

Town of Wellesley

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)

Measured at December 31, 2024

Revised

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Segal



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November 6, 2025

Ms. Maura O'Connor
Treasurer/Collector
525 Washington Street
Town Hall
Wellesley, MA 02482

Dear Ms. O'Connor:

We are pleased to submit this revised report on our actuarial valuation of postemployment welfare benefits as of December 31, 2024. This report supersedes the actuarial valuation dated September 11, 2025 and revises the projection of the Actuarially Determined Contribution for the Municipal Light Plant. 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 years ending June 30, 2025 and June 30, 2026. 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, 2025 will be provided in a separate report.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Town of Wellesley. The actuarial valuation is based on the plan of benefits verified by the Town and reliance on participant and premium data provided by the Town or from vendors employed by the Town. 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 scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

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. The assumptions used in this actuarial valuation were selected by the Town of Wellesley based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Town of Wellesley and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



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



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

Table of Contents

Section 1: Actuarial Valuation Summary.....	5
Purpose and basis	5
Highlights of the valuation	5
OPEB Trust information	8
Other considerations.....	9
Important information about actuarial valuations	10
Section 2: Valuation Results.....	12
Summary of valuation results.....	12
Department results.....	13
Projection of actuarially determined contribution – Town	14
Projection of actuarially determined contribution – Water.....	15
Projection of actuarially determined contribution – Sewer	16
Projection of actuarially determined contribution – Municipal Light Plant.....	17
Projection of actuarially determined contribution – Stormwater	18
Section 3: Supporting Information	19
Exhibit 1: Summary of participant data.....	19
Exhibit 2: Statements of actuarial assumptions, methods and models	20
Exhibit 3: Summary of plan	33
Exhibit 4: Definition of terms	37

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, 2024. The purpose of this report is to calculate a recommended Actuarially Determined Contribution for the OPEB plan for the fiscal years ending June 30, 2025 and June 30, 2026. 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, 2024, provided by the Town of Wellesley;
- The assets of the Plan as of December 31, 2024, 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 discount rate used to determine the liabilities that are the basis of the Actuarially Determined Contribution is the expected return on assets of 6.00%.
- The unfunded actuarial accrued liability (UAAL) as of December 31, 2024 is \$26,867,162 based on an actuarial accrued liability (AAL) of \$159,716,194 and an actuarial value of assets of \$132,849,032. 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 December 31, 2024, the ratio of assets to the AAL (the funded ratio) is 83.2%, compared to 72.6% as of December 31, 2022. 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.

Section 1: Actuarial Valuation Summary

- The following assumptions were revised with this valuation:
 - The per capita health costs and contributions were updated to reflect current premiums;
 - The trend assumptions were revised;
 - The mortality projection scale for teachers was updated.
- The UAAL was expected to decrease by \$5,459,100 from \$38,755,119 as of December 31, 2022, to \$33,296,019 as of December 31, 2024. The actual unfunded liability of \$26,867,162 is \$6,428,857 less than expected. The difference between the actual and expected decrease was the net effect of the following:

December 31, 2022 unfunded actuarial liability	\$38,755,119
December 31, 2024 expected unfunded actuarial liability	\$33,296,019
Change due to:	
• Investment gain	-\$9,148,962
• Demographic experience gain	-887,034
• Updating per capita costs and contributions	-2,494,897
• Updating future trends	5,906,258
• Updating teachers' mortality projection scale	<u>195,778</u>
Net decrease	-\$6,428,857
December 31, 2024 unfunded actuarial accrued liability	\$26,867,162

- The participant data received for the December 31, 2024 actuarial valuation included 866 active employees with health coverage and 941 retirees and beneficiaries receiving retiree health benefits compared to 839 active employees and 940 retirees and beneficiaries in the prior valuation.
- A summary of the valuation results and the development of the Actuarially Determined Contributions appears on page 12. The ADC for the Town for fiscal year 2025 is \$8,203,630. The ADC is calculated using a 13-year amortization of the UAAL, with payments increasing at 3% per year. Valuation results and development of the ADC by department is shown on page 13.
- Pages 14 through 18 show a projection of the ADC, the assets, the liabilities, and the unfunded liabilities by department. The funding policy for each department is as follows:
 - Town: \$3,200,000 in FY25, \$3,100,000 in FY26, \$3,000,000 in FY27 graded by \$250,000 for 4 years to a level of \$2,000,000 per year

Section 1: Actuarial Valuation Summary

- Water department: \$30,000 per year
- Sewer department: \$10,000 per year
- Stormwater department: \$0 in FY25, then \$28,000 per year thereafter.
- Municipal Light Plant (MLP): \$100,000 in FY25, then \$0 per year thereafter.
- These projections assume that all assumptions will be met and there will be no changes in assumptions or the plan of benefits. Key observations are as follows:
 - The Town and the Stormwater department are projected to be fully funded in fiscal year 2034. The contribution to the Trust in fiscal year 2034 will be the amount needed to fund normal cost and the remaining unfunded liability and in fiscal year 2035 and later will be the amount needed to fund normal cost. Projected retiree benefits will be paid from the OPEB Trust starting in fiscal 2034.
 - The Water department is projected to be fully funded in fiscal year 2031. The Sewer department is overfunded and projected to remain overfunded. We have assumed that these departments will continue to pay retiree benefits through fiscal 2033. Benefits will be paid from the OPEB Trust starting in fiscal 2034 and the funding contribution will continue.
 - The Municipal Light Plant (MLP) is 149.3% funded as of December 31, 2024. Starting in fiscal 2026, the MLP will withdraw the employer's portion of the retiree premiums due for the fiscal year (projected benefits less the implicit rate subsidy) from the OPEB Trust and will not make a funding contribution. The overfunding will be gradually reduced.

Section 1: Actuarial Valuation Summary

OPEB Trust information

As of December 31, 2024 the Town of Wellesley had \$132,849,032 in assets. The table below shows the increase in assets from December 31, 2022 to December 31, 2024.

Reconciliation of OPEB Balance from December 31, 2022 through December 31, 2024		Total
Balance as of December 31, 2022		\$102,432,745
• Contributions		4,651,502
• Net investment income (11.09% return)		<u>11,616,177</u>
Balance as of December 31, 2023		\$118,700,424
• Contributions		3,347,833
• Net investment income (8.97% return)		<u>10,800,775</u>
Balance as of December 31, 2024		\$132,849,032

Section 1: Actuarial Valuation Summary

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.

Section 1: Actuarial Valuation Summary

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:

Input Item	Description
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 and is not acting as a fiduciary to the Town of Wellesley. This valuation is based on Segal's 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.

Section 2: Valuation Results

Summary of valuation results

	December 31, 2024 6.00% Discount Rate	December 31, 2022 6.00% Discount Rate
Actuarial Accrued Liability		
1. Current retirees, beneficiaries and dependents	\$73,399,158	\$66,706,724
2. Current active employees	<u>86,317,036</u>	<u>74,481,140</u>
3. Total as of December 31, 2024 and December 31, 2022: (1) + (2)	\$159,716,194	\$141,187,864
4. Actuarial value of assets as of December 31, 2024 and December 31, 2022	<u>132,849,032</u>	<u>102,432,745</u>
5. Unfunded actuarial accrued liability (UAAL) as of December 31, 2024 and December 31, 2022	\$26,867,162	\$38,755,119
6. Funded ratio as of December 31, 2024 and December 31, 2022	83.2%	72.6%
Actuarially Determined Contribution for Fiscal Year Ending:	June 30, 2025	June 30, 2023
7. Normal cost	\$5,762,520	\$4,922,366
8. Amortization payment (13-year and 15-year increasing 3.0% per year)	<u>2,441,110</u>	<u>3,134,601</u>
9. Total Actuarially Determined Contribution (ADC): (7) + (8)	\$8,203,630	\$8,056,967
10. Projected benefit payments	6,143,784	5,518,162
Actuarially Determined Contribution for Fiscal Year Ending:	June 30, 2026	June 30, 2024
11. Normal cost	\$5,944,299	\$5,077,643
12. Amortization payment (12-year and 14-year increasing 3.0% per year)	<u>2,750,573</u>	<u>3,055,283</u>
13. Total Actuarially Determined Contribution (ADC): (11) + (12)	\$8,694,872	\$8,132,926
14. Projected benefit payments	6,672,840	5,928,384

Notes:

Figures assume payment on December 31st.

Section 2: Valuation Results

Department results

	Town	Water	Sewer	MLP	Stormwater	Total
Actuarial Accrued Liability						
1. Current retirees, beneficiaries and dependents	\$68,093,898	\$1,236,992	\$370,091	\$3,698,177	\$0	\$73,399,158
2. Current active employees	<u>80,698,413</u>	<u>1,658,077</u>	<u>723,760</u>	<u>2,758,649</u>	<u>478,137</u>	<u>86,317,036</u>
3. Total: (1) + (2)	\$148,792,311	\$2,895,069	\$1,093,851	\$6,456,826	\$478,137	\$159,716,194
4. Actuarial value of assets as of December 31, 2024	<u>119,244,862</u>	<u>2,467,144</u>	<u>1,111,441</u>	<u>9,642,398</u>	<u>383,188</u>	<u>132,849,032</u>
5. Unfunded actuarial accrued liability (UAAL) as of December 31, 2024	\$29,547,449	\$427,925	-\$17,590	-\$3,185,572	\$94,949	\$26,867,162
6. Funded ratio: (4) / (3)	80.1%	85.2%	101.6%	149.3%	80.1%	83.2%
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2025:						
7. Normal cost	\$5,375,780	\$78,867	\$35,045	\$243,956	\$28,872	\$5,762,520
8. Amortization payment (13-year increasing 3.0% per year)	<u>2,684,636</u>	<u>38,881</u>	<u>-1,598</u>	<u>-289,436</u>	<u>8,627</u>	<u>2,441,110</u>
9. Total Actuarially Determined Contribution (ADC): (7) + (8)	\$8,060,416	\$117,748	\$33,447	-\$45,480	\$37,499	\$8,203,630
10. Projected benefit payments	5,675,925	91,497	57,125	313,043	6,194	6,143,784
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2026:						
11. Normal cost	\$5,545,359	\$81,355	\$36,150	\$251,652	\$29,783	\$5,944,299
12. Amortization payment (12-year increasing 3.0% per year)	<u>3,030,301</u>	<u>43,467</u>	<u>-2,905</u>	<u>-331,236</u>	<u>10,946</u>	<u>2,750,573</u>
13. Total Actuarially Determined Contribution (ADC): (11) + (12)	\$8,575,660	\$124,822	\$33,245	-\$79,584	\$40,729	\$8,694,872
14. Projected benefit payments	6,185,295	98,786	55,593	324,805	8,360	6,672,840

Notes:

Market value of assets for the Town includes WSVD total of \$122,103 as of December 31, 2024.

Assets were allocated from the Town to Stormwater in proportion to their liabilities.

Figures assume payment on December 31st.

Section 2: Valuation Results

Projection of actuarially determined contribution – Town

ADC amortization – 13-year closed, payments increasing 3.0% per year

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) Projected Benefits Paid by the Trust	(6) Contribution to OPEB Trust	(7) Total Contribution from Town (4) + (6)	(8) AAL at End of Year	(9) Assets at End of Year	(10) UAAL at End of Year (8) – (9)
2025	\$5,375,780	\$2,684,636	\$8,060,416	\$5,675,925	\$0	\$3,200,000	\$8,875,925	\$153,078,806	\$122,770,099	\$30,308,707
2026	5,545,359	3,030,301	8,575,660	6,185,295	0	3,100,000	9,285,295	161,604,680	133,327,951	28,276,729
2027	5,720,287	3,042,596	8,762,883	6,859,239	0	3,000,000	9,859,239	170,128,338	144,416,317	25,712,021
2028	5,900,734	3,002,081	8,902,815	7,393,749	0	2,750,000	10,143,749	178,798,885	155,912,594	22,886,291
2029	6,086,872	2,928,652	9,015,524	7,962,087	0	2,500,000	10,462,087	187,596,167	167,841,257	19,754,910
2030	6,278,883	2,805,039	9,083,922	8,636,487	0	2,250,000	10,886,487	196,424,636	180,228,249	16,196,387
2031	6,476,950	2,592,169	9,069,119	9,311,282	0	2,000,000	11,311,282	205,291,990	193,101,070	12,190,920
2032	6,681,266	2,244,853	8,926,119	10,003,243	0	2,000,000	12,003,243	214,189,324	206,746,261	7,443,063
2033	6,892,026	1,621,862	8,513,888	10,687,739	0	2,000,000	12,687,739	223,132,758	221,210,162	1,922,596
2034	7,109,435	516,369	7,625,804	0	11,400,648	9,088,869	9,088,869	232,102,649	232,102,649	0
2035	7,333,702	0	7,333,702	0	12,219,258	7,333,702	7,333,702	240,998,820	240,998,820	0
2036	7,565,044	0	7,565,044	0	12,925,613	7,565,044	7,565,044	249,939,705	249,939,705	0
2037	7,803,683	0	7,803,683	0	13,507,266	7,803,683	7,803,683	259,063,890	259,063,890	0

Notes:

Adjustment for timing assumes payment occurs on December 31st.

Normal cost is projected to increase 3.0% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.

June 30, 2025 assets reflect the fiscal 2025 contribution made in December 2024 and estimated investment income.

Beginning in Fiscal 2034 projected benefits are paid from the Trust.

Section 2: Valuation Results

Projection of actuarially determined contribution – Water

ADC amortization – 13-year closed, payments increasing 3.0% per year

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) Projected Benefits Paid by the Trust	(6) Contribution to OPEB Trust	(7) Total Contribution from Town (4) + (6)	(8) AAL at End of Year	(9) Assets at End of Year	(10) UAAL at End of Year (8) - (9)
2025	\$78,867	\$38,881	\$117,748	\$91,497	\$0	\$30,000	\$121,497	\$2,974,835	\$2,540,080	\$434,755
2026	81,355	43,467	124,822	98,786	0	30,000	128,786	3,135,379	2,723,372	412,007
2027	83,921	44,332	128,253	109,570	0	30,000	139,570	3,297,095	2,917,661	379,434
2028	86,568	44,302	130,870	129,256	0	30,000	159,256	3,450,972	3,123,607	327,365
2029	89,299	41,891	131,190	160,428	0	30,000	190,428	3,584,798	3,341,911	242,887
2030	92,116	34,488	126,604	186,195	0	30,000	216,195	3,703,026	3,573,312	129,714
2031	95,022	20,760	115,782	199,106	0	30,000	229,106	3,818,047	3,818,598	-551
2032	98,020	-101	97,919	194,542	0	30,000	224,542	3,947,754	4,078,601	-130,847
2033	101,112	-28,512	72,600	193,796	0	30,000	223,796	4,089,194	4,354,204	-265,010
2034	104,301	-71,176	33,125	0	201,013	30,000	30,000	4,234,974	4,439,387	-204,413
2035	107,591	-72,175	35,416	0	190,570	30,000	30,000	4,403,641	4,540,433	-136,792
2036	110,985	-71,429	39,556	0	184,937	30,000	30,000	4,591,721	4,653,341	-61,620
2037	114,486	-63,442	51,044	0	193,259	30,000	30,000	4,786,122	4,764,456	21,666

Notes:

Adjustment for timing assumes payment occurs on December 31st.

Normal cost is projected to increase 3.0% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.

June 30, 2025 assets reflect the fiscal 2025 contribution made in December 2024 and estimated investment income.

Beginning in Fiscal 2034 projected benefits are paid from the Trust.

Section 2: Valuation Results

Projection of actuarially determined contribution – Sewer

ADC amortization – 13-year closed, payments increasing 3.0% per year

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) Projected Benefits Paid by the Trust	(6) Contribution to OPEB Trust	(7) Total Contribution from Town (4) + (6)	(8) AAL at End of Year	(9) Assets at End of Year	(10) UAAL at End of Year (8) - (9)
2025	\$35,045	-\$1,598	\$33,447	\$57,125	\$0	\$10,000	\$67,125	\$1,115,247	\$1,144,299	-\$29,052
2026	36,150	-2,905	33,245	55,593	0	10,000	65,593	1,162,145	1,223,252	-61,107
2027	37,291	-6,575	30,716	56,457	0	10,000	66,457	1,212,140	1,306,943	-94,803
2028	38,467	-11,069	27,398	64,406	0	10,000	74,406	1,258,164	1,395,655	-137,491
2029	39,681	-17,594	22,087	58,353	0	10,000	68,353	1,314,429	1,489,690	-175,261
2030	40,932	-24,886	16,046	51,437	0	10,000	61,437	1,382,479	1,589,367	-206,888
2031	42,224	-33,112	9,112	56,747	0	10,000	66,747	1,450,475	1,695,025	-244,550
2032	43,556	-45,032	-1,476	60,652	0	10,000	70,652	1,519,902	1,807,022	-287,120
2033	44,929	-62,564	-17,635	66,334	0	10,000	76,334	1,589,058	1,925,739	-336,681
2034	46,347	-90,425	-44,078	0	71,768	10,000	10,000	1,658,229	1,977,690	-319,461
2035	47,809	-112,797	-64,988	0	75,544	10,000	10,000	1,729,168	2,028,870	-299,702
2036	49,317	-156,496	-107,179	0	79,286	10,000	10,000	1,802,063	2,079,268	-277,205
2037	50,873	-285,400	-234,527	0	82,854	10,000	10,000	1,877,261	2,129,016	-251,755

Notes:

Adjustment for timing assumes payment occurs on December 31st.

Normal cost is projected to increase 3.0% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.

June 30, 2025 assets reflect the fiscal 2025 contribution made in December 2024 and estimated investment income.

Beginning in Fiscal 2034 projected benefits are paid from the Trust.

Section 2: Valuation Results

Projection of actuarially determined contribution – Municipal Light Plant

ADC amortization – 13-year closed, payments increasing 3.0% per year

Fiscal Year Ending June 30	(1) Normal Cost	(2) Amortization of UAAL	(3) Actuarially Determined Contribution (1) + (2)	(4) Projected Benefits	(5) Projected Benefits reduced by the Implicit Rate Subsidy Paid by the Trust	(6) Contribution to OPEB Trust	(7) Total Contribution from Town (4) + (6)	(8) AAL at End of Year	(9) Assets at End of Year	(10) UAAL at End of Year (8) - (9)
2025	\$243,956	-\$289,436	-\$45,480	\$313,043	\$0	\$100,000	\$413,043	\$6,614,475	\$9,927,456	-\$3,312,981
2026	251,652	-331,236	-79,584	324,805	280,776	0	0	6,936,027	10,234,026	-3,297,999
2027	259,590	-354,867	-95,277	333,519	289,791	0	0	7,276,074	10,549,710	-3,273,636
2028	267,779	-382,223	-114,444	350,788	306,355	0	0	7,627,176	10,867,282	-3,240,106
2029	276,226	-414,621	-138,395	368,315	323,299	0	0	7,989,995	11,186,462	-3,196,467
2030	284,939	-453,873	-168,934	392,352	346,141	0	0	8,358,807	11,501,275	-3,142,468
2031	293,928	-502,940	-209,012	434,062	384,869	0	0	8,716,058	11,795,105	-3,079,047
2032	303,200	-566,980	-263,780	464,038	413,510	0	0	9,073,427	12,077,077	-3,003,650
2033	312,764	-654,503	-341,739	495,003	443,303	0	0	9,430,206	12,345,293	-2,915,087
2034	322,630	-782,931	-460,301	532,755	479,480	0	0	9,779,682	12,592,356	-2,812,674
2035	332,808	-993,117	-660,309	580,545	522,491	0	0	10,111,401	12,809,961	-2,698,560
2036	343,306	-1,409,109	-1,065,803	627,145	564,430	0	0	10,425,856	12,997,442	-2,571,586
2037	354,136	-2,647,610	-2,293,474	655,366	589,830	0	0	10,741,271	13,170,021	-2,428,750

Notes:

Adjustment for timing assumes payment occurs on December 31st.

Normal cost is projected to increase 3.0% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.

June 30, 2025 assets reflect the fiscal 2025 contribution made in December 2024 and estimated investment income.

Beginning in Fiscal 2026 projected benefits (reduced by the implicit rate subsidy) are paid from the Trust.

Section 2: Valuation Results

Projection of actuarially determined contribution – Stormwater

ADC amortization – 13-year closed, payments increasing 3.0% per year

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) Projected Benefits Paid by the Trust	(6) Contribution to OPEB Trust	(7) Total Contribution from Town (4) + (6)	(8) AAL at End of Year	(9) Assets at End of Year	(10) UAAL at End of Year (8) - (9)
2025	\$28,872	\$8,627	\$37,499	\$6,194	\$0	\$0	\$6,194	\$503,993	\$394,516	\$109,477
2026	29,783	10,946	40,729	8,360	0	28,000	36,360	556,288	447,015	109,273
2027	30,722	11,758	42,480	11,913	0	28,000	39,913	609,030	502,663	106,367
2028	31,691	12,419	44,110	16,054	0	28,000	44,054	661,672	561,651	100,021
2029	32,691	12,799	45,490	20,139	0	28,000	48,139	714,295	624,178	90,117
2030	33,722	12,796	46,518	23,162	0	28,000	51,162	768,025	690,456	77,569
2031	34,786	12,415	47,201	26,347	0	28,000	54,347	822,795	760,711	62,084
2032	35,883	11,432	47,315	29,810	0	28,000	57,810	878,416	835,182	43,234
2033	37,015	9,421	46,436	34,966	0	28,000	62,966	933,231	914,120	19,111
2034	38,183	5,133	43,316	0	37,770	57,859	57,859	989,650	989,650	0
2035	39,388	0	39,388	0	39,573	39,388	39,388	1,048,838	1,048,838	0
2036	40,630	0	40,630	0	42,835	40,630	40,630	1,109,498	1,109,498	0
2037	41,912	0	41,912	0	44,762	41,912	41,912	1,173,133	1,173,133	0

Notes:

Adjustment for timing assumes payment occurs on December 31st.

Normal cost is projected to increase 3.0% per year for inflation and 0.15% for future mortality improvement and does not reflect the future impact of pension reform for new hires.

June 30, 2025 assets reflect the fiscal 2025 contribution made in December 2024 and estimated investment income.

Beginning in Fiscal 2034 projected benefits are paid from the Trust.

Section 3: Supporting Information

Exhibit 1: Summary of participant data

	December 31, 2024	December 31, 2022
Retirees, Beneficiaries and Dependents Covered for Medical Benefits ¹		
• Number	941	940
• Average age	76.1	75.5
Retired employees eligible for life insurance		
• Number	46	153
• Average age	78.0	78.0
Active Employees Covered for Medical Benefits		
• Number of employees		
– Male	357	349
– Female	<u>509</u>	<u>490</u>
– Total	866	839
• Average age	46.7	46.5
• Average service	11.6	11.1

¹ December 31, 2024 and December 31, 2022 counts excludes 22 and 21 retirees with life insurance only, respectively.

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December 31, 2024 Actuarial Valuation and Review of Other Postemployment Benefits – Town of Wellesley

Section 3: Supporting Information

Exhibit 2: Statements of actuarial assumptions, 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

Non-Medicare per capita costs were based on the average of fully-insured premium rates effective July 1, 2024 and July 1, 2025. Medicare per capita costs were based on the fully-insured premium rates effective January 1, 2025. 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, 2024

Roll-forward technique

The results of the December 31, 2024 actuarial valuation were used to determine the Actuarially Determined Contribution for fiscal year 2025.

To project the Actuarially Determined Contribution for fiscal year 2026 and later, liabilities were rolled forward from December 31, 2024 using standard actuarial techniques.

Section 3: Supporting Information

Expected return on assets

6.00%

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%

The discount rate is equal to the expected return on assets.

Asset valuation method

Market value

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.

Section 3: Supporting Information

Mortality rates

Pre-Retirement (non-Teachers): RP-2014 Blue Collar Employee Mortality Table set forward one year for females projected generationally with Scale MP-2021

Healthy Retiree (non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year for females projected generationally with Scale MP-2021

Disabled Retiree (non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2021

Pre-Retirement (Teachers): Pub-2010 Teacher Employee Mortality Table (headcount weighted) projected generationally with Scale MP-2021 (previously, MP-2020)

Healthy Retiree (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale MP-2021 (previously, MP-2020)

Disabled Retiree (Teachers): Pub-2010 Teacher Retiree Mortality Table (headcount weighted) projected generationally with Scale-2021 (previously, MP-2020)

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.

Notes:

55% of the pre-retirement death rates for Group 1 and 2, 90% for Group 4, and 75% for Teachers represent accidental death.

Section 3: Supporting Information

Disability rates before retirement

Age	Groups 1 and 2 (excluding Teachers)	Group 4	Teachers
20	0.01%	0.10%	0.00%
25	0.02%	0.20%	0.01%
30	0.03%	0.30%	0.01%
35	0.06%	0.30%	0.01%
40	0.10%	0.30%	0.01%
45	0.15%	1.00%	0.03%
50	0.19%	1.25%	0.05%
55	0.24%	1.20%	0.07%
60	0.28%	0.85%	0.07%

Notes:

55% of the Group 1 and 2 rates shown represent accidental disability.

90% of the Group 4 rates shown represent accidental disability.

35% of the Teachers' rates shown represent accidental disability.

Section 3: Supporting Information

Withdrawal rates

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

Section 3: Supporting Information

Teachers

Age	0 – 4 Years of Service Male	0 – 4 Years of Service Female	5 – 9 Years of Service Male	5 – 9 Years of Service Female	10+ Years of Service Male	10+ Years of Service 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	Groups 1 and 2 (excluding Teachers) Male	Groups 1 and 2 (excluding Teachers) Female	Group 4
50 – 54	--	--	2.0%
55	1.00%	2.750%	10.0%
56 – 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 – 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

² 5.625% for those hired on or after April 2, 2012

Section 3: Supporting Information

Teachers

Age	Less than 20 Years of Service Male	Less than 20 Years of Service Female	20 – 29 Years of Service Male	20 – 29 Years of Service Female	30 or more Years of Service Male	30 or more Years of Service 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 – 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, 60% 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 2025 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.

Age	Non-Medicare Male	Non-Medicare Female	Medicare Male	Medicare Female
45	\$13,260	\$14,554	N/A	N/A
50	14,962	15,799	N/A	N/A
55	16,884	17,150	N/A	N/A
60	19,439	18,592	N/A	N/A
65	24,805	20,602	\$4,927	\$4,092
70	27,860	23,048	5,534	4,578
75	30,776	24,231	6,113	4,813
80	32,225	25,863	6,401	5,137

Annual Medicare Part B reimbursement

\$1,110

Health Savings Account and Health Reimbursement Account costs

- Individual \$447
- Family \$1,032

These costs are assumed to remain level.

Weighted average annual retiree contribution amount

	Non-Medicare	Medicare
Retiree	\$3,672	\$2,706
Surviving Spouse	\$6,278	

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
2025	8.00%	4.50%
2026	7.75%	4.50%
2027	7.50%	4.50%
2028	7.25%	4.50%
2029	7.00%	4.50%
2030	6.75%	4.50%
2031	6.50%	4.50%
2032	6.25%	4.50%
2033	6.00%	4.50%
2034	5.75%	4.50%
2035	5.50%	4.50%
2036	5.25%	4.50%
2037	5.00%	4.50%
2038	4.75%	4.50%
2039 & 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 2025 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/prescription drug trend.

Section 3: Supporting Information

Administrative expenses

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

Participation and coverage election

120% 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 retirees under age 65, 95% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare plan upon reaching age 65 and 5% 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.

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit 3.

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.

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, 2025, dated July 25, 2025, completed by Segal and the Massachusetts Teachers' Retirement System Actuarial Valuation Report as of January 1, 2024, dated November 15, 2024, completed by PERAC. 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.

Section 3: Supporting Information

Actuarial models

Segal valuation results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising 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 models, and reviews test lives and results, under the supervision of the responsible actuary.

The results are also based on models for cost projections developed by Segal actuaries and programmers. The client team customizes and validates the models, and reviews the 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.

Justification for assumption changes since prior valuation

Based on past experience and future expectations, the following actuarial assumptions were changed:

- The per capita health costs and contributions were updated.
- The trend assumptions were revised.
- The mortality projection scale for teachers was updated.

Section 3: Supporting Information

Exhibit 3: 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.

Section 3: Supporting Information

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.

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

	Premium as of July 1, 2025	Town Cost as of July 1, 2025	Retiree Cost as of July 1, 2025
Blue Cross Blue Shield High Deductible			
• Individual	\$923.00	\$719.94	\$203.06
• Family	\$2,487.00	\$1,939.86	\$547.14
Blue Cross Blue Shield Limited Network High Deductible			
• Individual	\$860.00	\$670.80	\$189.20
• Family	\$2,319.00	\$1,808.82	\$510.18
Harvard Pilgrim High Deductible			
• Individual	\$1,134.00	\$680.40	\$453.60
• Family	\$2,960.00	\$1,776.00	\$1,184.00
Blue Cross Blue Shield Benchmark			
• Individual	\$1,095.00	\$854.10	\$240.90
• Family	\$2,949.00	\$2,300.22	\$648.78
Blue Cross Blue Shield Limited Network Benchmark			
• Individual	\$1,020.00	\$795.60	\$224.40
• Family	\$2,744.00	\$2,140.32	\$603.68
Harvard Pilgrim Benchmark			
• Individual	\$1,422.00	\$853.20	\$568.80
• Family	\$3,707.00	\$2,224.20	\$1,482.80
Harvard Pilgrim PPO			
• Individual	\$3,531.00	\$1,765.50	\$1,765.50
• Family	\$7,841.00	\$3,920.50	\$3,920.50

Section 3: Supporting Information

Medicare Supplement Plans

	Premium as of January 1, 2025	Town Cost as of January 1, 2025	Retiree Cost as of January 1, 2025
Tufts Medicare Preferred HMO	\$403.00	\$294.00	\$109.00
Fallon Medicare Plus Premier HMO	\$358.00	\$271.50	\$86.50
Fallon Medicare Plus Premier Central HMO	\$273.00	\$229.00	\$44.00
Medex	\$466.00	\$325.50	\$140.50
HPHC Medicare Enhance	\$454.00	\$319.50	\$134.50
Managed Blue for Seniors	\$429.00	\$307.00	\$122.00

Notes:

Surviving Spouse cost is 50% of the premium.

Retiree costs for Medicare plans are net of the Town's Part B cost sharing of \$92.50.

Plan changes since the prior valuation

None.

Section 3: Supporting Information

Exhibit 4: 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.

Section 3: Supporting Information

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.