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GASB STATEMENT NO. 74 REPORT

FOR THE

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

RETIREE HEALTH INSURANCE PLAN

PREPARED AS OF JUNE 30, 2021





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

February 8, 2022

Board of Directors
Connecticut State Teachers' Retirement System
165 Capitol Avenue
Hartford, CT 06106-1673

**Re: June 30, 2021 GASB Statement No. 74 Report for the
Retiree Health Insurance Plan of the Connecticut State Teachers' Retirement System**

Members of the Board:

This report presents the results of the actuarial valuation of the Retiree Health Insurance Plan (the Plan) of the Connecticut State Teachers' Retirement System (the System). This report has been prepared by the System's actuary, Cavanaugh Macdonald Consulting (CMC) as of June 30, 2021 (Measurement Date).

The primary purpose of the valuation report is to provide the actuarial information for the Plan required under Governmental Accounting Standards Board (GASB) Statement No. 74 (GASB 74) for the fiscal year ending on June 30, 2021 based on a valuation date of June 30, 2020.

Additional Information and Disclosures

The information contained in this report is intended to be used by the System for Plan accounting purposes for the fiscal year ending on June 30, 2021, and its use for other purposes may not be appropriate. Calculations for purposes other than reporting the Plan accounting information required under GASB 74 may produce significantly different results.

The results contained in this report were prepared by qualified actuaries according to generally accepted actuarial principles and practices, and in compliance with Actuarial Standards of Practice issued by the Actuarial Standards Board. Our understanding is that the System has made no changes to the Plan's funding policy since the prior valuation. The Plan accounting information provided in this report reflects our current understanding of GASB 74, including any applicable guidance provided by the System or its audit partners, as of the date of this report.

These results supersede all June 30, 2021 actuarial valuation results for the System, including draft versions of this document, issued prior to the date of this report. The System should rely only on the June 30, 2021 actuarial results provided herein.



The census data for active and retired members as of the Valuation Date, changes in plan provisions since the prior Valuation Date, the net benefits and administrative expenses paid during the fiscal year beginning on July 1, 2020 and ending on June 30, 2021, and pertinent financial information were provided by the System for actuarial valuation and Plan accounting purposes. We did not audit the supplied information, but it was reviewed for reasonableness and consistency. In certain situations, the supplied information was adjusted to account for normal differences in collection dates and/or methods. As a result, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it is reliable for the purposes stated herein. The results and conclusions contained in this report depend on the integrity of this information, and if any of the supplied information or analyses change, our results and conclusions may be different, and this report may need to be revised. Likewise, this information may need to be revised to reflect any significant event that affects the Plan subsequent to the Valuation Date.

Valuation results as of June 30, 2021 are based on the assumptions and methods used in the Plan's June 30, 2020 biennial actuarial valuation, which are summarized in various sections of this report. All GASB 74 assumptions—including, but not limited to, discount rates, expected rates of return on assets, long-term health care cost trend rates, and expected active employee health care coverage election assumptions—have been selected for the measurement of the Plan's benefit obligations as of June 30, 2021 based on the June 30, 2020 valuation date, and should reflect best estimates of anticipated Plan experience. Other than the discount rate required under GASB 74, we believe that those assumptions selected for Plan funding and financial accounting purposes as of June 30, 2021 are reasonable for the purposes of preparing the measurements described above.

The actuarial cost method, the asset valuation method, and the amortization methods are prescribed under GASB rules for financial accounting purposes as of the June 30, 2021 measurement date. Actuarial methods such as the actuarial cost methods, asset valuation methods, and amortization methods used in the cost allocation procedure (for financial accounting purposes) are designed to recognize changes in an orderly fashion over a period of years. In certain situations, the actuarial methods used in an allocation procedure may have the effect of deferring changes in contributions or costs into later years. Likewise, the use of these methods could produce deferred gains or losses if any material underlying assumption is not met over a long period of time.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, we have not performed an analysis of the potential range of such future differences other than the sensitivity to changes in the discount rate and healthcare cost trend rates required by GASB 74. **This report does not consider all possible scenarios.**



Board of Directors
February 8, 2022
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The funded status measurements included in this report are based on the assumptions and methods used to determine the Plan's obligations and asset values as of the valuation and/or measurement date. Funded status measurements for financial accounting purposes may not be appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. Likewise, funded status measurements for financial accounting purposes may not be appropriate for assessing the need for or the amount of future actuarially determined contributions.

CMC does not provide legal, investment, or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice and interpretations of the System or its affiliated legal, investing, or accounting partners.

The undersigned are familiar with the near-term and/or long-term aspects of other postemployment benefit plan valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained in this report. All sections of this report, including any appendices and attachments, are considered an integral part of the actuarial opinions.

To the best of our knowledge, no executive or employee of CMC providing services to the System has any direct financial interest or indirect material interest in the System. As a result, we believe that there is no relationship existing that might affect our capacity to prepare and certify these results for the System's Plan as of June 30, 2021.

Please call us at 678-388-1700 if you have any questions.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Yuek Yeng'.

Youveak Yeng, ASA, MAAA
Senior Actuary

A handwritten signature in blue ink, appearing to read 'Alisa Bennett'.

Alisa Bennett, FSA, EA, FCA, MAAA
President

YY/AB:nh



Connecticut State Teachers' Retirement System

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Connecticut State Teachers' Retirement System

Section I — Board Summary

GASB 74 ACCOUNTING INFORMATION AS OF JUNE 30, 2021 FOR THE SYSTEM'S RETIREE HEALTH INSURANCE PLAN

Summary of Principal Plan Accounting Results

(\$ in Thousands)	
Valuation Date (VD):	June 30, 2020
Prior Measurement Date (PMD):	June 30, 2020
Measurement Date (MD):	June 30, 2021
Membership Data as of the VD:	
Inactive Members Currently Receiving Benefits	27,431
Inactive Members Entitled to, but Not Currently Receiving Benefits	10,687
Active Members	<u>50,951</u>
Total Membership	89,069
Discount Rate:	
Long-Term Expected Rate of Return	3.00%
Municipal Bond Index Rate at PMD	2.21%
Municipal Bond Index Rate at MD	2.16%
Year in which Fiduciary Net Position is Projected to be Depleted	2023
Single Equivalent Interest Rate at Prior Measurement Date	2.21%
Single Equivalent Interest Rate at Measurement Date	2.17%
Total OPEB Liability (TOL) as of the MD:	\$ 1,732,104
TOL as a percentage of covered compensation	39.03%
Net OPEB Liability (NOL) as of the MD:	
Total OPEB Liability (TOL)	\$ 1,732,104
Fiduciary Net Position (FNP)	<u>105,915</u>
Net OPEB Liability (NOL = TOL – FNP)	\$ 1,626,189
FNP as a percentage of TOL	6.11%
NOL as a percentage of covered compensation	36.64%



Connecticut State Teachers' Retirement System

Section II — Introduction

The Governmental Accounting Standards Board issued Statement No. 74 (GASB 74), “Financial Reporting for Postemployment Benefit Plans other than Pension Plans” in June 2015. GASB 74’s effective date is for a plan’s fiscal year beginning after June 15, 2016. If an OPEB plan does not issue a stand-alone financial report, the employer should make the note disclosures required by Statement 74 for an OPEB plan within the employer’s financial report. For the purposes of reporting under GASB 74, the Plan is assumed to be a cost-sharing, other than insured, defined benefit OPEB plan with a special funding situation where assets are accumulated in a trust that meets the criteria in paragraph 3 of GASB 74.

This report, prepared as of June 30, 2021 (Measurement Date or MD), presents information to assist the Plan in meeting the requirements of GASB 74. Much of the material provided in this report is based on the data, assumptions and results of the actuarial valuation of the Plan, as of June 30, 2020 (Valuation Date or VD).

GASB 74 requires the determination of the Total OPEB Liability (TOL) utilizing the Entry Age Normal (EAN) actuarial cost method. If the valuation date at which the TOL is determined is before the measurement date, as is the case here, the TOL must be rolled forward to the measurement date. The Net OPEB Liability (NOL) is then set equal to the rolled forward TOL minus the plan’s Fiduciary Net Position (FNP) (the market value of assets as of the Measurement Date). The plan provisions recognized in the calculation of the TOL are summarized in Schedule D. The development of the roll-forward of the TOL is shown in the table on page 11.

Among the items needed for the liability calculation is the discount rate, as defined by GASB, or a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan’s provisions applicable to the membership and beneficiaries of the Plan on the Measurement Date. If the FNP is not projected to be depleted at any point in the future, the long term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, at a future measurement date, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The Municipal Bond Index Rate used for this purpose is the 20-Bond average General Obligation 20-year Municipal Bond Rate published at the end of the last week during the month of June by The Bond Buyer (www.bondbuyer.com). Our calculations indicated the FNP is projected to be depleted in 2023, so the Municipal Bond Index Rate is used in the determination of the SEIR. Please see the “Summary of Key Actuarial Assumptions, Methods, and Other Inputs” in Section III for more explanation into the development of the SEIR.



Connecticut State Teachers' Retirement System

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

The sections that follow provide the results of all the necessary calculations for note disclosure and Required Supplementary Information (RSI).



Connecticut State Teachers' Retirement System

Section III — Financial Statement Notes

This section contains accounting information that may be used to satisfy the reporting requirements under Governmental Accounting Standards Board (GASB) Statement No. 74 for the fiscal year ending on June 30, 2021, based on a June 30, 2020 valuation date.

The Plan is assumed to be cost-sharing, other than insured, defined benefit OPEB plan with a special funding situation where assets are accumulated in a trust that meets the criteria in paragraph 3 of GASB 74. Additionally, we have assumed that the System will not restate results for any period prior to the adoption of GASB 74 based on the guidance in paragraph 61 of that Standard. This report does not include any non-actuarial items that may need to be reported or disclosed.

Plan Membership Information

The Plan's membership data was furnished by the System for valuation purposes as of June 30, 2020. The following table summarizes the membership of the Plan as of the June 30, 2020 valuation date.

Membership Group	Number
Inactive plan members currently receiving benefits	27,431
Inactive plan members entitled to, but not currently receiving benefits	10,687
Active participants	<u>50,951</u>
Total membership	89,069

Net OPEB Liability / (Asset) (NOL)

The NOL is equal to the Total OPEB Liability (TOL) minus the Fiduciary Net Position (FNP). The development of the NOL, and the Plan's funded ratio, as of the June 30, 2021 Measurement Date is presented in the table below.

As of June 30, 2021 (\$ in Thousands)	
TOL	\$ 1,732,104
FNP	<u>105,915</u>
NOL [TOL – FNP]	\$ 1,626,189
Ratio of FNP to TOL	6.11%



Connecticut State Teachers' Retirement System

Summary of Key Actuarial Assumptions, Methods, and Other Inputs

The TOL was determined by an actuarial valuation as of June 30, 2020, using the key actuarial assumptions, methods, and other inputs listed below. Please note that the complete set of actuarial assumptions, methods, and other inputs that were used to develop the TOL are provided in Schedule C.

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases, including wage inflation	3.00% - 6.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	3.00%
Municipal Bond Index Rate at Prior Measurement Date	2.21%
Municipal Bond Index Rate at Measurement Date	2.16%
Year FNP is projected to be depleted	2023
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation, as of Prior Measurement Date	2.21%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation, as of Measurement Date	2.17%
Health Care Cost Trend Rates*	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023

Subsidy amounts will not increase upon reaching their limit.

*Premium rates have been set for the Medicare Advantage and Medicare Supplement plans until calendar year 2024. The general health care trend rates have been used for adjusting rates to valuation timing and are used for trending the subsidy amount for pre-Medicare participants until the limit is reached.

Health care cost trend rates are set on an annual basis based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and the views of experts who are familiar with the System's Plan and/or similar plan offerings. Effective June 30, 2020 the health care cost trend rates for the Medicare Supplement and Medicare Advantage medical and prescription drug options were revised to reflect current expectations of future increases in health care claim costs for those options.

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.



Connecticut State Teachers' Retirement System

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. The actuarial economic assumptions used in the June 30, 2020 valuation were based on the results of a study of economic assumptions for use in actuarial valuations report dated April 24, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, rates of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation are based on a review of recent plan experience that was performed concurrently with the June 30, 2020 valuation and/or based on anticipated changes in participant behavior following the change of benefit terms, effective July 1, 2018 and January 1, 2019.

The long-term expected return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class compiled by Horizon Actuarial Services, LLC in its "Survey of Capital Market Assumptions, 2020 Edition". The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.00%*	-0.42%	1.78%
Price Inflation		2.50%	
Expected Rate of Return		$0.9958 \times 1.0250 - 1 = 2.07\%$	
Expected Rate of Return (Rounded Nearest 0.25%)		2.00%	

*All of the Plan's assets are assumed to be invested in cash equivalents given the need for liquidity.

Since there have not been any changes to the asset allocation and we expect that the recent economic downturn is temporary, we continue to use the funding rate of 3.00% as of June 30, 2021.



Connecticut State Teachers' Retirement System

DEVELOPMENT OF THE DISCOUNT RATE (SEIR)

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The basis for this projection was the actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate, and were first applied to reduce applicable service costs for these members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. In this analysis, the long-term expected rate of return on Plan investments equal to 3.00% was applied to periods through 2023 and the Municipal Bond Index Rate as of the Measurement Date (2.16%) was applied to periods on or after 2023, resulting in a SEIR equal to 2.17% as of the Measurement Date.

Please note that the FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.



Connecticut State Teachers' Retirement System

Sensitivity of the Net OPEB Liability to Health Care Cost Trend Rates

The sensitivity of the NOL to changes in health care cost trend rates must be disclosed under GASB accounting rules. The table below provides the NOL of the Plan determined using current health care cost trend rates, as well as what the Plan's NOL would be if health care cost trend rates were 1-percentage-point lower or 1-percentage-point higher than current health care cost trend rates. Note that claims and premiums in years with known premium rates were not affected by health care cost trend sensitivity.

Sensitivity of the Net OPEB Liability to Health Care Cost Trend Rates			
	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Health Care Trend Rates	4.125%	5.125%	6.125%
Ultimate Health Care Trend Rate	3.50%	4.50%	5.50%
Net OPEB Liability / (Asset)	\$1,362,021	\$1,626,189	\$1,987,432

Please keep in mind that the estimates provided in the table above were prepared using streamlined calculation techniques, and they are intended to provide an "order of magnitude" indication of the NOL's sensitivity to changes in these assumptions. Results based on more refined calculations may yield findings and conclusions different than those suggested by the methodology required under GASB accounting rules, as shown above.

Sensitivity of the Net OPEB Liability to Discount Rates

The sensitivity of the NOL to changes in the discount rate must also be disclosed under GASB accounting rules. The table below provides the NOL of the Plan determined using the current discount rate of 2.17%, as well as what the Plan's NOL would be if the discount rate was 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity of the Net OPEB Liability to Discount Rates (\$ in Thousands)			
	1% Decrease (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB Liability / (Asset)	\$1,990,399	\$1,626,189	\$1,342,297

Please keep in mind that the estimates provided in the table above were prepared using streamlined calculation techniques, and they are intended to provide an "order of magnitude" indication of the NOL's sensitivity to changes in these assumptions. Results based on more refined calculations may yield findings and conclusions different than those suggested by the methodology required under GASB accounting rules, as shown above. For example, one possible refinement would consider the impact of similar changes in bond yields on Plan assets, including (but not limited to) the valuations of certain fixed income investments held by the Plan. However, as required by GASB accounting rules, we have not made any attempt to adjust the Plan's FNP to reflect a potentially related change in fixed income asset pricing.



Connecticut State Teachers' Retirement System

Section IV — Required Supplementary Information

Under GASB 74, information regarding changes to benefit terms and changes to assumptions or other inputs should be noted regarding the Required Supplementary Information (RSI). The information should be listed by the date for which the indicated change was first reflected in reported amounts.

Changes to benefit terms

There were no changes to benefit terms in the two years preceding the Measurement Date.

Changes to assumptions or other inputs

June 30, 2020 (Valuation Date: June 30, 2020)

- Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Long-term health care cost trend rates were updated;
- The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and,
- The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:
 - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%.
 - Decrease payroll growth assumption from 3.25% to 3.00%.
 - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

June 30, 2021 (Valuation Date: June 30, 2020)

- Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the SEIR of 2.17% as of June 30, 2021; and
- Expected annual per capita claims costs were updated to reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024.



Connecticut State Teachers' Retirement System

SUMMARY OF METHODS AND ASSUMPTIONS USED IN THE DETERMINATION OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution (ADC) rates, as a percentage of payroll, used to determine the actuarially determined State contribution amounts that will be shown in the "Schedule of Governmental Nonemployer Contributing Entity Contributions" (See Schedule A) are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions as of June 30, 2020 were used to determine the contribution rates that will be applicable for fiscal years ending on June 30, 2021 and June 30, 2022 shown in the schedule on page 13:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll over an open period
Amortization period	30 years
Asset valuation method	Market value of assets
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.00%
Price inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases, including wage inflation	3.00% to 6.50%
Initial health care cost trend rates	5.125%
Ultimate health care cost trend rates	4.50%
Year ultimate trend rates reached	2023
Subsidy amounts will not increase upon reaching their limit.	
Basis for Postretirement Mortality Rates	PubT-2010, Amount Weighted
Basis for Postretirement Mortality Improvement Rates For Healthy / Disabled Lives	Scale MP-2019
Projection of Mortality Improvements for Healthy / Disabled Lives	Generational



Connecticut State Teachers' Retirement System

Schedule A — Required Supplementary Information

The table below provides the change in the Net OPEB Liability (NOL) during the current measurement period that must be disclosed under GASB accounting rules, as well as the most recent five years of the 10-year schedule of changes in the Net OPEB Liability and related ratios that must be included in Required Supplementary Information (RSI). We have assumed that the System will not restate results for any period prior to the adoption of GASB 74 or 75, so only results for the years since adoption are shown. Additional periods within the five year window will be added in the future.

Reconciliation of Changes in the Plan's Total OPEB Liability (TOL)

(\$ in Thousands)					
Fiscal Years Ending on June 30	2021	2020	2019	2018	2017
Collective Total OPEB Liability (TOL)					
Service Cost	\$ 121,535	\$ 93,324	\$ 87,313	\$ 132,392	\$ 148,220
Interest on the TOL	64,951	97,264	105,702	133,597	111,129
Changes of benefit terms	0	0	(339,076)	(1,044,628)	0
Difference between expected and actual experience	(1,218,425)	(586,004)	66,502	217,853	0
Changes of assumptions or other inputs	12,750	626,595	182,438	(196,049)	(370,549)
Net benefit payments	(131,543)	(67,383)	(55,154)	(110,622)	(84,071)
Net change in TOL	<u>\$ (1,150,732)</u>	<u>\$ 163,796</u>	<u>\$ 47,725</u>	<u>\$ (867,457)</u>	<u>\$ (195,271)</u>
TOL—beginning of period	\$ 2,882,836	\$ 2,719,040	\$ 2,671,315	\$ 3,538,772	\$ 3,734,043
TOL—end of period	\$ 1,732,104	\$ 2,882,836	\$ 2,719,040	\$ 2,671,315	\$ 3,538,772



Connecticut State Teachers' Retirement System

Reconciliation of Changes in the Plan's Fiduciary Net Position (FNP) and Net OPEB Liability / (Asset) (NOL)

(\$ in Thousands)						
Fiscal Years Ending on June 30		2021	2020	2019	2018	2017
TOL—end of period	(a)	\$ 1,732,104	\$ 2,882,836	\$ 2,719,040	\$ 2,671,315	\$ 3,538,772
Fiduciary Net Position (FNP)						
Contributions – State of Connecticut		\$ 29,411	\$ 29,173	\$ 35,320	\$ 35,299	\$ 19,922
Contributions – active member		54,058	53,221	51,944	51,484	50,436
Net investment income		82,256	849	1,090	411	369
Net benefit payments		(131,543)	(67,383)	(55,154)	(110,622)	(84,071)
Administrative expenses		(117)	(372)	(383)	(264)	(150)
Other		(91)	0	(16,100)	0	42
Net change in FNP		\$ 33,974	\$ 15,488	\$ 16,717	\$ (23,692)	\$ (13,452)
FNP—beginning of period		\$ 71,941	\$ 56,453	\$ 39,736	\$ 63,428	\$ 76,880
FNP—end of period	(b)	\$ 105,915	\$ 71,941	\$ 56,453	\$ 39,736	\$ 63,428
FNP as a percentage of the TOL	[(b) / (a)]	6.11%	2.50%	2.08%	1.49%	1.79%
Collective Net OPEB Liability/(Asset) (NOL)						
NOL—end of period	[(a) - (b)]	\$ 1,626,189	\$ 2,810,895	\$ 2,662,587	\$ 2,631,579	\$ 3,475,344
Covered Payroll¹		\$ 4,438,394	\$ 4,438,394	\$ 4,389,654	\$ 4,075,939	\$ 4,279,755
NOL as a percentage of Covered Payroll		36.64%	63.33%	60.66%	64.56%	81.20%

¹ Covered Payroll provided by the System for active employees who would be eligible for benefits at retirement. Beginning in 2021, for years following the valuation date (when no new valuation is performed), covered payroll has been set equal to the covered payroll from the most recent valuation.



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Schedule of Governmental Nonemployer Contributing Entity Contributions

(\$ in Thousands)										
Fiscal Year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Ending on June 30										
Actuarially Determined State Contribution	\$ 120,299	\$ 173,273	\$ 167,819	\$ 172,223	\$ 166,802	\$ 130,331	\$ 125,620	\$ 187,227	\$ 180,460	\$ 184,145
Contributions in relation to the Actuarially Determined Contribution	29,411	29,173	35,320	35,299	19,922	19,960	25,145	25,955	27,040	49,486
Annual Contribution Deficiency (Excess)	\$ 90,888	\$ 144,100	\$ 132,499	\$ 136,924	\$ 146,880	\$ 110,371	\$ 100,475	\$ 161,272	\$ 153,420	\$ 134,659
Covered Payroll ¹	\$ 4,438,394	\$ 4,438,394	\$ 4,389,654	\$ 4,075,939	\$ 4,279,755	\$ 4,125,066	\$ 4,078,367	\$ 3,930,957	\$ 4,101,750	\$ 3,943,990
Actual Contributions as a Percentage of Covered Payroll	0.66%	0.66%	0.80%	0.87%	0.47%	0.48%	0.62%	0.66%	0.66%	1.25%

¹ Covered Payroll provided by the System for active employees who would be eligible for benefits at retirement.



Connecticut State Teachers' Retirement System

Schedule B — Summary of Actuarial Assumptions and Methods

ECONOMIC AND OTHER ASSUMPTIONS AND METHODS

Discount Rate

2.17% per year for all periods after June 30, 2021.

Expected Long-term Rate of Return on Assets

3.00% per year, net of investment expenses, for all periods after June 30, 2020.

Expected Long-term Rates of Inflation

CPI: 2.50% per year for all periods after June 30, 2021.

MEDICAL CPI: 3.25% per year for all periods after June 30, 2021.

Expected Long-term Real Wage Growth

0.50% per year for all periods after June 30, 2021.

Expected Long-term Wage Inflation

3.00% per year for all periods after June 30, 2021. This rate does not reflect any expected future increase in the number of active members.

Expected Administrative Expenses Included in Service Cost

None.

Municipal Bond Index Rate Basis

The 20-Bond average General Obligation 20-year Municipal Bond Rate published at the end of the last week during the month of June by The Bond Buyer (www.bondbuyer.com) was used as the 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate required under GASB rules.

Measurement Date

June 30, 2021

Measurement Period

July 1, 2020 to June 30, 2021



Connecticut State Teachers' Retirement System

Long-term Health Care Cost Trend Rates

Annual per capita health care claims costs are expected to increase in future years as a result of medical inflation, utilization, leverage in the plan design, and improvements in technology adjusted for any implicit and/or explicit cost containment features. Initial health care cost trend rates were selected based on an analysis of national average health trend surveys specific to similarly structured plans for Medicare-eligible participants.

The annual assumed rates of increases in retiree expected health care claims costs and contributions during each period subsequent to the valuation date are shown in the table below.

Fiscal Year Beginning July 1,	Annual Per Capita Claims Cost Increase*
2020	5.125%
2021	5.000%
2022	4.750%
2023+	4.500%

*Premium rates have been set for the Medicare Advantage and Medicare Supplement plans until calendar year 2024. The general health care trend rates above have been used for adjusting rates to valuation timing and are used for trending the subsidy amount for pre-Medicare participants until the limit is reached. Subsidy amounts are assumed to also follow medical trend until they reach their limit.



Connecticut State Teachers' Retirement System

DEMOGRAPHIC ASSUMPTIONS

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal were developed based on the results of an actuarial experience study for the five-year period from July 1, 2014 to June 30, 2019, adopted by the Board, and prescribed for use in the Plan's June 30, 2020 actuarial valuation.

Expected Annual Subsidies for Local School District Coverage

FUTURE RETIREES AND DEPENDENTS

The lesser of \$1,320 per year (\$110 per month) and the Maximum Annual Subsidy for all future retired members and dependents who are expected to be covered under local school district OPEB plans in future periods.

CURRENT RETIREES AND DEPENDENTS

The lesser of the annualized actual monthly subsidy amounts provided by the System for retired members and dependents who are covered under local school district OPEB plans as of June 30, 2020 and the applicable Maximum Annual Subsidy. Reported subsidies are expected to increase each year based on the assumed long-term health care cost trend rates for Medicare Advantage and Medicare Supplement Plans until the Maximum Annual Subsidy is reached.

The following table provides Maximum Annual Subsidy amounts for Medicare-ineligible and Medicare-eligible members and dependents who are receiving health care coverage under a local school district OPEB plan:

Medicare Status	Maximum Annual Subsidy
Ineligible	\$1,320 per year (\$110 per month)
Eligible	\$2,640 per year (\$220 per month) for those without "premium free" Medicare Part A, and contribute at least \$220 per month for coverage under a local school district plan; \$1,320 per year (\$110 per month), otherwise.

The Maximum Annual Subsidies provided in the table above have not increased since July of 1996. Our understanding is that these types of benefit improvements would not be considered "substantially automatic" (as that term is defined in GASB 74 and 75) based on the Plan's history of such changes. As a result, the Maximum Annual Subsidy Amounts shown above are not expected to increase in any future period.



Connecticut State Teachers' Retirement System

Expected Annual Per Capita Health Care Claims Costs

MEDICAL AND PRESCRIPTION DRUGS

Assumed annual per capita health care claims costs were developed for the Medicare Supplement Plan and the Medicare Advantage Plan based on the medical, vision, hearing, and prescription drug premium rates for each plan and period provided by the System. Our understanding is that these premium rates include all relevant medical, prescription drug, and/or third-party administrative costs, and represent the amounts paid by the System as "the full contribution amount" for each coverage provided.

The expected annual age 65 per capita health care claims costs for the Medicare Supplement Plan and Medicare Advantage Plan for the year following the valuation date are shown below:

Expected Annual Age 65 Per Capita Claims Cost for	
Medicare Supplement Plans	\$2,815
Medicare Advantage Plans	\$1,675

Premium rates for both plans have been set for calendar years 2022 through 2024. Annual claims have been set according to these rates and are assumed to increase according to the long-term health care cost trend rates following that period.

Future experience may differ significantly from the cost estimates presented in this report due to unforeseen and random events, including, but not limited to, any event that would affect one or more insurers' ability to provide coverage under the terms of the Plan, any significant change to existing Department of Health and Human Services (HHS) and/or Centers for Medicare & Medicaid Services (CMS) regulations, and/or any insolvency of Social Security and/or Medicare Trust Funds on any future date. As such, these results should be viewed as having a likely range of variability.

AFFORDABLE CARE ACT (ACA)

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs. Continued monitoring of the ACA's impact on the Plan's liability will be required.

COVID-19 PANDEMIC

The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.



Connecticut State Teachers' Retirement System

AGE RELATED MORBIDITY

Expected annual age 65 per capita health care claims costs are adjusted to reflect anticipated age-related cost changes. The assumed annual percentage increases in expected annual per capita health care costs/net incurred claims that were used to adjust Medicare Supplement and Medicare Advantage Plan amounts from one age to the next are provided in the following table for both retirees and their dependents:

Payment Age	Medicare Supplement Annual Increase	Medicare Advantage Annual Increase
Under 30	0.000%	0.000%
30 – 34	0.329%	0.329%
35 – 39	-0.077%	-0.077%
40 – 44	1.566%	1.566%
45 – 49	3.992%	3.992%
50 – 54	5.076%	5.076%
55 – 59	3.928%	3.928%
60 – 64	0.141%	0.141%
65 – 69	2.468%	4.741%
70 – 74	1.764%	2.239%
75 – 79	1.123%	1.090%
80 – 84	0.129%	0.000%
85 – 89	0.000%	0.000%
Over 89	0.000%	0.000%

Mortality and Mortality Improvement Rates

PRE-RETIREMENT MORTALITY

The PubT-2010 Employee Table projected generationally with MP-2019 is used for both males and females while in active service. Representative values of the assumed annual rates of mortality while in active service are as follows:

Age	Annual Rates of Death*	
	Male	Female
30	0.022%	0.014%
35	0.030%	0.020%
40	0.042%	0.031%
45	0.067%	0.048%
50	0.111%	0.073%
55	0.172%	0.107%
60	0.264%	0.161%
65	0.435%	0.270%

* Rates shown are for 2010, the base year of the table.



Connecticut State Teachers' Retirement System

POST-RETIREMENT MORTALITY

The PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above) projected generationally with MP-2019 is used for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 is used for the period after disability retirement. The PubT-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females is used for survivors and beneficiaries. Representative values of the assumed annual rates of mortality are as follows:

Annual Rates of Death*						
Age	Healthy		Disabled		Survivor	
	Male	Female	Male	Female	Male	Female
50	0.111%	0.073%	1.605%	1.483%	0.724%	0.342%
55	0.223%	0.193%	2.114%	1.742%	0.854%	0.476%
60	0.357%	0.287%	2.503%	1.956%	1.067%	0.667%
65	0.592%	0.446%	3.044%	2.256%	1.497%	0.973%
70	1.070%	0.770%	3.901%	2.862%	2.335%	1.478%
75	2.031%	1.461%	5.192%	4.003%	3.706%	2.371%
80	3.960%	2.868%	7.348%	6.007%	5.897%	3.985%
85	7.598%	5.548%	10.815%	9.331%	9.658%	7.122%
90	13.923%	10.392%	16.253%	13.665%	15.947%	12.596%

* Rates shown are for 2010, the base year of the tables

Withdrawal Rates

The following table contains service based annual rates of withdrawal (separation from service for causes other than death, disability, or retirement) for males and females:

Annual Rates of Withdrawal					
10 or more years of service					
Years of Service	Male	Female	Age	Male	Female
0	15.00%	12.00%	25	1.80%	6.00%
1	11.00	11.00	30	1.80	6.00
2	8.50	9.50	35	1.80	4.25
3	7.00	8.00	40	1.80	2.50
4	5.50	7.50	45	1.80	2.00
5	4.50	7.00	50	2.25	2.40
6	4.00	6.50	55	4.00	3.90
7	3.50	6.00	59	5.50	4.00
8	3.50	5.50			
9	3.50	5.00			



Connecticut State Teachers' Retirement System

Retirement Rates

The following table contains age and service based annual rates of retirement at sample ages:

Annual Rates of Retirement				
Age	Unreduced			
	Less than 35 years of Service		35 or more years of Service	
	Male	Female	Male	Female
50			35.0%	30.0%
55			35.0%	30.0%
60	20.0%	20.0%	30.0%	30.0%
65	27.5%	32.5%	35.0%	37.5%
70	27.5%	30.0%	30.0%	32.5%
75	100.0%	100.0%	100.0%	100.0%

Annual Rates of Retirement				
Age	Proratable		Reduced	
	Male	Female	Male	Female
	50			1.50%
52			1.50%	1.25%
54			2.00%	2.25%
56			4.00%	3.75%
58			6.50%	5.50%
60	6.0%	5.0%		
65	15.0%	12.0%		
70	28.5%	15.0%		
75	28.5%	15.0%		
80	100.0%	100.0%		



Connecticut State Teachers' Retirement System

Disability Rates

The table below provides age based annual rates of disability for males and females at sample ages:

Annual Rates of Disability		
Age	Male	Female
20	0.020%	0.020%
25	0.020%	0.020%
30	0.020%	0.020%
35	0.020%	0.030%
40	0.030%	0.060%
45	0.080%	0.090%
50	0.150%	0.150%
55	0.150%	0.170%
60	0.150%	0.150%

Rates of Annual Salary Increases

Rates of annual salary increases are constructed geometrically based on the expected long-term rate of inflation (currently, 2.50%), an expected productivity component (currently, 0.50%), and a variable expected merit component that is dependent on years of service. The following table provides a sample of the service-based rates of salary increases that are used to project a member's total salary as of the valuation date to future years.

Years of Service	Total Increase (Next Year)
0	6.50%
1	6.25%
2 – 9	6.00%
10 – 11	5.50%
12	5.25%
13	5.00%
14	4.75%
15	4.50%
16	4.00%
17	3.75%
18	3.50%
19	3.25%
20 and Over	3.00%



Connecticut State Teachers' Retirement System

Decrement Timing and Adjustment

Decrements—retirement, withdrawal, death, and disability—are assumed to occur at the beginning of the year. Decrement rates (or “probabilities”) are assumed to be uniformly distributed throughout the year and reflect multiple decrement effects.

Subsidized Local School District Coverage and System-Sponsored Health Care Plan Participation Rates¹

FUTURE RETIREES AND DEPENDENTS

The table below provides the percentage of future retired members and dependents who are expected to be covered under local school district OPEB plans or the System-sponsored health care plan options in future periods.

Membership Class	Subsidized Local School District Coverage	System-Sponsored Health Care Plans
Pre-65 Members	60.0%	N/A
Post-64 Members	20.0%	60.0%
Pre 65 Spouses/Survivors*	45.0%	N/A
Post-64 Spouses/Survivors*	40.0%	45.0%

* Percentage of participating members electing spouse coverage.

CURRENT RETIREES AND DEPENDENTS—ENROLLED

All current retirees and dependents who are eligible for Medicare as of the valuation date are assumed to continue current coverage. For retirees and surviving spouses who are not eligible for Medicare and are covered under local school district OPEB plans as of the valuation date, the following table shows the assumed migration from subsidized local school district coverage to a System-sponsored health care plan option at age 65:

Membership Class	Assumed Percentage Electing Subsidized Local School District Coverage On or After Age 65	Assumed Percentage Electing System-Sponsored Health Care Plans On or After Age 65
Pre-65 Members	25.0%	75.0%
Pre-65 Spouses/Survivors*	47.1%	52.9%

* Percentage of participating members electing spouse coverage.

¹ Long-term Plan participation and spouse coverage election and enrollment rates are uncertain due to the recent plan change that became effective on July 1, 2018, and future experience may differ significantly from the assumptions that were used to measure Plan obligations as of June 30, 2020. As such, these assumptions will need to be reviewed as experience evolves, and the results provided in this report should be viewed as having a likely range of variability.



Connecticut State Teachers' Retirement System

CURRENT RETIREES AND DEPENDENTS—NOT ENROLLED

50% of retired members who are not eligible for Medicare, are currently receiving a retirement or disability benefit, but are not participating in the Plan, are expected to be covered under a System-sponsored health care plan option at age 65. Of these participants, 50% are assumed to cover a spouse.

SYSTEM-SPONSORED HEALTH CARE PLAN ELECTION

Current retirees already enrolled in a System-sponsored health care plan are assumed to continue with their elected plan for life. Future retirees and current retirees newly electing to enroll in System-sponsored health care plans are assumed to elect between the System-sponsored health care plan options as follows:

Health Care Coverage Option	Percent of New System-Sponsored Health Care Plan Enrollees Electing the Plan
Medicare Supplement Plan	20.0%
Medicare Advantage Plan	80.0%

Participants are not assumed to change plan options once System-sponsored health care is elected.

Assumed Eligibility for “Premium Free” Medicare Part A Benefits

FUTURE RETIREES AND DEPENDENTS

100% of future Medicare-eligible retirees and dependents are expected to be eligible for “premium free” Medicare Part A benefits.

CURRENT RETIREES AND DEPENDENTS

0% of retired members and dependents who are currently receiving a subsidy equal to \$2,640 per year (\$220 per month) as of June 30, 2020 are expected to be eligible for “premium free” Medicare Part A benefits. Otherwise, 100% of retired members and dependents are expected to be eligible for these benefits when they reach age 65 or, if they are older, their attained age on the valuation date.



Connecticut State Teachers' Retirement System

Assumed Commencement Age for Eligible Deferred Vested Members

Eligible deferred vested members and their dependents are expected to begin receiving health care benefits when members reach age 60 or, if they are older, the member's attained age on the valuation date.

The following table contains the age based assumed percentages of deferred vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System:

Attained Ages on the Later of the Valuation Date or Date of Decrement					
Under Age 55	Age 56	Age 57	Age 58	Age 59	Over Age 59
30.00%	24.00%	18.00%	12.00%	6.00%	0.00%

Marital and Spouse Assumptions

FUTURE RETIREES

100% of future retired members are assumed to be married to a spouse of the opposite gender. Husbands are assumed to be three years older than their wives.

CURRENT RETIREES

Actual spouse age is used where available. If relevant spouse information is not available, husbands are assumed to be three years older than their wives.

Funding Policy

Our understanding is that the System has not adopted a formal funding policy for the Plan and has not made any changes to the Plan's funding policy since the prior valuation. Thus, ADC rates as of the valuation date were developed based on the contribution allocation procedure described in GASB Statement Nos. 43 and 45, as approved by the System during prior periods.

Valuation Date

June 30, 2020

Benefits Not Valued

Dental benefits for retirees and their dependents are paid by the retiree on a full cost basis, and without an implicit subsidy. As a result, no dental benefit liabilities are included in the Plan's GASB 74 results as of June 30, 2021.



Connecticut State Teachers' Retirement System

Changes Since the Prior Valuation

The June 30, 2020 measurements used in the development of June 30, 2021 financial accounting results for the Plan reflect the following changes in assumptions and methods:

- Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the SEIR of 2.17% as of June 30, 2021; and
- Expected annual per capita claims costs were updated to reflect scheduled changes in premiums until calendar year 2024.

The aggregate effect of the changes described above was a decrease in the Plan's Total OPEB Liability and Service Cost measured as of June 30, 2021.



Schedule C — Summary of Actuarial Cost and Amortization Methods

Actuarial Cost Method

The valuation is prepared on the projected benefit basis, under which the present value, at the interest rate assumed to be earned in the future (currently 2.17%), of each member's expected benefits at retirement is determined, based upon age, service, and gender. The calculations take into account the probability of a member's death or termination of employment prior to receiving benefits under the Plan. The present value of the expected benefits payable on account of active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable by the Plan.

The actuarial cost method is a procedure for allocating the actuarial present value of postemployment benefits and expenses to time periods. The method used for the valuation is known as the Entry Age Normal (Level Percentage of Pay) actuarial cost method, and has the following characteristics:

- (i) The annual normal costs for each individual active participant are sufficient to accumulate the value of the participant's postemployment benefits at time of retirement.
- (ii) Each annual normal cost is a constant percentage of the participant's year-by-year projected covered compensation.

The Entry Age Normal (Level Percentage of Pay) actuarial cost method allocates the actuarial present value of each participant's projected benefits on a level basis over the participant's assumed compensation rates between the entry age of the participant and the assumed ages at which the participant will leave active service.

The portion of the actuarial present value allocated to the valuation year is called the service cost (SC). The portion of the actuarial present value of expected benefits not provided for by the actuarial present value of future service costs is called the Total OPEB Liability (TOL). The difference between the TOL and the Fiduciary Net Position (FNP) is the Net OPEB Liability / (Asset) (NOL).

The actuarial cost method is prescribed by GASB 74 and 75 for financial accounting purposes.

Asset Valuation Method

The Actuarial Asset Value for financial accounting purposes is equal to the Fiduciary Net Position (FNP)—the market value of the financial accounting asset—on the measurement date.

The asset valuation method is prescribed by GASB 74 and 75 for financial accounting purposes.

Changes in Assumptions and Methods Since the Previous Valuation

There were no changes in actuarial cost or amortization methods since the valuation on June 30, 2020.



Connecticut State Teachers' Retirement System

Schedule D — Summary of Main Plan Provisions for Valuation Purposes

This summary of main plan provisions is intended to describe only the principal features of the Retiree Health Insurance Plan (RHIP, or the Plan), a cost-sharing, other than insured, defined benefit OPEB plan with a special funding situation sponsored by the Connecticut State Teachers' Retirement System (the System), as interpreted for valuation purposes. All actual eligibility requirements and benefit amounts will be determined in accordance with the Plan document and any System practices, processes, and procedures.

Key Plan Terms

COVERED EMPLOYEES

Any teacher, principal, superintendent or supervisor engaged in service of public schools, plus professional employees at State schools of higher education if they choose to be covered.

CREDITED SERVICE

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching service, State employment, or wartime military service may be purchased prior to retirement, if the Member pays one-half the cost.

NORMAL RETIREMENT

Eligibility—Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

EARLY RETIREMENT

Eligibility—25 years of Credited Service including 20 years of Connecticut service, or age 55 with 20 years of Credited Service including 15 years of Connecticut service.

PRORATABLE RETIREMENT

Eligibility—Age 60 with 10 years of Credited Service.

DISABILITY RETIREMENT

Eligibility—5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.

TERMINATION OF EMPLOYMENT

Eligibility—10 or more years of Credited Service.

Teachers' Required Contribution

1.25% of annual salaries in excess of \$500,000 is contributed for health insurance of retired teachers.

State Contribution

The State pays for one third of the costs through an annual appropriation in the General Fund. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.



Connecticut State Teachers' Retirement System

Retiree Health Care Coverage

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medical Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plan(s). Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage(s) or elect not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the CTRB Sponsored Medicare Supplement or Medicare Advantage Plan options, as long as they do not remarry.

System Determined Monthly Retiree Contributions Since 2014

Eligible retirees who elect to enroll in a health care coverage option under the Plan contribute a monthly amount based on the coverages that they selected during the enrollment process. Effective January 1, 2015, new enrollees will only be able to elect the "all coverages" package (Medical with Prescription Drugs, Dental, Vision and Hearing). Existing retired members and dependents were grandfathered into the health care option elections that they had made prior to January 1, 2015. Additionally, as of January 1, 2022, Vision and Hearing coverage is included in all Medical plans.



Connecticut State Teachers' Retirement System

The following tables provide the monthly health care contributions for retiree and dependent coverage options during the periods beginning on January 1, 2017 and ending on January 1, 2022.

Monthly Funding Rates for the CTRB Sponsored Medicare Supplemental Plan Options							
Coverage	2017	Jan. 1 2018	July 1 2018	Jan. 1 2019	Jan. 1 2020	Jan. 1 2021	Jan. 1 2022
Medical* with Prescriptions	\$92	\$101	\$199	\$173	\$179	\$167	\$269
Medical* with Prescriptions and Dental	\$136	\$151	\$254	\$231	\$231	\$220	\$319
Medical with Prescriptions, Dental, Vision & Hearing	\$141	\$156	\$259	\$238	\$239	\$228	N/A

Monthly Funding Rates for the CTRB Sponsored Medicare Advantage Plan Options							
Coverage	2017	Jan. 1 2018	July 1 2018	Jan. 1 2019	Jan. 1 2020	Jan. 1 2021	Jan. 1 2022
Medical* with Prescriptions	N/A	N/A	\$74	\$65	\$67	\$64	\$30
Medical* with Prescriptions and Dental	N/A	N/A	\$129	\$123	\$119	\$117	\$80
Medical with Prescriptions, Dental, Vision & Hearing	N/A	N/A	\$134	\$130	\$127	\$125	N/A

*As of January 1, 2022, Vision and Hearing coverage is included in both Medical plans for all participants.

Changes in Plan Provisions Since the Previous Valuation

Effective January 1, 2022, vision and hearing coverage is included with all plans. Additionally, prescription drug coverage is included with the Medicare Advantage plan. All plans except Dental are now fully insured. The full premiums have been set until calendar year 2024.

We have reflected these changes in the measurement of the Plan's benefit obligations for Plan accounting purposes as of June 30, 2021. While the coverage was consolidated into one plan (two for Medicare Supplement) as of January 1, 2022, and while Medicare Advantage premiums decreased, the level of benefits have remained identical or slightly increased. Therefore, the changes effective January 1, 2022 were recognized through actual versus expected experience.