



CITY OF WAUWATOSA RETIREE MEDICAL PLAN

GASB 74 and 75 DISCLOSURE Fiscal Years: 2022 and 2023

Prepared by

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Certification

Actuarial computations presented in this report under Statements No. 74 and 75 of the Governmental Accounting Standards Board are for purposes of assisting the City of Wauwatosa in fulfilling its financial accounting requirements. No attempt is being made to offer any accounting opinion or advice. This report is for fiscal years January 1, 2022 to December 31, 2022 and January 1, 2023 to December 31, 2023. The reporting dates for determining plan assets and obligations are December 31, 2022 and December 31, 2023, respectively. The calculations enclosed in this report have been made on a basis consistent with our understanding of the plan provisions. Determinations for purposes other than meeting financial reporting requirements may be significantly different than the results contained in this report. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security or meeting employer funding requirements.

In preparing this report, we relied, without audit, on information as of December 31, 2022 furnished by the City of Wauwatosa. This information includes, but is not limited to, statutory provisions, member census data, and financial information. The membership as of December 31, 2022 includes 283 active participants and 109 retirees and surviving spouses.

We performed a limited review of the census and financial information used directly in our analysis and have found them to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete our results may be different and our calculations may need to be revised.

We hereby certify that, to the best of our knowledge, this report, including all costs and liabilities based on actuarial assumptions and methods, is complete and accurate and determined in conformance with generally recognized and accepted actuarial principles and practices, which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board and the applicable Code of Professional Conduct, amplifying Opinions and supporting Recommendations of the American Academy of Actuaries.

Each of the assumptions used in this valuation with the exception of those set by law was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period. Assumptions related to the claims costs and healthcare trend (cost inflation) rates for the retiree healthcare program discussed in this report were determined by Milliman actuaries qualified in such matters.

This valuation report is only an estimate of the plan's financial condition as of a single date. It can neither predict the plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of plan benefits, only the timing of plan contributions. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

This report and its use are subject to the terms of our Consulting Services Agreement with the City of Wauwatosa dated November 23, 2010.

Certification

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such as, but not limited to, 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 the actuarial assignment, we did not perform an analysis of the potential range of such future measurements.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. In addition, Milliman has developed certain models to estimate the claim costs and trend used in this analysis. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. The models, including all input, calculations, and output may not be appropriate for any other purpose.

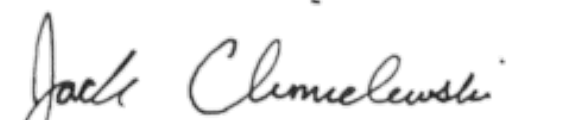
Milliman's work is prepared solely for the internal use and benefit of the City of Wauwatosa. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to the Plan Sponsor's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the City of Wauwatosa; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

We, John M. Chmielewski and Steven G. Hanson, are actuaries for Milliman, Inc. We 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. This report uses the expertise of Milliman healthcare and retirement actuaries. Steven G. Hanson is responsible for the work related to the current expected healthcare benefit costs and trend rates. John M. Chmielewski is responsible for projecting the current costs into future years using the valuation assumptions and methodology and then calculating the accounting costs and liabilities reported herein.



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Overview of GASB 74 and GASB 75

The Governmental Accounting Standards Board (GASB) released accounting standards for public postemployment benefit plans other than pension (OPEB) and participating employers in 2015. These standards, GASB Statements No. 74 and 75, have substantially revised the accounting requirements previously mandated under GASB Statements No. 43 and 45. The most notable change is that the Annual Required Contribution (ARC) has been eliminated and the Net OPEB Liability will be an item on the employer's financial statement rather than a footnote entry.

GASB 74 applies to financial reporting for public OPEB plans funded by OPEB trusts and is required to be implemented for plan fiscal years beginning after June 15, 2016. Note that a plan's fiscal year might not be the same as the employer's fiscal year. Even if the plan does not issue standalone financial statements, but rather is considered a trust fund of a government, it is subject to GASB 74. Under GASB 74, enhancements to the financial statement disclosures are required, along with certain required supplementary information.

GASB 75 governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017. GASB 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) will be immediately recognized as OPEB Expense on the income statement or reported as deferred inflows/outflows of resources depending on the nature of the change.

Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is December 31, 2022. This is the date as of which the actuarial valuation is performed. The Measurement Dates are December 31, 2021 and December 31, 2022. The Measurement Date is the date as of which the total OPEB liability is determined. The Reporting Dates are December 31, 2022 and December 31, 2023. The Reporting Date is the plan's and/or employer's fiscal year ending date.

Significant Changes

None.

Total OPEB Liability

Total OPEB Liability	December 31, 2022	December 31, 2023
Total OPEB liability	\$41,184,603	\$36,618,430
Covered payroll	34,556,472	36,058,971
Total OPEB liability as a % of covered payroll	119.18%	101.55%

The total OPEB liability was determined by an actuarial valuation as of the measurement date, calculated based on the discount rate and actuarial assumptions below.

Discount Rate

Discount rate	2.06%	3.72%
20 Year Tax-Exempt Municipal Bond Yield	2.06%	3.72%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of December 31, 2022 and December 31, 2023 were based on the results of an actuarial experience study for the period 2018-2020 for the Wisconsin Retirement System (WRS).

Valuation date	December 31, 2022	December 31, 2022
Measurement date	December 31, 2021	December 31, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Salary increases including inflation	WRS; see "Actuarial Assumptions" for details	WRS; see "Actuarial Assumptions" for details
Mortality	WRS; see "Actuarial Assumptions" for details	WRS; see "Actuarial Assumptions" for details

Changes in Total OPEB Liability

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability	
	2022	2023
Beginning of Year Balance	\$36,445,285	\$41,184,603
Changes for the year:		
Service cost	1,628,862	1,752,565
Interest on total OPEB liability	779,382	853,074
Effect of plan changes	0	0
Effect of economic/demographic gains or losses	2,236,595	279,844
Effect of assumptions changes or inputs	2,730,024	(4,384,365)
Benefit payments	(2,635,545)	(3,067,291)
End of Year Balance	41,184,603	36,618,430

Cash Flow Projections

Cash Flow Projections, the Annual Undiscounted Cost of Retiree Medical Benefits Current Retiree Plus Current Active Employees

Year	City Employees
2023	\$2,767,407
2024	2,836,280
2025	2,733,125
2026	2,791,602
2027	2,782,457
2028	2,980,965
2029	2,972,297
2030	2,887,349
2031	2,964,362
2032	3,031,638

Sensitivity Analysis

The following presents the total OPEB liability of the City of Wauwatosa, calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	2022		
	1% Decrease	Discount Rate	1% Increase
	1.06%	2.06%	3.06%
Total OPEB liability	\$43,436,787	\$41,184,603	\$37,869,422

	2023		
	1% Decrease	Discount Rate	1% Increase
	2.72%	3.72%	4.72%
Total OPEB liability	\$39,191,221	\$36,618,430	\$34,243,526

The following presents the total OPEB liability of the City of Wauwatosa, calculated using the current healthcare cost trend rates as well as what the City of Wauwatosa's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates

	2022		
	Current		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$38,096,433	\$41,184,603	\$44,722,792

	2023		
	Current		
	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$33,753,245	\$36,618,430	\$39,899,362

Schedule of Changes in Total OPEB Liability and Related Ratios (in 1,000s)

	Fiscal Year Ending December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	\$1,753	\$1,629	\$1,423	\$1,193	\$1,298	\$1,173	N/A	N/A	N/A	N/A
Interest on total OPEB liability	853	779	965	1,350	1,192	1,311	N/A	N/A	N/A	N/A
Effect of plan changes	0	0	0	17	0	0	N/A	N/A	N/A	N/A
Effect of economic/demographic (gains) or losses	280	2,237	635	1,450	661	0	N/A	N/A	N/A	N/A
Effect of assumption changes or inputs	(4,384)	2,730	1,386	1,502	(1,491)	784	N/A	N/A	N/A	N/A
Benefit payments	(3,067)	(2,636)	(3,492)	(3,384)	(3,221)	(3,593)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(4,566)	4,739	916	2,129	(1,560)	(325)	N/A	N/A	N/A	N/A
Total OPEB liability, beginning	41,185	36,445	35,530	33,401	34,961	35,286	N/A	N/A	N/A	N/A
Total OPEB liability, ending	36,618	41,185	36,445	35,530	33,401	34,961	N/A	N/A	N/A	N/A
Covered payroll	\$36,059	\$34,556	\$35,326	\$32,373	\$29,943	\$29,094	N/A	N/A	N/A	N/A
Total OPEB liability as a % of covered payroll	101.55%	119.18%	103.17%	109.75%	111.55%	120.17%	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

* Due to rounding, values may not add correctly.

OPEB Expense

OPEB Expense	January 1, 2022 to December 31, 2022	January 1, 2023 to December 31, 2023
Service cost	\$1,628,862	\$1,752,565
Interest on total OPEB liability	779,382	853,074
Effect of plan changes	0	0
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	753,259	796,781
Recognition of assumption changes or inputs	748,177	66,316
OPEB Expense	3,909,680	3,468,736

As of December 31, 2022, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$3,415,951
Changes of assumptions	(616,414)	4,326,022
Contributions made subsequent to measurement date	0	*
Total	(616,414)	7,741,973

As of December 31, 2023, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$2,899,014
Changes of assumptions	(4,100,331)	3,359,258
Contributions made subsequent to measurement date	0	*
Total	(4,100,331)	6,258,272

* Any employer contributions subsequent to the measurement date should be reported under deferred outflows of resources and recognized as a reduction of the net OPEB liability. Cannot be determined until after end of fiscal year. If total claims paid less retiree contributions are unknown, benefit payments from Page 6 can be used.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended December 31:	2022	2023
2023	\$1,501,436	N/A
2024	1,480,739	842,400
2025	1,408,371	770,032
2026	1,403,291	764,952
2027	999,581	361,242
2028	332,141	(306,198)
Thereafter*	0	(274,487)

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

Schedule of Deferred Inflows and Outflows of Resources For Fiscal Year Ending December 31, 2022

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 12/31/2022	Amount Recognized in Expense through 12/31/2022	Balance of Deferred Inflows 12/31/2022	Balance of Deferred Outflows 12/31/2022
Economic/ demographic (gains) or losses	\$2,236,595	12/31/2022	6.43	\$347,837	\$347,837	\$0	\$1,888,758
	634,893	12/31/2021	6.76	93,919	187,838	0	447,055
	1,450,482	12/31/2020	6.76	214,568	643,704	0	806,778
	661,100	12/31/2019	6.82	96,935	387,740	0	273,360
	0	12/31/2018	0.00	0	0	0	0
		Total		753,259	1,567,119	0	3,415,951
Assumption changes or inputs	2,730,024	12/31/2022	6.43	424,576	424,576	0	2,305,448
	1,385,687	12/31/2021	6.76	204,983	409,966	0	975,721
	1,502,330	12/31/2020	6.76	222,238	666,714	0	835,616
	(1,490,762)	12/31/2019	6.82	(218,587)	(874,348)	(616,414)	0
	784,072	12/31/2018	6.82	114,967	574,835	0	209,237
		Total		748,177	1,201,743	(616,414)	4,326,022
Total deferred (inflows)/outflows						(616,414)	7,741,973
Total net deferrals							7,125,559

* Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Schedule of Deferred Inflows and Outflows of Resources For Fiscal Year Ending December 31, 2023

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 12/31/2023	Amount Recognized in Expense through 12/31/2023	Balance of Deferred Inflows 12/31/2023	Balance of Deferred Outflows 12/31/2023
Economic/ demographic (gains) or losses	\$279,844	12/31/2023	6.43	\$43,522	\$43,522	\$0	\$236,322
	2,236,595	12/31/2022	6.43	347,837	695,674	0	1,540,921
	634,893	12/31/2021	6.76	93,919	281,757	0	353,136
	1,450,482	12/31/2020	6.76	214,568	858,272	0	592,210
	661,100	12/31/2019	6.82	96,935	484,675	0	176,425
	0	12/31/2018	0.00	0	0	0	0
		Total		796,781	2,363,900	0	2,899,014
Assumption changes or inputs	(4,384,365)	12/31/2023	6.43	(681,861)	(681,861)	(3,702,504)	0
	2,730,024	12/31/2022	6.43	424,576	849,152	0	1,880,872
	1,385,687	12/31/2021	6.76	204,983	614,949	0	770,738
	1,502,330	12/31/2020	6.76	222,238	888,952	0	613,378
	(1,490,762)	12/31/2019	6.82	(218,587)	(1,092,935)	(397,827)	0
	784,072	12/31/2018	6.82	114,967	689,802	0	94,270
		Total		66,316	1,268,059	(4,100,331)	3,359,258
Total deferred (inflows)/outflows						(4,100,331)	6,258,272
Total net deferrals							2,157,941

* Economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Milliman Financial Reporting Valuation

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Total OPEB Liability plus Net Deferrals	Annual Expense
Balances as of December 31, 2021	(\$36,445,285)	(\$835,001)	\$4,495,377	\$3,660,376	(\$32,784,909)	
Service cost	(1,628,862)					1,628,862
Interest on total OPEB liability	(779,382)					779,382
Effect of plan changes	0					0
Effect of liability gains or losses	(2,236,595)		2,236,595	2,236,595		
Effect of assumption changes or inputs	(2,730,024)		2,730,024	2,730,024		
Benefit payments	2,635,545				2,635,545	
Recognition of liability gains or losses			(753,259)	(753,259)		753,259
Recognition of assumption changes or inputs		218,587	(966,764)	(748,177)		748,177
Annual expense					(3,909,680)	3,909,680
Balances as of December 31, 2022	(41,184,603)	(616,414)	7,741,973	7,125,559	(34,059,044)	
Balances as of December 31, 2022	(\$41,184,603)	(\$616,414)	\$7,741,973	\$7,125,559	(\$34,059,044)	
Service cost	(1,752,565)					1,752,565
Interest on total OPEB liability	(853,074)					853,074
Effect of plan changes	0					0
Effect of liability gains or losses	(279,844)		279,844	279,844		
Effect of assumption changes or inputs	4,384,365	(4,384,365)		(4,384,365)		
Benefit payments	3,067,291				3,067,291	
Recognition of liability gains or losses			(796,781)	(796,781)		796,781
Recognition of assumption changes or inputs		900,448	(966,764)	(66,316)		66,316
Annual expense					(3,468,736)	3,468,736
Balances as of December 31, 2023	(36,618,430)	(4,100,331)	6,258,272	2,157,941	(34,460,489)	

Glossary

Deferred Inflows/Outflows of Resources

Portion of changes in net OPEB liability that is not immediately recognized in OPEB Expense. These changes include differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.

Discount Rate

Single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

- 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Municipal Bond Rate

Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Projected Benefit Payments

All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and expected future service.

Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.

Total OPEB Liability

The portion of actuarial present value of projected benefit payments that is attributable to past periods of member service using the Entry Age Normal cost method based on the requirements of GASB 74 and 75.

Summary of Actuarial Assumptions

The following actuarial assumptions were used in the development of the City of Wauwatosa's retiree health cost projections. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the Wisconsin Retirement System (WRS) as provided in the December 31, 2021 Actuarial Valuation reports. These assumptions were adopted by the Employee Trust Funds Board in connection with a study of experience during 2018-2020. In our opinion, these assumptions are reasonable for the intended purposes of the report. Assumptions regarding participant elections are based on recent experience and our estimates of future experience.

Interest Discount Rate

Measurement Date	Rate
December 31, 2021	2.06%
December 31, 2022	3.72%

Mortality

Pre-Retirement: This assumption applies to death while in service. Rates are based on the 2020 WRS Experience Table for Active Employees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

Post-Retirement: This assumption applies to death of participants after retirement. Rates are based on the 2020 WRS Experience Table for Healthy Retirees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

Post-Disability: This assumption applies to death after disablement. Rates are based on the 2020 WRS Experience Table for Disabled Retirees as the base table and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

** Sample rates shown in Appendix A.*

Employee Turnover/Withdrawal

Ten-year select and ultimate rates of WRS for Non-State Protective with Social Security for Police and Fire Department employees and General Non-State Employee for all other employees. Separate rates for males and females. Ultimate rates after the tenth year are shown in the rate table in Appendix A. Select rates are as follows:

Year	General Non-State Employee Male Rate	General Non-State Employee Female Rate	Non-State Protective with Social Security
1	17.7%	20.0%	15.6%
2	12.5%	15.0%	9.4%
3	9.0%	11.5%	5.3%
4	7.1%	9.6%	4.4%
5	6.6%	9.0%	4.2%
6	5.3%	7.4%	3.3%
7	4.8%	6.3%	3.2%
8	4.6%	6.0%	3.0%
9	4.1%	5.7%	2.7%
10	4.0%	5.0%	2.3%

Disablement: WRS disability rates for Non-State Protective with Social Security for Police and Fire Department employees and General Non-State Employee for all other employees. Separate rates for General Employees for males and females. Rates shown in the rate table at the end of Appendix A.

Retirement: WRS retirement rates for Non-State Protective with Social Security for Police and Fire Department employees and General Non-State Employee for all other employees. Separate rates for General Employees for male and females. Rates shown in the rate table at the end of Appendix A.

Percentage of Retirees Participating In Retiree Medical Coverage

Future retirees: 95% of current employees with medical coverage are expected to participate in the City of Wauwatosa's retiree health insurance plan.

Current retirees: Actual retiree participation.

Percentage of Retirees Electing Family Coverage

Future retirees: 75% of future retirees that take coverage are assumed to elect family coverage.

Current retirees: Actual family coverage election.

Age Difference of Active Employees and Spouses

Spouses same age as participants.

Annual Medical Trend Rate Assumptions

Medical inflation was based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trend. The following tables show the trend rates used in this valuation.

Annual Medical Trend Rate	
	Pre Medicare
2023	6.50%
2024	6.90
2025	6.40
2026	5.70
2027	5.10
2028	4.90
2029	4.70
2030	4.50
2031	4.30
2032-2053	4.10
2054-2064	4.20
2065-2066	4.10
2067-2068	4.00
2069-2070	3.90
2071-2073	3.80
2074+	3.70

Salary Adjustment Factors

Used to project earnings for each participant between the valuation date and the participant's retirement age are shown below for sample years of service. This assumption is used to project a participant's current earnings to the earnings upon which benefits will be based.

% Merit and Longevity Increase Next Year		
Service	Non-State	
	Protective with Social Security	General Non-State
1	4.8%	3.5%
2	4.8	3.5
3	4.1	3.1
4	3.5	2.8
5	2.8	2.5
10	1.1	1.5
15	0.8	1.1
20	0.7	0.9
25	0.6	0.6
30	0.5	0.4

In addition to the merit and longevity increase, each person is assumed to get an economic increase of 3.0% each year.

Expected Monthly 2023 Medical Costs Per Retiree

We developed estimates of monthly 2023 medical costs per retiree by age based on the City's claim cost experience and actual administrative costs per capita, adjusted for demographic differences between retirees and all participants (actives and retirees combined) and adjusted for plan differences.

Age	Male		Female	
	Single	Dual	Single	Dual
55	\$966	\$2,107	\$1,087	\$2,107
60	1,236	2,563	1,273	2,563
64	1,534	3,026	1,438	3,026

A monthly medical cost of \$41.67 per retiree and spouse for each year also needs to be added to account for the HRA plan.

The retirees pay 100% of the fully insured self-supporting premium for post-65. Therefore, no liability is valued for post 65 benefits.

Changes in Assumptions Since Prior Valuation

- The discount rate was changed pursuant to GASB 75.
- The demographic and salary increase assumptions have been updated as a result of the WRS Three-Year Experience Study for 2018-2020.
- The medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application.
- The expected claims were updated to reflect plan experience.

The overall impact of the new assumptions is an increase in the benefit obligations for the December 31, 2021 measurement date, and a decrease in the benefit obligations for the December 31, 2022 measurement date.

Rationale for Significant Assumptions

With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. The following assumptions should be reviewed for appropriateness.

Discount Rate: The discount rate is based upon the Bond Buyer General Obligation 20-Year Municipal Bond Index at the measurement date.

Demographic Assumptions: The City of Wauwatosa participates in the Wisconsin Retirement System. The actuary for the system updates assumptions triennially based upon plan experience.

Participant Rate and Spouse Election: We have based the rate on recent experience in the plan.

Medical Trend: We are using medical inflation assumptions based on the "Long Term Healthcare Costs Trend Resource Model" created for the Society of Actuaries by Professor Thomas E. Getzen of Temple University. This model reflects the most current academic research regarding future healthcare cost trends.

Expected Medical Costs: Relative cost factors were developed from the Milliman Health Cost Guidelines. Based on the projected claims and administrative expenses of the self-insured plan and relative age cost factors assumptions, we developed age adjusted "per member per month" (PMPM) costs for 2023.

Summary of Participant Data

Monthly 2023 Aggregate Retiree Premiums

The average aggregate current retiree premium rates paid by retirees are shown in the following table.

Monthly 2023 Health Insurance Premiums		
	Single	Subscriber and Spouse
Pre-65	\$815.64	\$2,034.83

Participant Data

We relied on the following medical plan participant data as of December 31, 2022.

	Participant Count	Average Age	Average Service
Active Employees*	283	43.8	14.0
Retirees**	109	60.3	

* Excludes general employees hired after January 1, 2015.

** Excludes retirees with life insurance benefits only.

Summary of Plan Provisions

Eligibility Requirements and Benefits

Eligibility requirements and benefits by City employee group are as follows:

RETIREE MEDICAL AND LIFE INSURANCE

Police Union & Police Supervisors

Eligibility: Any retiree who has attained age 50.

Benefits: For those electing medical coverage at retirement in the Police Union & Police supervisor group, each year the City pays up to 110% of the previous year's premium until age 65 if hired before January 1, 1992. For employees hired after January 1, 1992 but before January 1, 2008 the City shall pay 95% of the monthly Health Insurance premium in retirement. For employees hired after January 1, 2008 but before August 7, 2019, the City shall provide 50% of the total premium expense each month for the identical standard and major medical liability coverage for every employee upon retirement. For employees hired on and after August 7, 2019 the City shall contribute \$700 toward the monthly premium.

Retirees can continue in a retiree medical plan after attaining Medicare Eligibility Age by paying 100% of the premium.

Police Supervisors hired before 1/1/1974 and Police Union employees hired before 10/1/1974 are eligible for a life insurance benefit of \$3,500. Those hired after these dates are eligible for a life insurance benefit of \$2,500.

Fire Union & Fire Supervisors

Eligibility: Any retiree who has attained age 50.

Benefits: For those electing medical coverage at retirement in the Fire supervisor group, each year the City pays up to 110% of the previous year's premium until age 65 if hired before September 1, 1991. For employees hired after September 1, 1991 but before January 1, 2008, the City shall pay 95% of the monthly health insurance premium in retirement. For employees hired after January 1, 2008, the City shall provide 50% of the total premium expense for each month.

For those electing medical coverage at retirement in the Fire Union group, each year the City pays up to 110% of the previous year's premium until age 65 if hired before January 1, 1992. For employees hired after January 1, 1992 but before January 1, 2008 the City shall pay 95% of the monthly Health Insurance premium in retirement. For employees hired after January 1, 2008, the City shall provide 50% of the total premium expense each month for the identical standard and major medical liability coverage for every employee upon retirement.

Retirees can continue in a retiree medical plan after attaining Medicare Eligibility Age by paying 100% of the premium.

Fire Supervisors hired before 1/1/1974 and Fire Union employees hired before 6/30/1974, are eligible for a life insurance benefit of \$3,500. Those hired after these dates are eligible for a life insurance benefit of \$2,500.

General and Department of Public Works

Eligibility: Any non-represented retiree who has attained age 55 and 15 years of service.

Benefits: For those electing medical coverage at retirement, each year the City pays up to 110% of the previous year's premium until age 65 if hired before September 1, 1991. For employees hired on or after September 1, 1991 and prior to January 1, 2008, the City shall provide 95% of the total premium expense each month for the identical standard and major medical liability coverage for every employee upon retirement. For employees hired on or after January 1, 2008 and prior to January 1, 2015, the City shall a percent of the premium according to the following table:

	Years of Service with the City			
	15	20	25	30
City Premium Contribution	15%	30%	40%	50%

Employees hired on or after January 1, 2015 are not eligible for retiree medical coverage.

Retirees can continue in a retiree medical plan after attaining Medicare Eligibility Age by paying 100% of the premium.

Employees in the IBEW group who retired prior to Act 10 are eligible for a life insurance benefit of \$2,500. All other general group employees are eligible for a life insurance benefit of \$3,500 provided they have 20 years of service at the time of retirement. In order to obtain a paid-up policy, an employee who retires prior to age 65 must pay the full cost of the policy between the time of retirement and the date the employee reaches 65.

Appendix A: Rate Tables

Non-State Protective with Social Security

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early/Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	2	1	2	2
26	N/A	N/A	0	0	2	1	2	2
27	N/A	N/A	0	0	3	1	2	2
28	N/A	N/A	0	0	3	2	2	2
29	N/A	N/A	0	0	3	2	2	2
30	210	210	0	0	3	2	2	2
31	200	200	0	0	4	2	2	2
32	200	200	0	0	4	3	2	2
33	190	190	0	0	4	3	2	2
34	180	180	0	0	5	3	2	2
35	180	180	0	0	5	3	3	3
36	170	170	0	0	5	3	3	3
37	160	160	0	0	5	4	3	3
38	160	160	0	0	6	4	3	3
39	160	160	0	0	6	4	4	4
40	150	150	0	0	6	4	4	4
41	150	150	0	0	6	4	4	4
42	150	150	0	0	7	5	4	4
43	150	150	0	0	7	5	4	4
44	150	150	0	0	7	5	5	5
45	140	140	0	0	8	5	5	5
46	140	140	0	0	8	6	6	6
47	140	140	0	0	9	6	6	6
48	140	140	0	0	10	7	7	7
49	140	140	0	0	11	7	8	8
50	130	130	600	600	12	8	9	9
51	130	130	800	800	13	9	10	10
52	130	130	1,100	1,100	14	10	10	10
53	130	130	3,400	3,400	16	11	53	53
54	130	130	3,200	3,200	17	12	96	96
55	0	0	2,600	2,600	19	13	139	139
56	0	0	2,300	2,300	21	14	181	181
57	0	0	2,700	2,700	23	15	224	224
58	0	0	2,100	2,100	26	17	227	227
59	0	0	2,300	2,300	28	18	230	230

Non-State Protective with Social Security

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early/Normal Retirement		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female
60	0	0	2,200	2,200	31	20	234	234
61	0	0	3,000	3,000	35	21	0	0
62	0	0	3,500	3,500	38	23	0	0
63	0	0	2,700	2,700	42	25	0	0
64	0	0	3,000	3,000	46	28	0	0
65	0	0	3,400	3,400	50	30	0	0
66	0	0	3,500	3,500	54	33	0	0
67	0	0	3,500	3,500	59	36	0	0
68	0	0	3,500	3,500	64	40	0	0
69	0	0	3,500	3,500	70	45	0	0
70	0	0	10,000	10,000	75	51	0	0
71	0	0	10,000	10,000	81	57	0	0
72	0	0	10,000	10,000	88	65	0	0
73	0	0	10,000	10,000	95	74	0	0
74	0	0	10,000	10,000	102	85	0	0
75	0	0	10,000	10,000	111	97	0	0

General Non-State Employee

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement*		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
25	N/A	N/A	0	0	0	0	2	1	1	0
26	N/A	N/A	0	0	0	0	2	1	1	0
27	N/A	N/A	0	0	0	0	3	1	1	0
28	N/A	N/A	0	0	0	0	3	2	1	1
29	N/A	N/A	0	0	0	0	3	2	1	1
30	320	490	0	0	0	0	3	2	1	2
31	310	480	0	0	0	0	4	2	1	2
32	300	480	0	0	0	0	4	3	1	2
33	290	460	0	0	0	0	4	3	1	2
34	280	430	0	0	0	0	5	3	1	2
35	280	410	0	0	0	0	5	3	1	2
36	270	380	0	0	0	0	5	3	1	2
37	260	360	0	0	0	0	5	4	2	2
38	250	350	0	0	0	0	6	4	2	3
39	240	340	0	0	0	0	6	4	3	3
40	240	320	0	0	0	0	6	4	3	3
41	230	310	0	0	0	0	6	4	4	4
42	220	300	0	0	0	0	7	5	5	4
43	210	300	0	0	0	0	7	5	5	4
44	200	300	0	0	0	0	7	5	6	5
45	200	290	0	0	0	0	8	5	6	5
46	190	290	0	0	0	0	8	6	6	5
47	180	290	0	0	0	0	9	6	6	5
48	180	280	0	0	0	0	10	7	9	6
49	170	260	0	0	0	0	11	7	11	6
50	170	250	0	0	0	0	12	8	13	7
51	160	230	0	0	0	0	13	9	15	8
52	160	220	0	0	0	0	14	10	17	9
53	160	220	0	0	0	0	16	11	19	10
54	160	220	0	0	0	0	17	12	21	12
55	0	0	700	700	0	0	19	13	24	13
56	0	0	600	700	0	0	21	14	27	14
57	0	0	500	600	2,000	1,700	23	15	30	16
58	0	0	600	700	2,000	1,800	26	17	33	17
59	0	0	600	700	2,000	1,400	28	18	36	18

General Non-State Employee

Separations from active status expressed as number of occurrences per 10,000:

Age	Withdrawal		Early Retirement		Normal Retirement*		Death		Disability	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
60	0	0	900	1,000	2,000	2,000	31	20	43	18
61	0	0	800	1,000	2,000	1,800	35	21	0	0
62	0	0	1,900	1,600	3,000	2,400	38	23	0	0
63	0	0	2,000	1,800	3,000	2,900	42	25	0	0
64	0	0	1,800	1,800	3,000	2,300	46	28	0	0
65	0	0	0	0	3,000	3,500	50	30	0	0
66	0	0	0	0	4,000	3,900	54	33	0	0
67	0	0	0	0	3,200	3,300	59	36	0	0
68	0	0	0	0	3,200	3,000	64	40	0	0
69	0	0	0	0	2,800	2,200	70	45	0	0
70	0	0	0	0	2,800	2,600	75	51	0	0
71	0	0	0	0	2,800	2,800	81	57	0	0
72	0	0	0	0	2,800	3,000	88	65	0	0
73	0	0	0	0	1,800	3,000	95	74	0	0
74	0	0	0	0	1,800	1,600	102	85	0	0
75	0	0	0	0	10,000	10,000	111	97	0	0

* Normal retirement assumptions apply to employees with 30 or more years of service.

Separations from retired status expressed as number of occurrences per 10,000 (before projection):

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	12	8	172	162
51	14	11	183	169
52	16	13	195	178
53	18	16	207	187
54	21	19	221	197
55	25	23	234	207
56	28	25	248	216
57	31	28	261	224
58	34	30	273	231
59	38	33	285	236
60	42	35	296	240
61	47	38	307	243
62	52	40	318	245
63	57	43	329	247
64	62	46	340	249
65	68	50	351	253
66	75	54	362	257
67	83	59	373	264
68	92	65	386	273
69	102	72	399	284
70	114	80	415	299
71	128	91	432	316
72	144	103	452	337
73	162	117	476	362
74	184	134	503	390
75	209	154	535	422
76	238	177	571	459
77	271	204	611	500
78	309	234	657	547
79	352	268	708	598

Separations from retired status expressed as number of occurrences per 10,000 (before projection):

Age	Healthy		Disabled	
	Male	Female	Male	Female
80	400	308	765	656
81	456	352	828	719
82	519	403	899	789
83	592	461	975	866
84	674	527	1,058	950
85	768	601	1,148	1,042
86	874	685	1,245	1,138
87	992	779	1,348	1,235
88	1,123	885	1,460	1,335
89	1,269	1,003	1,599	1,435
90	1,430	1,136	1,753	1,538
91	1,605	1,284	1,910	1,645
92	1,793	1,448	2,068	1,759
93	1,991	1,626	2,226	1,882
94	2,197	1,817	2,386	2,015
95	2,407	2,019	2,547	2,162
96	2,632	2,238	2,727	2,331
97	2,861	2,466	2,916	2,522
98	3,093	2,701	3,118	2,727
99	3,328	2,941	3,335	2,949
100	3,561	3,184	3,561	3,184
101	3,793	3,430	3,793	3,430
102	4,023	3,678	4,023	3,678
103	4,252	3,927	4,252	3,927
104	4,474	4,174	4,474	4,174
105	4,690	4,418	4,690	4,418
106	4,900	4,654	4,900	4,654
107	5,100	4,884	5,100	4,884
108	5,290	5,105	5,290	5,105
109	5,472	5,316	5,472	5,316
110	5,617	5,515	5,617	5,515
111	5,633	5,704	5,633	5,704
112	5,649	5,808	5,649	5,808
113	5,664	5,821	5,664	5,821
114	5,681	5,835	5,681	5,835
115	5,697	5,848	5,697	5,848
116	5,699	5,849	5,699	5,849
117	5,699	5,850	5,699	5,850
118	5,700	5,850	5,700	5,850
119	5,700	5,850	5,700	5,850
120	10,000	10,000	10,000	10,000