

Hawaii Employer-Union Health Benefits
Trust Fund Retiree Health Care Plan
Actuarial Valuation Report
as of July 1, 2025





January 27, 2026

Mr. Derek Mizuno
EUTF Administrator
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant St.; Suite 1700
Honolulu, Hawaii 96813

Dear Mr. Mizuno:

Submitted in this report are the results of an actuarial valuation for the EUTF of the liabilities associated with the employer financed retiree health benefits provided through the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). The date of the valuation was July 1, 2025. The results in this aggregate report is the sum of the results from the individual employer reports. The actuarial calculations were prepared to determine the annual required employer contribution to satisfy the requirements of ACT 268, SLH 2013 ("ACT 268"). Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the funding requirements of ACT 268 may produce significantly different results. This report may be provided to parties other than the EUTF only in its entirety and only with the permission of the EUTF.

The valuation was based upon information, furnished by the EUTF and the Employees' Retirement System of the State of Hawaii (ERS), concerning retiree health benefits, members' census and financial data. Data was checked for internal consistency but was not otherwise audited. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

The signing actuaries are independent of the plan sponsor. To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. Joseph Newton and Blake Orth are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joseph P. Newton'.

Joseph P. Newton, FSA, FCA, EA, MAAA
Pension Market Leader

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

Lewis Ward
Consultant

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

Blake Orth, FSA, EA, MAAA
Consultant

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SECTION A

OVERVIEW

The following table summarizes the key results of the July 1, 2025 Other Post-Employment Benefits (OPEB) valuation for the EUTF.

| Executive Summary | | |
|---|-------------------|-------------------|
| | July 1, 2025 | July 1, 2024 |
| Membership | | |
| Number of | | |
| -Retirees | 54,340 | 53,722 |
| -Deferred Inactives | 8,665 | 8,819 |
| -Active Employees | 66,674 | 65,179 |
| Covered Payroll* | \$ 5,396,015,000 | \$ 5,103,959,000 |
| Actuarial Summary | | |
| Discount Rate | 7.0% | 7.0% |
| Amortization Growth Rate | 2.5% | 2.5% |
| Present Value of Benefits | \$ 18,383,668,000 | \$ 17,913,919,000 |
| Actuarial Accrued Liability | 15,566,733,000 | 15,235,277,000 |
| Market Value of Assets | 9,058,693,000 | 7,914,706,000 |
| Actuarial Value of Assets (AVA) | 9,053,681,000 | 7,934,534,000 |
| Unfunded Actuarial Accrued Liability | 6,513,052,000 | 7,300,743,000 |
| Funded Ratio, AVA | 58.2% | 52.1% |
| ARC as % of Payroll | 20.3% | 21.1% |
| Fiscal Year Ending | June 30, 2028 | June 30, 2027 |
| ACT 268 Minimum Contribution Summary | | |
| Fiscal Year Ending | June 30, 2028 | June 30, 2027 |
| Annual Required Contribution (ARC) | \$ 1,160,319,000 | \$ 1,155,100,000 |

*The covered payroll is equal to the projected payroll for the fiscal year beginning on the valuation date.

This report provides the minimum OPEB trust contribution required to satisfy the funding requirements of ACT 268. The Annual Required Contribution (ARC) developed in this report is for the fiscal year ending June 30, 2028. The contribution determined by each valuation will be applicable for the fiscal year which begins two years after the valuation date. The two-year lag between the valuation date and the applicable fiscal year allows appropriate time for budgeting and management of the appropriations.

Section C provides a multi-year projection of liability and contribution information which should be useful to management for the operation of the OPEB program.

Agent Multiple-Employer Plans

The EUTF OPEB plan operates as an **agent multiple-employer plan**. For agent multiple employer plans, separate asset accounts are maintained for each employer so that the employer's contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer's plan to determine the employer's periodic contribution rate and other information for the individual plan. Thus for this valuation report, the results are the sum of the results from reports of the individual employers.

In a cost-sharing arrangement, such as the Employees' Retirement System of the State of Hawaii (ERS), the plan's assets can be used to pay the benefits for the retirees of any participating employer. By contrast, the assets of the participating government employers in an *agent multiple-employer plan* are pooled for investment purposes but separate accounts are maintained for each individual employer. As such, the EUTF's assets at EUTF can only be used to pay benefits for the EUTF's retirees. The EUTF's unfunded actuarial accrued liability and the annual required contribution for retiree health benefits will be determined based solely on the EUTF's membership and assets.

ACT 304, SLH 2012 and ACT 268, SLH 2013

ACT 304, SLH 2012 (ACT 304), authorized the board of trustees of the EUTF to create a separate trust fund (The OPEB Trust). The OPEB Trust was established effective June 30, 2013, specifically for pre-funding the participating employers OPEB benefits. Previous pre-funding contributions and related net investment earnings were transferred to each employer's respective OPEB Trust account. As required by ACT 304, contributions to the OPEB Trust shall be irrevocable and the assets of the fund shall be dedicated exclusively to providing health and other benefits to retirees and their eligible dependents. The assets in the OPEB Trust shall not be subject to appropriation for any other purpose and shall not be subject to claims by creditors of the employers or the board or plan administrator.

ACT 268, SLH 2013 (ACT 268) established an "annual required contribution" (ARC) equal to (a) the normal cost, plus (b) an amortization payment to fund the unfunded actuarial accrued liability over a period of no more than thirty years. Moreover, employers were required to contribute 100% of the ARC starting in fiscal year ending June 30, 2019. ACT 268 established mechanisms for funding the ARC if the employer fails to do so.

ACT 268 established a funding policy which ensures the ARC will be consistently met. As a result, the liabilities in this valuation have been calculated using a 7.0% long-term investment return assumption on the OPEB Trust's assets. The 7.0% return assumption is based on the OPEB Trust's investment policy and we believe the assumption is consistent with the target asset allocation.

Actuarial Assumptions and Methods

In any long-term actuarial valuation (such as for Pensions and OPEB), certain demographic, economic and behavioral assumptions are made concerning the population, the investment return rates and the benefits provided. These Actuarial Assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. Then the investment return rate (discount rate) assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual Required Contribution.

This actuarial valuation of the EUTF's OPEB is similar to the actuarial valuations performed for the State's pension plans. The demographic assumptions used in this OPEB Valuation were identical to those used in the June 30, 2025 ERS valuation. Because the assumptions were based upon the most recent actuarial experience study adopted by the Trustees of ERS, they were deemed reasonable for this OPEB Valuation and were employed in this report.

There are some economic and behavioral assumptions which are unique to health benefits. It would be instructive to review the Section of this Report titled, "Actuarial Assumptions and Methods" for a detailed discussion and disclosure of all the relevant actuarial assumptions used in this valuation. The Individual Entry Age Normal Cost Method was used in this valuation. This is both an acceptable and reasonable cost method. Furthermore, the Normal Costs and the amortization of any Unfunded Actuarial Accrued Liabilities were calculated using a level percent of pay.

The following assumption and method changes were made for the July 1, 2025 valuation: The demographic and salary related assumptions were updated to reflect those developed in the 2025 Hawaii ERS actuarial Experience Study. These changes increased the accrued liability by \$51 million.

Summary of Changes

The funded ratio of the plan increased from 52.1% to 58.2%. The unfunded actuarial accrued liability decreased from \$7.30 billion to \$6.51 billion. The contribution amounts developed in the July 1, 2025 valuations per the funding policy closely resemble what was expected from the previous valuations, while the liabilities were lower than expected. The actuarial accrued liability increased from \$15.24 billion to \$15.57 billion, while the liability was expected to increase to \$15.92 billion. The liabilities decreased mainly due to favorable 2026 premium changes, in particular those for the Medicare PPO plan. Overall, the favorable premium experience lowered the liability by approximately \$0.35 billion.

The actuarial value of assets (AVA) increased from \$7.93 billion to \$9.05 billion. The AVA closely resembles the \$8.98 billion expected from the previous valuation. The July 1, 2025 valuations provide the Annual Required Contributions (ARCs) for fiscal year ending June 30, 2028. The FYE28 ARCs total \$1,166,288,000, which nearly matches the total of the projected FYE28 ARCs of \$1,158,324,000 from the previous valuations.

ARC with 2% Corridor Smoothing

A funding policy mechanism was introduced in the July 1, 2021 valuation to manage contribution volatility. The combination of the level percentage of payroll UAAL amortization methodology (assumed to grow at 2.5% annually) and the entry-age normal actuarial cost method (which should grow about 3.5% to 4.25% annually) produce a combined ARC that is expected to increase by roughly 3.00% per year. The corridor will target this 3.00% and limit the dollar amount of the ARC so that it is within 2% of the prior year's ARC increased by the 3.00%. Another way to describe the corridor is to say that it limits the dollar amount of the ARC to between 101% and 105% of the prior year's ARC. The ARC for fiscal year 2028 is developed on page 12. The "ARC without Limitation" is the ARC developed without corridor smoothing. As shown on page 12, the actual FYE28 ARC is held higher as a result of the corridor because results since implementation of the smoothing corridor have overall been better than expected. The corridor will not only limit contribution increases in years when there is adverse experience, but it will also limit contribution decreases in years when there is favorable experience. The current position of the ARC to the corridor is expected to produce significant stability in the State contributions for many years into the future.

It should also be noted that the corridor is adjusted downward when employers contribute more than the ARC. This adjustment makes it so that employers can still lower their future ARCs by contributing more than the minimum required.

SECTION B

VALUATION RESULTS

Results by Employer

| (\$ Thousands) | State of Hawaii | City & County of Honolulu | Honolulu Authority for Rapid Transportation | County of Hawaii | County of Maui | County of Kauai | Kauai - Department of Water | Board of Water Supply - Honolulu | Hawaii Department of Water Supply | Total |
|--------------------------------------|-----------------|---------------------------|---|------------------|----------------|-----------------|-----------------------------|----------------------------------|-----------------------------------|---------------|
| Discount Rate | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% | 7.0% |
| Amortization Growth Rate | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |
| Present Value of Benefits | \$ 13,407,373 | \$ 2,893,162 | \$ 8,187 | \$ 733,764 | \$ 755,772 | \$ 344,703 | \$ 25,434 | \$ 172,309 | \$ 42,964 | \$ 18,383,668 |
| Actuarial Accrued Liability | 11,348,439 | 2,474,897 | 7,653 | 607,250 | 631,871 | 288,901 | 21,256 | 149,770 | 36,696 | 15,566,733 |
| Actuarial Value of Assets | 5,972,847 | 1,601,185 | 6,685 | 422,431 | 591,843 | 260,443 | 18,843 | 145,297 | 34,107 | 9,053,681 |
| Unfunded Actuarial Accrued Liability | 5,375,592 | 873,712 | 968 | 184,819 | 40,028 | 28,458 | 2,413 | 4,473 | 2,589 | 6,513,052 |
| Funded Ratio | 52.6% | 64.7% | 87.4% | 69.6% | 93.7% | 90.1% | 88.6% | 97.0% | 92.9% | 58.2% |
| ARC for FYE 2028 | \$ 855,360 | \$ 198,662 | \$ 409 | \$ 45,928 | \$ 35,795 | \$ 18,266 | \$ 1,118 | \$ 2,672 | \$ 2,109 | \$ 1,160,319 |
| ARC as % of Payroll for FYE 2028 | 20.2% | 23.3% | 8.2% | 20.7% | 15.1% | 17.4% | 13.5% | 5.3% | 17.5% | 20.3% |

The ARC for FYE 2028 reflects the smoothing corridor for all employers.

Liabilities

The liabilities shown in the following exhibit were calculated as of July 1, 2025.

| | Medical/ Prescription Drug/ Dental/Vision/Life | Medicare Part B | Total |
|-----------------------------------|--|-------------------------|--------------------------|
| Present Value of Benefits (PVB) | | | |
| Retirees | \$ 6,431,517,000 | \$ 2,318,256,000 | \$ 8,749,773,000 |
| Deferred Inactives | 753,633,000 | 451,848,000 | 1,205,481,000 |
| Actives | 6,052,248,000 | 2,376,166,000 | 8,428,414,000 |
| Total PVB | \$ 13,237,398,000 | \$ 5,146,270,000 | \$ 18,383,668,000 |
| Actuarial Accrued Liability (AAL) | | | |
| Retirees | \$ 6,431,517,000 | \$ 2,318,256,000 | \$ 8,749,773,000 |
| Deferred Inactives | 753,633,000 | 451,848,000 | 1,205,481,000 |
| Actives | 4,079,920,000 | 1,531,559,000 | 5,611,479,000 |
| Total AAL | \$ 11,265,070,000 | \$ 4,301,663,000 | \$ 15,566,733,000 |
| Normal Cost | \$ 223,066,000 | \$ 100,394,000 | \$ 323,460,000 |

Projected Benefits

The table below provides the EUTF's estimated benefit payments (pay-as-you-go) for the 15 years following the valuation date.

| Projected Benefit Payments | | | |
|----------------------------|--|-----------------|----------------|
| Year Ending June 30, | Medical/ Prescription Drug/ Dental/Vision/Life | Medicare Part B | Total |
| 2026 | \$ 526,265,000 | \$ 156,878,000 | \$ 683,143,000 |
| 2027 | 566,441,000 | 173,170,000 | 739,611,000 |
| 2028 | 603,781,000 | 186,197,000 | 789,978,000 |
| 2029 | 640,426,000 | 199,871,000 | 840,297,000 |
| 2030 | 675,001,000 | 214,552,000 | 889,553,000 |
| 2031 | 709,714,000 | 229,888,000 | 939,602,000 |
| 2032 | 745,841,000 | 245,566,000 | 991,407,000 |
| 2033 | 782,664,000 | 261,910,000 | 1,044,574,000 |
| 2034 | 819,523,000 | 278,734,000 | 1,098,257,000 |
| 2035 | 853,314,000 | 296,346,000 | 1,149,660,000 |
| 2036 | 884,954,000 | 314,924,000 | 1,199,878,000 |
| 2037 | 918,242,000 | 333,793,000 | 1,252,035,000 |
| 2038 | 952,720,000 | 352,515,000 | 1,305,235,000 |
| 2039 | 987,126,000 | 371,510,000 | 1,358,636,000 |
| 2040 | 1,020,534,000 | 390,832,000 | 1,411,366,000 |

Plan Assets

| Statement of Changes in Plan Net Assets | | | |
|---|-----------------------------|-----------------------------|--|
| | Year Ended June 30, 2025 | Year Ended June 30, 2024 | |
| Assets available at beginning of year | \$ 7,914,708,365 | \$ 6,728,822,800 | |
| Contributions | 1,137,896,147 | 1,145,052,767 | |
| Transfer from retiree agency fund | 25,000,000 | 11,750,000 | |
| Investment income | 149,590,270 | 125,617,363 | |
| Appreciation / (depreciation) | 435,126,218 | 510,303,328 | |
| Benefit payments | (615,552,739) | (594,006,313) | |
| Investment fees | (10,402,445) | (12,190,802) | |
| Administrative fees | (688,811) | (640,778) | |
| Private Market True-Ups (post Trial Bal) FY24 | (44,131,512) | 0 | |
| Private Market True-Ups (post Trial Bal) FY25 | 67,147,517 | 0 | |
| Increase in net assets | 1,143,984,644 | 1,185,885,565 | |
| Assets available at end of year | \$ 9,058,693,010 | \$ 7,914,708,365 | |
| Investment return, net of expenses | 7.30% | 8.90% | |

Investment returns were calculated based on the dollar-weighted methodology with the assumption that contributions and benefit payments were made mid-year.

Development of Actuarial Value of Assets

The total Actuarial Value of Assets (AVA) is equal to the sum of the AVA for all employers, \$9,053,681,000.

Determination of the ARC

Annual Required Contribution without Limitation

| | FYE 6/30/2028 |
|--------------------------|--------------------|
| Discount Rate | 7.0% |
| Amortization Growth Rate | 2.5% |
| Normal Cost* | \$ 343,912,000 |
| Amortization of UAAL | <u>547,788,000</u> |
| ARC without Limitation | \$ 891,700,000 |

*Includes plan administration fees.

The Annual Required Contribution without limitation is equal to the Normal Cost (the present value of benefits earned by the current employees in the respective fiscal year), plus projected plan administrative costs, plus an amortization payment to fund the liability attributable to past service. The ARC without limitation is determined in the same method as prior years.

After the 2% corridor smoothing is applied, the total ARC for all employers is \$1,160,319,000.

It is important to keep in mind that each participating employer is responsible for the amount that they contribute towards their own ARC.

Total Experience Gain or Loss

A. Calculation of total actuarial gain or loss

| | |
|---|------------------------|
| 1. Unfunded actuarial accrued liability (UAAL), as of July 1, 2024 | \$ 7,300,743,000 |
| 2. Normal cost for the year, including administrative expenses | 300,761,000 |
| 3. Less: ACT 268 minimum required contribution | (1,135,340,000) |
| 4. Interest at 7.00% | |
| a. On UAAL | 511,051,000 |
| b. On normal cost | 10,349,000 |
| c. On contribution | (39,066,000) |
| d. Total | <hr/> \$ 482,334,000 |
| 5. Expected UAAL as of July 1, 2025 | |
| (Sum of Items 1 - 4) | 6,948,498,000 |
| 6. Actual UAAL as of July 1, 2025 | 6,513,052,000 |
| 7. Total (gain)/loss for the year (Item 6 - Item 5) | (435,446,000) |
| B. Source of gains and losses | |
| 8. Asset (gain)/loss for the year (AVA Table) | \$ 1,931,000 |
| 9. (Gain)/loss due to contribution* | (27,645,000) |
| 10. Other liability (gain)/loss | (461,084,000) |
| 11. Change in assumptions** | 51,352,000 |
| 12. Change in benefit provisions | - |
| 13. Total (gain)/loss for the year | <hr/> \$ (435,446,000) |

* Impact of employer contributions.

** Updates reflect 2025 ERS Experience Study.

Schedule of Funding Progress

| Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (b) - (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | Unfunded AAL as a % of Covered Payroll (b - a)/(c) |
|----------------|----------------------------------|--|---------------------------|-------------------------|------------------------|---|
| July 1, 2007 | \$ 0 | \$ 9,194,300,000 | \$ 9,194,300,000 | 0.0% | \$ 2,789,000,000 | 329.7% |
| July 1, 2009 | 115,500,000 | 14,662,100,000 | 14,546,600,000 | 0.8% | 2,758,000,000 | 527.4% |
| July 1, 2011 | 178,200,000 | 16,458,800,000 | 16,280,600,000 | 1.1% | 3,743,000,000 | 435.0% |
| July 1, 2013 | 296,124,000 | 11,477,633,000 | 11,181,509,000 | 2.6% | 3,881,223,000 | 288.1% |
| July 1, 2015 | 843,520,000 | 12,615,528,000 | 11,772,008,000 | 6.7% | 4,161,386,000 | 282.9% |
| July 1, 2017 | 1,777,674,000 | 13,923,637,000 | 12,145,963,000 | 12.8% | 4,278,034,000 | 283.9% |
| July 1, 2018 | 2,363,352,000 | 14,640,923,000 | 12,277,571,000 | 16.1% | 4,399,147,000 | 279.1% |
| July 1, 2019 | 3,133,111,000 | 15,569,500,000 | 12,436,389,000 | 20.1% | 4,546,823,000 | 273.5% |
| July 1, 2020 | 3,898,479,000 | 15,412,329,000 | 11,513,850,000 | 25.3% | 4,663,329,000 | 246.9% |
| July 1, 2021 | 5,317,784,000 | 15,834,920,000 | 10,517,136,000 | 33.6% | 4,671,099,000 | 225.2% |
| July 1, 2022 | 5,944,797,000 | 14,906,454,000 | 8,961,657,000 | 39.9% | 4,574,213,000 | 195.9% |
| July 1, 2023 | 6,881,966,000 | 15,576,527,000 | 8,694,561,000 | 44.2% | 4,792,453,000 | 181.4% |
| July 1, 2024 | 7,934,534,000 | 15,235,277,000 | 7,300,743,000 | 52.1% | 5,103,959,000 | 143.0% |
| July 1, 2025 | 9,053,681,000 | 15,566,733,000 | 6,513,052,000 | 58.2% | 5,396,015,000 | 120.7% |

Actuarial Methods and Assumptions

| | |
|------------------------------------|--|
| Inflation rate | 2.50% |
| Investment rate of return | 7.00% |
| Actuarial Cost method | Individual Entry Age Normal |
| Amortization method* | Level percent, closed |
| Amortization Growth Rate | 2.50% |
| Wage Inflation | 3.00% |
| Asset Method | Smoothed |
| Mortality | System-specific mortality tables, multipliers, and setbacks. Rates are projected on a fully generational basis using the ultimate rates of scale MP2022 |
| Participation Rates | 98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution (BMC). Healthcare participation rates of 25%, 65%, and 90% for retirees that receive 0%, 50%, or 75% of the base monthly contribution, respectively. 100% for Life Insurance and 98% for Medicare Part B |
| Healthcare cost trend rate | |
| PPO** | Initial rate of 6.10%, declining to a rate of 4.25% after 19 years |
| HMO** | Initial rate of 6.10%, declining to a rate of 4.25% after 19 years |
| Part B & Base Monthly Contribution | Initial rate of 5.00%, declining to a rate of 4.25% after 19 years |
| Dental | 4.00% |
| Vision | 2.50% |
| Life Insurance | 0.00% |

* Closed bases are established at each valuation for new unfunded liabilities.

** Includes prescription drug assumptions.

Trend Sensitivity

Actuarial valuations are based on the cost of benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date. When the benefits being valued are health benefits, a key factor is the future cost of the health benefits being promised. The future benefits are projected using the current cost of the health care benefits and assumed future health care cost increases. The final cost of providing retiree health care benefits will depend upon how the charges for health care services actually increase in the future.

In order to demonstrate how the cost of these benefits can vary depending upon future health care cost increases, we have performed additional valuations based upon alternative health care cost increase assumptions. The following table shows the impact of a 1.0% increase or decrease in the assumed healthcare trend rates.

| | -1% Trend | Baseline | +1% Trend |
|----------------------------------|-------------------|-------------------|-------------------|
| Present Value of Benefits (PVB) | \$ 15,763,561,000 | \$ 18,383,668,000 | \$ 21,708,492,000 |
| Funded Status | | | |
| Actuarial Accrued Liability | \$ 13,621,196,000 | \$ 15,566,733,000 | \$ 17,945,600,000 |
| Actuarial Value of Assets | 9,053,681,000 | 9,053,681,000 | 9,053,681,000 |
| Unfunded AAL | 4,567,515,000 | 6,513,052,000 | 8,891,919,000 |
| ARC without limitation for FYE28 | \$ 634,145,000 | \$ 891,700,000 | \$ 1,196,697,000 |

SECTION C

PROJECTIONS

Summary of Funding Projections

The projections in this section provide estimated future liabilities, assets, contributions and benefit payments based on the census data used for the July 1, 2025 valuation and the actuarial assumptions/methods described in Section G of this report. The projections provide insight into how the employer's contributions and the financial condition of the plan are assumed to change over time. Key items from the projections are:

- Prefunding the OPEB liability will require a significant commitment. However, the long-term savings will also be significant. Once the plan is well funded, the percentage of the benefits paid for by investment earnings is typically over 50%.
- The Annual Required Contribution (ARC) is developed using a level percentage of payroll amortization.
- The ARC is expected to remain fairly level, as a percentage of payroll, until the initial amortization base is paid off. However, the ARC is expected to trend upwards because the normal cost is expected to slowly grow over time as a percentage of payroll.
- Projection assumes the employer will contribute the full ARC, as required by ACT 268.
- The employer's annual cost for financing the retiree health benefit becomes less than what it would have been under a pay-as-you-go approach starting in FYE2034.
- As participants separate from employment, it is assumed they are replaced with an average new hire so that the total number of active employees remains level. The average new hire is assumed to have similar entry age and entry pay as recently hired employees. The projection includes liabilities for these new employees as the projection steps forward in time and they accrue benefits.

Please bear in mind that, depending on plan experience, actual results could deviate significantly from the actuarial projections. The key assumptions in the projections are:

1. the assumed 7.00% rate of investment return
2. future health care inflation
3. that the benefits and cost sharing provisions will remain the same as they currently are

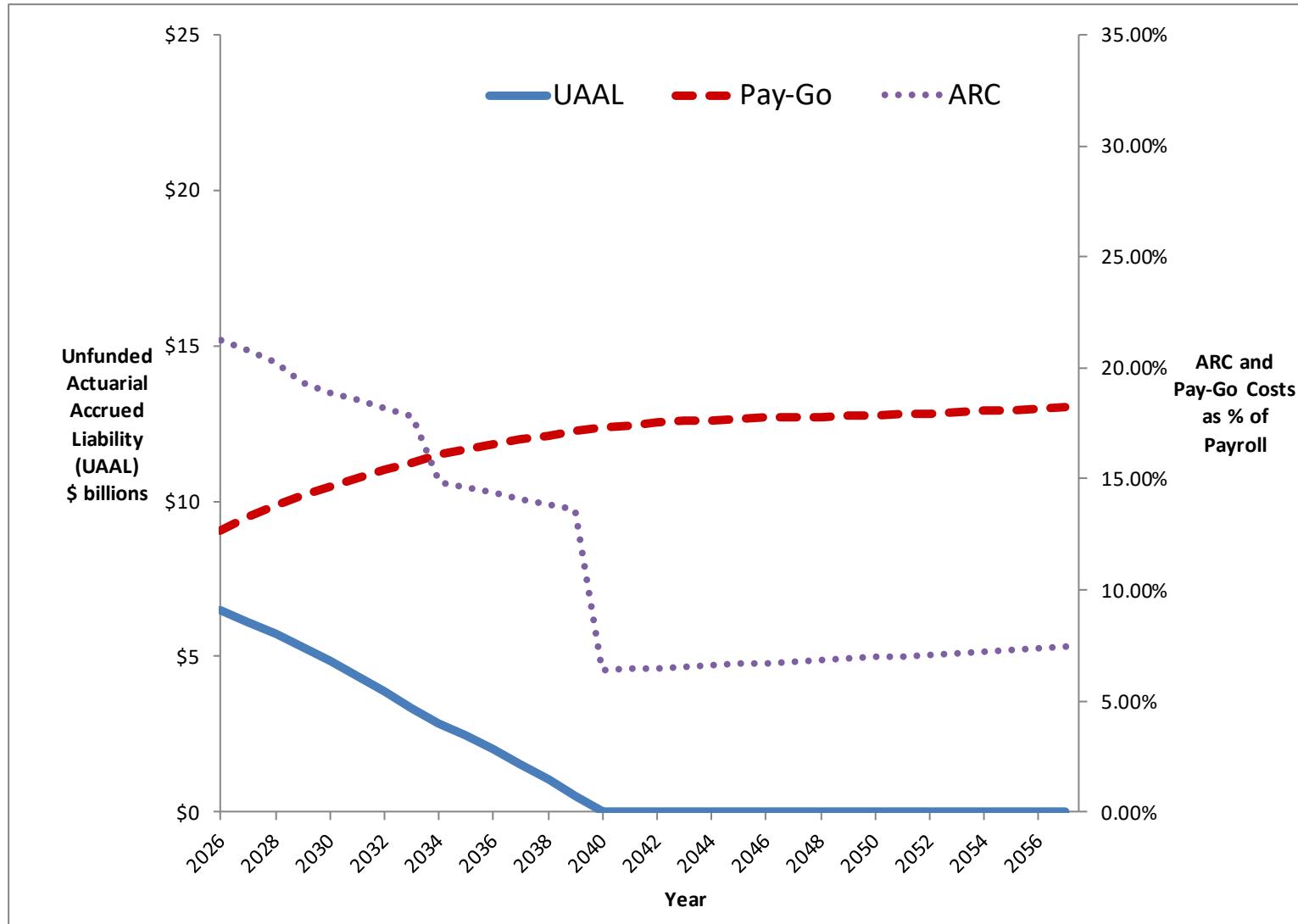
Projection of Funding Progress

Over the next 34 years, the sum of the ARCs equals \$29.9 billion while the trust will payout \$50.9 billion in benefits.

| Fiscal Year Ending | Payroll | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets (AVA) | Unfunded AAL (UAAL) | Funded Ratio | Actual Contribution | Contribution as % of Payroll | Benefit Payment Total | Benefits as % of Payroll | ARC minus Benefit Payments |
|--------------------|------------------|-----------------------------------|---------------------------------|---------------------|--------------|---------------------|------------------------------|-----------------------|--------------------------|----------------------------|
| (a) | (b) | (c) | (d) | (e) | (f) | (h) | (i) | (j) | (k) | (l) |
| 2026 | \$ 5,396,015,000 | \$ 15,566,733,000 | \$ 9,053,681,000 | \$ 6,513,052,000 | 58.2% | \$ 1,146,301,000 | 21.2% | \$ 683,143,000 | 12.7% | \$ 463,158,000 |
| 2027 | 5,557,896,000 | 16,285,717,000 | 10,165,948,000 | 6,119,769,000 | 62.4% | 1,155,100,000 | 20.8% | 739,611,000 | 13.3% | 415,489,000 |
| 2028 | 5,724,631,000 | 17,015,980,000 | 11,306,750,000 | 5,709,230,000 | 66.4% | 1,160,319,000 | 20.3% | 789,978,000 | 13.8% | 370,341,000 |
| 2029 | 5,896,370,000 | 17,772,914,000 | 12,480,689,000 | 5,292,225,000 | 70.2% | 1,138,770,000 | 19.3% | 840,297,000 | 14.3% | 298,473,000 |
| 2030 | 6,073,263,000 | 18,514,611,000 | 13,662,441,000 | 4,852,170,000 | 73.8% | 1,148,252,000 | 18.9% | 889,553,000 | 14.6% | 258,699,000 |
| 2031 | 6,255,461,000 | 19,266,989,000 | 14,885,756,000 | 4,381,233,000 | 77.3% | 1,159,998,000 | 18.5% | 939,602,000 | 15.0% | 220,396,000 |
| 2032 | 6,443,124,000 | 20,032,579,000 | 16,155,059,000 | 3,877,520,000 | 80.6% | 1,172,089,000 | 18.2% | 991,407,000 | 15.4% | 180,682,000 |
| 2033 | 6,636,417,000 | 20,811,324,000 | 17,472,113,000 | 3,339,211,000 | 84.0% | 1,184,492,000 | 17.8% | 1,044,574,000 | 15.7% | 139,918,000 |
| 2034 | 6,835,510,000 | 21,711,221,000 | 18,839,179,000 | 2,872,042,000 | 86.8% | 1,014,546,000 | 14.8% | 1,098,257,000 | 16.1% | (83,711,000) |
| 2035 | 7,040,575,000 | 22,526,023,000 | 20,070,590,000 | 2,455,433,000 | 89.1% | 1,027,540,000 | 14.6% | 1,149,660,000 | 16.3% | (122,120,000) |
| 2036 | 7,251,794,000 | 23,360,497,000 | 21,348,446,000 | 2,012,051,000 | 91.4% | 1,040,825,000 | 14.4% | 1,199,878,000 | 16.5% | (159,053,000) |
| 2037 | 7,469,347,000 | 24,218,088,000 | 22,677,526,000 | 1,540,562,000 | 93.6% | 1,054,400,000 | 14.1% | 1,252,035,000 | 16.8% | (197,635,000) |
| 2038 | 7,693,428,000 | 25,099,309,000 | 24,059,712,000 | 1,039,597,000 | 95.9% | 1,068,207,000 | 13.9% | 1,305,235,000 | 17.0% | (237,028,000) |
| 2039 | 7,924,231,000 | 26,005,587,000 | 25,497,877,000 | 507,710,000 | 98.0% | 1,082,225,000 | 13.7% | 1,358,636,000 | 17.1% | (276,411,000) |
| 2040 | 8,161,956,000 | 26,995,948,000 | 26,995,948,000 | 0 | 100.0% | 521,613,000 | 6.4% | 1,411,366,000 | 17.3% | (889,753,000) |
| 2041 | 8,406,818,000 | 27,964,413,000 | 27,964,413,000 | 0 | 100.0% | 541,755,000 | 6.4% | 1,464,382,000 | 17.4% | (922,627,000) |
| 2042 | 8,659,020,000 | 28,966,638,000 | 28,966,638,000 | 0 | 100.0% | 562,730,000 | 6.5% | 1,516,911,000 | 17.5% | (954,181,000) |
| 2043 | 8,918,791,000 | 30,006,354,000 | 30,006,354,000 | 0 | 100.0% | 584,534,000 | 6.6% | 1,569,464,000 | 17.6% | (984,930,000) |
| 2044 | 9,186,354,000 | 31,087,014,000 | 31,087,014,000 | 0 | 100.0% | 607,157,000 | 6.6% | 1,622,175,000 | 17.7% | (1,015,018,000) |
| 2045 | 9,461,945,000 | 32,212,169,000 | 32,212,169,000 | 0 | 100.0% | 630,676,000 | 6.7% | 1,675,228,000 | 17.7% | (1,044,552,000) |
| 2046 | 9,745,802,000 | 33,385,504,000 | 33,385,504,000 | 0 | 100.0% | 655,111,000 | 6.7% | 1,729,310,000 | 17.7% | (1,074,199,000) |
| 2047 | 10,038,177,000 | 34,610,275,000 | 34,610,275,000 | 0 | 100.0% | 680,573,000 | 6.8% | 1,783,747,000 | 17.8% | (1,103,174,000) |
| 2048 | 10,339,324,000 | 35,890,776,000 | 35,890,776,000 | 0 | 100.0% | 707,120,000 | 6.8% | 1,839,984,000 | 17.8% | (1,132,864,000) |
| 2049 | 10,649,504,000 | 37,230,168,000 | 37,230,168,000 | 0 | 100.0% | 734,811,000 | 6.9% | 1,898,447,000 | 17.8% | (1,163,636,000) |
| 2050 | 10,968,987,000 | 38,631,451,000 | 38,631,451,000 | 0 | 100.0% | 763,744,000 | 7.0% | 1,958,876,000 | 17.9% | (1,195,132,000) |
| 2051 | 11,298,057,000 | 40,098,214,000 | 40,098,214,000 | 0 | 100.0% | 794,032,000 | 7.0% | 2,022,595,000 | 17.9% | (1,228,563,000) |
| 2052 | 11,636,998,000 | 41,633,031,000 | 41,633,031,000 | 0 | 100.0% | 825,741,000 | 7.1% | 2,088,801,000 | 17.9% | (1,263,060,000) |
| 2053 | 11,986,109,000 | 43,239,564,000 | 43,239,564,000 | 0 | 100.0% | 858,853,000 | 7.2% | 2,157,701,000 | 18.0% | (1,298,848,000) |
| 2054 | 12,345,692,000 | 44,921,501,000 | 44,921,501,000 | 0 | 100.0% | 893,488,000 | 7.2% | 2,229,577,000 | 18.1% | (1,336,089,000) |
| 2055 | 12,716,065,000 | 46,682,609,000 | 46,682,609,000 | 0 | 100.0% | 929,797,000 | 7.3% | 2,303,598,000 | 18.1% | (1,373,801,000) |
| 2056 | 13,097,546,000 | 48,527,945,000 | 48,527,945,000 | 0 | 100.0% | 967,749,000 | 7.4% | 2,379,637,000 | 18.2% | (1,411,888,000) |
| 2057 | 13,490,472,000 | 50,463,015,000 | 50,463,015,000 | 0 | 100.0% | 1,007,468,000 | 7.5% | 2,460,098,000 | 18.2% | (1,452,630,000) |
| 2058 | 13,895,186,000 | 52,491,353,000 | 52,491,353,000 | 0 | 100.0% | 1,049,020,000 | 7.5% | 2,545,355,000 | 18.3% | (1,496,335,000) |

Projection of Funding

Trust contributions are projected to be less than benefits paid starting in FYE 2034



SECTION D

DEVELOPMENT OF BASELINE COSTS

Development of Baseline Costs

The underlying retiree claims costs were estimated using the plan premiums effective January 1, 2026, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees (82% PPO and 18% HMO). The fully-insured retiree plans are separate from the active plans and are underwritten using the claims experience of the retired members only. The contracts for the retiree plans do not allow for any cross subsidization of premiums or rates. The prescription drug benefit for the PPO plan is self-insured. Based on conversations with EUTF's health care consultant (Segal), we did not believe it was necessary to independently verify the premiums for the PPO prescription drug benefit. The estimated age-adjusted claims shown below include administrative expenses and are net of prescription drug rebates.

Age-graded and sex-distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

| Baseline Costs for Retirees and Spouses (Medical and Prescription Drug) (Expected Monthly Per Capita Costs for 2026) | | | | |
|--|----------|----------|----------|----------|
| Age | HMSA | | Kaiser | |
| | Male | Female | Male | Female |
| 50 | \$569.73 | \$701.85 | \$479.90 | \$591.19 |
| 55 | 749.70 | 818.56 | 631.49 | 689.49 |
| 60 | 968.28 | 953.42 | 815.60 | 803.09 |
| 65 | 397.63 | 375.04 | 427.99 | 403.68 |
| 70 | 433.16 | 419.15 | 466.24 | 451.16 |
| 75 | 465.22 | 453.95 | 500.75 | 488.62 |
| 80 | 488.39 | 479.85 | 525.69 | 516.50 |

Dental and vision benefits are not included in the benefits shown above. The underlying claims for the dental and vision benefits were not age-rated. Premiums for all medical, prescription drug, dental, and vision plans are shown in Section E.

SECTION E

SUMMARY OF BENEFIT PROVISIONS

Summary of the Substantive Plan Provisions

Plan Participants

Plan participants are retired members of the employees' retirement system; the County pension system; or the police, firefighters, or bandsmen pension system of the State or County.

Base Monthly Contribution Amount

| January 1, 2026 - Base Monthly Contribution | | | |
|---|-------------|------------------|---------------|
| | <u>Self</u> | <u>Two-Party</u> | <u>Family</u> |
| Non-Medicare | \$1,364.20 | \$2,749.74 | \$4,024.56 |
| Medicare | 971.82 | 1,947.78 | 2,836.90 |

The Base Monthly Contribution (BMC) determines the maximum amount provided by the employer to cover premiums for medical, prescription drug, dental and vision care. The BMC is adjusted annually based on the change in the Medicare Part B premium. In accordance with Act 54, SLH 2025, the BMC increase on January 1, 2026 is 5.2%. Thereafter, the BMC is adjusted annually based on the percentage change in the Medicare Part B premium in the previous year. The employer's costs for providing the Medicare Part B premium reimbursement and the life insurance benefit are in addition to the contribution related to the BMC.

Deferred Retirement

Employees who terminate employment are eligible for retiree health care benefits upon commencing a retirement or pension allowance.

Disability Retirement

Employees who terminate due to disability are eligible for retiree health care benefits upon commencing a retirement or pension allowance.

Non-Duty Death in Service Retirement

If an active employee dies while in service and is eligible to retire at the time of death, the ERS will retire the employee and the surviving spouse, domestic or civil union partner and eligible dependents are eligible for retiree health care benefits. If the member was not eligible for retirement at the time of death, the surviving spouse, domestic or civil union partner and eligible dependents are eligible for COBRA benefits only.

Duty Death in Service Retirement

The surviving spouse, domestic or civil union partner and eligible dependents of an employee who is killed in the performance of the employee's duty are eligible for retiree health care benefits. Regardless of the employee's date of hire or years of service, the employer will pay up to the BMC for a spouse, domestic or civil union partner and eligible dependents of an employee who is killed in the performance of duty. Coverage ends when the surviving spouse or domestic or civil union partner

remarries or enters into another domestic or civil union partnership or when the surviving child reaches age 19 or 24 if the child is a full-time student. Coverage ends for a surviving child at age 26 effective July 1, 2025.

Surviving Spouses of Retired Employees

The employer's contribution percentage for a surviving spouse, domestic or civil union partner and eligible dependent of a retiree who was hired prior to July 1, 2001 will remain the same as the deceased retiree. For a surviving spouse, domestic or civil union partner and eligible dependent of a retiree who was hired after June 30, 2001, the employer's contribution percentage will be half of the deceased retirees' employer contribution percentage.

Life Insurance

Retiree life insurance benefit is \$1,487, and is provided at no cost to the retiree.

Medicare Part B Reimbursement

Retirees and spouses/domestic and civil union partners are required to enroll in Medicare Part B coverage when they become eligible and enroll in a medical and/or prescription drug plan. The employer reimburses the Part B premium for both retiree and, for participants hired before July 1, 2023, spouse/domestic or civil union partner at 100%. Surviving spouses/domestic or civil union partners, regardless of hire date, continue to receive the Part B reimbursement.

The 2026 Medicare Part B premiums and reimbursements vary for current retirees due to the hold harmless provisions. The 2026 Part B premium is \$202.90 per month for retirees enrolling in Part B for the first time or not enrolled in Social Security. For participants hired before July 1, 2023, EUTF will reimburse the entire Part B premium for retirees who pay income adjusted Part B premiums if they submit proof. For participants hired on or after July 1, 2023, EUTF will reimburse up to \$202.90 of the Part B premium for retirees if they submit proof.

Employer's Contribution

The Employer's percentage of the BMC for the year determines the maximum employer contribution payable. Any difference between the maximum employer contribution and the total premium for plans selected (medical, prescription drug, dental and vision) will be paid by the retiree.

| Hire Date | Year of Service | % of BMC* |
|--------------------|-----------------|-----------|
| Before 7/1/1996 | < 10 | 50% |
| | 10+ | 100% |
| Post 7/1/1996 | < 10 | 0% |
| | 10-14 | 50% |
| | 15-24 | 75% |
| | 25+ | 100% |

* Employees hired after 6/30/2001 only receive the % of the "Self" BMC.

EUTF Monthly Retiree Rates

Effective January 1, 2026 through December 31, 2026

| Benefit Plan | Type of Enrollment | Total Contribution Required |
|--|--|-----------------------------|
| <i>MEDICAL AND PRESCRIPTION DRUG PLANS – MEDICARE</i> | | |
| HMSA 90/10 PPO Medical Plan | Self | \$308.22 |
| | Two-Party | 600.60 |
| | Family | 890.48 |
| Humana Medicare Advantage PPO Medical Plan | Self | \$53.72 |
| | Two-Party (both Medicare) | 107.44 |
| | Three-Party (all Medicare; maximum of 3 enrollees) | 161.16 |
| SilverScript Prescription Drug Plan | Self | \$155.96 |
| | Two-Party | 303.68 |
| | Family | 450.28 |
| Kaiser Senior Advantage Medical and Prescription Drug Plan | Self | \$498.14 |
| | Two-Party | 971.34 |
| | Family | 1,439.60 |
| <i>MEDICAL AND PRESCRIPTION DRUG PLANS - NON-MEDICARE</i> | | |
| HMSA 90/10 PPO Medical Plan | Self | \$727.18 |
| | Two-Party | 1,416.90 |
| | Family | 2,100.56 |
| CVS Caremark Prescription Drug Plan | Self | \$260.56 |
| | Two-Party | 507.48 |
| | Family | 752.42 |
| Kaiser HMO Comprehensive Medical and Prescription Drug Plan | Self | \$816.46 |
| | Two-Party | 1,649.22 |
| | Family | 2,433.02 |
| <i>DENTAL PLAN</i> | | |
| HDS Dental | Self | \$50.76 |
| | Two-Party | 99.00 |
| | Family | 121.30 |
| <i>VISION PLAN</i> | | |
| VSP Vision | Self | \$3.54 |
| | Two-Party | 7.10 |
| | Family | 9.52 |
| <i>LIFE INSURANCE</i> | | |
| Securian Life Insurance (Retiree only) | Self | \$4.12 |

HSTA VB Monthly Retiree Rates

Effective January 1, 2026 through December 31, 2026

| Benefit Plan | Type of Enrollment | Total Contribution Required |
|---|--------------------|-----------------------------|
| <i>MEDICAL AND PRESCRIPTION DRUG PLANS – MEDICARE</i> | | |
| HMSA 90/10 PPO Medical and Chiropractic, SilverScript Prescription Drug, and VSP Vision Plans | Self | \$503.58 |
| | Two-Party | 981.58 |
| | Family | 1,451.82 |
| Kaiser Senior Advantage Medical, Chiropractic and Prescription Drug, and VSP Vision Plans | Self | \$508.58 |
| | Two-Party | 991.92 |
| | Family | 1,469.06 |
| <i>MEDICAL AND PRESCRIPTION DRUG PLANS - NON-MEDICARE</i> | | |
| HMSA 90/10 PPO Medical and Chiropractic, CVS Caremark Prescription Drug, and VSP Vision Plans | Self | \$947.80 |
| | Two-Party | 1,846.88 |
| | Family | 2,734.76 |
| Kaiser HMO Comprehensive Medical, Chiropractic and Prescription Drug, and VSP Vision Plans | Self | \$804.24 |
| | Two-Party | 1,624.50 |
| | Family | 2,395.66 |
| <i>DENTAL PLAN</i> | | |
| HDS Dental | Self | \$60.38 |
| | Two-Party | 117.72 |
| | Family | 144.28 |
| <i>VISION PLAN</i> | | |
| VSP Vision | Self | \$3.54 |
| | Two-Party | 7.10 |
| | Family | 9.52 |
| <i>LIFE INSURANCE</i> | | |
| Securian Life Insurance (Retiree only) | Self | \$4.12 |

Medical Plan Benefits - EUTF Non-Medicare Retirees

| Medical | HMSA 90/10 PPO | | Kaiser HMO** |
|--|--|----------------|---|
| | In-Network | Out-of-Network | HMO Network |
| Calendar Year Deductible | \$100 per person \$300 per family | | None |
| Calendar Year Maximum Out-of-Pocket Limit | \$2,500 per person \$7,500 per family | | \$2,000 per person \$6,000 per family |
| Lifetime Benefit Maximum | None | | None |
| Physician Office Visit | 10%* | 30% | \$15 |
| Online Care (through hmsaonlinecare.com or kp.org) | No charge* | Not covered | No charge |
| Urgent Care Visit | 10%* | 30% | \$15 (in service area) 20% (out of service area) |
| Emergency Room | 10%* | 10%* | \$50 (in service area) 20% (out of service area) |
| Ambulance Air | 20% | 20% | 20% |
| Ambulance Ground | 20% | 30% | 20% |
| Inpatient Hospital Services | 10%* | 30% | No charge |
| Outpatient Surgery | 10%* | 30% | \$15 |
| Outpatient Testing, Lab and X-ray Services | 20%* | 30% | \$15 |
| Annual Physical Exam | No charge* | 30%* | No charge |
| Preventative Screening | 20%* | 30% | No charge |
| Inpatient Mental Health | 10%* | 30% | No charge |
| Outpatient Mental Health | 10%* | 30% | \$15 |
| Hearing Aids | 20% One per ear every 60 months | 30% | 20%** One per ear every 36 months |
| Chiropractic Services | Not covered | Not covered | Not covered |

* Not subject to the deductible

** Kaiser Permanente Members:

- a. Except for certain situations described in your Group Medical and Hospital Service Agreement, all claims, disputes, or causes of action arising out of or related to your Group Medical and Hospital Service Agreement, its performance, or alleged breach, or the relationship or conduct of the parties, must be resolved by binding arbitration. For claims, disputes, or cause of action subject to binding arbitration, all parties and family members give up the right to jury or court trial. For a complete description of arbitration information, please see your Group Medical and Hospital Service Agreement.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente prescription drug coverage is included under the Kaiser Permanente HMO medical plan.

Medical Plan Benefits – HSTA VB

Non-Medicare Retirees

| Medical | HMSA 90/10 PPO | | Kaiser HMO |
|--|------------------------------------|---|---|
| | In-Network | Out-of-Network | HMO Network |
| Calendar Year Deductible | None | \$100 per person \$300 per family | None |
| Calendar Year Maximum Out-of-Pocket Limit | | \$2,000 per person \$6,000 per family | \$2,000 per person \$6,000 per family |
| Lifetime Benefit Maximum | | \$2,000,000 for all individuals combined; \$25,000/ calendar year thereafter | None |
| Physician Office Visit | 10% | 30% | \$15 |
| Online Care (through hmsaonlinecare.com or kp.org) | No charge | Not covered | No charge |
| Urgent Care Visit | 10% | 30% | \$15 (in service area) 20% (out of service area) |
| Emergency Room | 10% | 10%* | \$50 (in service area) 20% (out of service area) |
| Ambulance Air | 10% | 10%* | 20% |
| Ambulance Ground | 10% | 30% | 20% |
| Inpatient Hospital Services | 10% | 30% | No charge |
| Outpatient Surgery | 10% | 30% | \$15 |
| Outpatient Testing, Lab and X-ray Services | 10% | 30% | \$15 |
| Annual Physical Exam | No charge (limits apply) | No charge* (limits apply) | No charge |
| Preventative Screening | 10% | 30% | No charge |
| Inpatient Mental Health | 10% | 30% | No charge |
| Outpatient Mental Health | 10% | 30% | \$15 |
| Hearing Aids | 10% One per ear every 60 months | 30% | 20%** One per ear every 36 months |
| Chiropractic Services (administered through American Specialty Health, Inc.) | \$12 (20 visits/year) | Not covered | \$12 (20 visits/year) |

* Not subject to the deductible

** Kaiser Permanente Members:

- a. Except for certain situations described in your Group Medical and Hospital Service Agreement, all claims, disputes, or causes of action arising out of or related to your Group Medical and Hospital Service Agreement, its performance, or alleged breach, or the relationship or conduct of the parties, must be resolved by binding arbitration. For claims, disputes, or cause of action subject to binding arbitration, all parties and family members give up the right to jury or court trial. For a complete description of arbitration information, please see your Group Medical and Hospital Service Agreement.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente prescription drug coverage is included under the Kaiser Permanente HMO medical plan.

Prescription Drug Plan Benefits – EUTF Non-Medicare Retirees

| Prescription Drug | CVS PPO Drug Plan* | | Kaiser HMO Plan+** | |
|--|--|-------------------------|---|----------------|
| | In-Network / Mail Order | Out-of-Network** | HMO Network | Mail Order |
| Calendar Year Maximum Out-of-Pocket Limit | \$2,000/person | | Combined with medical out-of-pocket limit | |
| Day Supply | 30/60/90 | | 30/60/90 | |
| Generic | \$5/\$10/\$15 | \$5/\$10/\$15 + 20% | \$15/\$30/\$45 | \$15/\$30/\$30 |
| Preferred Brand | \$15/\$30/\$45 | \$15/\$30/\$45 + 20% | | |
| Non-Preferred Brand | \$40/\$80/\$120 | \$40/\$80/\$120 +20% | | |
| Preferred Insulin | \$5/\$10/\$15 | \$5/\$10/\$15 + 20% | | |
| Other Insulin | \$15/\$30/\$45 | \$15/\$30/\$45 +20% | \$15/\$30/\$45 | Not covered |
| Preferred Diabetic Supplies | No charge | 20% | \$15/\$30/\$45 | \$15/\$30/\$30 |
| Other Diabetic Supplies | \$15/\$30/\$45 | \$15/\$30/\$45 +20% | | |
| Specialty Drugs and Injectables (up to a 30-day supply) | 20% up to \$250 per fill Oral oncology: \$30 Mail: Not covered | | \$15 Oral oncology: No charge Mail: Not all drugs can be mailed | |

* CVS Members:

- a. This plan is the prescription drug coverage for the HMSA PPO medical plan option and is administered by CVS Caremark. Note: Maintenance medications can be filled at any retail network pharmacy or through mail order but must be filled in a 90-day supply after the first three 30-day initial fills.
- b. At Retail 90 pharmacies and CVS Caremark Mail Pharmacy, a member pays two times the 30-day copay for a 90-day supply. Retail 90 pharmacies include but are not limited to CVS, Costco, Safeway, Sam's Club, Times, Walgreens, and Walmart pharmacies.
- c. If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

** Kaiser Permanente Members:

- a. Except for certain situations described in your Group Medical and Hospital Service Agreement, all claims, disputes, or causes of action arising out of or related to your Group Medical and Hospital Service Agreement, its performance, or alleged breach, or the relationship or conduct of the parties, must be resolved by binding arbitration. For claims, disputes, or cause of action subject to binding arbitration, all parties and family members give up the right to jury or court trial. For a complete description of arbitration information, please see your Group Medical and Hospital Service Agreement.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente prescription drug coverage is included under the Kaiser Permanente HMO medical plan.

Prescription Drug Plan Benefits – HSTA VB Non-Medicare Retirees

| Prescription Drug | CVS PPO Drug Plan* | | Kaiser HMO Plan** | |
|---|---|---|---|----------------|
| | In-Network / Mail Order | Out-of-Network* | HMO Network | Mail Order |
| Calendar Year Maximum Out-of-Pocket Limit | \$2,000/person | | Combined with medical out-of-pocket limit | |
| Day Supply | 30/60/90 | | 30/60/90 | |
| Generic | \$5/\$9/\$9 | \$5/\$9/\$9 + 30% | \$10/\$20/\$30 | \$10/\$20/\$20 |
| Brand | \$15/\$27/\$27 | \$15/\$27/\$27 + 30% | | |
| Insulin | \$5/\$9/\$9 | \$5/\$9/\$9 + 30% | \$10/\$20/\$30 | Not covered |
| Diabetic Supplies | No charge | No charge | 50% | 50% |
| Specialty Drugs and Injectables (up to a 30-day supply) | Generic/brand copays apply Oral oncology: No charge Mail: Not covered | Generic/brand copays apply Oral oncology: 30% Mail: Not covered | \$10 Oral Oncology: No Charge Mail: Not all drugs can be mailed | |

* CVS Members:

- a. This plan is the prescription drug coverage for the HMSA PPO medical plan option and is administered by CVS Caremark.
- b. If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

** Kaiser Permanente Members:

- a. Except for certain situations described in your Group Medical and Hospital Service Agreement, all claims, disputes, or causes of action arising out of or related to your Group Medical and Hospital Service Agreement, its performance, or alleged breach, or the relationship or conduct of the parties, must be resolved by binding arbitration. For claims, disputes, or cause of action subject to binding arbitration, all parties and family members give up the right to jury or court trial. For a complete description of arbitration information, please see your Group Medical and Hospital Service Agreement.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente prescription drug coverage is included under the Kaiser Permanente HMO medical plan.

Medical Plan Benefits – EUTF Medicare Retirees

| Medical | HMSA 90/10 PPO Plan (Supplemental Plan to Medicare) | | Humana Medicare Advantage Plan | Kaiser Senior Advantage Plan** |
|---|--|----------------|---|--|
| | In-Network | Out-of-Network | In-Network/ Out-of-Network | HMO Network |
| Calendar Year Deductible | \$100 per person \$300 per family | | \$100 per person | None |
| Calendar Year Maximum Out-of-Pocket Limit | \$2,500 per person \$7,500 per family | | \$2,500 per person | \$2,000 per person |
| Lifetime Benefit Maximum | None | | None | None |
| Physician Office Visit | 10%* | 30% | 10%* | \$15 |
| Online Care (through hmsaonlinecare.com, myhumana.com, or kp.org) | No charge* | Not covered | Primary Care: No charge* Specialist: 10%* Behavioral Health and Substance Abuse: No charge* | No charge |
| Urgent Care Visit | 10%* | 30% | 10%* | \$15 |
| Emergency Room | 10%* | 10%* | (waived if admitted to the hospital within 24 hours) | \$50 |
| Ambulance Air | 20% | 20% | 10% | 20% |
| Ambulance Ground | 20% | 30% | 10% | 20% |
| Inpatient Hospital Services | 10%* | 30% | 10% | No charge |
| Outpatient Surgery | 10%* | 30% | 10% | \$15 |
| Outpatient Testing, Lab, and X-ray Services | 20%* | 30% | 10% | No charge |
| Annual Physical Exam | No charge* | 30%* | No charge* | No charge |
| Preventative Screening | 20%* | 30% | No charge* | No charge |
| Inpatient Mental Health | 10%* | 30% | 10% | No charge |
| Outpatient Mental Health | 10%* | 30% | Facility: 10% Physician visit: 10%* | \$15 |
| Hearing Aids | 20% | 30% | 20% | 20%** One per ear every 36 months |
| Chiropractic Services | Not covered | Not covered | 10%* For Medicare-covered services only | \$15 For Medicare-covered services only |

* Not subject to the deductible

** Kaiser Permanente Members:

- a. Except as provided in this chapter or by applicable law, any and all claims, disputes, or causes of action arising out of or related to the Senior Advantage Evidence of Coverage, its performance or alleged breach, or the relationship or conduct of the parties, including but not limited to any and all claims, disputes, or causes of action based on contract, tort, statutory law, or action in equality, shall be resolved by binding arbitration.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente Medicare Part D prescription drug coverage is included under the Kaiser Permanente Senior Advantage medical plan.

Medical Plan Benefits – HSTA VB Medicare Retirees

| Medical | HMSA 90/10 PPO Plan | | Kaiser Senior Advantage Plan** |
|---|------------------------------|---|--------------------------------------|
| | In-Network | Out-of-Network | HMO Network |
| Calendar Year Deductible | None | \$100 per person \$300 per family | None |
| Calendar Year Maximum Out-of-Pocket Limit | | \$2,000 per person \$6,000 per family | \$2,000 per person |
| Lifetime Benefit Maximum | | \$2,000,000 for all individuals combined; \$25,000/ calendar year thereafter | None |
| Physician Office Visit | 10% | 30% | \$15 |
| Online Care (through hmsaonlinecare.com or kp.org) | No charge | Not covered | No charge |
| Urgent Care Visit | 10% | 30% | \$15 |
| Emergency Room | 10% | 10%* | \$50 |
| Ambulance Air | 10% | 10%* | 20% |
| Ambulance Ground | 10% | 30% | 20% |
| Inpatient Hospital Services | 10% | 30% | No charge |
| Outpatient Surgery | 10% | 30% | \$15 |
| Outpatient Testing, Lab, and X-ray Services | 10% | 30% | No charge |
| Annual Physical Exam | No charge (limits apply) | No charge* (limits apply) | No charge |
| Preventative Screening | 10% | 30% | No charge |
| Inpatient Mental Health | 10% | 30% | No charge |
| Outpatient Mental Health | 10% | 30% | \$15 |
| Hearing Aids | 10% | 30% One per ear every 60 months | 20%** One per ear every 36 months |
| Chiropractic Treatment (administered through American Specialty Health, Inc.) | \$12 (20 visits per year) | Not covered | \$12 (20 visits per year) |

* Not subject to the deductible

** Kaiser Permanente Members:

- a. Except as provided in this chapter or by applicable law, any and all claims, disputes, or causes of action arising out of or related to the Senior Advantage Evidence of Coverage, its performance or alleged breach, or the relationship or conduct of the parties, including but not limited to any and all claims, disputes, or causes of action based on contract, tort, statutory law, or action in equality, shall be resolved by binding arbitration.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente Medicare Part D prescription drug coverage is included under the Kaiser Permanente Senior Advantage medical plan.

Prescription Drug Plan Benefits – EUTF Medicare Retirees

| Prescription Drug | SilverScript (SSI) Medicare Part D PPO Drug Plan* | | Kaiser Senior Advantage Plan** | |
|---|---|---|--|--|
| | In-Network/ Mail Order | Out-of-Network* | HMO Network | Mail Order |
| Calendar Year Maximum Out-of-Pocket Limit | \$2,000/person | | \$2,000/ person for Medicare Part D medications | |
| Day Supply | 30/60/90 | | 30/60/90 | |
| Generic | \$5/\$10/\$10 | 20% | \$15/\$30/\$45 | \$15/\$30/\$30 |
| Preferred Brand | \$15/\$30/\$30 | 20% | | |
| Non-Preferred Brand | \$40/\$80/\$80 | 20% | | |
| Insulin | \$5/\$10/\$10 | 20% | \$15/\$30/\$45 | Not covered |
| Diabetic Supplies | No charge Meters: Covered by Medicare Part B and the HMSA and Humana medical plans | 20% Meters: Covered by Medicare Part B and the HMSA and Humana medical plans | Lancets, strips & meters: 20% Syringes/ needles: \$15/\$30/\$45 | Lancets, strips & meters: 20% Syringes/ needles: \$15/\$30/\$30 |
| Specialty Drugs (including high-cost drugs as defined by CMS) and Injectables (up to a 30-day supply) | 20% up to \$250 per fill Oral oncology: \$30 Mail: Not covered | 50% Oral oncology: \$30 + 20% Mail: Not covered | \$15 Oral oncology: \$15 Mail: Not all drugs can be mailed | |
| Medicare Part D Vaccine | No charge | No charge | No charge | |

* SilverScript Members:

- a. The EUTF's Medicare Part D prescription drug plan is administered by SilverScript (SSI), the Medicare Part D administrator for CVS Caremark. This plan is the prescription drug coverage for Medicare retirees enrolled in the HMSA and Humana PPO medical plan options and for stand-alone drug coverage.
- b. If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

** Kaiser Permanente Members:

- a. Except as provided in this chapter or by applicable law, any and all claims, disputes, or causes of action arising out of or related to the Senior Advantage Evidence of Coverage, its performance or alleged breach, or the relationship or conduct of the parties, including but not limited to any and all claims, disputes, or causes of action based on contract, tort, statutory law, or action in equality, shall be resolved by binding arbitration.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente Medicare Part D prescription drug coverage is included under the Kaiser Permanente Senior Advantage medical plan.

Prescription Drug Plan Benefits – HSTA VB Medicare Retirees

| Prescription Drug | SilverScript (SSI) Medicare Part D PPO Drug Plan* | | Kaiser Senior Advantage Plan+** | |
|---|---|---|--|----------------|
| | In-Network/Mail Order | Out-of-Network* | HMO Network | Mail Order |
| Calendar Year Maximum Out-of-Pocket Limit | \$2,000/person | | \$2,000/person for Medicare Part D medications | |
| Day Supply | 30/60/90 | | 30/60/90 | |
| Generic | \$3/\$9/\$9 | 30% | \$10/\$20/\$30 | \$10/\$20/\$20 |
| Brand | \$9/\$27/\$27 | 30% | | |
| Insulin | \$3/\$9/\$9 | 30% | \$10/\$20/\$30 | Not covered |
| Diabetic Supplies | No charge Meters: Covered by Medicare Part B and the HMAA medical plan | 30% Meters: Covered by Medicare Part B and the HMAA medical plan | 20% | 20% |
| Specialty Drugs/ Injectables (up to a 30-day supply) | Generic/brand copays apply Oral oncology: No charge Mail: Not covered | Generic/brand copays apply Oral oncology: 30% Mail: Not covered | \$10 Oral oncology: \$10 Mail: Not all drugs can be mailed | |
| Medicare Part D Vaccine | No charge | No charge | No charge | |

* SilverScript Members:

- a. The HSTA VB's Medicare Part D prescription drug plan is administered by SilverScript (SSI), the Medicare Part D administrator for CVS Caremark. This plan is the prescription drug coverage for Medicare retirees enrolled in the HMAA and Humana PPO medical plan option.
- b. If you receive services from an out-of-network pharmacy, you will pay full price for the prescription and must file a claim for reimbursement. You are responsible for the copayment, including the penalty %, and any difference between the actual charge and the eligible charge.

** Kaiser Permanente Members:

- a. Except as provided in this chapter or by applicable law, any and all claims, disputes, or causes of action arising out of or related to the Senior Advantage Evidence of Coverage, its performance or alleged breach, or the relationship or conduct of the parties, including but not limited to any and all claims, disputes, or causes of action based on contract, tort, statutory law, or action in equality, shall be resolved by binding arbitration.
- b. Members must reimburse Kaiser Permanente for care provided or paid for by Kaiser Permanente (from the proceeds of any settlement, judgment, or other payment the Member receives) if the care is for harm caused or alleged to be caused by a third party.
- c. Coverage for hearing aids based on the lowest priced model offered by Kaiser Permanente.
- d. The Kaiser Permanente Medicare Part D prescription drug coverage is included under the Kaiser Permanente Senior Advantage medical plan.

Dental Plan Benefits (Hawaii Dental Service [HDS]) – EUTF & HSTA VB

| DENTAL BENEFIT | PLAN COVERS |
|---|-------------|
| Plan Maximum per calendar year per member (Jan 1 - Dec 31) | \$2,000 |
| Calendar Year Deductible per person – does not apply to services covered at 100% | \$50 |
| DIAGNOSTIC | |
| Examinations – 2 per calendar year | 100% |
| Bitewing X-rays – 2 per calendar year through age 14; 1 per calendar year ages 15 and older | 100% |
| Other X-rays – full mouth X-rays limited to 1 every 5 years | 100% |
| PREVENTIVE | |
| Cleanings — 2 per calendar year, additional cleanings or gum maintenance covered for expectant mothers and members with a history of cancer treatment (chemotherapy or radiation), diabetes, Sjögren's syndrome, stroke, heart attack, congestive heart failure, kidney failure, or organ transplant | 100% |
| Fluoride – 2 per calendar year through age 19, additional fluoride treatments for members with a history of certain cancers, Sjögren's syndrome, or at medical risk for cavities | 100% |
| Silver Diamine Fluoride - up to 6 teeth per service date and fillings covered after 30 days of SDF treatment | 100% |
| Space Maintainers – through age 17 | 100% |
| Sealants – through age 18 (one treatment per tooth per lifetime to permanent molars with no prior fillings on biting surfaces) | 100% |
| BASIC CARE – Calendar Year Deductible Applies | |
| Fillings – silver fillings; white-colored fillings limited to front teeth | 80% |
| Root Canals | 80% |
| Gum Surgeries & Maintenance – cleaning (maintenance) for gum disease limited to 2 per calendar year after qualifying gum treatment where qualifying gum treatment is one or more of the following: | |
| • Root Planing and Scaling – 1 every 2 years per quadrant | 80% |
| • Gum/Bone Surgeries – 1 every 3 years per quadrant | |
| Oral Surgeries | 80% |
| MAJOR CARE – Calendar Year Deductible Applies | |
| Crowns – 1 every 5 years when teeth cannot be restored with silver or white fillings; white crowns limited to front teeth and bicuspids | 60% |
| Fixed Bridges & Dentures – 1 every 5 years; age 16 and older | 60% |
| Implants – 1 every 5 years; age 19 and over | 60% |
| OTHER SERVICES | |
| Adjunctive General Services | 80% |
| Emergency Treatments of Dental Pain | 100% |

Vision Plan Benefits (Vision Service Plan [VSP]) – EUTF & HSTA VB

| Vision Exam & Eye Wear Benefits: Members can have an eye exam and choose between a pair of lenses or contact lenses every calendar year. Frames are covered every other calendar year. | | | | |
|--|---------------------------|---|---|---|
| Vision Benefit | Frequency | In-Network | In-Network Extra Discounts/Savings* | Out-of-Network Plan Pays |
| Exam | Every calendar year | \$10 copay | Retinal screening: \$39 copay max | Up to \$45 |
| Prescription Glasses | | \$25 copay** | N/A | |
| Prescription Glasses Frame | Every other calendar year | \$150 allowance | 20% off out-of-pocket cost | Up to \$47 |
| Prescription Glasses Lenses: - Single vision lenses - Lined bifocal lenses - Lined trifocal lenses - Standard progressive lenses - Premium progressive lenses - Custom progressive lenses - Lenticular lenses - Polycarbonate lenses for dependent children up to age 18 - UV protection | Every calendar year | No charge No charge No charge No charge \$80-\$90 copay \$120-\$160 copay No charge No charge No charge | Lens Enhancements: Average 40% savings Additional glasses and sunglasses: 30% off from the same VSP doctor on the same day as your exam or 20% off from any VSP doctor within 12 months of your last exam | Up to \$45 Up to \$65 Up to \$85 Up to \$85 Up to \$85 Up to \$85 Up to \$125 Not covered Not covered |
| Contact Lenses (instead of glasses) - Contact lenses fitting and evaluation - Contact lenses (elective) - Contact lenses (medically necessary) | Every calendar year | \$60 copay max \$130 allowance No charge | 15% off N/A N/A | Not covered Up to \$105 Up to \$210 |
| Essential Medical Eye Care - Retinal screening for members with diabetes - Additional exams and services to treat urgent and medical eye care | As needed | No charge \$20 per exam | N/A N/A | Not covered Not covered |
| Laser Vision Correction | | Not covered | Average 15% off the regular price or 5% off the promotional price | Not covered |

* Discounts not applicable at retail locations such as Costco, Walmart, and Sam's Club

** Prescription Glasses In-Network copay applies to the purchase of lenses and/or frames. The frame allowance and lenses copays apply after the \$25 copay is paid.

Summary of Benefit Eligibility (For Members Hired Prior to 7/1/2012)

| | Noncontributory Plan | Contributory Plan | Hybrid Plan |
|-------------------------------------|---|--|--|
| Normal Retirement | Age 62 and 10 years credited service; or age 55 and 30 years credited service | Age 55 and 5 years credited service | Age 62 and 5 years credited service; or age 55 and 30 years credited service |
| Early Retirement | Age 55 and 20 years credited service | Any age and 25 years credited service | Age 55 with 20 years credited service |
| Deferred Vesting | 10 years credited service | 5 years credited service and contributions left in the ERS | 5 years credited service and contributions left in the ERS |
| Ordinary Disability | 10 years credited service | 10 years credited service | 10 years credited service |
| Service-Connected Disability | Any age or credited service | Any age or credited service | Any age or credited service |
| Ordinary Death | Active employee at time of death with at least 10 years of credited service | Active employee at time of death with at least 1 year of service | Active employee at time of death with at least 5 years of service |
| Service-Connected Death | Any age or service | Any age or service | Any age or service |

The benefit eligibilities summarized above apply to teachers and most State and County employees. Special provisions applicable to other groups of employees are outlined below:

Police officers, firefighters, investigators of the Department of the Prosecuting Attorney and the Attorney General, narcotic enforcement investigators, and public safety investigators may retire at age 55 with 5 years of credited service or at any age with 25 years of credited service.

Judges, elected officials, and legislative officers may retire at age 55 with at least 5 years of credited service, or at any age with at least 10 years of credited service. Judges hired after June 30, 1999 require 25 years of credited service in order to retire before age 55.

Sewer workers in specified classifications, water safety officers, and emergency medical technicians (EMTs) may retire at any age if they are credited with 25 years of such service with the last 5 or more years in these occupations. (The 25-year feature is phased in through 7/1/2008 for EMTs.)

Sewer workers in specified classifications, water safety officers, and emergency medical technicians (EMTs) that transfer to the Hybrid Plan may retire at age 62 with 5 years of credited service or at any age if they are credited with 25 years of such service with the last 5 or more years in these occupations.



Summary of Benefit Eligibility (For Members Hired After 6/30/2012)

| | Contributory Plan (for Police/Fire) | Contributory Plan (for Judges/Elected Officers) | Hybrid Plan |
|-------------------------------------|---|---|---|
| Normal Retirement | Age 60 and 10 years credited service | Age 60 and 10 years credited service | Age 65 and 10 years credited service; or age 60 and 30 years credited service Sewer workers, water safety officers, and EMTs may retire with 25 years credited service at age 55 |
| Early Retirement | Age 55 and 25 years credited service | Age 55 and 25 years credited service any age with 10 years for elected officers | Age 55 with 20 years credited service Sewer workers, water safety officers, and emergency medical technicians (EMTs) may retire with 25 years credited service |
| Deferred Vesting | 10 years credited service and contributions left in the ERS | 10 years credited service and contributions left in the ERS | 10 years credited service and contributions left in the ERS |
| Ordinary Disability | 10 years credited service | 10 years credited service | 10 years credited service |
| Service-Connected Disability | Any age or credited service | Any age or credited service | Any age or credited service |
| Ordinary Death | Active employee at time of death with at least 1 year of credited service | Active employee at time of death with at least 1 year of credited service | Active employee at time of death with at least 10 years of service |
| Service-Connected Death | Any age or service | Any age or service | Any age or service |

SECTION F

SUMMARY OF PARTICIPANT DATA

Active Employee Age/Service Distribution

| Attained Age | Years of Credited Service | | | | | | | | | | | | Total |
|--------------|---------------------------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-----------|--------|
| | 0 | 1 | 2 | 3 | 4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30-34 | 35 & Over | |
| Under 25 | 623 | 426 | 133 | 41 | 5 | 3 | - | - | - | - | - | - | 1,231 |
| 25-29 | 960 | 1,067 | 885 | 559 | 317 | 463 | 2 | - | - | - | - | - | 4,253 |
| 30-34 | 743 | 855 | 683 | 585 | 459 | 2,215 | 301 | - | - | - | - | - | 5,841 |
| 35-39 | 614 | 700 | 589 | 459 | 338 | 2,505 | 1,838 | 233 | - | - | - | - | 7,276 |
| 40-44 | 525 | 600 | 487 | 428 | 299 | 2,054 | 1,950 | 1,704 | 256 | - | - | - | 8,303 |
| 45-49 | 489 | 486 | 435 | 357 | 262 | 1,730 | 1,564 | 1,869 | 1,792 | 194 | - | - | 9,178 |
| 50-54 | 357 | 395 | 373 | 279 | 207 | 1,415 | 1,231 | 1,441 | 1,846 | 1,495 | 208 | 1 | 9,248 |
| 55-59 | 247 | 314 | 304 | 239 | 157 | 1,110 | 1,033 | 1,197 | 1,445 | 1,377 | 1,252 | 156 | 8,831 |
| 60-64 | 141 | 216 | 204 | 186 | 111 | 963 | 862 | 1,084 | 1,062 | 758 | 822 | 640 | 7,049 |
| 65 & Over | 93 | 122 | 101 | 101 | 86 | 811 | 708 | 712 | 795 | 523 | 543 | 869 | 5,464 |
| Total | 4,792 | 5,181 | 4,194 | 3,234 | 2,241 | 13,269 | 9,489 | 8,240 | 7,196 | 4,347 | 2,825 | 1,666 | 66,674 |

Inactive Age Distribution

| Age | Deferred Inactives | Retirees | Total |
|-------|--------------------|----------|--------|
| <35 | 34 | 18 | 52 |
| 35-39 | 392 | 3 | 395 |
| 40-44 | 1,113 | 21 | 1,134 |
| 45-49 | 1,419 | 65 | 1,484 |
| 50-54 | 1,629 | 367 | 1,996 |
| 55-59 | 1,783 | 1,698 | 3,481 |
| 60-64 | 1,549 | 4,408 | 5,957 |
| 65-69 | 497 | 8,498 | 8,995 |
| 70-74 | 215 | 11,198 | 11,413 |
| 75-79 | 24 | 11,130 | 11,154 |
| 80-84 | 3 | 7,999 | 8,002 |
| 85-89 | 4 | 4,610 | 4,614 |
| 90-94 | 3 | 2,872 | 2,875 |
| 95+ | 0 | 1,453 | 1,453 |
| Total | 8,665 | 54,340 | 63,005 |

Hawaii Employee-Union Trust Fund
Distribution by Health Plan and Coverage Type

Actives

| | Single | Two-Party | Family | Waived | Total |
|----------------------|--------|-----------|--------|---------------|---------------|
| PPO | 21,011 | 6,134 | 9,228 | N/A | 36,373 |
| HMO | 8,661 | 2,462 | 3,449 | N/A | 14,572 |
| Others | 144 | 119 | 263 | N/A | 526 |
| Waived | | | | 15,203 | 15,203 |
| Total Medical | | | | | 66,674 |

| | | | | | |
|--------|--------|--------|--------|--------|---------------|
| Dental | 29,478 | 11,788 | 12,626 | 12,782 | 66,674 |
| Vision | 29,083 | 11,033 | 11,753 | 14,805 | 66,674 |

Retirees

| | Single | Two-Party | Family | Total |
|----------------------|--------|-----------|--------|---------------|
| PPO | 24,728 | 15,421 | 1,302 | 41,451 |
| HMO | 5,301 | 2,737 | 202 | 8,240 |
| Medicare Adv | 301 | 176 | 5 | 482 |
| Others | 169 | 89 | 15 | 273 |
| Total Medical | | | | 50,446 |

| | | | | |
|--------|--------|--------|-------|---------------|
| Dental | 30,466 | 19,372 | 1,538 | 51,376 |
| Vision | 30,424 | 19,303 | 1,549 | 51,276 |
| Life | | | | 48,140 |

SECTION G

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

The actuarial assumptions used in the valuation are shown in this Section. Assumptions that are specific to certain groups (i.e. General Employees, Teachers, Police and Firefighters) are discussed under the first subsection that follows. Assumptions that are common to all types of members and unique to this valuation are then shown on the following pages.

Demographic and Certain Economic Assumptions

This actuarial valuation of the OPEB is similar to the actuarial valuations performed for ERS. All of the demographic assumptions and most of the economic assumptions used in this OPEB Valuation were identical to those used in the June 30, 2025 retirement system valuations performed by Gabriel, Roeder, Smith and Company. The assumptions which are common to the pension and OPEB valuations are described in Appendix A of this report.

Healthcare and Other Economic Assumptions

General Inflation was assumed to be 2.50% per year.

The rate of investment return was assumed to be 7.00% a year, compounded annually net after investment expenses. The assumed real return is the rate of return in excess of price inflation. Considering other assumptions used in the valuation, the nominal rate translates to a net real return of 4.50% a year.

Health Cost and Premium Increases – See table below

| Year | HMSA (PPO) | Kaiser (HMO) | Dental | Vision | Part B Premiums |
|-------------|-----------------------|-------------------------|---------------|---------------|----------------------------|
| 2027 | 6.10% | 6.10% | 4.00% | 2.50% | 5.00% |
| 2028 | 6.00% | 6.00% | 4.00% | 2.50% | 5.00% |
| 2029 | 5.90% | 5.90% | 4.00% | 2.50% | 5.00% |
| 2030 | 5.80% | 5.80% | 4.00% | 2.50% | 5.00% |
| 2031 | 5.70% | 5.70% | 4.00% | 2.50% | 5.00% |
| 2032 | 5.60% | 5.60% | 4.00% | 2.50% | 5.00% |
| 2033 | 5.50% | 5.50% | 4.00% | 2.50% | 5.00% |
| 2034 | 5.40% | 5.40% | 4.00% | 2.50% | 5.00% |
| 2035 | 5.30% | 5.30% | 4.00% | 2.50% | 5.00% |
| 2036 | 5.20% | 5.20% | 4.00% | 2.50% | 5.00% |
| 2037 | 5.10% | 5.10% | 4.00% | 2.50% | 5.00% |
| 2038 | 5.00% | 5.00% | 4.00% | 2.50% | 5.00% |
| 2039 | 4.90% | 4.90% | 4.00% | 2.50% | 4.90% |
| 2040 | 4.80% | 4.80% | 4.00% | 2.50% | 4.80% |
| 2041 | 4.70% | 4.70% | 4.00% | 2.50% | 4.70% |
| 2042 | 4.60% | 4.60% | 4.00% | 2.50% | 4.60% |
| 2043 | 4.50% | 4.50% | 4.00% | 2.50% | 4.50% |
| 2044 | 4.40% | 4.40% | 4.00% | 2.50% | 4.40% |
| 2045 | 4.30% | 4.30% | 4.00% | 2.50% | 4.30% |
| 2046 | 4.25% | 4.25% | 4.00% | 2.50% | 4.25% |

The premiums for 2026 were known at the time of the valuation. The first trend rate shown above is assumed to occur at 1/1/2027. Future increases are also assumed to occur on 1/1. The HMSA and Kaiser trend rates are blended rates used to project both medical and prescription drug costs.

The trend rates shown above for the Part B premiums apply to the BMC and the Part B premiums. For the BMC, there is a one-year delay, and the 1/1/2027 BMC increase will be 9.70%.

The 4.25% ultimate trend assumption is comprised of 2.50% long-term price inflation + 1.75% real GDP growth.

Healthcare and Other Economic Assumptions (Continued)

Plan Participation

The plan participation rates were assumed to vary based on the employer contribution percentage, as follows:

| Employer Contribution | Rates of Participation | | |
|-----------------------|---|----------------|-----------------|
| | Medical, Prescription Drug, Dental and Vision | Life Insurance | Medicare Part B |
| 0% | 25% | 100% | 98% |
| 50% | 65% | 100% | 98% |
| 75% | 90% | 100% | 98% |
| 100% | 98% | 100% | 98% |

The same assumptions were used for terminated participants with vested pension benefits. However, current active employees who terminate service prior to the age of 35 are not assumed to ever participate in the retiree health plan.

For current retirees, the actual family coverage election is used. For future retirees, the family coverage assumptions are 35% single / 50% two-party / 15% family prior to age 65 and 50% single / 50% two-party after the age of 65. It was assumed 45% of eligible future retirees would receive Medicare Part-B reimbursements for a spouse. For those that elect two-party or family coverage, it was assumed that coverage would continue to the spouse upon death of the retiree.

Plan Elections

For current retirees, plan elections were based on the plan in which they are currently enrolled. For future retirees, plan participation was assumed to be 82% HSPA / 18% Kaiser.

Administration Fees

The following table provides the 2026 monthly administration fees. The EUTF Board approved to pay third party administration fees through December 31, 2034, using the Agency Fund assets. As a result, it was assumed that the administration fees would be in addition to the premiums shown in Section E for years after 2034.

| Monthly Fee | Single Party | Two-Party | Family |
|------------------|--------------|-----------|---------|
| Medical and Drug | \$6.04 | \$12.08 | \$18.12 |
| Dental | 0.42 | 0.84 | 1.26 |
| Vision | 0.04 | 0.08 | 0.12 |
| Life | 0.04 | 0.04 | 0.04 |

Healthcare and Other Economic Assumptions (Continued)

Aging Factors: In any given year, the cost of medical and prescription drug benefits vary by age. As the ages of retirees in the covered population increase so does the cost of benefits. Morbidity tables are employed to develop Per Capita Costs at every relevant age. The following table represents the percent by which the cost of medical and prescription drug benefits at one age is higher than the cost for the previous age. For example, according to the following table, the cost of benefits for a male age 55 is 5.50% higher than for one age 54. These percentages below are separate from the annual Medical Trend, which operates to increase costs independent of and in addition to the Aging Factors shown below.

| Sample Ages | Cost Increases by Age | |
|-------------|-----------------------|--------|
| | Male | Female |
| 45 | 4.66% | 1.88% |
| 50 | 5.83% | 3.53% |
| 55 | 5.50% | 2.85% |
| 60 | 5.06% | 3.45% |
| 65 | 3.34% | 3.28% |
| 70 | 1.77% | 2.02% |
| 75 | 1.15% | 1.32% |
| 80 | 0.82% | 1.05% |
| 85 | -0.27% | 0.49% |
| 90 | -0.32% | 0.03% |

Actuarial Methods

The individual entry age actuarial cost method was used in determining liabilities and normal cost. Differences between assumed experience and actual experience ("actuarial gains and/or losses") become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce payments (principal & interest) which are a level percent of payroll. Closed bases will be established at each valuation for new unfunded liabilities. If experience produces a loss, the new base will be amortized over a period of 20 years. Experience gains will be amortized over the same period as the initial liability base, until the initial liability base is fully amortized.

Miscellaneous and Technical Assumptions

| | |
|---------------------------|---|
| Actuarial Value of Assets | The actuarial value of assets is based on the market value of assets with a four-year phase-in of actual investment return in excess of (less than) expected investment income. Offsetting unrecognized gains and losses are immediately recognized, with the shortest remaining bases recognized first and the net remaining bases continue to be recognized on their original timeframe. The expected actuarial value of assets is calculated net of investment expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's actuarial value of assets, adjusted for contributions, benefits paid, and refunds. |
| Claims Utilization | To model the impact of aging on the underlying health care costs, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Chart 1 (2010 Aggregate Commercial Costs) was used to model the impact of aging for ages less than 65 and Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over. |
| Marriage Assumption | 100% of males and females are assumed to be married for purposes of death-in-service benefits. For future retirees, husbands are assumed to be four years older than wives. |
| Pay Increase Timing | Beginning of (fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date. |
| Decrement Timing | Except for teachers, decrements of all types are assumed to occur mid-year. For teachers, the normal retirement, early retirement and termination decrements are assumed to occur at the beginning of the year. |
| Eligibility Testing | Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur. |
| Decrement Operation | Disability and mortality decrements are added to the termination decrements during the first 5 years. Disability is added to the retirement decrement during retirement eligibility. |

Miscellaneous and Technical Assumptions (continued)

| | |
|-------------------------------------|--|
| Deferred Age | Terminated employees with vested pension benefits are assumed to commence their benefit at age 62 or their current age if they are older than 62 as of the valuation date. |
| Timing of ARC Contributions | The ARC is assumed to be received at the middle of the year. |
| Administrative Expenses | Third party administrative expenses related to providing benefits are included in the age-rated costs. The administrative costs related to operating the trust are included in the normal cost. |
| Reliance on Other Actuaries | We have relied on the premiums developed by Segal Consulting for the self-insured prescription drug benefit. |
| Assumption, Method And Plan Changes | Mortality and other demographic assumptions have been updated to match those developed in the June 30, 2024 Hawaii Employees' Retirement System Experience Study. Taken together, these changes increased the liability. |

APPENDIX A

DEMOGRAPHIC AND CERTAIN ECONOMIC ASSUMPTIONS

Demographic and Certain Economic Assumptions

A. Economic Assumptions

1. Wage inflation: 3.00% per annum
2. Salary increase rate: As shown below

| Years of Service | General Employees | | Teachers | |
|------------------|---------------------------|---|---------------------------|---|
| | Service-related Component | Total Rate Including 2.50% Inflation Component and 1.25% Productivity Component | Service-related Component | Total Rate Including 2.50% Inflation Component and 1.35% Productivity Component |
| 1 | 3.00% | 6.75% | 3.00% | 6.85% |
| 2 | 3.00% | 6.75% | 3.00% | 6.85% |
| 3 | 2.00% | 5.75% | 2.00% | 5.85% |
| 4 | 1.50% | 5.25% | 1.50% | 5.35% |
| 5 | 1.50% | 5.25% | 1.50% | 5.35% |
| 6 | 1.25% | 5.00% | 1.25% | 5.10% |
| 7 | 1.25% | 5.00% | 1.25% | 5.10% |
| 8 | 1.00% | 4.75% | 1.00% | 4.85% |
| 9 | 1.00% | 4.75% | 1.00% | 4.85% |
| 10 | 1.00% | 4.75% | 1.00% | 4.85% |
| 11 | 0.75% | 4.50% | 0.75% | 4.60% |
| 12 | 0.75% | 4.50% | 0.75% | 4.60% |
| 13 | 0.50% | 4.25% | 0.50% | 4.35% |
| 14 | 0.50% | 4.25% | 0.50% | 4.35% |
| 15 | 0.50% | 4.25% | 0.50% | 4.35% |
| 16 | 0.50% | 4.25% | 0.50% | 4.35% |
| 17 | 0.50% | 4.25% | 0.50% | 4.35% |
| 18 | 0.50% | 4.25% | 0.50% | 4.35% |
| 19 | 0.50% | 4.25% | 0.50% | 4.35% |
| 20 | 0.25% | 4.00% | 0.25% | 4.10% |
| 21 | 0.25% | 4.00% | 0.25% | 4.10% |
| 22 | 0.25% | 4.00% | 0.25% | 4.10% |
| 23 | 0.25% | 4.00% | 0.25% | 4.10% |
| 24 | 0.25% | 4.00% | 0.25% | 4.10% |
| 25 or more | 0.00% | 3.75% | 0.00% | 3.85% |

2. Salary increase rates (continued):

| Police & Firefighters | | |
|-----------------------|---------------------------|---|
| Years of Service | Service-related Component | Total Annual Rate of Increase Including 2.50% Inflation Component and 2.50% General Increase Rate |
| 1 | 0.85% | 5.85% |
| 2 | 0.85% | 5.85% |
| 3 | 0.85% | 5.85% |
| 4 | 0.85% | 5.85% |
| 5 | 0.85% | 5.85% |
| 6 | 0.85% | 5.85% |
| 7 | 0.85% | 5.85% |
| 8 | 0.85% | 5.85% |
| 9 | 0.85% | 5.85% |
| 10 | 0.85% | 5.85% |
| 11 | 0.85% | 5.85% |
| 12 | 0.85% | 5.85% |
| 13 | 0.85% | 5.85% |
| 14 | 0.85% | 5.85% |
| 15 | 0.85% | 5.85% |
| 16 | 0.85% | 5.85% |
| 17 | 0.85% | 5.85% |
| 18 | 0.85% | 5.85% |
| 19 | 0.85% | 5.85% |
| 20 | 0.85% | 5.85% |
| 21 | 0.85% | 5.85% |
| 22 | 0.85% | 5.85% |
| 23 | 0.85% | 5.85% |
| 24 | 0.85% | 5.85% |
| 25 | 0.85% | 5.85% |
| 26 | 0.85% | 5.85% |
| 27 | 0.85% | 5.85% |
| 28 | 0.85% | 5.85% |
| 29 | 0.85% | 5.85% |
| 30 | 0.85% | 5.85% |
| 31 or more | 0.00% | 5.00% |

Salary increases are assumed to occur once a year, on July 1. Therefore the pay used for the period between the valuation date and the first anniversary of the valuation date is equal to the reported pay for the prior year, annualized if necessary, and then increased by the salary increase assumption. To adjust the pays received as of March 31st to the June 30th valuation date, the reported pay for each member is increased by 1%.

B. Demographic Assumptions

1. Mortality rates:

Active Members: Multiples of the Pub-2016, Employee Tables for active employees based on the occupation of the member as follows:

| Type | General Employees | | Teachers | | Police and Fire | |
|------------------|-------------------|--|---------------|--|-----------------|--|
| | Male & Female | | Male & Female | | Male & Female | |
| Ordinary | 95% | | 95% | | 80% | |
| % of Ordinary | | | | | | |
| Choosing Annuity | 41% | | 52% | | 24% | |
| Duty Related | 5% | | 5% | | 20% | |

Healthy Retirees: The 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multipliers and setbacks based on plan and group experience. The following are sample rates of the base table with the corresponding multipliers:

| Healthy Annuitant Mortality Rates Before Projection (Multiplier Applied) | | | | | | |
|--|-------------------|-----------|----------|-----------|-----------------|-----------|
| Age | General Employees | | Teachers | | Police and Fire | |
| | Male | Female | Male | Female | Male | Female |
| 50 | 0.2094% | 0.1276% | 0.1698% | 0.0951% | 0.2344% | 0.1130% |
| 55 | 0.3215% | 0.1687% | 0.2883% | 0.1596% | 0.3391% | 0.1633% |
| 60 | 0.5570% | 0.3095% | 0.4672% | 0.2467% | 0.6090% | 0.2799% |
| 65 | 0.8041% | 0.4488% | 0.7256% | 0.4063% | 0.8386% | 0.4283% |
| 70 | 1.2621% | 0.7066% | 1.0762% | 0.6015% | 1.3768% | 0.6565% |
| 75 | 2.0700% | 1.0964% | 1.7879% | 0.9358% | 2.2442% | 1.0121% |
| 80 | 3.5996% | 2.1275% | 3.0429% | 1.6565% | 3.9844% | 1.8863% |
| 85 | 6.5891% | 4.1569% | 5.5564% | 3.2698% | 7.2903% | 3.6977% |
| 90 | 11.9340% | 8.3647% | 10.1056% | 6.5007% | 13.1174% | 7.3991% |
| Multiplier Setback | 102% 0 | 98% -1 | 97% 1 | 101% 1 | 100% -1 | 100% 0 |

The following table provides the life expectancy for individuals retiring in future years based on the assumption with full generational projection:

| Gender | Year of Retirement | | | | |
|-----------------|--------------------|------|------|------|------|
| | 2025 | 2030 | 2035 | 2040 | 2045 |
| | General Retirees | | | | |
| Male | 22.8 | 23.2 | 23.5 | 23.9 | 24.2 |
| Female | 26.3 | 26.6 | 26.9 | 27.2 | 27.5 |
| Teachers | | | | | |
| Male | 24.1 | 24.5 | 24.9 | 25.2 | 25.5 |
| Female | 28.0 | 28.3 | 28.6 | 28.9 | 29.2 |
| Police and Fire | | | | | |
| Male | 22.1 | 22.4 | 22.8 | 23.1 | 23.5 |
| Female | 27.1 | 27.4 | 27.7 | 28 | 28.3 |

Disabled retirees: Base Table for healthy retirees' occupation, set forward 3 years, generational projection using the UMP projection table from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

- Disability rates – The assumed total disability rates at select ages are multiples of the client specific table that follows:

| Age | Male & Female |
|-----|---------------|
| 25 | 0.000% |
| 30 | 0.001% |
| 35 | 0.008% |
| 40 | 0.026% |
| 45 | 0.064% |
| 50 | 0.146% |
| 55 | 0.198% |
| 60 | 0.212% |

Note: The disability rates project the percentage of employees at each age that is assumed to become disabled before retiring. Multiples of the rates above are assumed to be ordinary disability or accidental disability, and varies by employee group as follows:

| Type | General Employees | Teachers | Police and Fire |
|------------|-------------------|---------------|-----------------|
| | Male & Female | Male & Female | Male & Female |
| Ordinary | 190% | 90% | 50% |
| Accidental | 65% | 15% | 120% |

3. Termination Rates - Same male and female rates, based solely on the member's service. Rates reflect terminations for causes other than death, disability or retirement. Employees eligible for retirement are assumed to have no probability of termination. Sample rates are shown below:

| Expected Terminations per 1000 Lives (Male & Female) | | | |
|--|-------------------|----------|---------------|
| Years of Service | General Employees | Teachers | Police & Fire |
| 0 | 180.7 | 0.0 | 154.0 |
| 1 | 145.0 | 199.9 | 57.6 |
| 2 | 116.5 | 166.9 | 45.4 |
| 3 | 93.8 | 136.1 | 38.3 |
| 4 | 76.3 | 109.3 | 33.2 |
| 5 | 62.9 | 87.2 | 29.3 |
| 6 | 52.9 | 70.1 | 26.1 |
| 7 | 45.6 | 57.9 | 23.4 |
| 8 | 40.4 | 49.9 | 21.0 |
| 9 | 36.5 | 44.9 | 18.9 |
| 10 | 33.5 | 41.4 | 17.2 |
| 11 | 30.9 | 36.2 | 11.7 |
| 12 | 28.5 | 32.7 | 11.0 |
| 13 | 23.1 | 29.4 | 10.3 |
| 14 | 20.2 | 26.4 | 9.7 |
| 15 | 18.1 | 23.4 | 9.0 |
| 16 | 16.4 | 20.8 | 7.6 |
| 17 | 15.1 | 18.3 | 7.0 |
| 18 | 14.0 | 16.0 | 6.4 |
| 19 | 13.1 | 13.7 | 5.8 |
| 20 | 12.1 | 11.8 | 5.2 |
| 21 | 11.1 | 10.0 | 4.6 |
| 22 | 10.2 | 8.4 | 4.0 |
| 23 | 9.3 | 7.0 | 3.4 |
| 24 | 8.3 | 5.8 | 2.8 |
| 25 | 7.1 | 4.8 | 0.0 |
| 26 | 6.0 | 4.0 | 0.0 |
| 27 | 4.7 | 3.3 | 0.0 |
| 28 | 3.5 | 2.8 | 0.0 |
| 29 | 2.4 | 2.6 | 0.0 |
| 30 and more | 0.0 | 0.0 | 0.0 |

4. Retirement rates - Separate male and female rates, based on age. Sample rates are shown below:

Contributory Members

| Expected Retirements per 100 Lives | | | | | | | | | | |
|------------------------------------|-------------------------|--------|-----------------------|--------|-------------------------|--------|-----------------------|--------|--|--|
| Age | General Employees | | | | Teachers | | | | Police/Fire Unreduced Retirement Male & Female | |
| | Unreduced Retirement | | Reduced Retirement | | Unreduced Retirement | | Reduced Retirement | | | |
| | Male | Female | Male | Female | Male | Female | Male | Female | | |
| 45 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17.5 | |
| 46 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17.5 | |
| 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17.5 | |
| 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17.5 | |
| 49 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17.5 | |
| 50 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 20.0 | |
| 51 | 0 | 0 | 2 | 1 | 0 | 0 | 1 | 1 | 20.0 | |
| 52 | 0 | 0 | 2 | 1 | 0 | 0 | 1 | 1 | 20.0 | |
| 53 | 0 | 0 | 2 | 1 | 0 | 0 | 2 | 2 | 20.0 | |
| 54 | 0 | 0 | 3 | 2 | 0 | 0 | 3 | 3 | 20.0 | |
| 55 | 25 | 20 | | | 20 | 18 | | | 22.0 | |
| 56 | 25 | 20 | | | 15 | 16 | | | 22.0 | |
| 57 | 16 | 13 | | | 15 | 16 | | | 22.0 | |
| 58 | 16 | 13 | | | 15 | 16 | | | 24.0 | |
| 59 | 13 | 13 | | | 15 | 16 | | | 27.0 | |
| 60 | 13 | 15 | | | 14 | 18 | | | 30.0 | |
| 61 | 13 | 15 | | | 14 | 18 | | | 30.0 | |
| 62 | 28 | 25 | | | 14 | 25 | | | 30.0 | |
| 63 | 20 | 20 | | | 14 | 20 | | | 30.0 | |
| 64 | 20 | 20 | | | 14 | 15 | | | 30.0 | |
| 65 | 20 | 20 | | | 20 | 25 | | | 100.0 | |
| 66 | 18 | 20 | | | 15 | 25 | | | | |
| 67 | 18 | 20 | | | 15 | 20 | | | | |
| 68 | 18 | 20 | | | 15 | 20 | | | | |
| 69 | 18 | 20 | | | 15 | 20 | | | | |
| 70 | 20 | 20 | | | 15 | 20 | | | | |
| 71 | 20 | 20 | | | 15 | 20 | | | | |
| 72 | 20 | 20 | | | 15 | 20 | | | | |
| 73 | 20 | 20 | | | 15 | 20 | | | | |
| 74 | 20 | 20 | | | 15 | 20 | | | | |
| 75 | 100 | 100 | | | 100 | 100 | | | | |

Noncontributory Members

| Expected Retirements per 100 Lives | | | | | | | | | | | |
|------------------------------------|-----------|--------|----------|--------|---------|--------|-----------|--------|--------------------|--------|---------|
| General Employees | | | | | | | | | | | |
| | Unreduced | | 25 & Out | | Reduced | | Unreduced | | Reduced Retirement | | Teacher |
| Age | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | |
| 55 | 20 | 12 | 15 | 11 | 2 | 2 | 12 | 13 | 1 | 2 | |
| 56 | 18 | 12 | 23 | 11 | 2 | 2 | 12 | 7 | 1 | 2 | |
| 57 | 13 | 12 | 18 | 11 | 2 | 2 | 12 | 8 | 1 | 2 | |
| 58 | 10 | 12 | 15 | 11 | 2 | 2 | 12 | 10 | 2 | 2 | |
| 59 | 10 | 12 | 15 | 11 | 2 | 2 | 12 | 20 | 3 | 3 | |
| 60 | 10 | 14 | 15 | 14 | 4 | 4 | 12 | 11 | 5 | 5 | |
| 61 | 11 | 18 | 16 | 18 | 4 | 4 | 12 | 16 | 7 | 5 | |
| 62 | 20 | 20 | 25 | 20 | | | 16 | 25 | | | |
| 63 | 20 | 20 | 25 | 20 | | | 12 | 20 | | | |
| 64 | 12 | 20 | 17 | 20 | | | 10 | 15 | | | |
| 65 | 14 | 20 | 19 | 20 | | | 20 | 25 | | | |
| 66 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 67 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 68 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 69 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 70 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 71 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 72 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 73 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 74 | 20 | 20 | 25 | 20 | | | 15 | 25 | | | |
| 75 | 100 | 100 | 100 | 100 | | | 100 | 100 | | | |

Note: Retirement rates for the 25&out group age 55 are 15% for male and 11% for female.

Hybrid Members

| Age | Expected Retirements per 100 Lives | | | | | | | | | |
|-----|------------------------------------|--------|---------|--------|-----------|----------|---------|--------|------|--------|
| | General Employees | | | | | Teachers | | | | |
| | Unreduced | | Reduced | | Unreduced | | Reduced | | | |
| Age | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 55 | 20 | 18 | 3 | 3 | 20 | 18 | 2 | 2 | | |
| 56 | 15 | 13 | 3 | 3 | 15 | 12 | 2 | 2 | | |
| 57 | 15 | 13 | 3 | 3 | 15 | 12 | 2 | 2 | | |
| 58 | 15 | 13 | 3 | 3 | 15 | 14 | 2 | 2 | | |
| 59 | 18 | 13 | 3 | 3 | 15 | 14 | 3 | 3 | | |
| 60 | 20 | 13 | 5 | 5 | 15 | 14 | 3 | 5 | | |
| 61 | 16 | 15 | 5 | 5 | 15 | 18 | 3 | 10 | | |
| 62 | 20 | 20 | | | 15 | 25 | | | | |
| 63 | 16 | 20 | | | 15 | 20 | | | | |
| 64 | 16 | 20 | | | 15 | 20 | | | | |
| 65 | 20 | 20 | | | 20 | 25 | | | | |
| 66 | 20 | 20 | | | 15 | 25 | | | | |
| 67 | 20 | 20 | | | 15 | 25 | | | | |
| 68 | 20 | 20 | | | 15 | 25 | | | | |
| 69 | 20 | 20 | | | 15 | 25 | | | | |
| 70 | 20 | 20 | | | 15 | 25 | | | | |
| 71 | 20 | 20 | | | 15 | 25 | | | | |
| 72 | 20 | 20 | | | 15 | 25 | | | | |
| 73 | 20 | 20 | | | 15 | 25 | | | | |
| 74 | 20 | 20 | | | 15 | 25 | | | | |
| 75 | 100 | 100 | | | 100 | 100 | | | | |

Note: For the 25&out group with membership dates before July 1, 2012, the retirement rates prior to age 55 are 10% for both male and female.

For members hired after June 30, 2012 the retirement rates for members once they reach unreduced retirement eligibility are increased 10% (multiplicative) for each year the member is beyond the age the member would have been eligible under the Hybrid provisions for members hired prior to June 30, 2012.

APPENDIX B

GLOSSARY

Glossary

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Medical Trend Rate (Health Inflation). The increase in the plan's cost over time. Trend includes all elements that may influence a plan's cost, assuming that enrollments and the plan benefits do not change. Trend includes such elements as, pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Post-Employment Employee Benefits (OPEB). OPEB are post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.