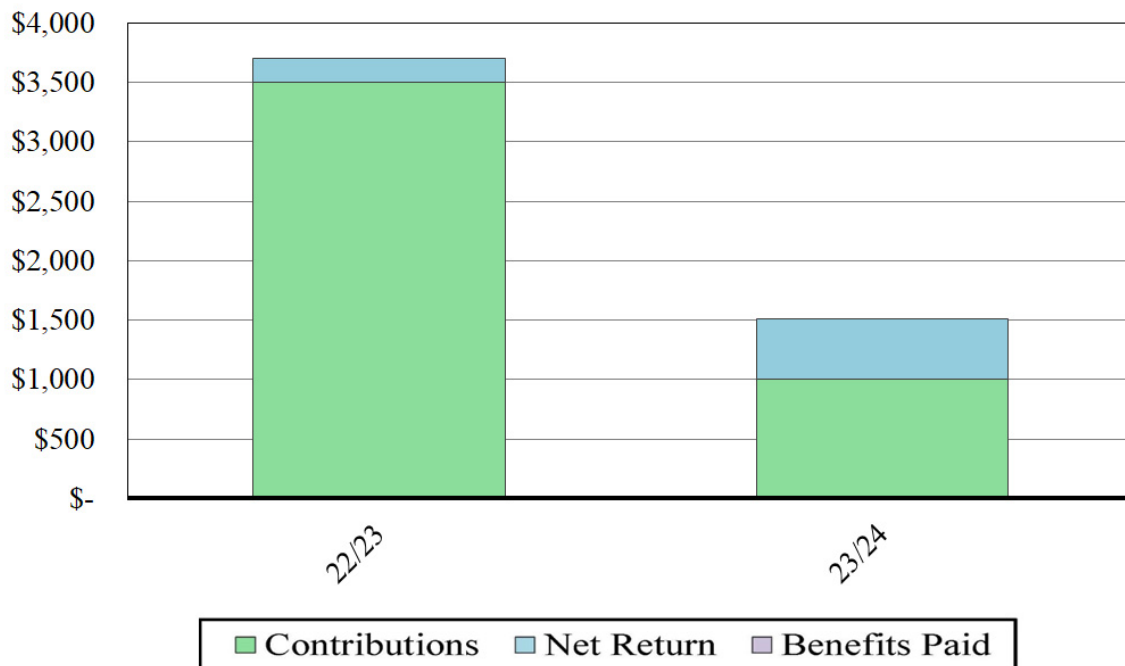
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ASSETS

Historical Asset Changes

(amounts in 000's)



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RESULTS

Actuarial Obligations

(amounts in 000's)

	6/30/21		6/30/23
	2.16%	5.75%	5.75%
■ Present Value of Benefits			
• Actives	\$103,630	\$40,510	\$ 48,889
• Retirees	<u>78,735</u>	<u>48,661</u>	<u>57,338</u>
• Total	182,365	89,171	106,227
■ Actuarial Accrued Liability			
• Actives	43,094	22,736	27,994
• Retirees	<u>78,735</u>	<u>48,661</u>	<u>57,338</u>
• Total	121,829	71,397	85,332
■ Assets	-	-	<u>3,693</u>
■ Unfunded Liability	121,829	71,397	81,639
■ Funded Ratio	0.0%	0.0%	4.3%



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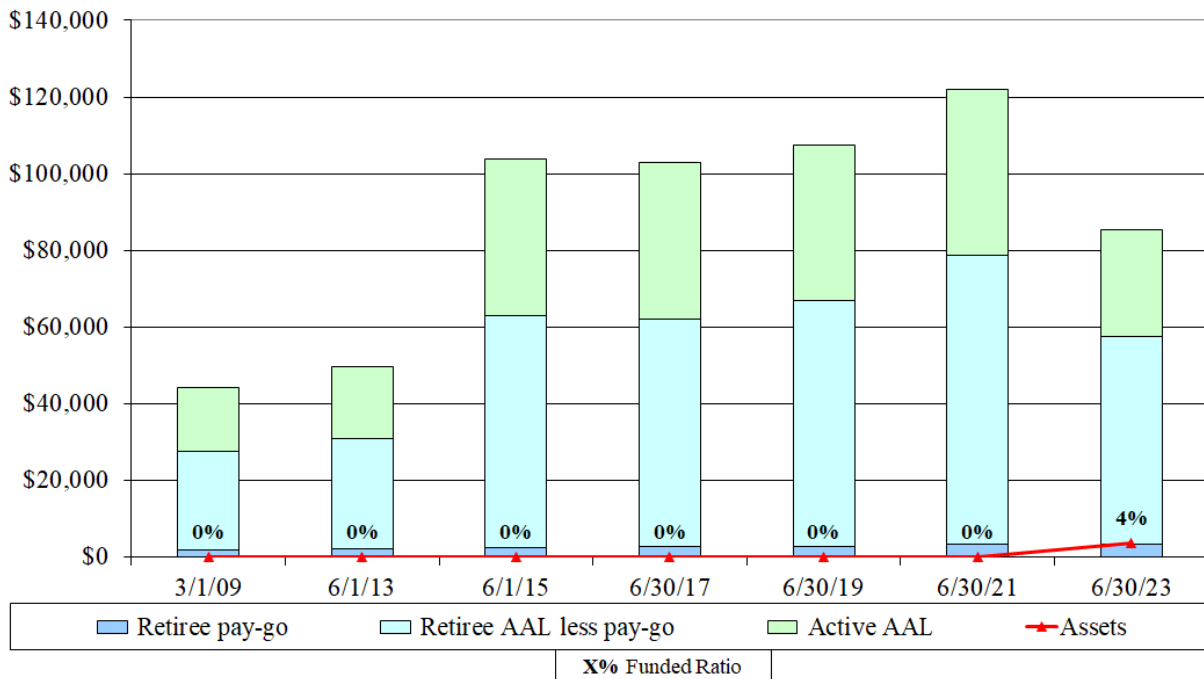
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RESULTS

Actuarial Accrued Liability

(amounts in 000's)



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RESULTS

Estimated Actuarial Gain/Loss Analysis

5.75% Discount Rate

(amounts in 000's)

	AAL	Assets	UAAL
■ Actual @ 6/30/21	\$71,397	\$ -	\$71,397
■ Expected @ 6/30/23	76,958	7,319	69,639
■ Changes			
• Premiums larger than expected	6,968	-	6,968
• Updated medical trend	3,687	-	3,687
• Contribution loss	-	(3,702)	3,702
• Investment gain	-	75	(75)
• Demographic & other	<u>(2,281)</u>	-	<u>(2,281)</u>
• Total	8,374	(3,626)	12,000
■ Actual @ 6/30/23	85,332	3,693	81,639



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RESULTS

Actuarially Determined Contribution (ADC)

(amounts in 000's)

	6/30/2021 Val		6/30/2023 Val		
	2021/22	2022/23	2023/24	2024/25	2025/26
■ ADC - \$					
• Normal Cost	\$1,915	\$1,968	\$2,273	\$2,335	\$2,399
• Admin. Expenses	7	7	17	28	38
• UAAL Amortization	<u>4,894</u>	<u>5,029</u>	<u>6,058</u>	<u>6,220</u>	<u>6,391</u>
• Total ADC	6,817	7,004	8,347	8,583	8,828
■ Projected Payroll	23,728	24,381	24,405	25,076	25,766
■ ADC - %					
• Normal Cost	8.1%	8.1%	9.3%	9.3%	9.3%
• Admin. Expenses	0.0%	0.0%	0.1%	0.1%	0.1%
• UAAL Amortization	<u>20.6%</u>	<u>20.6%</u>	<u>24.8%</u>	<u>24.8%</u>	<u>24.8%</u>
• Total ADC	28.7%	28.7%	34.2%	34.2%	34.2%



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Amortization Bases

(amounts in 000's)

	6/30/2021 Val		6/30/2023 Val		
	6/30/21	6/30/22	6/30/23	6/30/24	6/30/25
■ Initial UAAL	\$71,397	\$70,608	\$69,639	\$68,476	\$67,104
■ (Gain)/Loss					
• 2023 valuation	-	-	<u>12,000</u>	<u>11,739</u>	<u>11,504</u>
■ Total	<u>71,397</u>	<u>70,608</u>	<u>81,639</u>	<u>80,215</u>	<u>78,607</u>



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RESULTS

Amortization Payments

(amounts in 000's)

	6/30/2021 Val		6/30/2023 Val		
	2021/22	2022/23	2023/24	2024/25	2025/26
■ Initial UAAL	\$4,894	\$5,029	\$5,167	\$5,309	\$5,455
■ (Gain)/Loss					
• 2023 valuation	-	-	<u>890</u>	<u>910</u>	<u>935</u>
■ Total	<u>4,894</u>	<u>5,029</u>	<u>6,058</u>	<u>6,220</u>	<u>6,391</u>
■ Amortization years	20	19	18	17	16



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RESULTS

Projection
(amounts in 000's)

Fiscal Year	Cash¹³	Implicit Subsidy	PEMHCA Admin Fees	Additional Pre-Funding	Total	Payroll	Contr. % of Payroll
2023/24	\$2,825	\$ 442	\$ 9	\$5,071	\$ 8,347	\$24,405	34.2%
2024/25	3,139	591	10	4,843	8,583	25,076	34.2%
2025/26	3,497	649	11	4,671	8,828	25,766	34.3%
2026/27	3,790	726	12	4,549	9,077	26,474	34.3%
2027/28	4,067	761	13	4,490	9,331	27,203	34.3%
2028/29	4,390	848	14	4,341	9,593	27,951	34.3%
2029/30	4,665	912	14	4,272	9,863	28,719	34.3%
2030/31	4,921	990	15	4,213	10,139	29,509	34.4%
2031/32	5,169	1,078	16	4,160	10,423	30,321	34.4%
2032/33	5,301	1,074	16	4,321	10,712	31,154	34.4%

¹³ Includes PEMHCA administrative expenses.



RESULTS

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RESULTS

Actuarial Obligations by Cash and Implicit Subsidy

June 30, 2023

(amounts in 000's)

	Cash Subsidy	Implicit Subsidy	Total
■ Present Value of Benefits			
• Actives	\$43,582	\$ 5,307	\$ 48,889
• Retirees	<u>47,317</u>	<u>10,021</u>	<u>57,338</u>
• Total	90,899	15,328	106,227
■ Actuarial Accrued Liability			
• Actives	24,643	3,350	27,994
• Retirees	<u>47,317</u>	<u>10,021</u>	<u>57,338</u>
• Total	71,960	13,371	85,332
■ Actuarial Value of Assets	<u>3,114</u>	<u>579</u>	<u>3,693</u>
■ Unfunded AAL	68,846	12,792	81,639
■ 2023/24 Normal Cost	2,061	212	2,273
■ 2023/24 Pay-As-You-Go Cost	2,825	442	3,267



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RESULTS

Actuarially Determined Contribution (ADC) – Fiscal Year 2023/24

(amounts in 000's)

	Cash Subsidy	Implicit Subsidy	Total
■ ADC - \$			
• Normal Cost	\$2,061	\$ 212	\$2,273
• Administrative Expenses	17	-	17
• UAAL Amortization	<u>5,108</u>	<u>949</u>	<u>6,058</u>
• Total	7,186	1,161	8,347
■ Projected Payroll	25,076	25,076	25,076
■ ADC - %			
• Normal Cost	8.4%	0.9%	9.3%
• Administrative Expenses	0.1%	0.0%	0.1%
• UAAL Amortization	<u>20.9%</u>	<u>3.9%</u>	<u>24.8%</u>
• Total	29.4%	4.8%	34.2%



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Discount Rate Sensitivity

(amounts in 000's)

	Discount Rate	
	5.75%	3.65%
■ Present Value of Benefits	\$106,227	\$155,794
■ Funded Status		
• Actuarial Accrued Liability	85,332	114,287
• Actuarial Value of Assets	<u>3,693</u>	<u>3,693</u>
• Unfunded Actuarial Accrued Liability	81,639	110,594
■ 2023/24 ADC - \$		
• Normal Cost ¹⁴	2,289	3,747
• UAAL Amortization ¹⁵	<u>6,058</u>	<u>6,851</u>
• Total	8,347	10,598

¹⁴ Includes \$17,000 in PEMHCA and CERBT administrative expenses.

¹⁵ 18-year amortization.



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ACTUARIAL CERTIFICATION

This report presents the City of Hawthorne Retiree Healthcare Plan ("Plan") June 30, 2023 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan's June 30, 2023 Funded Status, and
- Calculate 2023/24, 2024/25, and 2025/26 Actuarially Determined Contributions.

Information provided in this report may be useful to the City for the Plan's financial management. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

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

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

Respectfully submitted,

Doug Pryor, ASA, EA, MAAA
Foster & Foster, Inc.
October 23, 2024

Katherine Moore, ASA, MAAA
Foster & Foster, Inc.
October 23, 2024



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PREMIUMS

2023 PEMHCA Monthly Premiums
Region 3

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$737.91	\$1,475.82	\$1,918.57	\$413.59	\$827.18	\$1,240.77
Anthem HMO Traditional	942.73	1,885.46	2,451.10	413.59	827.18	1,240.77
Blue Shield Access+	738.29	1,476.58	1,919.55	361.90	723.80	1,085.70
Blue Shield Trio	661.49	1,322.98	1,719.87	361.90	723.80	1,085.70
Health Net Salud y Más	606.34	1,212.68	1,576.48	n/a	n/a	n/a
Health Net SmartCare	755.29	1,510.58	1,963.75	n/a	n/a	n/a
Kaiser Permanente	754.64	1,509.28	1,962.06	n/a	n/a	n/a
Kaiser Senior Advantage	n/a	n/a	n/a	283.25	566.50	849.75
Kaiser SA Summit	n/a	n/a	n/a	336.29	672.58	1,008.87
UnitedHealthcare Alliance	790.46	1,580.92	2,055.20	n/a	n/a	n/a
UnitedHealthcare Harmony	713.55	1,427.10	1,855.23	n/a	n/a	n/a
UnitedHealthcare Group	n/a	n/a	n/a	299.68	599.36	899.04
UnitedHealthcare Edge	n/a	n/a	n/a	357.70	715.40	1,073.10
PERS Platinum	992.59	1,985.18	2,580.73	420.02	840.04	1,260.06
PERS Gold	680.37	1,360.74	1,768.96	392.71	785.42	1,178.13
PORAC	820.00	1,600.00	2,100.00	465.00	1,030.00	1,395.00



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PREMIUMS

2024 PEMHCA Monthly Premiums
Region 3

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$ 841.13	\$1,682.26	\$2,186.94	\$405.83	\$ 811.66	\$1,217.49
Anthem HMO Traditional	1,012.67	2,025.34	2,632.94	405.83	811.66	1,217.49
Blue Shield Access+	756.65	1,513.30	1,967.29	392.68	785.36	1,178.04
Blue Shield Trio	704.69	1,409.38	1,832.19	392.68	785.36	1,178.04
Health Net Salud y Más	630.13	1,260.26	1,638.34	n/a	n/a	n/a
Kaiser Permanente	865.41	1,730.82	2,250.07	n/a	n/a	n/a
Kaiser Senior Advantage	n/a	n/a	n/a	324.79	649.58	974.37
Kaiser SA Summit	n/a	n/a	n/a	386.55	773.10	1,159.65
UnitedHealthcare Alliance	826.44	1,652.88	2,148.74	n/a	n/a	n/a
UnitedHealthcare Harmony	734.76	1,469.52	1,910.38	n/a	n/a	n/a
UnitedHealthcare Group	n/a	n/a	n/a	341.72	683.44	1,025.16
UnitedHealthcare Edge	n/a	n/a	n/a	366.01	732.02	1,098.03
PERS Platinum	1,131.47	2,262.94	2,941.82	448.15	896.30	1,344.45
PERS Gold	785.28	1,570.56	2,041.73	406.60	813.20	1,219.80
PORAC	926.00	1,863.00	2,371.00	465.00	1,030.00	1,395.00



October 23, 2024

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PREMIUMS

2025 PEMHCA Monthly Premiums
Region 3

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$ 916.88	\$1,833.76	\$2,383.89	\$ 487.56	\$ 975.12	\$1,462.68
Anthem HMO Traditional	1,065.46	2,130.92	2,770.20	487.56	975.12	1,462.68
Blue Shield Access+	828.48	1,656.96	2,154.05	448.28	896.56	1,344.84
Blue Shield Trio	738.11	1,476.22	1,919.09	448.28	896.56	1,344.84
Health Net Salud y Más	714.40	1,428.80	1,857.44	n/a	n/a	n/a
Kaiser Permanente	926.52	1,853.04	2,408.95	n/a	n/a	n/a
Kaiser Senior Advantage	n/a	n/a	n/a	343.08	686.16	1,029.24
Kaiser SA Summit	n/a	n/a	n/a	408.31	816.62	1,224.93
UnitedHealthcare Alliance	866.40	1,732.80	2,252.64	n/a	n/a	n/a
UnitedHealthcare Harmony	756.28	1,512.56	1,966.33	n/a	n/a	n/a
UnitedHealthcare Group	n/a	n/a	n/a	442.25	884.50	1,326.75
PERS Platinum	1,263.73	2,527.46	3,285.70	584.70	1,169.40	1,754.10
PERS Gold	868.15	1,736.30	2,257.19	546.13	1,092.26	1,638.39
PORAC	970.00	1,951.00	2,484.00	507.00	1,123.00	1,521.00



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PARTICIPANT STATISTICS

Medical Plan Participation

Plan	Actives	Retirees		
		Pre-65	Post-65	Total
Anthem Select	3%	0%	0%	0%
Anthem Traditional	9%	2%	3%	3%
Blue Shield Access+	18%	22%	1%	8%
Blue Shield Trio	1%	0%	0%	0%
Health Net SmartCare	0%	0%	0%	0%
Health Net Salud y Mas	0%	0%	0%	0%
Kaiser	30%	7%	10%	10%
Sharp	0%	0%	1%	0%
UnitedHealthcare	1%	0%	12%	8%
PERS Platinum	24%	36%	57%	50%
PERS Gold	0%	1%	0%	0%
PORAC	13%	31%	16%	21%
Total	100%	100%	100%	100%



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PARTICIPANT STATISTICS

Current Active Medical Plan Coverage

Plan	Single	2-Party	Family	Waived	Total
Anthem Select	4	2	-	-	6
Anthem Traditional	14	3	2	-	19
Blue Shield Access+	21	4	13	-	38
Blue Shield Trio	1	-	1	-	2
Health Net SmartCare	1	-	-	-	1
Health Net Salud y Mas	1	-	-	-	1
Kaiser	44	10	11	-	65
UnitedHealthcare	2	-	-	-	2
PERS Platinum	33	7	12	-	52
PERS Gold	1	-	-	-	1
PORAC	7	7	14	-	28
Waived	-	-	-	45	45
Total	129	33	53	45	260



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PARTICIPANT STATISTICS

Retiree Medical Plan Coverage
Pre 65

Plan	Single	2-Party	Family	Waived	Total
Anthem Traditional	2	-	-	-	2
Blue Shield Access+	8	4	6	-	18
Kaiser	3	1	2	-	6
UnitedHealthcare	-	-	-	-	-
PERS Platinum	17	5	7	-	29
PERS Gold	1	-	-	-	1
PORAC	4	7	14	-	25
Waived	-	-	-	3	3
Total	35	17	29	3	84



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PARTICIPANT STATISTICS

Retiree Medical Plan Coverage
Post 65

Plan	Single	2-Party	Family	Waived	Total
Anthem Traditional	4	2	-	-	6
Blue Shield Access+	1	1	-	-	2
Kaiser	16	3	-	-	19
Sharp	-	1	-	-	1
UnitedHealthcare	13	8	-	-	21
PERS Platinum	70	30	3	-	103
PERS Gold	-	-	-	-	-
PORAC	12	17	-	-	29
Waived	-	-	-	58	58
Total	116	62	3	58	239



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PARTICIPANT STATISTICS

Actives by Age and Service
Miscellaneous

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	6	5	-	-	-	-	-	11
25-29	5	12	7	-	-	-	-	24
30-34	4	9	6	2	-	-	-	21
35-39	4	5	4	4	3	-	-	20
40-44	1	6	1	6	3	2	-	19
45-49	1	5	3	3	3	8	2	25
50-54	4	3	1	4	7	3	3	25
55-59	1	-	3	2	2	2	4	14
60-64	-	1	2	2	2	2	3	12
≥ 65	1	-	1	2	-	2	1	7
Total	27	46	28	25	20	19	13	178



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PARTICIPANT STATISTICS

**Actives by Age and Service
Safety**

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	1	-	-	-	-	-	1
25-29	-	5	4	-	-	-	-	9
30-34	-	3	8	3	-	-	-	14
35-39	-	1	3	6	3	-	-	13
40-44	1	-	1	1	6	3	-	12
45-49	-	-	1	3	4	10	1	19
50-54	-	1	-	2	-	4	3	10
55-59	-	-	1	-	-	-	2	3
60-64	-	-	-	-	-	-	1	1
≥ 65	-	-	-	-	-	-	-	-
Total	1	11	18	15	13	17	7	82



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PARTICIPANT STATISTICS

**Retirees Medical Plan Coverage by Age
Miscellaneous**

Age	Medical Coverage				Total
	Single	2-Party	Family	Waived	
Under 50	-	-	-	-	-
50-54	2	-	-	1	3
55-59	3	1	2	-	6
60-64	19	5	-	1	25
65-69	24	7	1	10	42
70-74	18	10	-	8	36
75-79	15	2	-	11	28
80-84	9	2	-	4	15
85 & Over	14	2	1	7	24
Total	104	29	4	42	179
Average Age	72.7	71.5	67.4	75.9	73.1



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PARTICIPANT STATISTICS

Retirees Medical Plan Coverage by Age
Safety

Age	Medical Coverage				
	Single	2-Party	Family	Waived	Total
Under 50	-	-	5	-	5
50-54	1	4	8	-	13
55-59	4	2	13	1	20
60-64	6	5	1	-	12
65-69	8	13	1	-	22
70-74	5	7	-	5	17
75-79	7	7	-	7	21
80-84	11	8	-	3	22
85 & Over	5	4	-	3	12
Total	47	50	28	19	144
Average Age	73.5	71.1	54.0	78.5	69.5



October 23, 2024

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ACTUARIAL ASSUMPTIONS

	June 30, 2021 Valuation	June 30, 2023 Valuation
<p>■ Spouses</p>	<p>■ Actives:</p> <ul style="list-style-type: none"> • Currently covered: current marital status • Currently waived – Safety: 80% married • Currently waived – Misc: 20% married <p>■ Retirees: based on current coverage</p>	<p>■ Same</p>
<p>■ Medical Plan at Retirement</p>	<p>■ Currently covered: same as current elections</p> <p>■ Currently waived: PERS Platinum Region 3</p>	<p>■ Same</p>
<p>■ Retiree Contribution Increases (Police only)</p>	<p>■ No future increases assumed in retiree contributions (\$0/\$14.15/\$23.99 for single/2-party/family coverage)</p>	<p>■ Same</p>



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ACTUARIAL ASSUMPTIONS

	June 30, 2021 Valuation	June 30, 2023 Valuation
■ Spouse Age	■ Males 3 years older than females if spouse birth date not provided	■ Same
■ Medicare Eligible Rate	■ Actives: <ul style="list-style-type: none"> • Hired < 4/1/1986: 90% • Hired ≥ 4/1/1986: 100% ■ Retirees < 65: <ul style="list-style-type: none"> • 95% ■ Everyone eligible for Medicare will elect Part B coverage	■ Same
■ PEMHCA Administrative Fees	■ Percent of premium added to Normal Cost: 0.25% of premium for 2021/22 and later years	■ Percent of premium added to Normal Cost: 0.30% of premium for 2023/24 and later years (5-year average)



ACTUARIAL ASSUMPTIONS

	June 30, 2023 Valuation						
■ HMO Medical Claims Costs 2024 PEMHCA Implicit Subsidy Estimate	■ Sample estimated monthly claims costs Region 3 - Non-Medicare Eligible						
		<u>BS Access+</u>		<u>Kaiser</u>		<u>UnitedHealthcare</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	25	\$275	\$453	\$314	\$519	\$300	\$495
	35	361	635	413	726	394	693
	45	515	687	590	786	563	750
	55	811	886	927	1,013	885	968
	60	1,020	1,026	1,166	1,174	1,114	1,121
	65	1,263	1,209	1,444	1,383	1,379	1,321
	70	1,420	1,355	1,625	1,550	1,551	1,480
75	1,598	1,521	1,828	1,739	1,746	1,661	
80	1,843	1,739	2,108	1,989	2,013	1,899	



ACTUARIAL ASSUMPTIONS

June 30, 2023 Valuation																																																																																																																						
■ PPO Medical Claims Costs 2024 PEMHCA Implicit Subsidy Estimate	■ Sample estimated monthly claims costs Region 3 - NonMedicare Eligible <table border="1"> <thead> <tr> <th rowspan="2">Age</th> <th colspan="2">PERS Platinum</th> <th colspan="2">PERS Gold</th> <th colspan="2">PORAC</th> </tr> <tr> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr><td>25</td><td>\$357</td><td>\$582</td><td>\$314</td><td>\$511</td><td>\$324</td><td>\$539</td></tr> <tr><td>35</td><td>466</td><td>810</td><td>409</td><td>710</td><td>428</td><td>757</td></tr> <tr><td>45</td><td>660</td><td>876</td><td>579</td><td>767</td><td>614</td><td>820</td></tr> <tr><td>55</td><td>1,031</td><td>1,126</td><td>903</td><td>986</td><td>968</td><td>1,059</td></tr> <tr><td>60</td><td>1,294</td><td>1,302</td><td>1,133</td><td>1,141</td><td>1,220</td><td>1,228</td></tr> <tr><td>65</td><td>1,599</td><td>1,532</td><td>1,401</td><td>1,342</td><td>1,512</td><td>1,448</td></tr> <tr><td>70</td><td>1,772</td><td>1,691</td><td>1,552</td><td>1,481</td><td>1,745</td><td>1,664</td></tr> <tr><td>75</td><td>1,973</td><td>1,878</td><td>1,728</td><td>1,645</td><td>1,999</td><td>1,901</td></tr> <tr><td>80</td><td>2,273</td><td>2,145</td><td>1,990</td><td>1,879</td><td>2,306</td><td>2,175</td></tr> </tbody> </table> Region 3 - Medicare Eligible <table border="1"> <thead> <tr> <th rowspan="2">Age</th> <th colspan="2">PERS Platinum</th> <th colspan="2">PERS Gold</th> <th colspan="2">PORAC</th> </tr> <tr> <th>M</th> <th>F</th> <th>M</th> <th>F</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr><td>65</td><td>\$447</td><td>\$428</td><td>\$370</td><td>\$354</td><td>\$408</td><td>\$391</td></tr> <tr><td>70</td><td>484</td><td>463</td><td>401</td><td>384</td><td>442</td><td>423</td></tr> <tr><td>75</td><td>516</td><td>495</td><td>427</td><td>410</td><td>471</td><td>452</td></tr> <tr><td>80</td><td>532</td><td>514</td><td>440</td><td>425</td><td>486</td><td>469</td></tr> </tbody> </table>	Age	PERS Platinum		PERS Gold		PORAC		M	F	M	F	M	F	25	\$357	\$582	\$314	\$511	\$324	\$539	35	466	810	409	710	428	757	45	660	876	579	767	614	820	55	1,031	1,126	903	986	968	1,059	60	1,294	1,302	1,133	1,141	1,220	1,228	65	1,599	1,532	1,401	1,342	1,512	1,448	70	1,772	1,691	1,552	1,481	1,745	1,664	75	1,973	1,878	1,728	1,645	1,999	1,901	80	2,273	2,145	1,990	1,879	2,306	2,175	Age	PERS Platinum		PERS Gold		PORAC		M	F	M	F	M	F	65	\$447	\$428	\$370	\$354	\$408	\$391	70	484	463	401	384	442	423	75	516	495	427	410	471	452	80	532	514	440	425	486	469
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ACTUARIAL ASSUMPTIONS

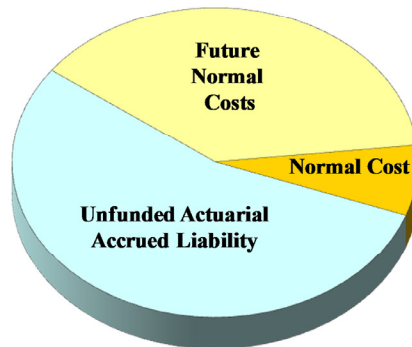
June 30, 2023 Valuation	
■ Basis for Assumptions	<ul style="list-style-type: none"> ■ No experience study performed for this Plan ■ CalPERS 2000-2019 experience study was used ■ Mortality improvement based on Society of Actuaries table ■ Inflation based on the Plan’s very long time horizon ■ Medical trends based on expectations over short term blended into long term trends using the Society of Actuaries Getzen Model ■ Age-based claims costs based on demographic data provided by CalPERS and Society of Actuaries studies ■ Participation and coverage based in part on Plan experience ■ Capital market assumptions based on 2021 Foster & Foster stochastic analysis, taking into account capital market assumptions of investment advisory firms
■ Actuarial Modeling	<ul style="list-style-type: none"> ■ Valuation prepared using ProVal, an actuarial model leased from WinTech. Use of ProVal is consistent with its intended purpose. We reviewed and understand ProVal and its operation.
■ Data Quality	<ul style="list-style-type: none"> ■ Our valuation used census data provided by the City and CalPERS OPEB data extract. We reviewed the data for reasonableness and resolved any questions with the City. We believe the resulting data can be relied on for all purposes of this valuation.



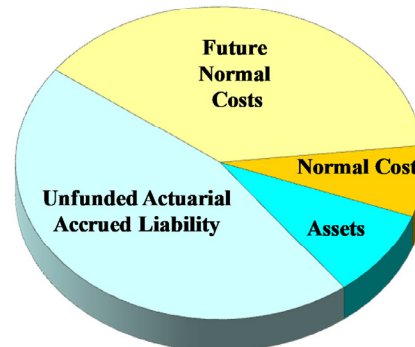
DEFINITIONS

Present Value of Benefits (PVB)

Present Value of Benefits
(Without Plan Assets)



Present Value of Benefits
(With Plan Assets)



PVB - Present Value of all Benefits

- Discounted value, at measurement date (valuation date) of all future expected benefit payments
- Expected benefit payments based on various actuarial assumptions



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DEFINITIONS

■ **AAL – Actuarial Accrued Liability / Actuarial Obligation**

- Discounted value at measurement date (valuation date) of benefits “earned” through measurement date based on actuarial cost method
- Portion of PVB “earned” at measurement

■ **NC - Normal Cost**

- Value of benefits “earned” during current year
- Portion of PVB allocated to current year

■ **Actuarial Cost Method**

- Determines how benefits are “earned” or allocated to each year of service
- Has no effect on PVB
- Has significant effect on Actuarial Obligations and Normal Cost

■ **Pay-As-You-Go Cost (PayGo)**

- Cash Subsidy – Actual cash benefit payments to retirees
- Implicit Subsidy – Difference between cost of retiree benefits and retiree premiums
- PayGo is the expected retiree benefit payments for the year while Normal Cost is the cost of benefits accrued by active employees during the year.



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