



**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

JULY 1, 2011 VALUATION

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

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This work product was prepared solely for the Town of Windsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

CERTIFICATION

We have performed an actuarial valuation of the Town of Windsor Other Post-Employment Benefits Program as of July 1, 2011. The results of this valuation, along with supporting data, are set forth in the following report.

Milliman has prepared this report in compliance with Government Accounting Standard No. 45. No attempt is being made to offer any accounting opinion or advice. The calculations reported herein have been made on a basis consistent with our understanding of the plan provisions. Additional determinations may be needed for purposes other than meeting accounting requirements.

In preparing this report, we relied on employee census data, claims and premium information as of the valuation date, furnished by the Town of Windsor. We performed a limited review of the information used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate, all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices, and the methods and assumptions produced results which are reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (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. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

The actuarial method and assumptions used in this valuation are discussed on pages 17-22 of this report. A summary of the plan provisions starts on page 23 of this report.

**TOWN OF WINDSOR
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CERTIFICATION

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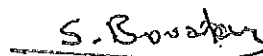
The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MILLIMAN INC.

May 23, 2012



Rebecca A. Sielman, FSA
Consulting Actuary



Samuel Boustani, ASA
Actuary

TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

OVERVIEW OF GASB 43 AND GASB 45

GASB 43 requires OPEB plans to disclose information about asset and liability levels and show historical contribution information. GASB 43 only applies in situations where a separate trust is established to prefund these benefits. GASB 45 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. GASB 43 was effective starting in FY 2006-07 for a Phase I government, FY 2007-08 for a Phase II government, and FY 2008-09 for a Phase III government. GASB 45 was effective for the fiscal year following implementation of GASB 43.

GASB 43 and 45 apply to just about any benefit that is provided after retirement except for pension benefits: medical insurance, dental, vision, and hearing benefits plus life insurance and long term care insurance. The benefits provided by the Town to retirees include medical and dental insurance. The philosophy driving the accounting standard is that these post-employment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 43 and 45 extend the same thinking to all other post-employment benefits.

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

THE VALUATION PROCESS

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates: How likely is it that an employee will qualify for post-employment benefits and when will they start?

Medical inflation and claims costs assumptions: When an employee starts receiving post-employment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption: How long is a retiree likely to receive the benefits?

Discount rate assumption: What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the Town, the present value is divided into three pieces: the part that is attributed to past years (the "Accrued Liability" or "Past Service Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Normal Cost have been calculated, the next step is to determine an annual contribution. This consists of two pieces:

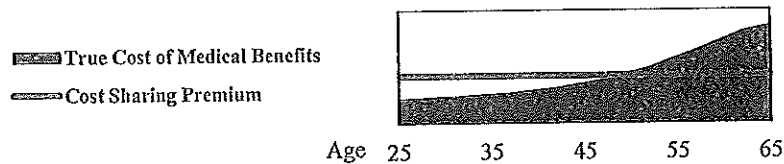
- ⊙ Normal Cost – because the benefits earned each year should be paid for each year
- ⊙ Past Service Cost – a catch-up payment to fund the Accrued Liability over time.

TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

IMPLICIT RATE SUBSIDIES

As part of the Other Post-Employment Benefits Program, there are situations where the cost is borne partly or entirely by retirees. In most cases, the premium that is used to split the cost is lower than the true cost of providing the medical benefits, for two reasons:

- ⊙ The cost sharing premium is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:



- ⊙ The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit rate subsidy". GASB 43 and 45 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based on factors developed by Milliman's health actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed on the prior page. We term this amount the "gross liability".

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program — different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors. We term this amount the "offset liability".

Finally, the net liability for the Town is calculated as the difference between the gross liability and the offset liability.

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

DISCUSSION OF EXPERIENCE

This valuation reflects a number of changes relative to the July 1, 2009 valuation:

Demographic Changes from 2009 to 2011

From July 1, 2009 to July 1, 2011, the overall membership decreased from 982 to 952. The total number of active members decreased from 720 to 689 and the total number of retirees and spouses of retirees increased slightly from 262 to 263.

The average age of active members increased from 45.9 to 46.6, and the average age of retired members increased from 65.4 to 66.2.

Assumption Changes

Medical and dental claims costs: We updated the expected claims costs based on our analysis of the updated claims experience and premium information provided to us for this valuation.

The effect of the above change was to reduce the Accrued Liability by about \$4.2 million and to reduce the Annual Required Contribution by about \$400,000.

Changes in Plan Provisions

Town Teamsters hired prior to July 1, 2008: Retiree pays the percentage of premium that is in effect at the time of the employee's retirement up to a maximum retiree share of 25% of the premium (Prior: no maximum).

Town Teamsters hired between July 1, 2008 and November 1, 2011: Retiree pays the percentage of premium that is in effect at the time of the employee's retirement up to a maximum retiree share of 25% of the premium for the retiree and 50% of the premium for the spouse (Prior: 25% for the retiree and 50% for the spouse).

Town Teamsters hired on or after November 1, 2011: Retiree pays the percentage of premium that is in effect at the time of the employee's retirement (Prior: 25% for the retiree and 50% for the spouse).

The above changes had no material impact on the results of this valuation.

**TOWN OF WINDSOR
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KEY ASSUMPTIONS

Our results are highly dependent on two key assumptions: the rate at which we assume medical costs will increase over time, and the discount rate we use to translate future payments into current dollars.

Medical inflation rate	Medical Benefits	
	Pre-65	Post-65
Initial inflation rate	5.90%	5.90%
Ultimate inflation rate	4.70%	4.70%
Years until ultimate inflation rate	80	80
 Discount rate	 4.00%	

The 4.00% discount rate reflects our understanding that the Town has not yet established an OPEB trust to prefund its OPEB benefits.

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM
SUMMARY OF LIABILITIES AS OF JULY 1, 2011**

We have calculated the Accrued Liability separately for eleven groups of Town employees, who are eligible for different OPEB benefits. We have broken the accrued liability for each group into several pieces: benefits that are expected to be paid prior to age 65 (i.e. prior to Medicare) and after age 65 (i.e. after Medicare) to current active members and their covered dependents after retirement, and the same figures for members who have already retired and are currently receiving benefits. In all cases, the Accrued Liability only reflects benefits that are paid for by the Town, taking into account any implicit rate subsidies.

	BOE Admin	Teachers	BOE Clerical	BOE Custodians	BOE Food Service	BOE Non-Union	BOE Nurses	Town Dispatchers	Town Admin	Town Teamsters	Police	Total
Current active members												
Employees under age 65	\$66,000	\$3,089,000	\$528,000	\$872,000	\$203,000	\$696,000	\$134,000	\$215,000	\$2,769,000	\$1,893,000	\$2,345,000	\$12,810,000
Employees over age 65	0	2,459,000	721,000	1,064,000	480,000	1,949,000	0	438,000	7,397,000	3,855,000	2,981,000	21,344,000
Dependents under age 65	31,000	1,043,000	7,000	149,000	1,000	16,000	4,000	4,000	642,000	673,000	2,258,000	4,828,000
Dependents over age 65	0	649,000	0	0	0	103,000	0	43,000	1,658,000	1,100,000	2,550,000	6,103,000
Total	97,000	7,240,000	1,256,000	2,085,000	684,000	2,764,000	138,000	700,000	12,466,000	7,521,000	10,134,000	45,085,000
Current retired members												
Employees under age 65	169,000	777,000	14,000	40,000	0	60,000	0	0	835,000	498,000	1,927,000	\$4,320,000
Employees over age 65	65,000	3,355,000	1,100,000	247,000	0	1,475,000	0	0	3,034,000	2,444,000	3,029,000	14,729,000
Dependents under age 65	59,000	116,000	34,000	18,000	0	0	0	0	621,000	603,000	2,493,000	3,944,000
Dependents over age 65	18,000	17,000	0	0	0	408,000	0	0	1,176,000	1,572,000	2,759,000	5,950,000
Total	311,000	4,245,000	1,148,000	305,000	0	1,943,000	0	0	5,666,000	5,117,000	10,208,000	28,943,000
Total Accrued Liability	408,000	11,485,000	2,404,000	2,390,000	684,000	4,707,000	138,000	700,000	18,132,000	12,638,000	20,342,000	74,028,000

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**TOWN OF WINDSOR
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ANNUAL REQUIRED CONTRIBUTION

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces: a Normal Cost (the cost of benefits earned each year should be accrued in that year) plus a Past Service Cost (a catch-up accrual to amortize the Unfunded Accrued Liability). The initial amortization period was 30 years (20 years for Police) starting FY 2009. The amortization method produces annual payments that will increase over time as payroll grows. On this basis, the ARC is determined as follows:

	BOE Admin	Teachers	BOE Clerical	BOE Custodians	BOE Food Service	BOE Non-Union	BOE Nurses	Town Dispatchers	Town Admin	Town Teamsters	Police	Total
Accrued Liability	\$408,000	\$11,485,000	\$2,404,000	\$2,390,000	\$684,000	\$4,707,000	\$138,000	\$700,000	\$18,132,000	\$12,638,000	\$20,342,000	\$74,028,000
Assets	0	0	0	0	0	0	0	0	0	0	0	0
Unfunded Accrued Liability	408,000	11,485,000	2,404,000	2,390,000	684,000	4,707,000	138,000	700,000	18,132,000	12,638,000	20,342,000	74,028,000
Amortization Period	26	26	26	26	26	26	26	26	26	26	16	
Payroll Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Past Service Cost	18,000	497,000	104,000	103,000	30,000	204,000	6,000	30,000	785,000	547,000	1,366,000	3,690,000
Normal Cost	23,000	489,000	89,000	139,000	67,000	201,000	11,000	43,000	906,000	463,000	857,000	3,288,000
Interest	2,000	39,000	8,000	10,000	4,000	16,000	1,000	3,000	68,000	40,000	89,000	280,000
ARC for FY 2013	43,000	1,025,000	201,000	252,000	101,000	421,000	18,000	76,000	1,759,000	1,050,000	2,312,000	7,258,000
Expected Benefit Payouts	51,000	442,000	83,000	56,000	9,000	117,000	2,000	3,000	444,000	418,000	422,000	2,047,000

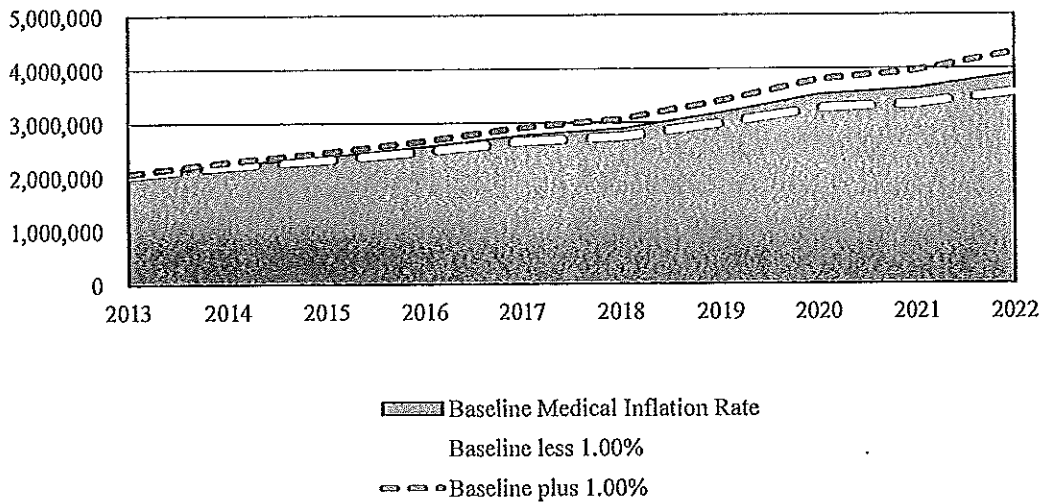
The ARC is assumed to be paid at the beginning of the Fiscal Year.

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

PROJECTED PAYOUTS

The annual Town payments for OPEB benefits are expected to rise in coming years, both because medical costs are expected to rise over time and because more employees will retire and start to receive Town-paid OPEB benefits. The table and graph below show the expected annual payments for OPEB benefits for the next 10 years.

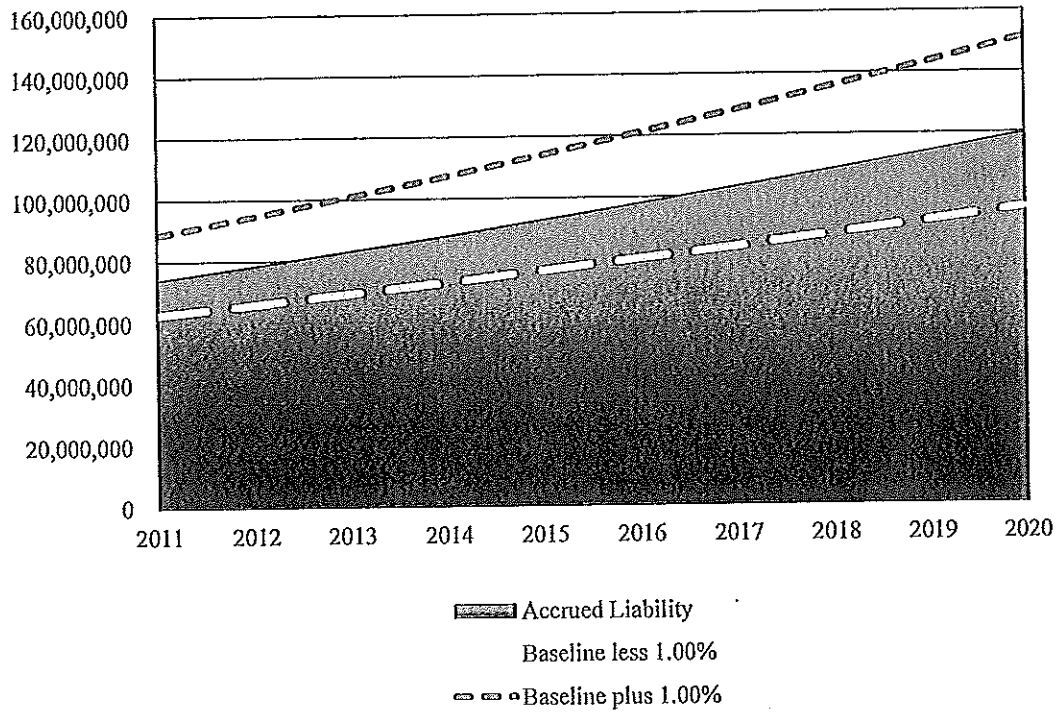
Fiscal Year	Baseline less 1.00%	Baseline Medical Inflation Rate	Baseline plus 1.00%
2013	\$2,028,000	\$2,047,000	\$2,067,000
2014	2,198,000	2,240,000	2,283,000
2015	2,320,000	2,388,000	2,456,000
2016	2,468,000	2,564,000	2,663,000
2017	2,645,000	2,774,000	2,908,000
2018	2,730,000	2,890,000	3,059,000
2019	2,975,000	3,180,000	3,397,000
2020	3,258,000	3,516,000	3,792,000
2021	3,333,000	3,631,000	3,953,000
2022	3,548,000	3,902,000	4,288,000



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PROJECTED LIABILITIES

The graph below shows how the Town's accrued liability for OPEB benefits is expected to grow over the next 10 years.



**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

GASB 45 SCHEDULE OF FUNDING PROGRESS

The following information is required to be disclosed in the Town's financial statement.

(\$ 000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b - a) / c
7/1/2007	\$0	\$66,013	\$66,013	0%	N/A	N/A
7/1/2009	0	72,896	72,896	0%	N/A	N/A
7/1/2011	0	74,028	74,028	0%	N/A	N/A

TOWN OF WINDSOR
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GASB 45 SCHEDULE OF EMPLOYER CONTRIBUTIONS

The following information is required to be disclosed in the Town's financial statement.

(\$ 000s)

Year Ended June 30	Annual Required Contribution	Actual Contribution Made	Percentage Contributed
2009	\$6,389	\$1,898	29.71%
2010	7,185	2,085	29.02%
2011	7,118	2,067	29.04%
2012	7,168	N/A	N/A
2013	7,258	N/A	N/A

**TOWN OF WINDSOR
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SUMMARY OF CENSUS DATA

The following were included in our analysis based on information provided as of July 1, 2011 by the Town.

Number of members	BOE											Police	Total
	BOE Admin	Teachers	Clerical	BOE Custodians	Food Service	BOE Non-Union	BOE Nurses	Dispatchers	Town Admin	Teamsters	Town		
Active	23	372	35	38	20	26	8	5	78	40	44	689	
Retired members	10	60	10	5	0	9	0	0	27	27	25	173	
Spouses of retirees	5	22	5	1	0	4	0	0	13	15	25	90	
Total	38	454	50	44	20	39	8	5	118	82	94	952	
Average age													
Active	46.8	45.0	50.8	51.2	53.4	54.3	53.4	43.0	48.7	47.8	40.1	46.6	
Retired	62.2	63.7	71.2	68.6	N/A	68.1	N/A	N/A	68.3	72.5	61.6	66.2	
Average retirement age													
Active	63.0	60.7	60.8	61.1	62.8	62.7	61.9	57.3	59.3	59.7	58.7	60.6	
Retired	59.3	57.9	63.4	61.6	N/A	62.1	N/A	N/A	60.4	60.7	48.2	58.0	
Expected lifetime													
Active [to retirement]	16.2	15.7	10.0	9.9	9.4	8.5	8.5	14.3	10.6	11.9	18.6	14.0	
Retired [lifetime]	25.1	23.5	15.9	18.9	N/A	18.4	N/A	N/A	17.7	14.9	20.6	20.1	

The retiree census data excludes post 65 Medicare eligible retired members who are paying 100% of the premium.

Where complete census data was not available, we have made assumptions which we believe to be reasonable.

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**TOWN OF WINDSOR
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CURRENT PREMIUMS

Based on information provided by the Town regarding current plan elections, the following weighted average blended actual premiums were used:

2011 - 2012 Monthly Premiums		Employee	Spouse
Medical - Town	Pre 65	\$739.31	\$738.30
	Post 65	358.96	358.96
Medical - BOE	Pre 65	625.42	625.42
	Post 65	433.57	433.57
Dental - Town		37.73	60.29
Dental - BOE		51.89	51.89

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HEALTH COST ADJUSTMENT FACTORS

Milliman's Health Cost Guidelines were used to develop the expected relationship of the true cost of health benefits across age and gender. Representative factors are shown below.

Age	Town - Medical		BOE - Medical	
	Employee	Spouse	Employee	Spouse
40	2.92%	1.62%	1.48%	3.12%
45	4.19%	3.14%	3.02%	4.35%
50	4.92%	4.21%	4.12%	5.02%
55	5.09%	4.00%	3.86%	5.24%
60	4.55%	4.05%	3.99%	4.61%
65	2.12%	1.97%	1.95%	2.14%
70	2.25%	2.11%	2.09%	2.26%
75	1.59%	1.34%	1.31%	1.62%
80	1.06%	1.31%	1.34%	1.02%

Age	Town - Dental		BOE - Dental	
	Employee	Spouse	Employee	Spouse
40	1.55%	1.42%	1.37%	1.60%
45	1.34%	1.13%	1.07%	1.41%
50	0.71%	0.61%	0.58%	0.75%
55	0.23%	0.10%	0.06%	0.28%
60	0.15%	0.13%	0.12%	0.15%
65	-0.17%	-0.12%	-0.10%	-0.19%
70	0.00%	0.00%	0.00%	0.00%
75	0.00%	0.00%	0.00%	0.00%
80	0.00%	0.00%	0.00%	0.00%

**TOWN OF WINDSOR
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ACTUARIAL METHOD

The actuarial funding method used is the **Projected Unit Credit Cost Method**. Recommended annual contributions consist of two pieces: Normal Cost plus a payment towards the Unfunded Accrued Liability.

The **Accrued Liability** is determined directly as the present value of benefits accrued to date, where the accrued benefit for each Member is the pro-rata portion (based on service to date) of the projected benefit payable at death, disability, retirement or termination.

The **Normal Cost** is similarly determined as the present value of the portion of the projected benefit attributable to the current year.

The **Unfunded Accrued Liability** is the **Accrued Liability** less the value of any plan assets.

**TOWN OF WINDSOR
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ACTUARIAL ASSUMPTIONS

Payroll Growth Rate 3.00%

Healthy Mortality **Teachers and Central Office Administrators[#]:**

RP-2000 Mortality Table projected forward 19 years using Scale AA, with a two-year age setback.

Police[†]:

RP-2000 Mortality Table, set forward one year for males and set back one year for females

Town and BOE Non-Certified:

RP-2000 Combined Healthy Mortality Table for males and females with generational projection per Scale AA

Disabled Mortality **Teachers and Central Office Administrators[#]:** RP-2000 Mortality Table projected forward 19 years using Scale AA, with an eight-year age set forward

Police[†]:

RP-2000 Mortality Table, set forward five years for males and set forward one year for females

Town and BOE Non-Certified:

RP-2000 Combined Healthy Mortality Table for males and females with generational projection per Scale AA

**TOWN OF WINDSOR
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ACTUARIAL ASSUMPTIONS

Turnover

Teachers and Central Office Administrators[#]: rates based on gender and length of service for the first ten years and gender and age thereafter:

Service	Male	Female
0-1	14.00%	12.00%
1-2	8.50%	9.00%
2-3	5.50%	7.00%
3-4	4.50%	6.00%
4-5	3.50%	5.50%
5-6	2.50%	5.00%
6-7	2.40%	4.50%
7-8	2.30%	3.50%
8-9	2.20%	3.00%
9-10	2.10%	2.50%

Age	Male	Female
25	1.20%	3.50%
35	1.20%	3.50%
45	1.26%	1.30%
55	3.36%	1.60%

Town and BOE: rates that vary based on age and gender:

Age	Male	Female
20	10.0%	15.0%
30	7.5%	10.0%
40	3.0%	5.0%
50	0.0%	0.0%

Police: None.

**TOWN OF WINDSOR
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ACTUARIAL ASSUMPTIONS

Retirement Teachers, and Central Administrators[#]: rates based on age, eligibility for pension benefits and gender:

Age	Unreduced		Proratable		Reduced	
	Male	Female	Male	Female	Male	Female
50-51	27.5%	15.0%			2.0%	2.0%
52	27.5%	15.0%			3.0%	4.0%
53	27.5%	15.0%			3.0%	4.5%
54	27.5%	15.0%			5.0%	5.5%
55	38.5%	30.0%			5.0%	7.5%
56	38.5%	30.0%			7.0%	8.5%
57	38.5%	30.0%			10.0%	9.5%
58	38.5%	30.0%			11.0%	10.0%
59	38.5%	30.0%			12.0%	10.0%
60	22.0%	20.0%	6.0%	5.4%		
61	25.3%	22.5%	6.0%	7.2%		
62	25.3%	22.5%	15.0%	9.9%		
63-64	27.5%	22.5%	10.0%	7.2%		
65	36.3%	30.0%	20.0%	13.5%		
66	27.5%	30.0%	20.0%	10.8%		
67	27.5%	30.0%	20.0%	13.5%		
68	27.5%	30.0%	20.0%	10.8%		
69	27.5%	30.0%	35.0%	10.8%		
70-73	100.0%	40.0%	35.0%	10.8%		
74	100.0%	40.0%	35.0%	18.0%		
75-79	100.0%	40.0%	40.0%	18.0%		
80	100.0%	100.0%	40.0%	18.0%		

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Retirement

Town and BOE Non-Certified: 15% at age 55 with 10 years of service; 40% at the earlier of age 55 with 30 years of service or age 65 with 10 years of service; at all other ages:

Age	Rate
56-59	10%
60-61	20%
62-69	30%
70	100%

Police: 15% at age 55 with 10 years of service; 40% at age 55 with 25 years of service; at all other ages:

Age	Rate
45-49	16%
50	14%
51-58	12%
59	16%
60-62	20%
63-64	25%
65	100%

Disability

Teachers, Central Administrators, and BOE Non-Certified[#]: rates based on age and gender:

Age	Male	Female
20	0.0455%	0.0500%
30	0.0455%	0.0410%
40	0.0715%	0.0720%
50	0.3250%	0.2630%
60	1.2805%	0.5000%

All Others: None

Cost Blending

In order to dampen the volatility of premium changes, this valuation is based on 75% of the expected costs/premiums plus 25% of actual costs/premiums

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Future Retiree Coverage **Teachers, Central Office Administrators, and BOE Non-Certified:** 90% of future retirees are assumed to elect coverage under the retiree medical program.

All Others: 100% of future retirees are assumed to elect coverage under the retiree medical program.

Future Dependent Coverage Current active members are assumed to elect dependent coverage at retirement as follows. All female spouses are assumed to be 3 years younger than males.

Group	Males	Females
Teachers and Central Administrators	50%	30%
Police	80%	80%
Town	70%	25%
BOE Non-Certified	50%	40%

Future Post-65 Coverage **Teachers and Central Administrators:** 75% of actives and pre-65 retirees are assumed to drop coverage at age 65.

All Others: all current actives and pre-65 retirees are assumed to continue coverage past age 65 (if available).

Certain actuarial demographic assumptions for Teachers and Administrators are based on the assumptions used in the 2006 valuation of the Connecticut State Teachers Retirement System by Gabriel, Roeder, Smith and Company.

♦ Certain actuarial demographic assumptions for Police Employees are based on the assumptions used in the 2008 valuation of the Connecticut Municipal Employees' Retirement System by Buck Consultants.

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Eligibility

Teachers and Central Office Administrators:

A Teacher or Administrator retiring shall be eligible to receive health benefits for self and spouse.

Normal Retirement for Teachers and Administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

Police:

Employees retiring under the Connecticut Municipal Employees' Retirement Fund B (MERF B), shall be eligible to receive health benefits for self and spouse only if similar insurance is not available through another employer or spouse's employer.

Town and BOE Non-Certified:

Employees retiring under the Town of Windsor Retirement Plan, shall be eligible to receive health benefits for self and spouse.

With no spouse coverage - age 55 with 10 years of service. To get spouse coverage - earlier of age 55 with 30 years of service or age 65 with 10 years of service.

Town employees shall be eligible to receive health benefits for self and spouse only if similar insurance is not available through another employer or spouse's employer.

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Cost Sharing

Police:

(negotiated cost-sharing for 2011-2012)

Retiree pays the same percentage of premium that is in effect at the time of the employee's retirement.

Medical Retiree contributes 15% of the cost for self and spouse

Dental Retiree contributes 15% of the cost for self and 100% for dependents

Town Administrative:

Hired prior to July 1, 2009:

Retiree pays the same percentage of premium that is in effect at the time of the employee's retirement.

Medical Retiree contributes 15% of the cost for self and spouse

Dental Retiree contributes 0% of the cost for self and 100% for dependents

Hired after July 1, 2009:

Medical Retiree contributes 25% of the cost for self and 50% for the spouse

Dental Retiree contributes 0% of the cost for self and 100% for dependents

Dispatchers:

(negotiated cost-sharing for 2010-2011)

Retiree pays the same percentage of premium that is in effect at the time of the employee's retirement.

Medical Retiree contributes 15% of the cost for self and spouse

Dental Retiree contributes 10% of the cost for self and 100% for dependents

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Town Teamsters:

Hired prior to July 1, 2008:
(negotiated cost-sharing for 2013-2014)

Retiree pays the same percentage of premium that is in effect at the time of the employee's retirement.

Medical	Retiree contributes 17% of the cost for self and spouse, to a maximum retiree share of 25%
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Dental	Retiree contributes 100% of the cost for self and dependents
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Hired after July 1, 2008 and before November 1, 2011

Medical	Retiree contributes 17% of the cost for self and spouse, to a maximum retiree share of 25% for the retiree and 50% for the spouse
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Dental	Retiree contributes 100% of the cost for self and dependents
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Hired on or after November 1, 2011:

Medical	Retiree contributes 17% of the cost for self and 100% for the spouse
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Dental	Retiree contributes 100% of the cost for self and dependents
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**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Board NAGE (Custodians / Maintenance / Food):

Employees hired prior to July 1, 2010:

Medical Retiree contributes 75% of the cost for self
and 100% for the spouse

Dental Retiree contributes 100% of the cost for self
and dependents

Employees hired on or after July 1, 2010:

Medical Retiree contributes 100% of the cost for self
and dependents

Dental Retiree contributes 100% of the cost for self
and dependents

Board Nurses:

Medical Retiree contributes 100% of the cost for self
and spouse

Dental Retiree contributes 100% of the cost for self
and dependents

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Board Non-affiliated:

Hired prior to January 1, 2007:
(negotiated cost-sharing for 2009-2010)

Retiree pays the same percentage of premium that is in effect at the time of the employee's retirement

Medical Retiree contributes 13% of the cost for self and 50% for the spouse

Dental Retiree contributes 10% of the cost for self and 25% for dependents

Hired after January 1, 2007:

Medical Retiree contributes 100% of the cost for self and spouse

Dental Retiree contributes 100% of the cost for self and dependents

Board Administrative Support Staff:

Hired prior to July 1, 2008:

Medical Retiree contributes 85% of the cost for self and 100% for the spouse

Dental Retiree contributes 85% of the cost for self and 100% for the dependents

Hired after July 1, 2008:

Medical Retiree contributes 100% of the cost for self and spouse

Dental Retiree contributes 100% of the cost for self and dependents

Teachers and Central Office Administrators:

**TOWN OF WINDSOR
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Medical* Retiree contributes 100% of the cost for self and spouse

Dental* Retiree contributes 100% of the cost for self and dependents

*less \$1,320 annual CT Teachers Retirement Board subsidy (subsidy is pre-65 only)

Other Bargaining Units:

No retiree medical or dental benefits are provided

This summary is intended only to describe our understanding of the essential features of the benefits that will be provided to future retirees based on copies of bargaining agreements, the Town's personnel rules and the benefits being currently provided to retired members. Many current retired members have different cost sharing provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the relevant plan documents. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

