

# City of Wauwatosa Retiree Medical Plan

GASB 75 Disclosure  
Fiscal Years: 2024 and 2025

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## Certification

Actuarial computations presented in this report under Statement 75 of the Governmental Accounting Standards Board are for purposes of assisting the City in fulfilling its financial accounting requirements. This report is for fiscal years January 1, 2024 to December 31, 2024 and January 1, 2025 to December 31, 2025. The reporting dates for determining plan assets and obligations are December 31, 2024 and December 31, 2025. 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.

In preparing this report, we relied, without audit, on information as of December 31, 2024 furnished by the City. This information includes, but is not limited to, statutory provisions, member census data, and financial information. The membership as of December 31, 2024 includes 286 active participants and 91 retirees.

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.

Actuarial assumptions, including mortality tables and others identified in this report are adopted by the City. In compliance with GASB Statement No. 75, the discount rate reflects an index rate for 20-year, tax-exempt general obligation municipal bonds with average rating of AA or higher and the individual entry age actuarial cost method is used. All costs, liabilities, rates of interest, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

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. 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.

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; 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 future measurements.

## Certification

The valuation results were developed using models employing standard actuarial techniques. The intent of the models was to estimate retiree 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 (ASOPs). 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; and (b) the Plan Sponsor may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

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

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.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and has been prepared in accordance with generally recognized accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct* and *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. 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 75

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, 2024. This is the date as of which the actuarial valuation is performed. The Measurement Dates are December 31, 2023 and December 31, 2024. This is the date as of which the total OPEB liability is determined. The Reporting Dates are December 31, 2024 and December 31, 2025. This is the plan's and/or employer's fiscal year ending date.

### Significant Changes

Police represented employees and Police supervisors hired after 3/1/2024 must have 15 years of service to be eligible for the retiree insurance benefit.

### Participant Data as of December 31, 2024

Actives	286
Retirees	91
Beneficiaries	<u>0</u>
Total	377

## Total OPEB Liability

Fiscal Year Ending	December 31, 2024	December 31, 2025
Total OPEB liability	\$39,361,560	\$37,097,953
Covered payroll	38,733,565	40,572,631
Total OPEB liability as a % of covered payroll	101.62%	91.44%

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	3.26%	4.08%
20 Year Tax-Exempt Municipal Bond Yield	3.26%	4.08%

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, 2024 and December 31, 2025 were based on the results of an actuarial experience study for the period 2021-2023 for the Wisconsin Retirement System (WRS).

Valuation date	December 31, 2024	December 31, 2024
Measurement date	December 31, 2023	December 31, 2024
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

	Increase (Decrease) Total OPEB Liability	
	2024	2025
Beginning of Year Balance	\$36,618,430	\$39,361,560
Changes for the year:		
Service cost	1,321,853	1,484,346
Interest on total OPEB liability	1,349,587	1,291,792
Effect of plan changes	0	0
Effect of economic/demographic gains or losses	1,964,431	(381,796)
Effect of assumptions changes or inputs	1,460,046	(2,197,398)
Benefit payments	<u>(3,352,787)</u>	<u>(2,460,551)</u>
End of Year Balance	39,361,560	37,097,953

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## Cash Flow Projections

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

Year	City Employees
2025	\$2,677,074
2026	2,794,289
2027	2,869,298
2028	3,088,965
2029	3,084,540
2030	3,055,309
2031	3,166,174
2032	3,250,715
2033	3,311,356
2034	3,011,784



## Sensitivity Analysis

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

	2024		
	1% Decrease	Discount Rate	1% Increase
	2.26%	3.26%	4.26%
Total OPEB liability	\$42,297,701	\$39,361,560	\$36,693,413

	2025		
	1% Decrease	Discount Rate	1% Increase
	3.08%	4.08%	5.08%
Total OPEB liability	\$39,801,073	\$37,097,953	\$34,636,571

The following presents the total OPEB liability of the City, calculated using the current healthcare cost trend rates as well as what the City'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.

	2024		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$36,458,049	\$39,361,560	\$42,704,189

	2025		
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$34,177,727	\$37,097,953	\$40,459,299

**Milliman GASB 75 Disclosure for Fiscal Years Ending December 31, 2024 and December 31, 2025**  
**City of Wauwatosa Retiree Medical Plan**

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total OPEB Liability</b>										
Service cost	\$1,484	\$1,322	\$1,753	\$1,629	\$1,423	\$1,193	\$1,298	\$1,173	N/A	N/A
Interest on total OPEB liability	1,292	1,350	853	779	965	1,350	1,192	1,311	N/A	N/A
Effect of plan changes	0	0	0	0	0	17	0	0	N/A	N/A
Effect of economic/demographic (gains) or losses	(382)	1,964	280	2,237	635	1,450	661	0	N/A	N/A
Effect of assumption changes or inputs	(2,197)	1,460	(4,384)	2,730	1,386	1,502	(1,491)	784	N/A	N/A
Benefit payments	(2,461)	(3,353)	(3,067)	(2,636)	(3,492)	(3,384)	(3,221)	(3,593)	N/A	N/A
Net change in total OPEB liability	(2,264)	2,743	(4,566)	4,739	916	2,129	(1,560)	(325)	N/A	N/A
Total OPEB liability, beginning	39,362	36,618	41,185	36,445	35,530	33,401	34,961	35,286	N/A	N/A
Total OPEB liability, ending	37,098	39,362	36,618	41,185	36,445	35,530	33,401	34,961	N/A	N/A
Covered payroll	40,573	38,734	36,059	34,556	35,326	32,373	29,943	29,094	N/A	N/A
Total OPEB liability as a % of covered payroll	91.44%	101.62%	101.55%	119.18%	103.17%	109.75%	111.55%	120.17%	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.

## OPEB Expense

Fiscal Year	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025
Service cost	\$1,321,853	\$1,484,346
Interest on total OPEB liability	1,349,587	1,291,792
Effect of plan changes	0	0
Recognition of Deferred Inflows/Outflows of Resources		
Recognition of economic/demographic gains or losses	1,095,327	1,019,858
Recognition of assumption changes or inputs	267,510	(121,364)
OPEB Expense	<u>4,034,277</u>	<u>3,674,632</u>

As of December 31, 2024, 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	\$3,768,118
Changes of assumptions	<u>(3,199,883)</u>	<u>3,651,346</u>
Total	<u>(3,199,883)</u>	<u>7,419,464</u>

As of December 31, 2025, 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	(\$323,772)	\$2,690,236
Changes of assumptions	<u>(4,202,229)</u>	<u>2,577,658</u>
	<u>(4,526,001)</u>	<u>5,267,894</u>

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:	2024	2025
2025	\$1,290,469	N/A
2026	1,285,389	893,414
2027	881,679	489,704
2028	214,239	(177,736)
2029	245,950	(146,025)
2030	301,855	(90,120)
Thereafter*	0	(227,344)

\* 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, 2024

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 12/31/2024	Balance of Deferred Inflows 12/31/2024	Balance of Deferred Outflows 12/31/2024
<b>Economic/ demographic (gains) or losses</b>	\$1,964,431	12/31/2024	6.58	\$298,546	\$0	\$1,665,885
	279,844	12/31/2023	6.43	43,522	0	192,800
	2,236,595	12/31/2022	6.43	347,837	0	1,193,084
	634,893	12/31/2021	6.76	93,919	0	259,217
	1,450,482	12/31/2020	6.76	214,568	0	377,642
	661,100	12/31/2019	6.82	<u>96,935</u>	<u>0</u>	<u>79,490</u>
	Total			1,095,327	0	3,768,118
<b>Assumption changes or inputs</b>	1,460,046	12/31/2024	6.58	221,891	0	1,238,155
	(4,384,365)	12/31/2023	6.43	(681,861)	(3,020,643)	0
	2,730,024	12/31/2022	6.43	424,576	0	1,456,296
	1,385,687	12/31/2021	6.76	204,983	0	565,755
	1,502,330	12/31/2020	6.76	222,238	0	391,140
	(1,490,762)	12/31/2019	6.82	(218,587)	(179,240)	0
	784,072	12/31/2018	6.82	<u>94,270</u>	<u>0</u>	<u>0</u>
	Total			267,510	(3,199,883)	3,651,346
<b>Total deferred (inflows)/outflows</b>					(3,199,883)	7,419,464
<b>Total net deferrals</b>						4,219,581

\* 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, 2025

	Original Amount	Date Established	Original Rec. Period*	Amount Recognized in Expense for FYE 12/31/2025	Balance of Deferred Inflows 12/31/2025	Balance of Deferred Outflows 12/31/2025
<b>Economic/ demographic (gains) or losses</b>	(\$381,796)	12/31/2025	6.58	(\$58,024)	(\$323,772)	\$0
	1,964,431	12/31/2024	6.58	298,546	0	1,367,339
	279,844	12/31/2023	6.43	43,522	0	149,278
	2,236,595	12/31/2022	6.43	347,837	0	845,247
	634,893	12/31/2021	6.76	93,919	0	165,298
	1,450,482	12/31/2020	6.76	214,568	0	163,074
	661,100	12/31/2019	6.82	<u>79,490</u>	<u>0</u>	<u>0</u>
	Total			1,019,858	(323,772)	2,690,236
<b>Assumption changes or inputs</b>	(2,197,398)	12/31/2025	6.58	(333,951)	(1,863,447)	0
	1,460,046	12/31/2024	6.58	221,891	0	1,016,264
	(4,384,365)	12/31/2023	6.43	(681,861)	(2,338,782)	0
	2,730,024	12/31/2022	6.43	424,576	0	1,031,720
	1,385,687	12/31/2021	6.76	204,983	0	360,772
	1,502,330	12/31/2020	6.76	222,238	0	168,902
	(1,490,762)	12/31/2019	6.82	<u>(179,240)</u>	<u>0</u>	<u>0</u>
	Total			(121,364)	(4,202,229)	2,577,658
<b>Total deferred (inflows)/outflows</b>					(4,526,001)	5,267,894
<b>Total net deferrals</b>						741,893

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

**Milliman GASB 75 Disclosure for Fiscal Years Ending December 31, 2024 and December 31, 2025**  
**City of Wauwatosa Retiree Medical Plan**

## Summary Chart

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Total OPEB Liability plus Net Deferrals	Annual Expense
<b>Balances as of December 31, 2023</b>	(\$36,618,430)	(\$4,100,331)	\$6,258,272	\$2,157,941	(\$34,460,489)	
Service cost	(1,321,853)					1,321,853
Interest on total OPEB liability	(1,349,587)					1,349,587
Effect of plan changes	0					0
Effect of liability gains or losses	(1,964,431)		1,964,431	1,964,431		
Effect of assumption changes or inputs	(1,460,046)		1,460,046	1,460,046		
Benefit payments	3,352,787				3,352,787	
Recognition of liability gains or losses			(1,095,327)	(1,095,327)		1,095,327
Recognition of assumption changes or inputs		900,448	(1,167,958)	(267,510)		267,510
Annual expense					(4,034,277)	4,034,277
<b>Balances as of December 31, 2024</b>	(39,361,560)	(3,199,883)	7,419,464	4,219,581	(35,141,979)	

  

	Total OPEB Liability	Deferred Inflows	Deferred Outflows	Net Deferrals	Total OPEB Liability plus Net Deferrals	Annual Expense
<b>Balances as of December 31, 2024</b>	(\$39,361,560)	(\$3,199,883)	\$7,419,464	\$4,219,581	(\$35,141,979)	
Service cost	(1,484,346)					1,484,346
Interest on total OPEB liability	(1,291,792)					1,291,792
Effect of plan changes	0					0
Effect of liability gains or losses	381,796	(381,796)		(381,796)		
Effect of assumption changes or inputs	2,197,398	(2,197,398)		(2,197,398)		
Benefit payments	2,460,551				2,460,551	
Recognition of liability gains or losses		58,024	(1,077,882)	(1,019,858)		1,019,858
Recognition of assumption changes or inputs		1,195,052	(1,073,688)	121,364		(121,364)
Annual expense					(3,674,632)	3,674,632
<b>Balances as of December 31, 2025</b>	(37,097,953)	(4,526,001)	5,267,894	741,893	(36,356,060)	

This work product was prepared solely for the City 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. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

## Glossary

<b>Deferred Inflows/Outflows of Resources</b>	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.
<b>Discount Rate</b>	<p>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:</p> <ol style="list-style-type: none"><li>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.</li><li>2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.</li></ol>
<b>Fiduciary Net Position</b>	Equal to market value of assets.
<b>Long-Term Expected Rate of Return</b>	Long-term expected rate of return on plan investments expected to be used to finance the payment of benefits, net of investment expenses.
<b>Money-Weighted Rate of Return</b>	The internal rate of return on plan investments, net of investment expenses.
<b>Municipal Bond Rate</b>	Yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
<b>Net OPEB Liability</b>	Total OPEB Liability minus the Plan's Fiduciary Net Position (unfunded accrued liability).
<b>Projected Benefit Payments</b>	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.
<b>Service Cost</b>	The portion of the actuarial present value of projected benefit payments that is attributed to a valuation year.
<b>Total OPEB Liability</b>	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 connection with a study of experience during 2021-2023 and adopted by the Employee Trust Fund Board. In our opinion, these assumptions are reasonable for the intended purposes of the report.

### Interest Discount

Measurement Date	Rate
December 31, 2023	3.26%
December 31, 2024	4.08%

### 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 of base mortality tables are 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 Rates

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.

## Salary Increase

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	4.9%	3.6%
2	4.9	3.6
3	4.2	3.2
4	3.6	2.9
5	2.9	2.6
10	1.2	1.6
15	0.9	1.2
20	0.8	1.0
25	0.7	0.7
30	0.6	0.5

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

## Percentage of Retirees Participating In Retiree Medical Coverage

Future retirees: 95% of current employees 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 Participants and Spouses

Spouses same age as participants.

## Sick Leave Accrual:

It is assumed that active participants will accumulate the following hours in sick leave each year subject to maximum amounts provided by the Plan. These amounts are net of sick leave that is used as well as sick leave that is converted to the RHSA.

Groups	Hours
Non Rep, Former AFSCME, Former IBEW, Former OPEIU	39
Fire Supervisors & Fire Union	59
Police Supervisors (WPSA) & Police Union (WPOA)	18

## 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.

Fiscal Year Beginning	Annual Medical Trend Rate Pre-65
2025	6.40%
2026	5.80%
2027	5.20%
2028	5.10%
2029	4.90%
2030	4.80%
2031	4.60%
2032	4.50%
2033	4.30%
2034-2050	4.10%
2051-2064	4.20%
2065-2066	4.10%
2067-2068	4.00%
2069-2070	3.90%
2071-2073	3.80%
2074+	3.70%

## Changes in Assumptions Since Prior Valuation

- The discount rate was updated in accordance with the parameters defined by GASB 75. A higher discount rate results in lower liabilities and vice versa.
- The medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application.
- The annual sick leave accrual assumption has been updated to reflect plan experience.
- The demographic and salary increase assumptions have been updated as a result of the WRS Three- Year Experience Study for 2021-2023.

The overall impact of the new assumptions is an increase in the benefit obligations for the December 31, 2023 measurement date and a decrease in the benefit obligations for the December 31, 2024 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 as of 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.

**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.

**Participation Rate and Spouse Election:** We have based the rates on recent experience in the plan.

## Summary of Participant Data

**Monthly 2025 Retiree Premiums:** The aggregate current retiree premium rates paid by retirees are shown in the following table:

Coverage	Monthly 2025 Health Insurance Premiums	
	Single	Subscriber and Spouse
Pre-65	\$820.49	\$2,051.23

**Participant Data:** We relied on the following medical plan participant data as of December 31, 2024.

	Participant Count	Average Age	Average Service
Active Employees*	286	42.8	13.2
Retirees**	91	58.9	N/A

\* Excludes general employees hired after January 1, 2015.

\*\* Excludes retirees with life insurance benefits only.

## Expected Annual 2025 Medical Costs Per Retiree

We developed estimates of monthly 2025 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	\$1,093	\$2,420	\$1,241	\$2,420
60	1,390	2,918	1,441	2,918
64	1,718	3,423	1,619	3,424

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.

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 2025.

## 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 Police Supervisors and Police Union retirees hired on or before March 1, 2024 who has attained age 50. Any Police Supervisors and Police Union retirees hired after March 1, 2024 who has attained age 50 and 15 years of service.

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 (Benistar Plan).

Police Supervisors hired before January 1, 1974 and Police Union employees hired before October 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 but before January 1, 2021, 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 or after January 1, 2021 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 (Benistar Plan).

Fire Supervisors hired before January 1, 1974, and Fire Union employees hired before June 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.

**Milliman GASB 75 Disclosure for Fiscal Years Ending December 31, 2024 and December 31, 2025**  
**City of Wauwatosa Retiree Medical Plan**

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**Non Represented**

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 (Benistar Plan).

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.

**Sick Leave Conversion Upon Retirement:**

Groups: Non Rep, Former AFSCME, Former IBEW, Former OPEIU

Eligibility: Full-Time Employees hired after January 1, 2008 and prior to January 1, 2015 shall convert accumulated unused sick leave into a RHSA. Conversion will be at the employee's regular rate of pay as of the date of retirement. Conversion is based upon total years of service at time of retirement.

Years of Service	15	20	25	30
Sick Leave Conversion upon Retirement	100%	80%	60%	50%

Max Conversion Amount: 120 days; 960 hours for an 8-hour employee and 1,008 hours for an 8.4-hour employee.

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Groups: Fire Supervisors & Fire Union

Eligibility: Full-Time Employees hired after January 1, 2008 shall convert 100% of accumulated unused sick leave into a RHSA. Conversion will be at the employee's regular rate of pay as of the date of retirement. Full-Time Employees hired after January 1, 2021 shall convert 50% of accumulated unused sick leave into RHSA. Conversion will be at the employee's regular rate of pay as of the date of retirement.

Max Conversion Amount: 1,940 hours

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Groups: Police Supervisors (WPSA) & Police Union (WPOA)

Eligibility: Full-Time Employees hired after January 1, 2008 and prior to August 7, 2019 shall convert 100% of accumulated unused sick leave into a RHSA. Full-Time Employees hired after August 7, 2019 shall convert 50% of accumulated unused sick leave into RHSA. Conversion will be at the employee's regular rate of pay as of the date of retirement.

Max Conversion Amount: 165 days

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## Appendix A: Rate Tables

### 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	2	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	4	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	5	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	6	4	1	2
37	260	360	0	0	0	0	6	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	7	4	3	3
41	230	310	0	0	0	0	7	5	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	8	5	6	5
45	200	290	0	0	0	0	8	5	6	5
46	190	290	0	0	0	0	9	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	8	15	8
52	160	220	0	0	0	0	14	9	17	9
53	160	220	0	0	0	0	16	10	19	10
54	160	220	0	0	0	0	17	11	21	12
55	0	0	700	700	0	0	19	12	24	13
56	0	0	600	700	0	0	21	13	27	14
57	0	0	500	600	2,000	1,700	23	15	30	16
58	0	0	600	700	2,000	1,800	25	16	33	17
59	0	0	600	700	2,000	1,500	28	18	36	18

**Milliman GASB 75 Disclosure for Fiscal Years Ending December 31, 2024 and December 31, 2025**  
**City of Wauwatosa Retiree Medical Plan**

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**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	19	43	18
61	0	0	800	1,000	2,000	1,800	34	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	41	25	0	0
64	0	0	1,800	1,800	3,000	2,400	46	28	0	0
65	0	0	0	0	3,000	3,600	50	30	0	0
66	0	0	0	0	4,000	3,900	54	33	0	0
67	0	0	0	0	3,200	3,500	59	36	0	0
68	0	0	0	0	3,200	3,000	64	40	0	0
69	0	0	0	0	2,800	2,300	69	44	0	0
70	0	0	0	0	2,800	2,400	75	50	0	0
71	0	0	0	0	2,800	2,900	80	56	0	0
72	0	0	0	0	2,800	2,800	86	63	0	0
73	0	0	0	0	1,800	2,800	93	72	0	0
74	0	0	0	0	1,800	1,600	100	82	0	0
75	0	0	0	0	10,000	10,000	108	94	0	0

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

\*\* Mortality rates are for 2023. Future years will reflect improvements in mortality.



**Milliman GASB 75 Disclosure for Fiscal Years Ending December 31, 2024 and December 31, 2025**  
**City of Wauwatosa Retiree Medical Plan**

**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	2	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	4	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	5	3	2	2
34	180	180	0	0	5	3	3	3
35	180	180	0	0	5	3	3	3
36	170	170	0	0	6	4	4	4
37	160	160	0	0	6	4	4	4
38	160	160	0	0	6	4	4	4
39	160	160	0	0	6	4	4	4
40	150	150	0	0	7	4	5	5
41	150	150	0	0	7	5	5	5
42	150	150	0	0	7	5	5	5
43	150	150	0	0	7	5	6	6
44	150	150	0	0	8	5	6	6
45	140	140	0	0	8	5	7	7
46	140	140	0	0	9	6	7	7
47	140	140	0	0	9	6	8	8
48	140	140	0	0	10	7	9	9
49	140	140	0	0	11	7	10	10
50	130	130	600	600	12	8	11	11
51	130	130	800	800	13	8	12	12
52	130	130	1,100	1,100	14	9	13	13
53	130	130	3,400	3,400	16	10	66	66
54	130	130	3,200	3,200	17	11	120	120
55	0	0	2,600	2,600	19	12	173	173
56	0	0	2,300	2,300	21	13	227	227
57	0	0	2,700	2,700	23	15	280	280
58	0	0	2,100	2,100	25	16	284	284
59	0	0	2,300	2,300	28	18	288	288

**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	19	292	292
61	0	0	3,000	3,000	34	21	0	0
62	0	0	3,500	3,500	38	23	0	0
63	0	0	2,700	2,700	41	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	69	44	0	0
70	0	0	10,000	10,000	75	50	0	0
71	0	0	10,000	10,000	80	56	0	0
72	0	0	10,000	10,000	86	63	0	0
73	0	0	10,000	10,000	93	72	0	0
74	0	0	10,000	10,000	100	82	0	0
75	0	0	10,000	10,000	108	94	0	0

\* Mortality rates are for 2023. Future years will reflect improvements in mortality.

**Milliman GASB 75 Disclosure for Fiscal Years Ending December 31, 2024 and December 31, 2025**  
**City of Wauwatosa Retiree Medical Plan**

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

Age	Healthy		Disabled	
	Male	Female	Male	Female
50	12	9	172	158
51	14	10	182	165
52	16	12	193	172
53	18	15	204	181
54	21	18	217	191
55	24	22	229	201
56	27	25	242	210
57	30	27	255	218
58	34	30	268	226
59	37	32	280	232
60	42	35	292	237
61	46	37	303	240
62	51	40	315	243
63	56	43	326	246
64	62	46	338	248
65	68	50	349	251
66	75	54	360	255
67	82	58	372	261
68	91	64	383	269
69	101	70	396	279
70	113	79	410	292
71	126	88	427	308
72	141	100	446	328
73	160	114	468	351
74	180	130	493	378
75	205	149	523	409
76	233	172	557	445
77	264	197	596	485
78	301	227	640	530
79	343	261	690	581
80	390	299	746	638
81	445	344	808	701
82	507	394	878	771
83	579	452	953	848
84	660	517	1,036	932
85	753	591	1,126	1,024

Age	Healthy		Disabled	
	Male	Female	Male	Female
86	858	674	1,222	1,120
87	975	768	1,325	1,218
88	1,106	874	1,436	1,318
89	1,251	992	1,576	1,419
90	1,411	1,124	1,729	1,522
91	1,585	1,272	1,886	1,630
92	1,771	1,435	2,043	1,744
93	1,968	1,613	2,201	1,867
94	2,172	1,803	2,359	1,999
95	2,380	2,004	2,519	2,145
96	2,604	2,222	2,697	2,314
97	2,831	2,448	2,886	2,503
98	3,060	2,680	3,085	2,707
99	3,292	2,918	3,299	2,925
100	3,523	3,159	3,523	3,159
101	3,754	3,404	3,754	3,404
102	3,984	3,652	3,984	3,652
103	4,213	3,900	4,213	3,900
104	4,437	4,148	4,437	4,148
105	4,654	4,392	4,654	4,392
106	4,864	4,630	4,864	4,630
107	5,068	4,861	5,068	4,861
108	5,260	5,084	5,260	5,084
109	5,444	5,296	5,444	5,296
110	5,594	5,498	5,594	5,498
111	5,613	5,688	5,613	5,688
112	5,632	5,796	5,632	5,796
113	5,652	5,813	5,652	5,813
114	5,673	5,828	5,673	5,828
115	5,692	5,844	5,692	5,844
116	5,695	5,847	5,695	5,847
117	5,698	5,848	5,698	5,848
118	5,699	5,850	5,699	5,850
119	5,700	5,850	5,700	5,850
120	10,000	10,000	10,000	10,000

\* Mortality rates are for 2023. Future years will reflect improvements in mortality.

## Appendix B: Sick Leave Conversion at Retirement

The City allows accumulated unused sick leave to be used by retired members to “pay” their required premium for retiree medical coverage to the extent the balance is sufficient to pay the cost. The results of these calculations as of December 31, 2024 are shown below:

	Present Value of Future Benefits	Accrued Liability	Normal Cost
General	\$925,044	\$642,262	\$49,534
Police	1,281,576	522,528	54,686
Fire	3,758,682	1,583,785	158,104
Total	\$5,965,302	\$2,748,575	\$262,324

### Cash Flow Projections, the Annual Undiscounted Cost of Sick Leave Conversion at Retirement for Current Active Employees

Year	City Employees
2025	\$ 48,000
2026	42,000
2027	52,000
2028	77,000
2029	73,000
2030	102,000
2031	116,000
2032	123,000
2033	140,000
2034	186,000