



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

JULY 1, 2008 VALUATION



80 Lambertson Road
Windsor, CT 06095
USA

December 17, 2009

Main +1 860 687 2110
Fax +1 860 687 2111

PERSONAL & CONFIDENTIAL

milliman.com

Ms. Susan Collier
Acting Director of Finance
Town of Stratford
2725 Main Street
Stratford, CT 06615

Re: Town of Stratford Other Post-Employment Benefits Program

Dear Susan:

We are pleased to provide this actuarial report for the Town of Stratford Other Post-Employment Benefits Program. The report shows the financial status of the plan as of July 1, 2008 and presents cost figures for the 2008-09 fiscal year.

We have included 15 bound copies of the report and one unbound copy in case you need to make additional copies.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Becky".

Rebecca A. Sielman, FSA
Consulting Actuary

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

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TOWN OF STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

CERTIFICATION

We have performed an actuarial valuation of the Town of Stratford Other Post-Employment Benefits Program as of July 1, 2008. 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 and claims and premium information as of the valuation date, furnished by the Town of Stratford. We performed a limited review of the financial 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 financial 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. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual experience will not conform exactly to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. The actuarial method and assumptions used in this valuation are discussed on pages 16-21 of this report. A summary of the plan provisions starts on page 22 of this report.

TOWN OF STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

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.

December 17, 2009



Steve A. Lemanski, FSA, FCA
Consulting Actuary



Rebecca A. Sielman, FSA
Consulting Actuary

TOWN OF STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

OVERVIEW OF GASB 43 AND GASB 45

GASB 43 requires retiree medical 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 is 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 is 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 life 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 STRATFORD
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THE VALUATION PROCESS

The process of determining the liability for retiree medical 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 the next 10-30 years

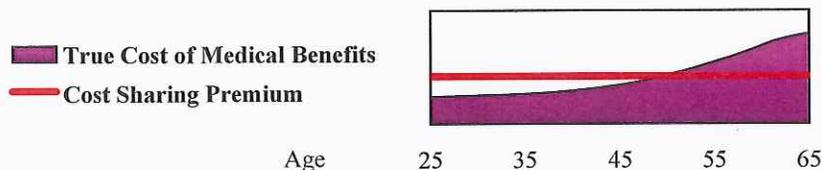
The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the Town's financial statements. In addition, the Discount Rate used to calculate the liabilities must reflect the expected investment income of whatever funds are set aside to prefund the benefits; if there is no prefunding then the Discount Rate will be much lower and the liabilities significantly higher than if the benefits are prefunded.

TOWN OF STRATFORD
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 STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

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	7.60%	7.60%
Ultimate inflation rate	4.00%	4.00%
Yearly decrease in inflation rate	0.05%	0.05%
Years until ultimate inflation rate	70	70

Discount rate

Town Groups	8.25%
Board of Education	4.00%

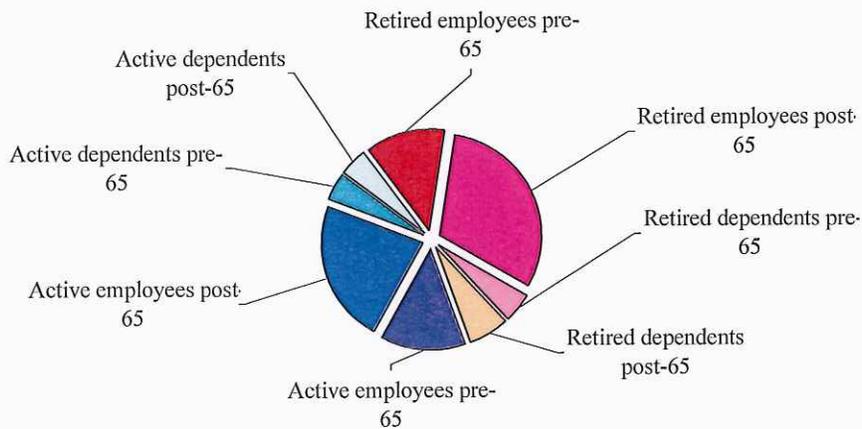
The 8.25% discount rate for Town Groups (Town, Police and Firefighters) reflects that an OPEB trust has been established and contributions were made in FYE2009. The 4.00% discount rate for the Board of Education reflects that no prefunding has yet been done, so the discount rate for this group reflects the expected earnings of the Town's general fund.

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

SUMMARY OF LIABILITIES AS OF JULY 1, 2008

We have calculated the Accrued Liability separately for five groups of Town employees, who are eligible for different retiree medical 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.

	Town Groups			BOE Groups		Total
	Fire	Police	Town	Teachers & Admin	Non-Certified	
Current active members						
Employees under age 65	\$2,457,800	\$2,720,300	\$2,928,900	\$5,910,400	\$2,612,300	\$16,629,700
Employees over age 65	1,368,600	1,609,100	4,434,400	12,038,700	8,319,900	27,770,700
Dependents under age 65	1,037,200	1,145,200	1,173,900	1,287,200	755,200	5,398,700
Dependents over age 65	<u>426,100</u>	<u>491,700</u>	<u>984,500</u>	<u>1,218,600</u>	<u>2,234,100</u>	<u>5,355,000</u>
Total	5,289,700	5,966,300	9,521,700	20,454,900	13,921,500	55,154,100
Current retired members						
Employees under age 65	2,842,300	2,611,800	5,626,100	2,693,500	1,703,000	15,476,700
Employees over age 65	3,361,600	3,384,300	9,275,700	15,218,200	6,608,700	37,848,500
Dependents under age 65	1,555,200	1,681,700	2,076,100	145,500	179,800	5,638,300
Dependents over age 65	<u>1,399,000</u>	<u>1,243,100</u>	<u>2,925,000</u>	<u>1,069,900</u>	<u>1,160,200</u>	<u>7,797,200</u>
Total	9,158,100	8,920,900	19,902,900	19,127,100	9,651,700	66,760,700
Total Accrued Liability	14,447,800	14,887,200	29,424,600	39,582,000	23,573,200	121,914,800



**TOWN OF STRATFORD
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FUNDING ALTERNATIVES

The Annual Required Contribution (ARC) for the retiree medical 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 amortization period should be reasonably related to the period of service over which retiree medical benefits are earned. We have used a 30 year amortization period, starting on July 1, 2007.

The amortization method produces annual payments that are designed to increase over time as payroll grows. On this basis, the ARC is determined as follows:

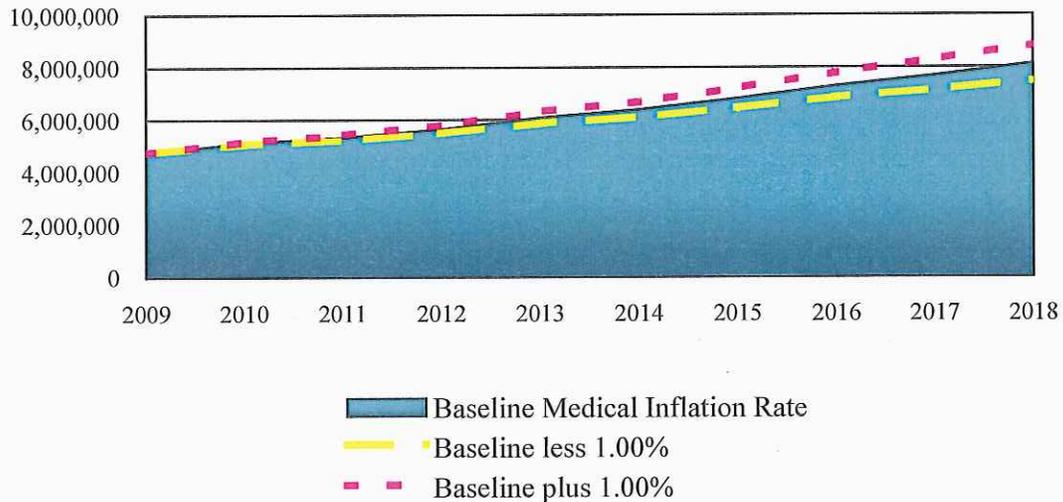
	Town Groups			BOE Groups		Total
	Fire	Police	Town	Teachers & Admin	Non-Certified	
Accrued Liability	14,447,800	14,887,200	29,424,600	39,582,200	23,573,200	121,915,000
Assets	0	0	0	0	0	0
Unfunded Accrued Liability	14,447,800	14,887,200	29,424,600	39,582,200	23,573,200	121,915,000
Amortization Period	29	29	29	29	29	29
Past Service Cost	825,700	850,800	1,681,600	1,364,900	812,900	5,535,900
Normal Cost	370,100	418,800	623,400	1,597,000	1,113,200	4,122,500
Interest to end of year	98,700	104,700	190,200	118,500	77,000	589,100
ARC for FY 2009	1,294,500	1,374,300	2,495,200	3,080,400	2,003,100	10,247,500
Expected Benefit Payouts	641,700	665,000	1,568,500	1,243,700	639,100	4,758,000
Net Budget Impact	652,800	709,300	926,700	1,836,700	1,364,000	5,489,500

**TOWN OF STRATFORD
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PROJECTED PAYOUTS

The annual Town payments for retiree medical benefits are expected to rise sharply 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 medical benefits. The table and graph below show the expected annual payments for retiree medical benefits for the next 10 years under the different medical inflation rates described on the preceding page.

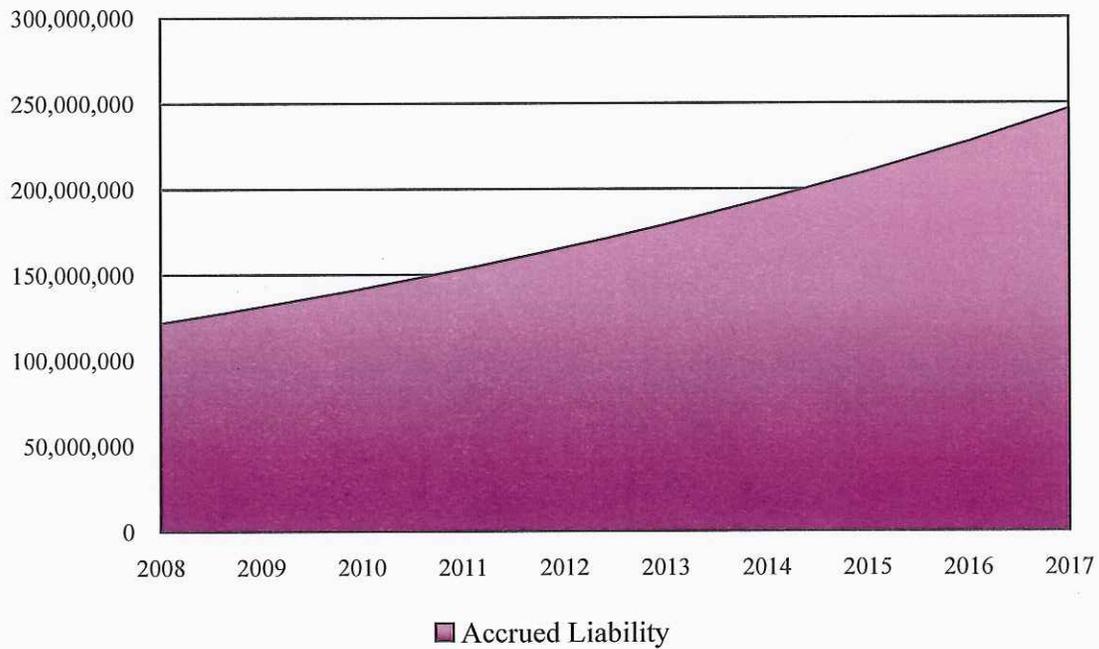
Fiscal Year	Baseline less 1.00%	Baseline Medical Inflation Rate	Baseline plus 1.00%
2009	\$4,758,000	\$4,758,000	\$4,758,000
2010	\$5,085,000	\$5,132,500	\$5,179,900
2011	\$5,241,400	\$5,339,800	\$5,439,200
2012	\$5,497,600	\$5,653,700	\$5,812,700
2013	\$5,866,800	\$6,090,500	\$6,320,600
2014	\$6,094,200	\$6,386,600	\$6,690,200
2015	\$6,438,500	\$6,811,600	\$7,202,600
2016	\$6,830,100	\$7,294,500	\$7,786,000
2017	\$7,123,000	\$7,679,800	\$8,274,700
2018	\$7,467,900	\$8,128,500	\$8,840,900



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PROJECTED LIABILITIES

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



**TOWN OF STRATFORD
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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)
<u>Town Groups</u>						
7/1/2007	\$0	\$55,487	\$55,487	0%	N/A	N/A
7/1/2008	0	58,760	58,760	0%	N/A	N/A
<u>BOE Groups</u>						
7/1/2007	\$0	\$42,562	\$42,562	0%	N/A	N/A
7/1/2008	0	63,155	63,155	0%	N/A	N/A

The 8.25% discount rate for Town Groups (Town, Police and Firefighters) reflects that an OPEB trust has been established and contributions were made in FYE2009. The 4.00% discount rate for the Board of Education reflects that no prefunding has yet been done, so the discount rate for this group reflects the expected earnings of the Town's general fund.

TOWN OF STRATFORD
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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
<u>Town Groups</u>			
2008	\$4,811	\$2,695	56%
2009	5,164	2,875	56%
<u>BOE Groups</u>			
2008	\$3,972	\$1,960	49%
2009	5,084	1,883	37%

**TOWN OF STRATFORD
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SUMMARY OF CENSUS DATA

The following were included in our analysis as of July 1, 2008 based on information provided by the Town.

	Fire	Police	Town	Teachers & Admin	Non- Certified	Total
Number of members						
Active	93	103	220	517	153	1,086
Retired members	82	67	181	344	91	765
Spouses of retirees	55	46	103	119	28	351
Total	230	216	504	980	272	2,202
Average age						
Active	39.4	40.1	45.4	43.6	50.1	44.2
Retired	62.8	62.1	65.2	69.5	71.2	67.3
Average retirement age						
Active	54.6	55.3	57.7	59.9	59.8	58.5
Retired	50.6	52.0	56.0	58.5	61.3	56.8
Expected lifetime						
Active [to retirement]	15.2	15.3	12.3	16.3	9.6	14.3
Retired [lifetime]	20.6	20.8	19.2	19.2	16.9	19.2

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

TOWN OF STRATFORD
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CURRENT PREMIUMS

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

2008-2009 Monthly Premiums		Employee	Spouse
Medical - Town Groups	Pre 65	\$523.08	\$565.81
	Post 65	327.86	324.10
Medical - BOE Groups	Pre 65	432.12	466.16
	Post 65	293.10	273.35
Dental - Town Groups		32.45	50.23
Dental - BOE Groups		35.00	51.46

**TOWN OF STRATFORD
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MEDICAL COST ADJUSTMENT FACTORS

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

Medical Benefits

Age	Town Groups		BOE Groups	
	Employee	Spouse	Employee	Spouse
40	3.48%	1.27%	1.39%	3.27%
45	4.61%	2.83%	2.94%	4.46%
50	5.19%	3.98%	4.06%	5.09%
55	5.47%	3.63%	3.76%	5.34%
60	4.72%	3.87%	3.94%	4.66%
65	2.17%	1.91%	1.93%	2.15%
70	2.29%	2.06%	2.08%	2.27%

Dental Benefits

Age	Town Groups		BOE Groups	
	Employee	Spouse	Employee	Spouse
40	1.65%	1.33%	1.35%	1.63%
45	1.49%	1.00%	1.04%	1.45%
50	0.78%	0.54%	0.56%	0.76%
55	0.32%	0.02%	0.04%	0.30%
60	0.16%	0.12%	0.12%	0.16%
65	-0.21%	-0.08%	-0.09%	-0.20%
70	0.00%	0.00%	0.00%	0.00%

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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 STRATFORD
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ACTUARIAL ASSUMPTIONS

Discount Rate

Town Groups 8.25%.

BOE Groups 4.00%

Healthy Mortality

Teachers and BOE Administrators* RP-2000 projected forward 19 years using Scale AA, with a two-year age setback.

All Others 1994 Group Annuity Mortality Table

Disabled Mortality

Teachers and BOE Administrators* RP-2000 projected forward 19 years using Scale AA, with an eight-year age set forward.

All Others 1994 Group Annuity Mortality Table.

**TOWN OF STRATFORD
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ACTUARIAL ASSUMPTIONS

Turnover

Teachers and BOE 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

Police and Firefighters 10% in first five years of service, none thereafter.

All Others Rates based on age per Crocker-Sarason T7 Table:

Age	Rate
20	9.94%
25	9.68
30	7.31
35	8.72
40	7.77
45	6.38
50	4.25
55	1.57
60	0.15

**TOWN OF STRATFORD
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ACTUARIAL ASSUMPTIONS

Retirement

Rates based on age, eligibility for pension benefits, and group:

**Teachers and BOE
Administrators***

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%	22.0%	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%		

**Police and
Firefighters**

40% are assumed to retire at 25 years of service, 5% at years 26-29, 40% at 30 years, and 10% at years thereafter; 100% are assumed to retire by age 65.

All Others

Age	Rate
<55	1%
55 - 59	5%
60	20%
61	10%
62 - 64	15%
65	40%
66 - 69	25%
70	100%

**TOWN OF STRATFORD
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ACTUARIAL ASSUMPTIONS

Disability

	Age	Male	Female
Teachers and BOE Administrators*	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
Police and Fire In Line of Service	20	0.0547%	0.0687%
	30	0.0680	0.0954
	40	0.1186	0.1897
	50	0.3631	0.4307
	60	1.0596	0.8530
Police and Fire Not In Line of Service	20	0.2185%	0.2745%
	30	0.2717	0.3810
	40	0.4735	0.7567
	50	1.4446	1.7117
	60	4.1716	3.3687
All Others In Line of Service	20	0.1297%	0.1629%
	30	0.1613	0.2261
	40	0.2810	0.4489
	50	0.8564	1.0144
	60	2.4654	1.9927
All Others Not In Line of Service	20	0.0068%	0.0086%
	30	0.0085	0.0119
	40	0.0148	0.0237
	50	0.0453	0.0536
	60	0.1313	0.1059

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

ACTUARIAL ASSUMPTIONS

Future Retiree Coverage All current active members are assumed to elect coverage at retirement. 15% of Teachers are assumed to drop retiree coverage at age 65.

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	Male	Female
All BOE Groups	80%	40%
Police and Fire	60%	50%
All Other Town	60%	15%

* 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.

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

SUMMARY OF PLAN PROVISIONS

Police

Eligibility - Retire with 25 years of service.

Medical Benefit - Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance - \$5,000 until age 65.

Firefighters

Eligibility - Retire with 25 years of service.

Medical Benefit -

- Retire prior to July 1, 1987: Benevolent Society pays 100% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after July 1, 1987 and prior to July 1, 1989: Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.
- Retire on or after July 1, 1989: Town pays 100% of the cost for the retiree and 50% of cost for the dependents.

Life Insurance - Retire after July 1, 1989: \$5,000 until age 65.

Town Hall

Eligibility - 23 years of Continuous Service and, if hired after 7/1/1977, age 50, or 5 years of service and age 55.

Medical Benefit -

- Retire prior to July 1, 1986: Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after July 1, 1986 and prior to signing of 1987-1990 collective bargaining agreement: Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after signing of 1987-1990 collective bargaining agreement: Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.

Life Insurance - Retire before September 1, 1999: \$5,000 until age 65. Retire after September 1, 1999: \$25,000 until age 70, \$5,000 thereafter.

TOWN OF STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

SUMMARY OF PLAN PROVISIONS

Public Works

Eligibility - 23 years of Continuous Service and, if hired after 7/1/1985, age 50, or 5 years of service and age 55.

Medical Benefit -

- Retire prior to July 1, 1985: Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after July 1, 1985 and prior to July 1, 1986: Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after July 1, 1986 and prior to July 1, 1987: Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.
- Retire on or after July 1, 1987: Town pays 100% of the cost for the retiree and 50% of cost for the dependents.

Life Insurance - \$5,000 until age 65.

Supervisors

Eligibility - 23 years of Continuous Service and, if hired after 4/1/1985, age 50, or 5 years of service and age 55.

Medical Benefit -

- Retire prior to July 2, 1985: Town pays 50% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after July 2, 1985 and prior to March 31, 1986: Town pays 100% of the cost for the retiree and 50% of the cost for the dependents.
- Retire after April 1, 1986 and prior to September 4, 1987: Town pays 75% of the cost for the retiree and 50% of the cost for the dependents.
- Retire on or after September 4, 1987: Town pays 100% of the cost for the retiree and 50% of cost for the dependents.

Life Insurance - Retire after August 2, 1985: \$5,000 until age 65.

TOWN OF STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

SUMMARY OF PLAN PROVISIONS

BOE Custodians	<p>Eligibility – 23 years of Continuous Service and, if hired after 4/1/1985, age 50, or 5 years of service and age 55.</p> <p>Medical and Dental Benefit – Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.</p> <p>Life insurance - \$15,000.</p>
BOE Administrators	<p>Eligibility - An Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.</p> <p>Normal Retirement for 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.</p> <p>Medical and Dental Benefit – Board pays 50% of the cost for the retiree only.</p>
BOE Nurses	<p>Eligibility – 23 years of Continuous Service and, if hired after 7/1/1977, age 50, or 5 years of service and age 55.</p> <p>Medical and Dental Benefit - Board pays 50% of the cost for the retiree only.</p>
BOE Paraprofessionals and Cafeteria Workers	<p>Eligibility – 23 years of Continuous Service and, if hired after 4/1/1985, age 50, or 5 years of service and age 55.</p> <p>Medical and Dental Benefit – Board pays 100% of the cost for the retiree and 50% of the cost for the dependents.</p> <p>Life insurance - \$7,000.</p>
BOE Secretaries	<p>Eligibility – 23 years of Continuous Service and, if hired after 4/1/1985, age 50, or 5 years of service and age 55.</p> <p>Medical and Dental Benefit – Board pays 100% of the cost for the retiree, and 50% of the cost for the dependents.</p> <p>Life insurance - \$15,000.</p>

TOWN OF STRATFORD
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

SUMMARY OF PLAN PROVISIONS

Teachers

Eligibility - A Teacher retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.

Normal Retirement for Teachers 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.

Medical and Dental Benefit – Board pays 50% of the cost for the retiree only.

All BOE Groups

For retirees electing coverage under the High Deductible Health Plan, the BOE fully funds the annual deductible in addition to the cost sharing described above.

This exhibit summarizes our understanding of the major provisions of the Other Post-Employment Benefits Program. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the applicable collective bargaining agreements and other written materials. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.