Town of Wellesley

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)

Measured at December 31, 2020

This report has been prepared at the request of the Town of Wellesley to assist in administering the Plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Town of Wellesley and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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Segal

Segal

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May 24, 2021

Ms. Rachel Lopes
Treasurer/Collector
525 Washington Street
Town Hall
Wellesley, MA 02482

Dear Ms. Lopes:

We are pleased to submit this report on our actuarial valuation of postemployment welfare benefits as of December 31, 2020. The purpose of this report is to calculate an Actuarially Determined Contribution for the Town of Wellesley Other Postemployment Benefit (OPEB) Plan for the fiscal year ending June 30, 2021. It summarizes the actuarial data used in the valuation and analyzes the experience and changes in assumptions since the prior valuation. The GASB Statements No. 74 and 75 disclosure information for the fiscal year ending June 30, 2021 will be provided in a separate report when the June 30, 2021 financial information is available.

This report is based on information received from the Town of Wellesley and vendors employed by the Town of Wellesley. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.

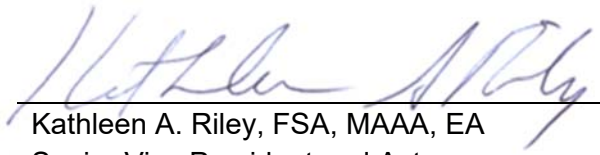
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in 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.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Town of Wellesley are reasonably related to the experience of and the expectations for the Plan.

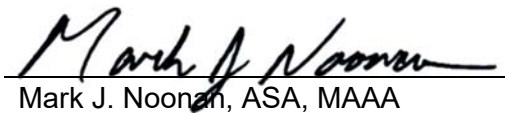
PERAC has requested that you forward a copy of the report to James Lamenzo at jlamenzo@per.state.ma.us.

We look forward to discussing this with you at your convenience.

Sincerely,
Segal



Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary



Mark J. Noonan, ASA, MAAA
Vice President and Health Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the Town of Wellesley other postemployment welfare benefit plan as of December 31, 2020. The purpose of this report is to calculate a recommended Actuarially Determined Contribution for the OPEB plan for the fiscal year ending June 30, 2021. Determinations for purposes other than meeting funding requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the OPEB plan, as administered by the Town of Wellesley;
- The characteristics of covered active members, retired members and beneficiaries as of December 31, 2020, provided by the Town of Wellesley;
- The assets of the Plan as of December 31, 2020, provided by the Town of Wellesley;
- Economic assumptions regarding future salary increases and investment earnings;
- Health care assumptions regarding per capita costs, trend rates and participation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Highlights of the valuation

- The long term impact of the Coronavirus (COVID-19) pandemic is still unknown. Our results do not include the impact of the following:
  - The short-term impact on health plan costs;
  - Changes in interest rates since December 31, 2020;
  - Short-term or long-term impacts on mortality of the covered population; or
  - The potential for federal or state fiscal relief.
- The discount rate used to determine the liabilities that are the basis of the Actuarially Determined Contribution is the expected return on assets. Based on the investment allocation of the OPEB Trust, the Town has selected an expected return on assets of 6.00%. The prior valuation report showed liabilities using a discount rate equal to expected return on assets of 6.625%.

Section 1: Actuarial Valuation Summary

- The unfunded actuarial accrued liability (UAAL) as of June 30, 2020 is $57,289,387 based on an actuarial accrued liability (AAL) of $132,313,690 and an actuarial value of assets of $75,024,303. Going forward, net unfunded plan obligations will be expected to change due to normal plan operations, which consist of continuing accruals for active members, plus interest on the unfunded actuarial accrued liability, less employer contributions. Future valuations will analyze the difference between actual and expected unfunded actuarial accrued liabilities.
- As of June 30, 2020 the ratio of assets to the AAL (the funded ratio) is 56.7%, compared to 54.9% in the prior valuation. This funded percentage is not necessarily appropriate for assessing the sufficiency of OPEB assets to cover the estimated cost of settling the benefit obligations or the need for or the amount of future contributions.
- The following assumptions were revised with this valuation
  - The trend assumptions were revised to reflect future expectations.
  - The per capita health costs were updated to reflect current premiums.
  - The disabled life mortality assumption for non-teachers and the mortality assumptions for teachers were updated.
  - The retirement assumption for Group 1 employees hired on or after April 2, 2012 was updated.
  - The impact of the excise tax on high cost health plans (part of the Patient Protection and Affordable Care Act) was removed, as the tax was repealed effective December 20, 2019.
  - The expected rate of return was decreased from 6.625% to 6.00%.

Section 1: Actuarial Valuation Summary

- The UAAL was expected to decrease by $1,760,234 from $51,444,900 as of June 30, 2018 to $49,684,666 as of June 30, 2020. The actual unfunded liability of $57,289,387 is $7,604,721 more than expected. The difference between the actual and expected increase was the net effect of the following:

	(in Millions)
June 30, 2018 unfunded actuarial liability	$51.4
June 30, 2020 expected unfunded actuarial liability	$49.7
Change due to:	
• Experience loss	-$1.9
• Investment loss	3.8
• Updating future trends	8.3
• Updating per capita costs, contributions	-10.3
• Updating the mortality and retirement assumptions, removing excise tax	-2.3
• Lowering discount rate	10.0
Net increase	$7.6
June 30, 2020 unfunded actuarial accrued liability	$57.3

- The participant data received for the December 31, 2020 actuarial valuation included 913 active employees with health coverage and 949 retirees and beneficiaries receiving retiree health benefits compared to 928 active employees and 905 retirees and beneficiaries in the prior valuation.
- The Actuarially Determined Contribution (ADC) for fiscal year 2020 is $9,173,192. The ADC is calculated using a 17-year amortization of the UAAL, with payments increasing at 3% per year. As shown on page 17, the liabilities for the Municipal Light Plant are overfunded. The ADC reflects a 17-year amortization of the overfunding of the Municipal Light Plant.
- A summary of the valuation results appears on page 13 with the summary of results by department on page 14.
- Page 15 includes a projection of the ADC, the assets, the liabilities and the unfunded liabilities for the Town reflecting the current funding policy of the Town to contribute $3,438,371 per year, rounded to $3,450,000 starting in 2023. Page 16 includes the same projections for the Water and Sewer Department reflecting the current funding policy of the Water and Sewer Department to contribute $55,000 per year. In both projections, the obligations will be funded in 13 years.

  As shown on pages 14 and 17, the OPEB assets exceed the liabilities for the Municipal Light Plant (MLP). The overfunding can be reduced over the next few years by paying projected retiree benefits from the OPEB Trust and making no contribution to the Trust. However, when the overfunding is eliminated, the MLP contribution will revert to the amount of the normal cost payment.

Section 1: Actuarial Valuation Summary

The normal cost is currently $238,000 and is projected to increase by approximately 3% per year. Because it can be difficult to resume a payment after it has been removed from the budget, we have prepared a projection of the ADC, the assets, the liabilities and the unfunded liabilities assuming that a contribution of half of the normal cost will be made beginning in fiscal year 2022. This funding policy will reduce the overfunding very gradually.

All projections assume that there will be no assumption or plan changes and that experience will develop as assumed. For the Town and Water and Sewer Department projections, projected retiree benefits through fiscal 2032 are assumed to be paid by the employer and the OPEB Trust will pay projected retiree benefits beginning in fiscal 2033. For the MLP projections, projected retiree benefits are assumed to be paid by the OPEB Trust.

OPEB Trust information

As of June 30, 2020, the Town of Wellesley had $75,024,303 in assets. The table below shows the increase in assets from June 30, 2018 to June 30, 2020.

Reconciliation of OPEB Balance from June 30, 2018 through June 30, 2020	Total
Balance as of June 30, 2018	$62,623,693
• Contributions	3,646,371
• Net investment income	3,713,925
Balance as of June 30, 2019	$69,983,989
• Contributions	3,647,680
• Net investment income	1,392,634
Balance as of June 30, 2020	$75,024,303

Assets as of December 31, 2020 in the amount of $91,074,877 were also provided by the Town and are reflected in the projections of the ADC on pages 14, 15 and 16.

Other considerations

Employer decisions regarding plan design, cost sharing between the Employer and its retirees, actuarial cost method, amortization techniques, and integration with Medicare are just some of the decisions that affect the magnitude of OPEB obligations. We are available to assist you with any investigation of such options you may wish to undertake.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the Town of Wellesley to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the asset values as of the valuation date, provided by the Town of Wellesley.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared for use by the Town of Wellesley. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
If the Town of Wellesley is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
Sections of this report include actuarial results that are not rounded, but that does not imply precision.
Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care cost trend, and investment losses, not just the current valuation results.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Town of Wellesley should look to their other advisors for expertise in these areas.
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
Segal's report shall be deemed to be final and accepted by the Town of Wellesley upon delivery and review. The Town of Wellesley should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Section 2: Valuation Results

Summary of valuation results

	December 31, 2018 6.625% Discount Rate	December 31, 2020 6.00% Discount Rate
Actuarial Accrued Liability		
1. Current retirees, beneficiaries and dependents	$54,735,543	$67,238,253
2. Current active employees	62,714,317	68,727,441
3. Total: **(1) + (2)**	$117,449,860	$135,965,694
4. Total as of June 30, 2018 and June 30, 2020	114,068,593	132,313,690
5. Actuarial value of assets as of June 30, 2018 and June 30, 2020	62.623,693	75,024,303
6. Unfunded actuarial accrued liability (UAAL)	$51,444,900	$57,289,387
7. Funded ratio: **(4) / (3)**	54.9%	56.7%
Actuarially Determined Contribution for Fiscal Year Ending:	**June 30, 2019**	**June 30, 2021**
8. Normal cost, including adjustment for timing	$4,090,566	$4,913,151
9. Amortization payment, including adjustment for timing	3,566,173	4,260,041
10. Total Actuarially Determined Contribution (ADC): **(8) + (9)**	$7,656,739	$9,173,192
11. Projected benefit payments	4,859,626	5,468,869

Notes: Adjustment for timing assumes payment at the end of the first quarter of the fiscal year.
Fiscal 2019 figures reflect 19-year (4-year for MLP) increasing (3.0% per year) amortization.
Fiscal 2021 figures reflect 17-year increasing (3.0% per year) amortization.

Department Results

	Town	Water and Sewer	MLP	Total
Actuarial Accrued Liability				
1. Current retirees, beneficiaries and dependents	$62,803,411	$1,108,489	$3,326,353	$67,238,253
2. Current active employees	63,506,345	2,895,446	2,325,650	68,727,441
3. Total: (1) + (2)	$126,309,756	$4,003,935	$5,652,003	$135,965,694
4. Total as of June 30, 2020	122,883,328	3,909,425	5,520,937	132,313,690
5. Actuarial value of assets as of June 30, 2020	66,724,936	2,195,547	6,103,820	75,024,303
6. Unfunded actuarial accrued liability (UAAL) as of June 30, 2020	$56,158,392	$1,713,878	-$582,883	$57,289,387
7. Funded ratio: (4) / (3)	54.3%	56.2%	110.6%	56.7%
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2021:				
8. Normal cost, including adjustment for timing	$4,574,876	$100,500	$237,775	$4,913,151
9. Amortization payment, including adjustment for timing	4,175,940	127,444	-43,343	4,260,041
10. Total Actuarially Determined Contribution (ADC): (8) + (9)	$8,750,816	$227,944	$194,432	$9,173,192
11. Projected benefit payments	5,021,106	143,618	304,145	5,468,869

Notes: Adjustment for timing assumes payment at the end of the first quarter of the fiscal year.
Fiscal 2021 figures reflect 17-year increasing (3.0% per year) amortization.
Market value of assets for the Town includes WSVD total of $55,732

Projection of actuarially determined contribution

Town

ADC amortization – 17-year closed, payments increasing 3.0% per year

Contributions to OPEB Trust are $3,450,000 beginning in Fiscal 2023

Fiscal Year Ending June 30	(1) Normal Cost	(2) Amortization of UAAL	(3) Actuarially Determined Contribution (1) + (2)	(4) Projected Benefits Paid by the Town	(5) Contribution to OPEB Trust	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year (7) - (6)
2021	$4,574,876	$4,175,940	$8,750,816	$5,021,106	$3,438,371	$83,763,322	$129,866,021	$46,102,699
2022	4,719,190	3,594,602	8,313,792	5,331,453	3,438,371	92,461,632	137,098,914	44,637,282
2023	4,868,057	3,663,342	8,531,399	5,817,312	3,450,000	101,701,329	144,421,076	42,719,747
2024	5,021,620	3,706,540	8,728,160	6,328,814	3,450,000	111,503,137	151,816,366	40,313,229
2025	5,180,027	3,716,547	8,896,574	6,736,881	3,450,000	121,899,217	159,400,727	37,501,510
2026	5,343,431	3,695,223	9,038,654	7,234,672	3,450,000	132,926,583	167,098,345	34,171,762
2027	5,511,989	3,623,731	9,135,720	7,758,104	3,450,000	144,623,498	174,895,002	30,271,504
2028	5,685,865	3,483,323	9,169,188	8,132,632	3,450,000	157,027,887	182,955,502	25,927,615
2029	5,865,225	3,269,855	9,135,080	8,555,964	3,450,000	170,182,934	191,251,157	21,068,223
2030	6,050,244	2,948,257	8,998,501	9,097,025	3,450,000	184,135,459	199,680,778	15,545,319
2031	6,241,099	2,451,988	8,693,087	9,627,939	3,450,000	198,933,156	208,268,948	9,335,792
2032	6,437,974	1,694,244	8,132,218	10,096,985	3,450,000	214,625,800	217,095,165	2,469,365
2033	6,641,060	530,299	7,171,359	0	9,146,662	226,195,317	226,195,317	0
2034	6,850,553	0	6,850,553	0	6,850,553	235,571,480	235,571,480	0

Notes: Adjustment for timing assumes payment occurs at the end of the first quarter of the fiscal year.
Normal cost is projected to increase 3.00% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.
Assets as of December 31, 2020 were assumed to earn 3% between January 1, 2021 and June 30, 2021.
Beginning in Fiscal 2033 projected benefits are paid from the Trust.

Projection of actuarially determined contribution

Water and Sewer
ADC amortization – 17-year closed, payments increasing 3.0% per year
Contributions to OPEB Trust are $55,000

Fiscal Year Ending June 30	(1) Normal Cost	(2) Amortization of UAAL	(3) Actuarially Determined Contribution (1) + (2)	(4) Projected Benefits Paid by the Town	(5) Contribution to OPEB Trust	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year (7) - (6)
2021	$100,500	$127,444	$227,944	$143,618	$55,000	$2,691,502	$4,101,116	$1,409,614
2022	103,670	109,907	213,577	161,605	55,000	2,912,890	4,289,101	1,376,211
2023	106,941	112,944	219,885	181,596	55,000	3,147,864	4,471,201	1,323,337
2024	110,314	114,818	225,132	195,147	55,000	3,397,141	4,653,799	1,256,658
2025	113,794	115,853	229,647	214,728	55,000	3,661,671	4,830,827	1,169,156
2026	117,384	115,203	232,587	228,314	55,000	3,942,277	5,008,240	1,065,963
2027	121,086	113,040	234,126	230,754	55,000	4,239,757	5,197,654	957,897
2028	124,906	110,225	235,131	248,714	55,000	4,555,356	5,383,933	828,577
2029	128,846	104,496	233,342	269,028	55,000	4,890,199	5,564,590	674,391
2030	132,911	94,373	227,284	280,508	55,000	5,245,306	5,748,513	503,207
2031	137,103	79,372	216,475	297,672	55,000	5,621,978	5,930,179	308,201
2032	141,428	55,932	197,360	312,640	55,000	6,021,477	6,111,854	90,377
2033	145,890	19,409	165,299	0	237,593	6,294,605	6,294,605	0
2034	150,492	0	150,492	0	150,492	6,477,992	6,477,992	0

Notes: Adjustment for timing assumes payment occurs at the end of the first quarter of the fiscal year.
Normal cost is projected to increase 3.00% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.
Assets as of December 31, 2020 were assumed to earn 3% between January 1, 2021 and June 30, 2021.
Beginning in Fiscal 2033 projected benefits are paid from the Trust.

Projection of actuarially determined contribution

Municipal Light Plant

ADC amortization – 17-year closed, payments increasing 3.0% per year

Contributions to OPEB Trust are Half the Normal Cost Payment

Fiscal Year Ending June 30	(1) Normal Cost	(2) Amortization of UAAL	(3) Actuarially Determined Contribution (1) + (2)	(4) Projected Benefits (Paid by Trust)	(5) Contribution to OPEB Trust	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year (7) - (6)
2021	$237,775	-$43,343	$194,432	$304,145	-	$7,312,501	$5,787,453	-$1,525,048
2022	245,276	-118,907	126,369	310,767	$122,638	7,559,413	6,070,979	-1,488,434
2023	253,013	-122,154	130,859	310,070	126,506	7,825,899	6,380,316	-1,445,583
2024	260,994	-125,425	135,569	313,220	130,497	8,109,300	6,713,308	-1,395,992
2025	269,227	-128,699	140,528	326,794	134,614	8,400,030	7,060,905	-1,339,125
2026	277,720	-131,951	145,769	345,051	138,860	8,693,843	7,419,434	-1,274,409
2027	286,481	-135,144	151,337	356,892	143,240	8,997,670	7,796,435	-1,201,235
2028	295,518	-138,225	157,293	374,277	147,759	9,306,547	8,187,597	-1,118,950
2029	304,840	-141,116	163,724	387,703	152,420	9,625,004	8,598,146	-1,026,858
2030	314,456	-143,697	170,759	388,529	157,228	9,966,741	9,042,523	-924,218
2031	324,376	-145,778	178,598	405,257	162,188	10,316,940	9,506,703	-810,237
2032	334,608	-147,041	187,567	430,042	167,304	10,667,979	9,983,905	-684,074
2033	345,163	-146,906	198,257	449,394	172,582	11,025,669	10,480,842	-544,827
2034	356,051	-144,213	211,838	469,616	178,026	11,389,688	10,998,149	-391,539

Notes: Adjustment for timing assumes payment occurs at the end of the first quarter of the fiscal year.
Normal cost is projected to increase 3.00% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.
Assets as of December 31, 2020 were assumed to earn 3% between January 1, 2021 and June 30, 2021.
Projected benefits are assumed to be paid from the Trust.

Section 3: Supporting Information

Exhibit I: Summary of Participant Data

	December 31, 2020	December 31, 2018
Retirees, Beneficiaries and Dependents Covered for Medical Benefits		
• Number	949	905
• Average age	77.3	75.3
Retired employees eligible for life insurance[1]		
• Number	282	302
• Average age	77.7	77.6
Active Employees Covered for Medical Benefits		
• Number of employees		
– Male	360	373
– Female	553	555
– Total	913	928
• Average age	45.4	45.8
• Average service	10.6	11.1

[1] December 31, 2020 and December 31, 2018 counts include 29 and 31 retirees with life insurance only, respectively.

Exhibit II: Statements of Actuarial Assumption, Methods and Models

Data:	Detailed census data, premium rates and summary plan descriptions for postemployment welfare benefits were provided by the Town of Wellesley.
Actuarial Cost Method:	Entry Age Normal – Level percentage of payroll
Per Capita Cost Development:	Per capita costs were based on the fully-insured premium rates effective July 1, 2020 (January 1, 2021 for Medicare plans). Premiums were combined by taking a weighted average based on the number of participants in each plan, and were then trended to the midpoint of the valuation year at assumed trend rates. Actuarial factors were applied to the weighted average premium to estimate individual retiree and spouse costs by age and by gender.
Valuation Date:	December 31, 2020
Roll-Forward Technique:	The results of the December 31, 2020 actuarial valuation were rolled to June 30, 2020 to determine the Actuarially Determined Contribution for the fiscal year ending June 30, 2021. To project the Actuarially Determined Contribution for fiscal year 2022 and later, liabilities were rolled forward from June 30, 2020 using standard actuarial techniques.
Expected Return on Assets:	6.00% (previously, 6.625%) Long-term rate of return on investments expected to be used to finance the benefits. The expected return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.
Discount Rate:	6.00% (previously, 6.625%) The discount rate is equal to the expected return on assets.

Section 3: Supporting Information

Salary Increases:

Years of Service	Groups 1 and 2	Group 4	Teachers
0	7.00%	8.00%	7.50%
1	6.50%	7.50%	7.10%
2	6.00%	7.00%	7.00%
3	5.50%	6.50%	6.90%
4	5.25%	6.00%	6.80%
5	5.00%	5.50%	6.70%
6	4.75%	5.25%	6.60%
7	4.50%	5.00%	6.50%
8	4.25%	4.75%	6.30%
9	4.00%	4.50%	6.10%
10	3.75%	4.25%	5.90%
11	3.50%	4.00%	5.70%
12	3.50%	4.00%	5.20%
13	3.50%	4.00%	4.70%
14	3.50%	4.00%	4.35%
15 – 16	3.50%	4.00%	4.20%
17 – 19	3.50%	4.00%	4.10%
20+	3.50%	4.00%	4.00%

Note: Total payroll is assumed to increase 3.0% per year.

Asset Valuation Method: Market Value

Section 3: Supporting Information

Mortality Rates:

- *Pre-Retirement*: RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2016 set forward one year for females
- *Healthy Retiree*: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 set forward one year for females
- *Disabled Retiree*: RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016 set forward one year (previously, RP-2000 Healthy Annuitant Mortality Table projected generationally using Scale BB2D from 2015)
- *Pre-Retirement (Teachers)*: Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (Previously, RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016).
- *Healthy (Teachers)*: Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2020 (Previously, RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2016).
- *Disabled (Teachers)*: Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale-2020 (Previously, RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016).

The underlying tables with generational projection to the ages of participants as of the measurement date reasonably reflect the mortality experience of the plan as of the measurement date. The mortality tables were then adjusted to future years using generational projection to reflect future mortality improvement between the measurement date and those years.

Non-Teacher Annuitant Mortality Rates:

	Rate per year (%)					
	Healthy		Disabled			
			Current		Prior	
Age	Male	Female	Male	Female	Male	Female
60	0.85	0.62	0.91	0.62	0.82	0.62
70	1.97	1.54	2.16	1.54	2.22	1.67
80	5.19	4.24	5.74	4.24	6.44	4.59
90	14.64	12.43	16.18	12.43	18.34	13.17

Note: Rates shown are before generational projection.

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Teacher Annuitant Mortality Rates:

	Rate per year (%)							
	Healthy				Disabled			
	Current		Previous		Current		Previous	
Age	Male	Female	Male	Female	Male	Female	Male	Female
60	0.42	0.32	0.52	0.39	0.42	0.32	0.52	0.39
70	1.16	0.80	1.24	1.06	1.16	0.80	1.24	1.06
80	4.09	2.88	3.73	3.04	4.09	2.88	3.73	3.04
90	13.75	10.40	12.62	10.02	13.75	10.40	12.62	10.02

Note: Rates shown are before generational projection.

Termination Rates Before Retirement:

	Groups 1 and 2 (excluding Teachers) - Rate per year (%)		
	Mortality		
Age	Male	Female	Disability
20	0.05	0.02	0.01
25	0.06	0.02	0.02
30	0.06	0.03	0.03
35	0.07	0.03	0.06
40	0.08	0.05	0.10
45	0.13	0.08	0.15
50	0.22	0.14	0.19
55	0.36	0.20	0.24
60	0.61	0.30	0.28

Notes: 55% of the disability rates shown represent accidental disability and death.
Rates shown are before generational projection.

Section 3: Supporting Information

Termination Rates Before Retirement (continued):

	Group 4 - Rate per year (%)		
	Mortality		
Age	Male	Female	Disability
20	0.05	0.02	0.10
25	0.06	0.02	0.20
30	0.06	0.03	0.30
35	0.07	0.03	0.30
40	0.08	0.05	0.30
45	0.13	0.08	1.00
50	0.22	0.14	1.25
55	0.36	0.20	1.20
60	0.61	0.30	0.85

Notes: 90% of the disability rates shown represent accidental disability and death.
Rates shown are before generational projection.

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Termination Rates Before Retirement (continued):

	Teachers – Rate per year (%)				
	Mortality				
	Current		Previous		
Age	Male	Female	Male	Female	Disability
20	0.04	0.01	0.03	0.01	0.00
25	0.02	0.01	0.03	0.01	0.01
30	0.03	0.02	0.03	0.02	0.01
35	0.04	0.02	0.04	0.02	0.01
40	0.05	0.03	0.04	0.03	0.01
45	0.08	0.05	0.07	0.06	0.03
50	0.13	0.08	0.12	0.09	0.05
55	0.19	0.12	0.20	0.14	0.07
60	0.29	0.18	0.33	0.21	0.07

Notes: 75% of the death rates shown represent accidental death.
35% of the disability rates shown represent accidental disability.
Rates shown are before generational projection.

Section 3: Supporting Information

Withdrawal Rates:

Rate per year (%)

Years of Service	Groups 1 and 2 (excluding Teachers)	Years of Service	Groups 1 and 2 (excluding Teachers)	Years of Service	Group 4
0	15.0	10	5.4	0 – 10	1.5
1	12.0	11	5.0	11+	0.0
2	10.0	12	4.6		
3	9.0	13	4.1		
4	8.0	14	3.7		
5	7.6	15	3.3		
6	7.5	16 – 20	2.0		
7	6.7	21 – 29	1.0		
8	6.3	30+	0.0		
9	5.9				

Teachers - Rate per year (%)

	0 – 4 Years of Service		5 – 9 Years of Service		10+ Years of Service	
Age	Male	Female	Male	Female	Male	Female
20	13.0	10.0	5.5	7.0	1.5	5.0
30	15.0	15.0	5.4	8.8	1.5	4.5
40	13.3	10.5	5.2	5.0	1.7	2.2
50	16.2	9.8	7.0	5.0	2.3	2.0

Section 3: Supporting Information

Retirement Rates:

Age	Rate per year (%)		
	Groups 1 and 2 (excluding Teachers)		
	Male	Female	Group 4
50	- -	- -	2.0
51	- -	- -	2.0
52	- -	- -	2.0
53	- -	- -	2.0
54	- -	- -	2.0
55	1.00	2.750	10.0
56	1.25	3.250	5.0
57	1.25	3.250	5.0
58	2.50	3.250	5.0
59	3.25	3.250	15.0
60	9.00[1]	3.750[2]	20.0
61	15.00	9.750	20.0
62	22.50	11.250	25.0
63	18.75	9.375	25.0
64	16.50	13.500	30.0
65	40.00	15.000	100.0
66	25.00	20.000	100.0
67	25.00	20.000	100.0
68	30.00	25.000	100.0
69	30.00	20.000	100.0
70	100.00	100.000	100.0

Note: Rates are 0.0% if a participant is not eligible to retire.

[1] 13.50% for those hired on or after April 2, 2012 (previously, 9.00%)

[2] 5.625% for those hired on or after April 2, 2012 (previously, 3.75%)

Section 3: Supporting Information

Retirement Rates (continued):

	Teachers - Rate per year (%) Years of Service					
	Less than 20		20 - 29		30 or more	
Age	Male	Female	Male	Female	Male	Female
50 – 52	- -	- -	1.0	1.0	2.0	1.5
53	- -	- -	1.5	1.0	2.0	1.5
54	- -	- -	2.5	1.0	2.0	2.0
55	5.0	3.0	3.0	3.0	6.0	5.0
56	5.0	3.0	6.0	5.0	20.0	15.0
57	5.0	4.0	10.0	8.0	40.0	35.0
58	5.0	8.0	15.0	10.0	50.0	35.0
59	10.0	8.0	20.0	15.0	50.0	35.0
60	10.0	10.0	25.0	20.0	40.0	35.0
61	20.0	12.0	30.0	25.0	40.0	35.0
62	20.0	12.0	35.0	30.0	35.0	35.0
63	25.0	15.0	40.0	30.0	35.0	35.0
64	25.0	20.0	40.0	30.0	35.0	35.0
65	25.0	25.0	40.0	40.0	35.0	35.0
66	30.0	25.0	30.0	30.0	40.0	35.0
67	30.0	30.0	30.0	30.0	40.0	30.0
68	30.0	30.0	30.0	30.0	40.0	30.0
69	30.0	30.0	30.0	30.0	40.0	30.0
70	100.0	100.0	100.0	100.0	100.0	100.0

Dependents:

Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives. For future retirees who elect to continue their health coverage at retirement, 65% were assumed to have an eligible spouse who also opts for health coverage at that time.

Section 3: Supporting Information

Per Capita Health Costs:

Calendar year 2021 medical and prescription drug claims costs are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

	Non-Medicare Plans				Medicare Plans			
	Retiree		Spouse		Retiree		Spouse	
Age	Male	Female	Male	Female	Male	Female	Male	Female
45	$9,351	$11,731	$5,800	$8,756	N/A	N/A	N/A	N/A
50	11,099	12,642	7,752	10,151	N/A	N/A	N/A	N/A
55	13,181	13,609	10,374	11,750	N/A	N/A	N/A	N/A
60	15,654	14,668	13,887	13,627	N/A	N/A	N/A	N/A
65	18,591	15,802	18,591	15,802	$4,225	$3,591	$4,225	$3,591
70	21,547	17,029	21,547	17,029	4,897	3,870	4,897	3,870
75	23,220	18,331	23,220	18,331	5,277	4,166	5,277	4,166
80	25,005	19,762	25,005	19,762	5,683	4,491	5,683	4,491

Annual Medicare Part B Reimbursement:

$891

Health Savings Account and Health Reimbursement Account Costs:

Individual	$529
Family	$1,095

These costs are assumed to remain level.

Weighted Average Annual Retiree Contribution Amount:

	Non-Medicare	Medicare
Retiree	$3,091	$2,304
Surviving Spouse	4,962	

Section 3: Supporting Information

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year's cost to yield the next year's projected cost.

Year Ending December 31	Medical/ Prescription Drug	Medicare Part B Premium
2021	7.00%	4.50%
2022	6.75%	4.50%
2023	6.50%	4.50%
2024	6.25%	4.50%
2025	6.00%	4.50%
2026	5.75%	4.50%
2027	5.50%	4.50%
2028	5.25%	4.50%
2029	5.00%	4.50%
2030	4.75%	4.50%
2031 & later	4.50%	4.50%

The trend rate assumptions were developed using Segal's internal guidelines, which are established each year using data sources such as the 2021 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend.

Administrative Expenses:

Administrative expenses are assumed to be included in the fully insured premium rates.

Participation and Coverage Election:

125% of active employees with coverage are assumed to elect retiree coverage.

100% of retirees over age 65 are assumed to remain with their current medical plan for life.

For future retirees hired prior to 1986 and current retires under age 65, 90% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare plan upon reaching age 65 and 10% are assumed to remain enrolled in a non-Medicare plan.

For future retirees hired in 1986 or later, 100% are assumed to enroll in a Medicare plan upon reaching age 65.

75% of future retirees with medical coverage are assumed to have life insurance coverage.

Section 3: Supporting Information

Plan Design:	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.
Missing Participant Data:	A missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.
Health Care Reform Assumption:	This valuation does not include the potential impact of any future changes due to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 other than the repeal of the excise tax on high cost health plans, effective December 20, 2019, and other changes previously adopted as of the valuation date.
Demographic and Salary Increase Assumptions:	Many of the demographic assumptions used in this valuation for non-teachers (including mortality, disability, turnover, and retirement) and the salary increase assumptions are the same as used in the Town of Wellesley Contributory Retirement System Actuarial Valuation and Review as of January 1, 2021, dated May 24, 2021, completed by Segal. The assumptions other than the mortality assumption used in this valuation for teachers are the same as used in the Massachusetts Teachers' Retirement System Actuarial Valuation Report as of January 1, 2019, dated October 17, 2019, completed by PERAC. The mortality assumption for teachers has been updated to the recently released public sector mortality table for teachers. A review of these demographic assumptions is beyond the scope of this assignment, however, we have no reason to doubt the reasonableness of these assumptions. The remaining demographic assumptions, such as percent married, relative ages of spouses, and enrollment elections, were based on the experience of the Plan and the experience of similar plans
Actuarial Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems Unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the model and reviews the test lives and results, under the supervision of the responsible actuary. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

Section 3: Supporting Information

Justification for Assumption Changes Since Prior Valuation:	Based on past experience and future expectations, the following actuarial assumptions were changed: • The expected rate of return was decreased from 6.625% to 6.00%. • The trend assumptions were revised to reflect future expectations. • The per capita health costs were updated to reflect current premiums. • The disabled life mortality assumption for non-teachers and the mortality assumptions for teachers were updated. • The retirement assumption for Group 1 employees hired on or after April 2, 2012 was updated. • The impact of the excise tax on high cost health plans (part of the Patient Protection and Affordable Care Act) was removed, as the tax was repealed effective December 20, 2019.

Exhibit III: Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility:	Retired and receiving a pension from the Town of Wellesley Contributory Retirement System or the Massachusetts Teachers' Retirement System. • Members hired before April 2, 2012 – Group 1 and Group 2 (including Teachers): • Retirees with at least 10 years of creditable service are eligible at age 55; • Retirees with at least 20 years of creditable service are eligible at any age. – Group 4 • Retirees are eligible at age 55; • Retirees with at least 20 years of creditable service are eligible at any age. • Members hired on or after April 2, 2012 – Group 1 (including Teachers): • Retirees with at least 10 years of creditable service are eligible at age 60. – Group 2 • Retirees with at least 10 years of creditable service are eligible at age 55. – Group 4 • Retirees are eligible at age 55; • Retirees with at least 10 years of creditable service are eligible at age 50.
Disability:	Accidental (job-related) Disability has no age or service requirement. Ordinary (non-job related) Disability has no age requirement but requires 10 years of creditable service.
Pre-Retirement Death:	Surviving spouses of members who die in active service on Accidental (job-related) Death are eligible at any age. Surviving spouses of members who die in active service on Ordinary (non-job related) Death are eligible after two years of service.
Post-Retirement Death:	Surviving spouse is eligible.

Section 3: Supporting Information

Benefit Types:	The Town of Wellesley participates in the West Suburban Health Group. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, Tufts Health Plan, and Fallon Community Health Plan. Retirees enrolled in a high deductible plan are eligible for a Health Savings Account (HSA) and non-Medicare retirees are eligible for a Health Reimbursement Account (HRA). The Town of Wellesley also pays 50% of the retiree life insurance premium and 50% of the Medicare Part B premium.
Duration of Coverage:	Lifetime.
Dependent Benefits:	Medical and Prescription Drugs.
Dependent Coverage:	Benefits are payable to a spouse for their lifetime, regardless of when the retirees dies.
MGL Chapter 32B, Section 18A:	Effective July 1, 2011.

Section 3: Supporting Information

Retiree Contributions:

Premium rates and retiree contributions are summarized below:

Non-Medicare Actives and Retirees	Subscribers			Premium as of July 1, 2020	Retiree Cost	Retiree Cost %	Surviving Spouse Cost %
	Active	Retirees	Total				
Harvard Pilgrim HMO Benchmark							
• Individual	35	8	43	$1,030.00	$391.40	38%	50%
• Family	16	0	16	$2,683.00	$1,019.54	38%	50%
Tufts Health Plan Benchmark							
• Individual	16	14	30	$1,084.00	$433.60	40%	50%
• Family	12	0	12	$2,838.00	$1,135.20	40%	50%
Blue Cross Blue Shield Benchmark							
• Individual	7	2	9	$1,068.00	$480.60	45%	50%
• Family	7	1	8	$2,863.00	$1,288.35	45%	50%
Fallon Direct Benchmark							
• Individual	16	2	18	$736.00	$161.92	22%	50%
• Family	7	0	7	$1,980.00	$435.60	22%	50%
Fallon Select Benchmark							
• Individual	216	48	264	$790.00	$173.80	22%	50%
• Family	304	37	341	$2,129.00	$468.38	22%	50%
Harvard Pilgrim PPO Benchmark							
• Individual	1	1	2	$2,658.00	$1,329.00	50%	50%
• Family	0	0	0	$5,902.00	$2,951.00	50%	50%

Harvard Pilgrim High Deductible							
• Individual	25	2	27	$797.00	$255.04	32%	50%
• Family	19	0	19	$2,080.00	$665.60	32%	50%
Tufts Health Plan High Deductible							
• Individual	12	3	15	$839.00	$302.04	36%	50%
• Family	8	0	8	$2,198.00	$791.28	36%	50%
Blue Cross Blue Shield High Deductible							
• Individual	7	2	9	$862.00	$362.04	42%	50%
• Family	6	0	6	$2,315.00	$972.30	42%	50%
Fallon Direct High Deductible							
• Individual	20	1	21	$620.00	$136.40	22%	50%
• Family	3	0	3	$1,671.00	$367.62	22%	50%
Fallon Select High Deductible							
• Individual	74	2	76	$665.00	$146.30	22%	50%
• Family	102	0	102	$1,795.00	$394.90	22%	50%
Non-Medicare Total	**913**	**123**	**1,036**				

Medicare Supplement Plans	Subscribers		Premium as of January 1, 2021	Retiree Cost	Retiree Cost %	Surviving Spouse Cost %
	Active	Retirees				
BC Medex	N/A	179	$405.00	$128.25	32%	50%
Harvard Pilgrim Medicare Enhance	N/A	131	$382.00	$116.75	31%	50%

	BC Managed Blue for Seniors	N/A	10	$383.00	$117.25	31%	50%
	Tufts Medicare Plus	N/A	102	$375.00	$113.25	30%	50%
	Tufts Medicare Preferred	N/A	55	$341.00	$96.25	28%	50%
	Fallon Senior Plan (Premier)	N/A	2	$313.00	$82.25	26%	50%
	Fallon Senior Plan (Central Premier)	N/A	2	$228.00	$39.75	17%	50%
	Medicare Total		**481**				
	Total	**913**	**604**				
	Notes: 35 of 516 over-65 retirees are in a non-Medicare plan In addition, there are 345 spouses of retirees covered under an individual or family policy Counts exclude 385 active participants who elected the opt-out provisions.						
Plan Changes Since the Prior Valuation:	None.						

Exhibit IV: Definition of Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:	The estimates on which the cost of the Plan is calculated including: 1. Investment return — the rate of investment yield that the Plan will earn over the long-term future; 2. Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates; 3. Retirement rates — the rate or probability of retirement at a given age; 4. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarial Accrued Liability (AAL):	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There are many approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Normal Cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Actuarially Determined Contribution (ADC):	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Valuation Date:	The date at which the actuarial valuation is performed
Covered Employee Payroll:	The payroll of the employees that are provided OPEB benefits
Entry Age Actuarial Cost Method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health Care Cost Trend Rates:	The rate of change in per capita health costs over time
Discount Rate:	The interest rate used to determine the actuarial present value of projected benefit payments.
Expected Return on Assets:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.