

**Connecticut State Teachers'  
Retirement System  
Retiree Health Insurance Plan**

**GASB Statement  
No. 74 Report**



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**Prepared as of June 30, 2025**



February 4, 2026

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

**Re: June 30, 2025 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, CavMac, as of June 30, 2025 (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, 2025, based on a Valuation Date of June 30, 2024.

#### **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, 2025, 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.

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, 2024 and ending on June 30, 2025, 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, 2025 are based on the assumptions and methods used in the Plan's June 30, 2024 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, 2025 based on the June 30, 2024 Valuation Date and should reflect best estimates of anticipated Plan experience. The discount rate was determined based on the methods prescribed by GASB accounting rules. 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, 2025 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, 2025 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.

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time 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, and the changes to Medicare due to the IRA, which are included in our baseline Medicare costs and trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

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.

To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board.



Future actuarial results may differ significantly from the current results 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 (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the system, and on actuarial assumptions that are, in the aggregate, internally consistent and reasonably based on the actual experience of the system.

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

Respectfully submitted,

Alisa Bennett, FSA, EA, FCA, MAAA  
President and Consulting Actuary

Ryan Thompson, ASA, ACA, MAAA  
Associate Actuary

AB/RT:nh



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## SECTION I – BOARD SUMMARY

### GASB 74 ACCOUNTING INFORMATION AS OF JUNE 30, 2025 FOR THE SYSTEM'S RETIREE HEALTH INSURANCE PLAN

#### Summary of Principal Plan Accounting Results

| (\$ in Thousands)  |                     |
|--|---------------------|
| <b>Valuation Date (VD):*</b>                                       | June 30, 2024       |
| <b>Prior Measurement Date (PMD):</b>                               | June 30, 2024       |
| <b>Measurement Date (MD):</b>                                      | June 30, 2025       |
| <b>Membership Data as of the VD:</b>                               |                     |
| Inactive Members Currently Receiving Benefits                      | 29,514              |
| Inactive Members Entitled to, but Not Currently Receiving Benefits | 12,262              |
| Active Members   | <u>53,373</u>       |
| Total Membership   | 95,149              |
| <b>Discount Rate:</b>  |                     |
| Long-Term Expected Rate of Return                                  | 3.00%               |
| Municipal Bond Index Rate at PMD                                   | 3.93%               |
| Municipal Bond Index Rate at MD                                    | 5.20%               |
| Year in which Fiduciary Net Position is Projected to be Depleted   | 2028                |
| Single Equivalent Interest Rate at Prior Measurement Date          | 3.93%               |
| Single Equivalent Interest Rate at Measurement Date                | 5.19%               |
| <b>Total OPEB Liability (TOL) as of the MD:</b>                    | \$ 2,953,663        |
| TOL as a percentage of covered compensation                        | 58.44%              |
| <b>Net OPEB Liability (NOL) as of the MD:</b>                      |                     |
| Total OPEB Liability (TOL)   | \$ 2,953,663        |
| Fiduciary Net Position (FNP)                                       | 292,071             |
| Net OPEB Liability (NOL = TOL – FNP)                               | <u>\$ 2,661,592</u> |
| FNP as a percentage of TOL   | 9.89%               |
| NOL as a percentage of covered compensation                        | 52.66%              |

\*For measurement date June 30, 2025, the valuation as of June 30, 2024 has been updated to include the results of an experience study for the five-year period ending June 30, 2024.





## SECTION II – INTRODUCTION

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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, 2025 (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, 2024 (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](http://www.bondbuyer.com)). Our calculations indicated the FNP is projected to be depleted in 2028, 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.





## SECTION II – INTRODUCTION

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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).





## 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, 2025, based on a June 30, 2024 Valuation Date.

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. 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, 2024. The following table summarizes the membership of the Plan as of the June 30, 2024 Valuation Date.

| Membership Group  | Number        |
|---|---------------|
| Inactive plan members currently receiving benefits                      | 29,514        |
| Inactive plan members entitled to, but not currently receiving benefits | 12,262        |
| Active participants   | <u>53,373</u> |
| Total membership  | 95,149        |

### 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, 2025 Measurement Date is presented in the table below.

| As of June 30, 2025 (\$ in Thousands) |                |
|---------------------------------------|----------------|
| TOL                                   | \$ 2,953,663   |
| FNP                                   | <u>292,071</u> |
| NOL [TOL – FNP]                       | \$ 2,661,592   |
| Ratio of FNP to TOL                   | 9.89%          |





## SECTION III – FINANCIAL STATEMENT NOTES

### Summary of Key Actuarial Assumptions, Methods, and Other Inputs

The TOL was determined by an actuarial valuation as of June 30, 2024 and rolled forward to the Measurement Date of June 30, 2025, 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 B.

|   |  |
|---|--|
| Inflation   | 2.50%  |
| Real wage growth  | 0.50%  |
| Wage inflation  | 3.00%  |
| Salary increases, including wage inflation  | 3.00% - 6.00%  |
| Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation                                 | 3.00%  |
| Municipal Bond Index Rate at Prior Measurement Date   | 3.93%  |
| Municipal Bond Index Rate at Measurement Date   | 5.20%  |
| Year FNP is projected to be depleted  | 2028   |
| Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation, as of Prior Measurement Date | 3.93%  |
| Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation, as of Measurement Date       | 5.19%  |
| Health Care Cost Trend Rates – Local Coverage Subsidy*  | 6.25% for 2024, decreasing to an ultimate rate of 4.50% by 2031        |
| Health Care Cost Trend Rates – Retiree Healthcare Plans   | Medicare rates known for 2025, 4.50% increase for all subsequent years |

\* Subsidy amounts are assumed to follow medical trend until they reach their limit and to not increase after that.

Health care cost trend rates are set on an annual basis based on published annual health care inflation surveys in conjunction with knowledge of future anticipated events and actual plan experience (if credible). Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans. Since there was such a large increase in Medicare rates for 2025 due to the Inflation Reduction Act, it is uncertain how these rates will increase in the future. There is potential for them to flatten out or even slightly decrease as the experience around Medicare Part D prescription drug experience and Federal subsidies unfolds. Because of this, we have reduced our short term Medicare trend rate assumption to the ultimate rate of 4.50% for all future years beginning with 2025.

Mortality rates were based on the PubT-2016 Healthy Retiree Table, projected generationally with MP-2021 for the period after service retirement. The PubT-2016 Disabled Retiree Table projected generationally with MP-2021 was used for the period after disability retirement. The PubT-2016 Contingent Survivor Table projected generationally with MP-2021 was used for survivors and beneficiaries. The PubT-2016 Employee Mortality Table projected generationally with MP-2021 was used for active members.





## SECTION III – FINANCIAL STATEMENT NOTES

The demographic actuarial assumptions for retirement, disability incidence, medical participation, and withdrawal used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024. The actuarial economic assumptions used in the June 30, 2024 valuation were also reviewed based on the results of this study.

The remaining actuarial assumptions (e.g., initial per capita costs, rates of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation are based on a review of recent plan experience that was performed concurrently with the June 30, 2024 valuation and/or based on anticipated or observed changes in participant behavior.

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, 2024 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 incorporating 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 20-Year Geometric Real Rate of Return | Standard Deviation |
|---|-------------------|--|--------------------|
| U.S. Treasuries (Cash Equivalents)              | 100.00%*          | 1.26%  | 1.10%              |
| Price Inflation                                 |                   | 2.50%  |                    |
| Expected Rate of Return                         |                   | $1.026 \times 1.025 - 1 = 3.79\%$              |                    |
| Expected Rate of Return (Rounded Nearest 0.25%) |                   | 3.75%  |                    |

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

The long-term expected rate of return of 3.00% is reasonable relative to the target allocation and its expected return.





## SECTION III – FINANCIAL STATEMENT NOTES

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### 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, 2024. In addition to the actuarial methods and assumptions of the June 30, 2024 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%.
- 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 2028 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 2028 and the Municipal Bond Index Rate as of the Measurement Date (equal to 5.20%) was applied to periods on or after 2028, resulting in a SEIR equal to 5.19% as of the Measurement Date.

Please note that the FNP projections are based upon the Plan's financial status on the Measurement 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.





## SECTION III – FINANCIAL STATEMENT NOTES

### 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.

| Sensitivity of the Net OPEB Liability to Health Care Cost Trend Rates (\$ in Thousands) |                         |                        |                          |
|---|-------------------------|------------------------|--------------------------|
|   | 1% Lower<br>Trend Rates | Current<br>Trend Rates | 1% Higher<br>Trend Rates |
| Net OPEB Liability / (Asset)  | \$2,204,580             | \$2,661,592            | \$3,270,254              |

### 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 5.19%, 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%<br>Decrease<br>(4.19%) | Current<br>Discount<br>Rate<br>(5.19%) | 1%<br>Increase<br>(6.19%) |
| Net OPEB Liability / (Asset)  | \$3,196,091               | \$2,661,592                            | \$2,238,220               |





## 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

June 30, 2025 (Valuation Date: June 30, 2024)

- There were no changes to benefit terms since the prior Measurement Date.

June 30, 2024 (Valuation Date: June 30, 2024)

- There were no changes to benefit terms since the prior Measurement Date.

### Changes to assumptions or other inputs

June 30, 2025 (Valuation Date: June 30, 2024)

- Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2025 was updated to equal the SEIR of 5.19% as of June 30, 2025; and
- The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2024. The changes in assumptions are summarized below:
  - Update mortality tables to the PubT-2016 mortality tables with generational mortality using MP-2021
  - Minor changes to rates of retirement
  - Service-only based table with minor changes to the rates of withdrawal
  - Small changes to merit salary scale particularly between 10 and 20 years of service
  - Increase spouse participation assumption for OPEB coverage to 50%.

June 30, 2024 (Valuation Date: June 30, 2024)

- Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan experience. Spouse coverage election assumptions were also updated with this change; and
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.





## SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION

### 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, 2024 were used to determine the contribution rates that will be applicable for fiscal years ending on June 30, 2025 and June 30, 2026 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 OPEB 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%   |
| Health Care Cost Trend Rates – Local Coverage Subsidy*  | 6.25% for 2024, decreasing to an ultimate rate of 4.50% by 2031        |
| Health Care Cost Trend Rates – Retiree Healthcare Plans   | Medicare rates known for 2025, 4.50% increase for all subsequent years |
| Basis for Postretirement Mortality Rates  | PubT-2010, Amount Weighted   |
| Basis for Postretirement Mortality Improvement Rates  | Scale MP-2019, Generational  |

\*Subsidy amounts are assumed to follow medical trend until they reach their limit and to not increase after that.





## SCHEDULE A – REQUIRED SUPPLEMENTARY INFORMATION

The following tables provide the changes in the Plan's Total OPEB Liability (TOL), the Fiduciary Net Position (FNP), and the Plan's Net OPEB Liability / (Asset) (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 TOL, FNP, NOL, and related ratios and a 10-year Schedule of Governmental Nonemployer Contributing Entity Contributions that must be included in Required Supplementary Information (RSI).

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

| (\$ in Thousands)                                 |                     |                     |                     |                     |                       |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Fiscal Years Ending on June 30                    | 2025                | 2024                | 2023                | 2022                | 2021                  |
| <b>Collective Total OPEB Liability (TOL)</b>      |                     |                     |                     |                     |                       |
| Service Cost                                      | \$ 118,264          | \$ 59,801           | \$ 60,201           | \$ 72,027           | \$ 121,535            |
| Interest on the TOL                               | 140,431             | 67,106              | 63,729              | 38,342              | 64,951                |
| Changes of benefit terms                          | 0                   | 0                   | 0                   | 299,536             | 0                     |
| Difference between expected and actual experience | (18,971)            | 1,754,214           | (166)               | (60,031)            | (1,218,425)           |
| Changes of assumptions or other inputs            | (701,850)           | (145,568)           | (33,364)            | (236,042)           | 12,750                |
| Net benefit payments                              | (77,782)            | (51,065)            | (52,458)            | (74,795)            | (131,543)             |
| <b>Net change in TOL</b>                          | <b>\$ (539,908)</b> | <b>\$ 1,684,488</b> | <b>\$ 37,942</b>    | <b>\$ 39,037</b>    | <b>\$ (1,150,732)</b> |
| <b>TOL—beginning of period</b>                    | <b>\$ 3,493,571</b> | <b>\$ 1,809,083</b> | <b>\$ 1,771,141</b> | <b>\$ 1,732,104</b> | <b>\$ 2,882,836</b>   |
| <b>TOL—end of period</b>                          | <b>\$ 2,953,663</b> | <b>\$ 3,493,571</b> | <b>\$ 1,809,083</b> | <b>\$ 1,771,141</b> | <b>\$ 1,732,104</b>   |





## SCHEDULE A – REQUIRED SUPPLEMENTARY INFORMATION

### 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                     |             | 2025         | 2024         | 2023         | 2022         | 2021         |
| <b>TOL—end of period</b>                           | (a)         | \$ 2,953,663 | \$ 3,493,571 | \$ 1,809,083 | \$ 1,771,141 | \$ 1,732,104 |
| <b>Fiduciary Net Position (FNP)</b>                |             |              |              |              |              |              |
| Contributions – State of Connecticut               |             | \$ 33,501    | \$ 21,765    | \$ 21,474    | \$ 20,419    | \$ 29,411    |
| Contributions – active member                      |             | 61,182       | 59,113       | 57,687       | 50,630       | 54,058       |
| Contributions – non-employer                       |             | 0            | 0            | 14,420       | 0            | 0            |
| Net investment income                              |             | 13,151       | 12,911       | 7,569        | 49,587       | 82,256       |
| Net benefit payments                               |             | (77,782)     | (51,065)     | (52,458)     | (74,795)     | (131,543)    |
| Administrative expenses                            |             | (259)        | (132)        | (142)        | (283)        | (117)        |
| Other  |             | 3,925        | 28           | (373)        | 16,083       | (91)         |
| <b>Net change in FNP</b>                           |             | \$ 33,718    | \$ 42,620    | \$ 48,177    | \$ 61,641    | \$ 33,974    |
| <b>FNP—beginning of period</b>                     |             | \$ 258,353   | \$ 215,733   | \$ 167,556   | \$ 105,915   | \$ 71,941    |
| <b>FNP—end of period</b>                           | (b)         | \$ 292,071   | \$ 258,353   | \$ 215,733   | \$ 167,556   | \$ 105,915   |
| <b>FNP as a percentage of the TOL</b>              | [(b) / (a)] | 9.89%        | 7.40%        | 11.92%       | 9.46%        | 6.11%        |
| <b>Collective Net OPEB Liability/(Asset) (NOL)</b> |             |              |              |              |              |              |
| <b>NOL—end of period</b>                           | [(a) - (b)] | \$ 2,661,592 | \$ 3,235,218 | \$ 1,593,350 | \$ 1,603,585 | \$ 1,626,189 |
| <b>Covered Payroll<sup>1</sup></b>                 |             | \$ 5,054,181 | \$ 5,054,181 | \$ 4,695,730 | \$ 4,695,730 | \$ 4,438,394 |
| <b>NOL as a percentage of Covered Payroll</b>      |             | 52.66%       | 64.01%       | 33.93%       | 34.15%       | 36.64%       |

<sup>1</sup> 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.





## SCHEDULE A – REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Governmental Nonemployer Contributing Entity Contributions

| (\$ in Thousands)  |              |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Fiscal Year  | 2025         | 2024         | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         |
| Ending on June 30  |              |              |              |              |              |              |              |              |              |              |
| Actuarially Determined State Contribution                            | \$ 234,990   | \$ 76,673    | \$ 74,443    | \$ 123,908   | \$ 120,299   | \$ 173,273   | \$ 167,819   | \$ 172,223   | \$ 166,802   | \$ 130,331   |
| Contributions in relation to the Actuarially Determined Contribution | 33,501       | 21,765       | 21,474       | 20,419       | 29,411       | 29,173       | 35,320       | 35,299       | 19,922       | 19,960       |
| Annual Contribution Deficiency (Excess)                              | \$ 201,489   | \$ 54,908    | \$ 52,969    | \$ 103,489   | \$ 90,888    | \$ 144,100   | \$ 132,499   | \$ 136,924   | \$ 146,880   | \$ 110,371   |
| Covered Payroll <sup>1</sup>   | \$ 5,054,181 | \$ 5,054,181 | \$ 4,695,730 | \$ 4,695,730 | \$ 4,438,394 | \$ 4,438,394 | \$ 4,389,654 | \$ 4,075,939 | \$ 4,279,755 | \$ 4,125,066 |
| Actual Contributions as a Percentage of Covered Payroll              | 0.66%        | 0.43%        | 0.46%        | 0.43%        | 0.66%        | 0.66%        | 0.80%        | 0.87%        | 0.47%        | 0.48%        |

<sup>1</sup> 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.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

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### ECONOMIC AND OTHER ASSUMPTIONS AND METHODS

#### Discount Rate

5.19% per year for all periods after June 30, 2025.

#### Expected Long-term Rate of Return on Assets

3.00% per year, net of investment expenses, for all periods after June 30, 2025.

#### Expected Long-term Rate of Inflation

2.50% per year for all periods after June 30, 2025.

#### Expected Long-term Real Wage Growth

0.50% per year for all periods after June 30, 2025.

#### Expected Long-term Wage Inflation

3.00% per year for all periods after June 30, 2025. 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](http://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, 2025

#### Measurement Period

July 1, 2024 to June 30, 2025





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### 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. Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans. Since there was such a large increase in Medicare rates for 2025 due to the Inflation Reduction Act, it is uncertain how these rates will increase in the future. There is potential for them to flatten out or even slightly decrease as the experience around Medicare Part D prescription drug experience and Federal subsidies unfolds. Because of this, we have reduced our short term Medicare trend rate assumption to the ultimate rate of 4.50% for all future years beginning with 2025.

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

| Fiscal Year Beginning July 1, | Annual Per Capita Claims Cost Increase – Local Coverage Subsidy* | Annual Per Capita Claims Cost Increase – Retiree Health Plans |
|-------------------------------|--|---|
| 2024                          | 6.25%  | **  |
| 2025                          | 6.00%  | 4.50%   |
| 2026                          | 5.75%  | 4.50%   |
| 2027                          | 5.50%  | 4.50%   |
| 2028                          | 5.25%  | 4.50%   |
| 2029                          | 5.00%  | 4.50%   |
| 2030                          | 4.75%  | 4.50%   |
| 2031 and beyond               | 4.50%  | 4.50%   |

\* Subsidy amounts are assumed to follow medical trend until they reach their limit and to not increase after that.

\*\*Medicare rates are known for calendar year 2025.





# SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

## 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, 2019 to June 30, 2024, adopted by the Board, and prescribed for use in the Plan's June 30, 2024 actuarial valuation.

### Expected Annual Subsidies for Local School District Coverage

#### FUTURE RETIREES AND DEPENDENTS

The lesser of \$2,640 per year (\$220 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, 2024 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   |
|-------------------|--|
| <b>Ineligible</b> | \$2,640 per year (\$220 per month)   |
| <b>Eligible</b>   | \$5,280 per year (\$440 per month) for those without "premium free" Medicare Part A who contribute at least \$440 per month for coverage under a local school district plan;<br><br>\$2,640 per year (\$220 per month), otherwise. |

As of July 1, 2022, the Maximum Annual Subsidies provided in the table above increased for the first time 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.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### 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 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 Plan                          | \$3,985 |
| Medicare Advantage Plan                           | \$2,456 |

#### FEDERAL LEGISLATION

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time 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, and the changes to Medicare due to the IRA, which are included in our baseline Medicare costs and trend assumption. Continued monitoring of the impact on the Plan’s liability due to this and other legislation, if applicable, 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.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### 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 | Annual Increase |
|-------------|-----------------|
| Under 30    | 0.0%            |
| 30 – 34     | 1.0%            |
| 35 – 39     | 1.5%            |
| 40 – 44     | 2.0%            |
| 45 – 49     | 2.6%            |
| 50 – 54     | 3.3%            |
| 55 – 59     | 3.6%            |
| 60 – 64     | 4.2%            |
| 65 – 69     | 3.0%            |
| 70 – 74     | 2.5%            |
| 75 – 79     | 2.0%            |
| 80 – 84     | 1.0%            |
| 85 – 89     | 0.5%            |
| Over 90     | 0.0%            |

### Mortality and Mortality Improvement Rates

#### PRE-RETIREMENT MORTALITY

The PubT-2016 Employee Table projected generationally with MP-2021 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  | 0.028%                 | 0.013% |
| 35  | 0.035%                 | 0.020% |
| 40  | 0.047%                 | 0.032% |
| 45  | 0.070%                 | 0.048% |
| 50  | 0.109%                 | 0.073% |
| 55  | 0.174%                 | 0.107% |
| 60  | 0.271%                 | 0.159% |
| 65  | 0.410%                 | 0.256% |

\*Rates shown are for 2016, the base year of the table.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### POST-RETIREMENT MORTALITY

The PubT-2016 Healthy Retiree Table projected generationally with MP-2021 is used for the period after service retirement. The PubT-2016 Disabled Retiree Table projected generationally with MP-2021 is used for the period after disability retirement. The PubT-2016 Contingent Survivor Table projected generationally with MP-2021 is used for survivors and beneficiaries. Representative values of the assumed annual rates of mortality are as follows:

| Age | Annual Rates of Death* |         |          |         |          |         |
|-----|------------------------|---------|----------|---------|----------|---------|
|     | Healthy                |         | Disabled |         | Survivor |         |
|     | Male                   | Female  | Male     | Female  | Male     | Female  |
| 50  | 0.109%                 | 0.073%  | 0.865%   | 0.733%  | 0.755%   | 0.286%  |
| 55  | 0.230%                 | 0.189%  | 1.321%   | 1.115%  | 0.883%   | 0.405%  |
| 60  | 0.377%                 | 0.264%  | 2.016%   | 1.698%  | 1.051%   | 0.575%  |
| 65  | 0.615%                 | 0.391%  | 2.406%   | 1.874%  | 1.319%   | 0.840%  |
| 70  | 1.042%                 | 0.697%  | 2.831%   | 2.256%  | 1.870%   | 1.290%  |
| 75  | 1.914%                 | 1.368%  | 4.084%   | 3.429%  | 3.109%   | 2.071%  |
| 80  | 3.697%                 | 2.771%  | 6.446%   | 5.742%  | 5.509%   | 3.562%  |
| 85  | 7.270%                 | 5.654%  | 9.789%   | 8.708%  | 9.603%   | 6.444%  |
| 90  | 13.640%                | 10.609% | 16.429%  | 13.197% | 16.622%  | 11.522% |

\* Rates shown are for 2016, the base year of the tables.

### Withdrawal Rates

The following table provides a summary of the assumed rates of withdrawal for active members prior to eligibility for retirement:

| Annual Rates of Withdrawal |        |        |
|----------------------------|--------|--------|
| Years of Service           | Male   | Female |
| 0                          | 20.00% | 19.00% |
| 1                          | 11.00  | 10.50  |
| 2                          | 9.25   | 9.00   |
| 3                          | 7.50   | 7.75   |
| 4                          | 6.00   | 7.00   |
| 5                          | 4.50   | 6.25   |
| 6                          | 3.75   | 5.75   |
| 7                          | 3.25   | 5.00   |
| 8                          | 2.75   | 4.50   |
| 9                          | 2.50   | 4.00   |
| 10                         | 2.25   | 3.50   |
| 11                         | 2.00   | 3.10   |
| 12                         | 2.00   | 2.60   |
| 13                         | 2.00   | 2.25   |
| 14                         | 2.00   | 2.00   |
| 15+                        | 2.00   | 2.00   |





# SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

## Retirement Rates

The following tables provide a summary of the assumed rates of service 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                         | 18.0%                         | 19.0%  | 30.0%                        | 30.0%  |
| 65                         | 27.0%                         | 33.0%  | 40.0%                        | 42.0%  |
| 70                         | 27.0%                         | 32.0%  | 30.0%                        | 33.0%  |
| 75                         | 100.0%                        | 100.0% | 100.0%                       | 100.0% |

\* 100% assumed rate of retirement for members with 38 or more years of service.

| Annual Rates of Retirement |            |        |         |        |
|----------------------------|------------|--------|---------|--------|
| Age                        | Proratable |        | Reduced |        |
|                            | Male       | Female | Male    | Female |
| 50                         |            |        | 1.20%   | 1.20%  |
| 52                         |            |        | 1.20%   | 1.20%  |
| 54                         |            |        | 1.60%   | 2.10%  |
| 56                         |            |        | 3.20%   | 3.60%  |
| 58                         |            |        | 5.50%   | 5.20%  |
| 60                         | 5.0%       | 5.0%   |         |        |
| 65                         | 13.0%      | 16.0%  |         |        |
| 70                         | 27.0%      | 20.0%  |         |        |
| 75                         | 20.0%      | 20.0%  |         |        |
| 80                         | 100.0%     | 100.0% |         |        |





# SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

## Disability Rates

The table below provides a summary of the assumed rates of disability 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 Increase Assumption |       |
|--|-------|
| Years of Service                           |       |
| 0  | 6.00% |
| 1  | 6.00  |
| 2  | 6.00  |
| 3  | 6.00  |
| 4  | 6.00  |
| 5  | 6.00  |
| 6  | 6.00  |
| 7  | 6.00  |
| 8  | 6.00  |
| 9  | 6.00  |
| 10   | 6.00  |
| 11   | 5.70  |
| 12   | 5.40  |
| 13   | 5.10  |
| 14   | 4.80  |
| 15   | 4.50  |
| 16   | 4.20  |
| 17   | 3.90  |
| 18   | 3.60  |
| 19   | 3.30  |
| 20   | 3.00  |
| 21+  | 3.00  |





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### 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 Rates

#### 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            | 10.0%                                     | 70.0%                              |
| Pre-65 Spouses/Survivors*  | 50.0%                                     | N/A                                |
| Post-64 Spouses/Survivors* | 50.0%                                     | 50.0%                              |

\* 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* | 12.5%  | 87.5%   |

\* Percentage of participating members electing spouse coverage.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### 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    | 15.0%  |
| Medicare Advantage Plan     | 85.0%  |

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 \$5,280 per year (\$440 per month) as of June 30, 2024 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.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### 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 and gender 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.

### Valuation Date

June 30, 2024

### 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, 2025.





## SCHEDULE B – SUMMARY OF ACTUARIAL ASSUMPTIONS & METHODS

### Changes Since the Prior Valuation

The June 30, 2024 measurements used in the development of June 30, 2025 financial accounting results for the Plan reflect the following change 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, 2025 was updated to equal the SEIR of 5.19% as of June 30, 2025; and
- The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2024. The changes in assumptions are summarized below:
  - Update mortality tables to the PubT-2016 mortality tables with generational mortality using MP-2021
  - Minor changes to rates of retirement
  - Service-only based table with minor changes to the rates of withdrawal
  - Small changes to merit salary scale particularly between 10 and 20 years of service
  - Increase spouse participation assumption for OPEB coverage to 50%.

The effect of the change described above was a decrease in the Plan's Total OPEB Liability and Service Cost measured as of June 30, 2025.





## SCHEDULE C – ACTUARIAL COST & ASSET VALUATION 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 5.19%), 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 market value of plan assets.

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

### Changes in Actuarial Cost and Asset Valuation Methods Since the Prior Measurement Date

There were no changes in actuarial cost or asset valuation methods since the prior measurement date of June 30, 2024.





## SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS

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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.





## SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS

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### 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 \$220 per month for a retired member plus an additional \$220 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, with any remaining portion used to offset the district's cost. As of July 1, 2022, the subsidy amount was increased for the first time since July of 1996. A subsidy amount of \$440 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 \$440 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 the CTRB Sponsored Medicare Advantage or Medicare Supplement Plan. Retirees, CTRB, 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 to 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 \$220 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

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.





## SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS

### Monthly Retiree Contribution Rates by Coverage Type

The following tables provide the monthly health care contributions for retiree and dependent coverage options during the periods beginning on January 1, 2020 through January 1, 2025.

| Monthly Retiree Rates for the CTRB Sponsored Medicare Supplemental Plan Options |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Coverage  | Jan. 1 2020 | Jan. 1 2021 | Jan. 1 2022 | Jan. 1 2023 | Jan. 1 2024 | Jan. 1 2025 |
| Medical* with Prescriptions   | \$179       | \$167       | \$269       | \$276       | \$278       | \$269       |
| Medical* with Prescriptions and Dental  | \$231       | \$220       | \$319       | \$326       | \$332       | \$323       |
| Medical with Prescriptions, Dental, Vision & Hearing                            | \$239       | \$228       | N/A         | N/A         | N/A         | N/A         |

| Monthly Retiree Rates for the CTRB Sponsored Medicare Advantage Plan Options |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Coverage   | Jan. 1 2020 | Jan. 1 2021 | Jan. 1 2022 | Jan. 1 2023 | Jan. 1 2024 | Jan. 1 2025 |
| Medical* with Prescriptions  | \$67        | \$64        | \$30        | \$33        | \$36        | \$94        |
| Medical* with Prescriptions and Dental                                       | \$119       | \$117       | \$80        | \$83        | \$90        | \$148       |
| Medical with Prescriptions, Dental, Vision & Hearing                         | \$127       | \$125       | N/A         | N/A         | N/A         | N/A         |

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





## SCHEDULE D – SUMMARY OF MAIN PLAN PROVISIONS

### Monthly Full Premium Rates by Coverage Type

Additionally, the following tables provide the full health care premiums for retiree and dependent coverage options during the periods beginning on January 1, 2020 through January 1, 2025.

| Monthly Full Premiums for the CTRB Sponsored Medicare Supplemental Plan Options |             |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Coverage  | Jan. 1 2020 | Jan. 1 2021 | Jan. 1 2022 | Jan. 1 2023 | Jan. 1 2024 | Jan. 1 2025 |
| Medical* with Prescriptions   | \$313       | \$295       | \$326       | \$342       | \$351       | \$457       |
| Medical* with Prescriptions and Dental  | \$365       | \$348       | \$376       | \$392       | \$404       | \$511       |
| Medical with Prescriptions, Dental, Vision & Hearing                            | \$373       | \$356       | N/A         | N/A         | N/A         | N/A         |

| Monthly Full Premiums for the CTRB Sponsored Medicare Advantage Plan Options |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Coverage   | Jan. 1 2020 | Jan. 1 2021 | Jan. 1 2022 | Jan. 1 2023 | Jan. 1 2024 | Jan. 1 2025 |
| Medical* with Prescriptions  | \$201       | \$192       | \$89        | \$99        | \$109       | \$282       |
| Medical* with Prescriptions and Dental                                       | \$253       | \$245       | \$139       | \$149       | \$163       | \$335       |
| Medical with Prescriptions, Dental, Vision & Hearing                         | \$261       | \$253       | N/A         | N/A         | N/A         | N/A         |

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

