



**Cavanaugh Macdonald**  
CONSULTING, LLC  
*The experience and dedication you deserve*

## **GASB STATEMENTS NO. 74 & 75 REPORT**

**for**

**City of Trenton  
Retiree Health Care Plan**

**MEASUREMENT DATE: JUNE 30, 2023**





# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

October 23, 2023

Board of Trustees  
City of Trenton Retiree Health Care Plan  
Trenton, Michigan

Dear Trustees:

Presented in this report is information to assist the City of Trenton Retiree Health Care Plan in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statements No. 74 and 75 for the June 30, 2023 Measurement Date. The calculations in this report have been made on a basis that is consistent with our understanding of these accounting standards (GASB 74 and GASB 75).

The information is based on an actuarial valuation performed as of June 30, 2022, with updated demographic assumptions based on an experience study performed by Cavanaugh Macdonald and approved by the Board on May 18, 2022. System asset information was provided by Trenton staff for fiscal year ended June 30, 2023. The GASB 74/75 valuation is used for accounting purposes and is different than the actuarial valuation used for funding purposes. Information and results prior to June 30, 2022 were provided by the prior actuary.

The actuarial valuation used as the basis for much of the information presented in this report was performed as of June 30, 2022. The valuation was based upon data, furnished by the City of Trenton staff, concerning active, inactive and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency, but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete our results may be different and our calculations may need to be revised. Please see the actuarial valuation for additional details on the funding requirements for the Plan including actuarial assumptions and methods.

To the best of our knowledge, the information contained in this report is complete and accurate. The calculations were performed by qualified actuaries according to generally accepted actuarial principles and practices, as well as in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board. The calculations are based



on the current plan provisions, and on actuarial assumptions that are internally consistent and individually reasonable based on actual experience. In addition, the calculations were completed and, in our opinion, meet the requirements of GASB 74 and GASB 75.

These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 74 and GASB 75 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

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

Larry Langer, ASA, and Wendy Ludbrook, FSA, are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this report or to provide explanations or further details as may be appropriate.

Respectfully submitted,

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.

Larry Langer, ASA, EA, FCA, MAAA  
Principal and Consulting Actuary

A handwritten signature in blue ink, written in a cursive style.

Wendy Ludbrook, FSA, EA, FCA, MAAA  
Consulting Actuary

A handwritten signature in blue ink, written in a cursive style.

Ryan Gundersen  
Senior Consultant



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**ANNUAL GASB STATEMENTS NO. 74 & 75 REPORT**

**CITY OF TRENTON  
RETIREE HEALTH CARE PLAN**

**SUMMARY OF PRINCIPAL RESULTS**

<b>Valuation Date (VD):</b>	June 30, 2022
<b>Prior Measurement Date:</b>	June 30, 2022
<b>Measurement Date (MD):</b>	June 30, 2023
<b>Membership Data as of Valuation Date:</b>	
Retirees and Beneficiaries	210
Active Employees	<u>133</u>
Total	343
<b>Single Equivalent Interest Rate (SEIR):</b>	
Long-Term Expected Rate of Return	5.75%
Municipal Bond Index Rate at Prior Measurement Date	3.37%
Municipal Bond Index Rate at Measurement Date	3.65%
Year in which Fiduciary Net Position is Projected to be Depleted	N/A
Single Equivalent Interest Rate at Prior Measurement Date	5.75%
Single Equivalent Interest Rate at Measurement Date	5.75%
<b>Net OPEB Liability:</b>	
Total OPEB Liability (TOL)	\$44,993,244
Fiduciary Net Position (FNP)	<u>16,313,202</u>
Net OPEB Liability (NOL = TOL – FNP)	\$28,680,042
FNP as a percentage of TOL	36.26%
<b>OPEB Expense:</b>	(\$2,756,072)
<b>Deferred Outflows of Resources:</b>	\$7,238,311
<b>Deferred Inflows of Resources:</b>	\$23,248,547



## INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 74 (GASB 74), “*Financial Reporting for Postemployment Benefit Plans other than Pension Plans*” and Statement No. 75 (GASB 75), “*Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*”, in June 2015. The effective date for reporting under GASB 74 for the City of Trenton Retiree Health Care Plan (Plan) was the fiscal year ending June 30, 2017. The effective date for reporting under GASB 75 for the City of Trenton is the fiscal year ending June 30, 2018.

This report, prepared as of June 30, 2023 (the Measurement Date), presents information to assist the City of Trenton in meeting the requirements of GASB 74 and GASB 75. Much of the material provided in this report is based on the data, assumptions and results of the actuarial valuation of the City performed as of June 30, 2022 (the Valuation Date). The results are then rolled-forward to the Measurement Date. Effective July 1, 2024, a DROP provision will be implemented for Police and Fire members hired after January 1, 1996. We expect the DROP provision to have little to no impact on the rates of retirement for the Retiree Health Care Plan. We will monitor experience as it emerges and recommend changes if necessary.

GASB 74 and GASB 75 replace GASB 43 and GASB 45, respectively, and represents a significant departure from the requirements of the prior statement. GASB 43 and GASB 45 were issued as “funding friendly” statements that required postemployment benefit plans other than pension plans (OPEB) to report items consistent with the results of the plan’s actuarial valuations, as long as those valuations met certain parameters. GASB 74 and GASB 75 basically separate accounting from funding by creating disclosure and reporting requirements that may or may not be consistent with the basis used for funding the Plan.

A major change in GASB 74 and GASB 75 is the requirement to determine the Total OPEB Liability (TOL) utilizing the Entry Age Normal actuarial cost method. The Net OPEB Liability (NOL) is then set equal to the TOL minus the Plan’s Fiduciary Net Position (FNP) (basically the fair (market) value of assets). The benefit provisions recognized in the calculation of the TOL are summarized in Appendix B.

Among the items needed for the liability calculation is the discount rate, or Single Equivalent Interest Rate (SEIR), as described by GASB 74 and GASB 75. To determine the SEIR, the FNP must be projected, using GASB 74 and GASB 75 guidelines, into the future for as long as there are anticipated benefits payable under the plan’s provisions applicable to the members and beneficiaries of the Plan on the Measurement Date. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.



If, however, the FNP is projected to be depleted at a future measurement date, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the Bond Buyers General Obligation 20-year Municipal Bond Index published at the last Thursday of June by The Bond Buyer ([www.bondbuyer.com](http://www.bondbuyer.com)). As of the measurement date of June 30, 2023, this bond rate is 3.65%.

Our calculations indicate that the plan's FNP was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of SEIR. The long-term expected rate of return of 5.75% on Plan investments was applied to all periods, resulting in a SEIR of 5.75%. Please see Paragraph 35.b. for more explanation of the development of the SEIR.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 74 and GASB 75 for note disclosure and Required Supplementary Information (RSI).



**SECTION I – NOTES TO FINANCIAL STATEMENTS**

The material presented herein will follow the order presented in GASB 74 and GASB 75. Paragraph numbers are provided for ease of reference.

**GASB 74 Paragraphs 34.a. (1)-(3) and GASB 75, Paragraphs 50.a.-b.:** This information will be supplied by the Plan.

**GASB 74 Paragraph 34.a. (4) and GASB 75, Paragraph 50.c.:** The data required regarding the membership of the Plan were furnished by the Plan’s staff. The following table summarizes the membership of the Plan as of June 30, 2022, the date of the valuation used to determine the June 30, 2023 Total OPEB Liability.

**Membership**

<b>Number as of June 30, 2022</b>	
Inactive Members Or Their Beneficiaries	210
Currently Receiving Benefits	
Active Members	133
<b>Total</b>	<b>343</b>

**GASB 74 Paragraphs 34.a. (5)-(6) and Paragraphs 34.b.-e. and GASB 75, Paragraphs 50.d.-e.:** This information will be supplied by the Plan.

**GASB 74 Paragraph 35.a. (1)-(4):** As stated earlier, the NOL is equal to the TOL minus the FNP. That result, as of June 30, 2023, is presented in the following table.

**Net OPEB Liability**

<b>Fiscal Year Ending June 30, 2023</b>	
Total OPEB Liability	\$ 44,993,244
Fiduciary Net Position	<u>16,313,202</u>
Net OPEB Liability	\$ 28,680,042
 Ratio of Fiduciary Net Position to Total OPEB Liability	 36.26%





**GASB 74 Paragraph 35.b. and GASB 75, Paragraph 51:** This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Appendix C. The TOL as of June 30, 2023 was determined based on an actuarial valuation prepared as of June 30, 2022 and rolled-forward to the June 30, 2023 Measurement Date using the following key actuarial assumptions and other inputs:

Price Inflation	2.50 percent
Salary increases, including wage inflation	Act 345: 3.15 percent - 9.00 percent MERS: 3.75 percent to 9.70 percent
Long-term Rate of Return, net of investment expense, including price inflation	5.75 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.37 percent
Measurement Date	3.65 percent
Year FNP is projected to be depleted	N/A
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Prior Measurement Date	5.75 percent
Measurement Date	5.75 percent
Healthcare Cost Trend Rates	
Medical/Drug Trend Assumption (Under Age 65)	7.25% - 4.50%
Medical/Drug Trend Assumption (Ages 65 and Older)	5.50% - 4.50%
Year of Ultimate Trend Rate	Fiscal Year Ended 2034 for Pre-Medicare Fiscal Year Ended 2027 for Post-Medicare
Dental/Vision Trend Assumption	3.50%
Act 345 Mortality	Pub-2010 Public Retirement Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2021: <i>Pre-retirement:</i> Safety Employees table for males and females <i>Healthy Post-Retirement:</i> Safety Retirees table for males and females



MERS Mortality

*Disability Retirement:* Disabled Retirees table for males and females  
 Pub-2010 Public Retirement Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2019:

*Pre-retirement:* General Employees table for males and females

*Healthy Post-Retirement:* General Retirees table for males and females scaled by 106%

*Disability Retirement:* Disabled Retirees table for males and females

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

**GASB 74 Paragraphs 35.b.(1) and GASB 75 Paragraphs 52.e.:**

**Sensitivity analysis:** The disclosure of the sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate. The following presents the NOL of the Plan, calculated using the trend rate of 7.50 to 3.50 percent for pre-Medicare and 6.25 to 3.50 percent for Medicare eligible, as well as the Plan’s NOL calculated using a health care trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$39,200,505	\$44,993,244	\$52,222,618
Fiduciary Net Position	<u>16,313,202</u>	<u>16,313,202</u>	<u>16,313,202</u>
Net OPEB Liability	\$22,887,303	\$28,680,042	\$35,909,416

**GASB 74 Paragraph 35.b.(2)**

(a) **Discount rate (SEIR):** The discount rate used to measure the TOL as of the Measurement Date was 5.75%. There was no change in the discount rate since the Prior Measurement Date.

(b) **Projected cash flows:** The projection of cash flows used to determine the discount rate assume the following:

- a. Employee contribution rate: N/A;



- b. In all years, the total contributions will be equal to the projected benefit payments. This is consistent with following the pay-as-you-go method;
- c. Contributions and benefit payments occur halfway through the year; and
- d. Administrative expenses: None

Based on these assumptions, the plan's FNP was not projected to be depleted and, as a result, the Municipal Bond Index Rate was not used in the determination of SEIR. The long-term expected rate of return of 5.75% on Plan investments was applied to all periods, resulting in a SEIR of 5.75%.

The FNP projections are based upon the Plan's financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74 and GASB 75. As such, the FNP projections are not reflective of cash flows and assets accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

- (c) **Long-term rate of return.** Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighing the expected futures real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans, which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent significant change in asset allocation, a change in inflation assumption, or a fundamental change in the market that alters expected returns in the future years.
- (d) **Municipal bond rate:** A municipal bond rate was not used in determining the discount rate. If it were required, the rate would be 3.65% on the Measurement Date.
- (e) **Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2122.

**GASB 74 Paragraph 35.b.(2)(f):** This information will be supplied by the Plan.



**GASB 74 Paragraph 35.b.(2)(g) and GASB 75 Paragraphs 53.g.:**

**Sensitivity analysis:** This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following presents the NOL of the Plan, calculated using the discount rate of 5.75 percent, as well as the Plan's NOL calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate.

	<b>1% Decrease (4.75%)</b>	<b>Current Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
Total OPEB Liability	\$51,602,774	\$44,993,244	\$39,668,166
Fiduciary Net Position	<u>16,313,202</u>	<u>16,313,202</u>	<u>16,313,202</u>
Net OPEB Liability	\$35,289,572	\$28,680,042	\$23,354,964



**GASB 74, Paragraph 35.c. and GASB 75, Paragraphs 55.a.-c. and 56.a.:** June 30, 2023 is the actuarial valuation date upon which the TOL is based. The resulting TOL is shown in the table below:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2022	\$60,015,579	\$14,570,797	\$45,444,782
Changes for the year:			
Service cost	377,640		377,640
Interest	3,412,254		3,412,254
Benefit changes	0		0
Difference between expected and actual experience	(20,231,155)		(20,231,155)
Changes in assumptions	3,548,021		3,548,021
Contributions - employer		2,351,379	(2,351,379)
Contributions - non-employer		0	0
Contributions - member		0	0
Net investment income		1,520,121	(1,520,121)
Benefit payments, including refunds of employee contributions	(2,129,095)	(2,129,095)	0
Administrative expense		0	0
Other changes		0	0
Net changes	<u>(15,022,335)</u>	<u>1,742,405</u>	<u>(16,764,740)</u>
Balances at June 30, 2023	\$44,993,244	\$16,313,202	\$28,680,042

**GASB 75, Paragraph 55.d.:** Our understanding is that the employer does not have a special funding situation.

**GASB 75, Paragraph 56.b.:** Our understanding is that the employer does not have a special funding situation.

**GASB 75, Paragraph 56.c.:** The actuarial assumptions and methods had the following changes since the Prior Measurement Date:

- The assumed rates of health care inflation used to project per capita costs were updated.

**GASB 75, Paragraph 55.d.:** There are no changes in benefit terms since the Prior Measurement Date.



**GASB 75, Paragraph 56.e.:** No benefit payments are attributable to the purchase of allocated insurance contracts.

**GASB 75, Paragraph 56.f.:** This information will be supplied by the Plan.

**GASB 75, Paragraph 56.g.:** Please see Section II for the development of the OPEB Expense (OE).

**GASB 75, Paragraph 56.h.(1)-(2):** Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB Expense they are labelled Deferred Outflows of Resources. If they serve to reduce OPEB Expense they are labeled Deferred Inflows of Resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gain/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period.

The following table provides a summary of the Deferred Outflows of Resources and Deferred Inflows of Resources as of June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/(Inflows) of Resources
Differences between expected and actual experience	\$0	\$21,044,281	(\$21,044,281)
Changes of assumptions	5,189,736	510,363	4,679,373
Differences between projected and actual earnings	<u>2,048,575</u>	<u>1,693,903</u>	<u>354,672</u>
Total	\$7,238,311	\$23,248,547	(\$16,010,236)



The following tables show the Deferred Outflows of Resources and the Deferred Inflows of Resources separately to provide additional detail.

<b>Deferred Outflows of Resources</b>				
	<b>June 30, 2022</b>	<b>Additions</b>	<b>Recognition</b>	<b>June 30, 2023</b>
<b>Differences between expected and actual experience</b>				
FY 2019 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2020 Base	0	0	0	0
FY 2021 Base	0	0	0	0
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Changes of assumptions</b>				
FY 2019 Base	\$ 2,186,894	\$ 0	\$ 2,110,696	\$ 76,198
FY 2020 Base	0	0	0	0
FY 2021 Base	2,652,778	0	854,385	1,798,393
FY 2022 Base	709,635	0	172,875	536,760
FY 2023 Base	0	3,548,021	769,636	2,778,385
Total	<u>\$ 5,549,307</u>	<u>\$ 3,548,021</u>	<u>\$ 3,907,592</u>	<u>\$ 5,189,736</u>
<b>Differences between projected and actual earnings</b>				
FY 2019 Base	\$ 38,194	\$ 0	\$ 38,194	\$ 0
FY 2020 Base	151,760	0	75,881	75,879
FY 2021 Base	0	0	0	0
FY 2022 Base	2,630,262	0	657,566	1,972,696
FY 2023 Base	0	0	0	0
Total	<u>\$ 2,820,216</u>	<u>\$ 0</u>	<u>\$ 771,641</u>	<u>\$ 2,048,575</u>
Total	<u>\$ 8,369,523</u>	<u>\$ 3,548,021</u>	<u>\$ 4,679,233</u>	<u>\$ 7,238,311</u>



Deferred Inflows of Resources				
	June 30, 2022	Additions	Recognition	June 30, 2023
Differences between expected and actual experience				
FY 2019 Base	\$ 2,532,374	\$ 0	\$ 2,444,140	\$ 88,234
FY 2020 Base	230,966	0	113,435	117,531
FY 2021 Base	5,992,428	0	1,929,991	4,062,437
FY 2022 Base	1,234,103	0	300,642	933,461
FY 2023 Base	0	20,231,155	4,388,537	15,842,618
Total	\$ 9,989,871	\$ 20,231,155	\$ 9,176,745	\$ 21,044,281
Changes of assumptions				
FY 2019 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2020 Base	1,002,944	0	492,581	510,363
FY 2021 Base	0	0	0	0
FY 2022 Base	0	0	0	0
FY 2023 Base	0	0	0	0
Total	\$ 1,002,944	\$ 0	\$ 492,581	\$ 510,363
Differences between projected and actual earnings				
FY 2019 Base	\$ 0	\$ 0	\$ 0	\$ 0
FY 2020 Base	0	0	0	0
FY 2021 Base	1,729,655	0	576,551	1,153,104
FY 2022 Base	0	0	0	0
FY 2023 Base	0	675,999	135,200	540,799
Total	\$ 1,729,655	\$ 675,999	\$ 711,751	\$ 1,693,903
Total	\$ 12,722,470	\$ 20,907,154	\$ 10,381,077	\$ 23,248,547

**GASB 75, Paragraph 56.h.(4):** Our understanding is that the employer does not have a special funding situation.

**GASB 75, Paragraph 56.h.(5):** This information will be supplied by the Plan.





**GASB 75, Paragraphs 56.i.(1)-(2):** Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits will be recognized in OPEB Expense as follows:

<b>Year Ended June 30:</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>
2024	\$2,606,539	\$8,025,171	(\$5,418,632)
2025	2,454,462	7,352,801	(4,898,339)
2026	1,689,698	5,026,834	(3,337,136)
2027	487,612	2,843,741	(2,356,129)
2028	0	0	0
Thereafter	0	0	0

**GASB 75, Paragraph 56.i.(3):** Our understanding is that the employer does not have a special funding situation.

**GASB 75, Paragraph 56.h.(5):** This information will be supplied by the Plan.



## **SECTION II – OPEB EXPENSE**

The OPEB Expense (OE) consists of a number of different items. GASB 75 refers to the first item as Service Cost which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the TOL at 5.75%, the Discount Rate in effect as of the Prior Measurement Date. The next three items refer to any changes that occurred in the TOL due to:

- benefit changes, or
- actual versus expected experience, or
- changes in assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase OE, if there is a benefit improvement for existing Plan members, or decrease OE, if there is a benefit reduction. For the year ended June 30, 2023, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TOL due to actual versus expected Plan experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. The average expected remaining service life of the inactive members is zero. The recognition period is the weighted average of these two amounts (not less than 1 year). The recognition period is 4.61 years.

The last item under changes in TOL is changes in assumptions or other inputs. This change, if there is one, will be recognized over the average expected remaining service life of the entire Plan membership, using the same approach applied to experience gains and losses, as described in the prior paragraph.

Active member contributions for the year and projected earnings on FNP at the discount rate serve to reduce the expense. One-fifth of current-period difference between actual and projected earnings on the FNP is recognized in the OE.

The current year portions of previously determined experience, assumption changes, and earnings amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources (see Section I) are included next. Deferred Outflows of Resources are added to the OE while Deferred Inflows of Resources are subtracted from the OE. Finally, administrative expense and other miscellaneous items are included.



The calculation of OE for the year ended June 30, 2023 is shown in the following table:

<b>OPEB Expense For Year Ending June 30, 2023</b>	
Service Cost	\$377,640
Interest on the Total OPEB Liability	3,412,254
Current-period Benefit Changes	0
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	(4,388,537)
Expensed portion of current-period changes of assumptions	769,636
Member Contributions	0
Projected Earnings on Plan Investments	(844,122)
Expensed portion of current-period differences between actual and projected earnings on plan investments	(135,200)
Administrative Expense	0
Other	0
Recognition of beginning deferred outflows of resources as OPEB expense	3,909,597
Recognition of beginning deferred inflows of resources as OPEB expense	<u>(5,857,340)</u>
<b>Total OPEB Expense</b>	<b>(\$2,756,072)</b>



**SECTION III – REQUIRED SUPPLEMENTARY INFORMATION**

There are several tables of Required Supplementary Information (RSI) that need to be included in the City’s financial statements:

**GASB 74, Paragraphs 36.a.-c. and GASB 75, Paragraphs 57.a.-c.:** The required tables of schedules are provided in Appendix A.

**GASB 74, Paragraphs 36.d. and 37 and GASB 75, Paragraph 57.d.:** The money-weighted rates of return will be supplied by the City.

**GASB 74, Paragraph 38 and GASB 75, Paragraph 58:** The following information should be noted regarding the RSI, particularly for the *Schedule of Employer Contributions*:

**Changes of benefit and funding terms:** There were no substantive changes to the benefit terms reflected in the June 30, 2022 valuation.

**Changes to assumptions or other inputs:** The actuarial assumptions and methods had the following changes since the Prior Measurement Date:

- The assumed rates of health care inflation used to project per capita costs were updated.

***Methods and assumptions used in calculations of Actuarially Determined Contributions:***

The following actuarial methods and assumptions (from the June 30, 2020 actuarial valuation) were used to determine the Actuarially Determined Contribution reported for Fiscal Year End 2023 in that schedule:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age
Amortization Method	
Accrued Liability	Level Dollar, Closed
Remaining Amortization Period	
Accrued Liability	16 Years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	5.75%
Medical/Drug Trend Assumption (Under Age 65)	7.50% - 3.50%
Medical/Drug Trend Assumption (Age 65+)	6.25% - 3.50%
Year of Ultimate Trend Rate	Fiscal Year Ended 2032 for Pre and Post-Medicare



## **APPENDIX A**

# **REQUIRED SUPPLEMENTARY INFORMATION TABLES**



**Exhibit A**  
**GASB 74 Paragraph 36.a.-b. and GASB 75 Paragraph 57.a.-b.**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY**

**Fiscal Year Ended June 30**

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service Cost	\$377,640	\$575,965	\$577,184	\$670,080	\$487,522	\$697,973	\$727,715
Interest	3,412,254	3,360,453	3,699,506	3,767,876	4,355,278	4,265,177	4,138,732
Benefit term changes	0	0	0	0	0	0	0
Differences between expected and actual experience	(20,231,155)	(1,534,745)	(9,852,410)	(571,271)	(12,308,934)	(1,020,127)	(652,861)
Assumption changes	3,548,021	882,510	4,361,548	(2,480,687)	10,629,678	0	0
Benefit payments, including member refunds	<u>(2,129,095)</u>	<u>(2,239,320)</u>	<u>(2,369,912)</u>	<u>(2,588,187)</u>	<u>(2,762,103)</u>	<u>(2,339,175)</u>	<u>(2,445,546)</u>
<b>Net change in Total OPEB Liability</b>	<b>(\$15,022,335)</b>	<b>\$1,044,863</b>	<b>(\$3,584,084)</b>	<b>(\$1,202,189)</b>	<b>\$401,441</b>	<b>\$1,603,848</b>	<b>\$1,768,040</b>
<b>Total OPEB Liability - beginning</b>	<b>\$60,015,579</b>	<b>\$58,970,716</b>	<b>\$62,554,800</b>	<b>\$63,756,989</b>	<b>\$63,355,548</b>	<b>\$61,751,700</b>	<b>\$59,983,660</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$44,993,244</b>	<b>\$60,015,579</b>	<b>\$58,970,716</b>	<b>\$62,554,800</b>	<b>\$63,756,989</b>	<b>\$63,355,548</b>	<b>\$61,751,700</b>
<b>Plan Fiduciary Net Position</b>							
Employer contributions	\$2,351,379	\$2,524,956	\$2,670,646	\$3,298,323	\$3,478,826	\$2,797,561	\$2,920,196
Non-employer contributions - Direct Aid (State/City/District)	0	0	0	0	0	0	0
Employee contributions	0	0	0	0	0	0	0
Net investment income	1,520,121	-2,324,666	3,651,278	338,534	557,683	678,436	831,499
Benefit payments, including member refunds	<u>(2,129,095)</u>	<u>(2,239,320)</u>	<u>(2,369,912)</u>	<u>(2,588,187)</u>	<u>(2,762,103)</u>	<u>(2,339,175)</u>	<u>(2,445,546)</u>
Administrative expenses	0	0	0	0	0	0	0
Other	<u>0</u>	<u>0</u>	<u>(993)</u>	<u>(833)</u>	<u>(334)</u>	<u>0</u>	<u>0</u>
<b>Net change in Plan Fiduciary Net Position</b>	<b>\$1,742,405</b>	<b>(\$2,039,030)</b>	<b>\$3,951,019</b>	<b>\$1,047,837</b>	<b>\$1,274,072</b>	<b>\$1,136,822</b>	<b>\$1,306,149</b>
<b>Plan Fiduciary Net Position – beginning</b>	<b>\$14,570,797</b>	<b>\$16,609,827</b>	<b>\$12,658,808</b>	<b>\$11,610,971</b>	<b>\$10,336,899</b>	<b>\$9,200,077</b>	<b>\$7,893,928</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>\$16,313,202</b>	<b>\$14,570,797</b>	<b>\$16,609,827</b>	<b>\$12,658,808</b>	<b>\$11,610,971</b>	<b>\$10,336,899</b>	<b>\$9,200,077</b>
<b>Net OPEB Liability/(Asset) - ending (a) - (b)</b>	<b>\$28,680,042</b>	<b>\$45,444,782</b>	<b>\$42,360,889</b>	<b>\$49,895,992</b>	<b>\$52,146,018</b>	<b>\$53,018,649</b>	<b>\$52,551,623</b>
<b>Plan Fiduciary Net Position as a percentage of the Total OPEB Liability</b>	<b>36.26%</b>	<b>24.28%</b>	<b>28.17%</b>	<b>20.24%</b>	<b>18.21%</b>	<b>16.32%</b>	<b>14.90%</b>
<b>Covered payroll</b>	<b>\$5,825,541</b>	<b>\$5,737,391</b>	<b>\$6,342,578</b>	<b>\$6,696,150</b>	<b>\$6,894,143</b>	<b>\$7,285,864</b>	<b>\$8,061,212</b>
<b>Employers' Net OPEB Liability/(Asset) as a percentage of covered payroll</b>	<b>492.32%</b>	<b>792.08%</b>	<b>667.88%</b>	<b>745.14%</b>	<b>756.38%</b>	<b>727.69%</b>	<b>651.91%</b>

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Information from years prior to June 30, 2022 was provided by the prior actuary.



**Exhibit B**  
**GASB 74 Paragraph 32.c. and GASB 75 Paragraph 57.c.**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

	2023	2022	2021	2020	2019	2018	2017
Actuarially determined employer contribution	\$4,979,477	\$5,012,598	\$5,498,513	\$5,527,783	\$7,514,692	\$7,583,745	\$6,195,000
Actual employer contributions <sup>1</sup>	<u>2,351,379</u>	<u>2,524,956</u>	<u>2,670,646</u>	<u>3,298,323</u>	<u>3,478,826</u>	<u>2,797,561</u>	<u>2,920,196</u>
Annual contribution deficiency (excess)	<u>\$2,628,098</u>	<u>\$2,487,642</u>	<u>\$2,827,867</u>	<u>\$2,229,460</u>	<u>\$4,035,866</u>	<u>\$4,786,184</u>	<u>\$3,274,804</u>
Covered payroll <sup>2</sup>	\$5,825,541	\$5,737,391	\$6,342,578	\$6,696,150	\$6,894,143	\$7,285,864	\$8,061,212
Actual contributions as a percentage of covered payroll	40.36%	44.01%	42.11%	49.26%	50.46%	38.40%	36.23%

<sup>1</sup> Includes amounts being paid outside of the trust.

<sup>2</sup> Payroll provided separately by the employer

Information from years prior to June 30, 2022 was provided by the prior actuary.



**APPENDIX B**

**SUMMARY OF MAIN BENEFIT PROVISIONS AS OF JUNE 30, 2022**

Leaving Employment as a Result of	Bargaining Unit	Hire Date	Point System	Eligibility for Benefit		Benefit Provided by Employer (A)			Post-6/30/2005 Retirees (B)	Retiree Share of Cost (C)		
				Age	Years of Service	Retiree	Spouse	Dependent (D)		Retiree	Spouse	Post-6/30/2005
Normal Retirement	TPOAM	Before 1/1/1996		60	10	All	All	All	Mirroring (eff 1/14/08)	None	None	R
Normal Retirement	TPOAM	Before 1/1/1996		55	15	All	All	All	Mirroring (eff 1/14/08)	None	None	e
Normal Retirement	TPOAM	Before 1/1/1996		50	25	All	All	All	Mirroring (eff 1/14/08)	None	None	f
Normal Retirement	Non-Union	Before 1/1/1996		60	10	All	All	All	Mirroring	None	None	e
Normal Retirement	Non-Union	Before 1/1/1996		55	15	All	All	All	Mirroring	None	None	r
Normal Retirement	Non-Union	Before 1/1/1996		50	25	All	All	All	Mirroring	None	None	t
Normal Retirement	TILA (Lieutenants)	Before 1/1/1996		Any	25	All	All	All	Mirroring	None	None	o
Normal Retirement	MAP (Police)	Before 1/1/1996		Any	25	All	All	All	Mirroring	None	None	
Normal Retirement	IAFF (Fire)	Before 1/1/1996		Any	25	All	All	All	Mirroring	None	None	S
Normal Retirement	TPOAM	Post 1/1/1996	80 point (age + service)		15	All	All	All	Mirroring	None	None	c
Normal Retirement	Non-Union	Post 1/1/1996	80 point (age + service)		15	All	All	All	Mirroring	None	None	h
Normal Retirement	TPOAM	Post 6/30/12							HCSP*	None	None	e
Normal Retirement	Non-Union	Post 6/30/12							HCSP*	None	None	d
Normal Retirement	MAP/IAFF (Police/Fire)	Post 6/30/16							HCSP*	None	None	u
Normal Retirement	TILA (Lieutenants)	Post 1/1/1996		55	20	All	All	All	Mirroring	None	None	l
Normal Retirement	MAP (Police)	Post 1/1/1996		55	20	All	All	All	Mirroring	None	None	e
Normal Retirement	IAFF (Fire)	Post 1/1/1996		55	20	All	All	All	Mirroring	None	None	B
Deferred Vested Termination						None	None	None				e
Non-Duty Disability						None	None	None				l
Duty Disability						None	None	None				o
Non-Duty Death-In-Service	All units			Any	Any		All for 5 years	All for 5 years				w
Duty Death-In-Service	All units			Any	Any		All for 5 years	All for 5 years				

A - All includes the following: Medical, prescription drugs, dental and vision.

Dental and vision only until the age of 65. Life insurance is currently provided in the amount of \$10,000, older retirees have lesser amounts based on date of retirement

B - Employees, who retire(d) after 6/30/2005, except as noted otherwise, will have the same level of coverage as that provided to active employees.

C - Schedule for premium sharing becomes effective for all active employees and retirees post-6/30/2005 is as follows: 80/20 cost share.

For Medicare eligible retirees, premium sharing is offset by Medicare Premiums paid by the retiree.

D - No family continuation for all employee groups was revoked with the adoption of the 2010 Healthcare Act.

\* -Plan Closures: TPOAM, General, Non-Union: 6/30/2012. Police and Fire: 6/30/2016. Employees hired after these dates are in the HCSP. It was assumed that these members do no have access to the Retiree Health Care Plan.





**APPENDIX C**

**STATEMENT OF ACTUARIAL ASSUMPTIONS**

- 1. Discount Rate: 5.75% (net of expenses)
- 2. Mortality Rates (ACT 345): Pub-2010 Public Retirement Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2021:  
*Pre-retirement:* Safety Employees table for males and females  
*Healthy Post-Retirement:* Safety Retirees table for males and females  
*Disability Retirement:* Disabled Retirees table for males and females
- 3. Mortality Rates (MERS): Pub-2010 Public Retirement Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2019:  
*Pre-retirement:* General Employees table for males and females  
*Healthy Post-Retirement:* General Retirees table for males and females scaled by 106%  
*Disability Retirement:* Disabled Retirees table for males and females
- 4. Withdrawal Rates (ACT 345): Rates are service related for the first 5 years of employment and age related thereafter.

	<b>Years of</b>	<b>Rates of</b>
<b>Age</b>	<b>Service</b>	<b>Termination</b>
All	0	7.00%
	1	6.00
	2	5.00
	3	4.00
	4	3.00
35	5 & Over	1.21
40+		0.44



5. Withdrawal Rates (MERS):

Rates are service related.

Years of Service	Percent of Active Members Withdrawing Within the Next Year	
	Public Safety	All Others
0	13.90%	23.40%
1	11.60	19.50
2	9.40	15.80
3	7.40	12.50
4	6.10	10.30
5	4.90	8.30
6	4.30	7.20
7	3.90	6.60
8	3.60	6.00
9	3.40	5.70
10	3.20	5.40
11	3.10	5.20
12	2.80	4.70
13	2.70	4.50
14	2.50	4.20
15	2.40	4.00
16	2.30	3.90
17	2.20	3.70
18	2.00	3.40
19	1.90	3.20
20	1.80	3.10
21	1.80	3.00
22	1.70	2.80
23	1.70	2.80
24	1.60	2.70
25+	1.50	2.60

6. Retirement Rates (ACT 345):

Members Hired before January 1, 1996		Members Hired after January 1, 1996	
Years of Service	Rate of Retirement	Age	Rate of Retirement
25-31	33%	55-59	30%
32-41	55	60+	100
42+	100		



7. Retirement Rates (MERS):

Normal Retirement		Early Retirement	
Years of Service	Rate of Retirement	Age	Rate of Retirement
0-9	15%	55-59	4%
10-20	20		
21	22		
22	24		
23	26		
24	30		
25	34		
26-30	25		
31-34	28		
35+	25		

8. Disability Rates (ACT 345):

Percent of Active Members Becoming Disabled within the Next Year		
Age	Male	Female
20	0.08%	0.10%
25	0.08	0.10
30	0.08	0.10
35	0.08	0.10
40	0.20	0.36
45	0.27	0.41
50	0.49	0.57
55	0.89	0.77

9. Disability Rates (MERS):

Age	Percent of Active Members Becoming Disabled within the Next Year
20	0.02%
25	0.02
30	0.02
35	0.05
40	0.08
45	0.20
50	0.29
55	0.38
60	0.39
65	0.39



10. Salary Scale (ACT 345):

Service	Wage Inflation	Merit and Longevity	Total
1	3.00%	6.00%	9.00%
2	3.00	5.25	8.25
3	3.00	4.50	7.50
4	3.00	3.75	6.75
5	3.00	3.00	6.00
10	3.00	1.20	4.20
15	3.00	0.68	3.68
20	3.00	0.30	3.30
25	3.00	0.15	3.15
30	3.00	0.15	3.15

11. Salary Scale (MERS):

Service	Wage Inflation	Merit and Longevity	Total
0	3.00%	6.70%	9.70%
1	3.00	4.60	7.60
2	3.00	3.20	6.20
3	3.00	2.70	5.70
4	3.00	2.30	5.30
5	3.00	1.90	4.90
6	3.00	1.70	4.70
7	3.00	1.30	4.30
8	3.00	1.20	4.20
9	3.00	1.20	4.20
10	3.00	1.10	4.10
11	3.00	1.10	4.10
12	3.00	0.90	3.90
13	3.00	0.90	3.90
14	3.00	0.80	3.80
15	3.00	0.70	3.70
16	3.00	0.70	3.70
17-21	3.00	0.60	3.60
22	3.00	0.50	3.50
23-25	3.00	0.40	3.40
26-29	3.00	0.30	3.30
30-34	3.00	0.20	3.20
35-39	3.00	0.10	3.10
40+	3.00	0.00	3.00

12. Participation:

100% of eligible members are assumed to participate in the Health Plan.

13. Spousal Coverage:

80% of active members are assumed to be married and elect spouse coverage. 100% of retirees who have spousal coverage continue coverage to a surviving spouse upon death. Husbands are assumed to be 3 years older than their wives.



14. Health Care Cost Trend Rates:

Year after Valuation	Medical/Drug Pre-Medicare	Medical/Drug Post-Medicare
1	7.25%	5.50%
2	7.00	5.25
3	6.75	5.00
4	6.50	4.75
5	6.25	4.50
6	6.00	4.50
7	5.75	4.50
8	5.50	4.50
9	5.25	4.50
10	5.00	4.50
11	4.75	4.50
12+	4.50	4.50

Year after Valuation	Dental	Vision
1	3.50%	3.50%
2	3.50	3.50
3	3.50	3.50
4	3.50	3.50
5	3.50	3.50
6+	3.50	3.50

15. Combined Monthly One-Person Medical and Drug Premiums at Select Ages:

Retiree Annual Expected Claims		
	Future Retirees	Current Retirees
<b>Age Adjusted Claims</b>		
Pre-65	\$13,075	\$13,075
Post-65 Medicare Eligible	\$4,823	\$4,978
<b>Non-Age Adjusted Claims</b>		
Dental	\$369	\$369
Vision	\$139	\$139



16. Age Related Morbidity: Aging factors used in the premium development models were developed based on information and data from the 2013 study commissioned by the Society of Actuaries entitled “Health Care Costs – From Birth to Death.”

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

17. Benefits Valued: The benefits listed below were valued for the stated upon duration:

Lifetime Benefits Valued:

- Medical Coverage
- Prescription Drug Coverage
- Dental Coverage
- Vision Coverage
- Life Insurance

18. Federal Legislation: The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the anticipation of potential changes to Medicare due to the IRA, which are included in our trend assumption. Continued monitoring of the impact on the Plan’s liability due to this and other legislation, if applicable, will be required.+

19. COVID-19: The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan’s liability will be required.

20. Administrative Expenses: No explicit assumption has been made for administrative expenses.



21. Decrement Operation: MERS: Disability and withdrawal do not operate during retirement eligibility.  
ACT 345: Disability does not operate during retirement eligibility.
22. Eligibility Testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
23. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed contribution in this report.
24. Marriage Assumption: MERS: 80% of males and 80% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.  
ACT 345: 100% of males and 100% of females are assumed to be married for purposes of death-in-service benefits. Male spouses are assumed to be three years older than female spouses for active member valuation purposes.
24. Medicare Coverage: Assumed to be available for all covered employees on attainment of age 65, Disability retirees were assumed to be eligible for Medicare coverage at age 65.



**APPENDIX D**

**SOLVENCY PROJECTIONS AND SEIR DEVELOPMENT**

**City of Trenton Retiree Health Care Plan  
Projection of Fiduciary Net Position**

Year Beginning June 30	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
2023	\$16,313,202	\$2,322,973	\$2,280,780	\$0	\$939,205	\$17,294,600
2024	17,294,600	2,425,418	2,389,750	0	995,451	18,325,719
2025	18,325,719	2,529,968	2,498,611	0	1,054,618	19,411,694
2026	19,411,694	2,539,422	2,511,154	0	1,116,974	20,556,935
2027	20,556,935	2,598,702	2,572,524	0	1,182,766	21,765,879
2028	21,765,879	2,630,994	2,606,438	0	1,252,234	23,042,669
2029	23,042,669	2,663,828	2,641,880	0	1,325,576	24,390,193
2030	24,390,193	2,716,774	2,696,966	0	1,402,998	25,812,999
2031	25,812,999	2,751,319	2,733,224	0	1,484,760	27,315,854
2032	27,315,854	2,834,097	2,817,382	0	1,571,135	28,903,705
2033	28,903,705	2,878,792	2,863,159	0	1,662,406	30,581,744
2034	30,581,744	2,974,976	2,960,246	0	1,758,868	32,355,342
2035	32,355,342	3,061,505	3,047,562	0	1,860,827	34,230,112
2036	34,230,112	3,085,618	3,074,007	0	1,968,561	36,210,283
2037	36,210,283	3,146,491	3,137,939	0	2,082,334	38,301,169
2038	38,301,169	3,232,096	3,225,547	0	2,202,503	40,510,221
2039	40,510,221	3,321,616	3,316,607	0	2,329,480	42,844,710
2040	42,844,710	3,402,667	3,398,824	0	2,463,680	45,312,233
2041	45,312,233	3,524,851	3,521,893	0	2,605,537	47,920,728
2042	47,920,728	3,537,254	3,534,971	0	2,755,507	50,678,517
2043	50,678,517	3,608,199	3,606,451	0	2,914,064	53,594,330
2044	53,594,330	3,732,799	3,731,464	0	3,081,712	56,677,376
2045	56,677,376	3,694,299	3,693,278	0	3,258,978	59,937,376
2046	59,937,376	3,692,707	3,691,947	0	3,446,421	63,384,556
2047	63,384,556	3,668,465	3,667,886	0	3,644,628	67,029,764
2048	67,029,764	3,678,328	3,677,887	0	3,854,224	70,884,429
2049	70,884,429	3,662,096	3,661,758	0	4,075,864	74,960,631
2050	74,960,631	3,545,543	3,545,285	0	4,310,244	79,271,132
2051	79,271,132	3,490,232	3,490,034	0	4,558,096	83,829,426
2052	83,829,426	3,435,657	3,435,505	0	4,820,196	88,649,774
2053	88,649,774	3,325,310	3,325,193	0	5,097,365	93,747,257
2054	93,747,257	3,256,178	3,256,089	0	5,390,470	99,137,815
2055	99,137,815	3,212,244	3,212,244	0	5,700,424	104,838,240
2056	104,838,240	3,085,340	3,085,340	0	6,028,199	110,866,439
2057	110,866,439	3,015,029	3,015,029	0	6,374,820	117,241,259
2058	117,241,259	2,970,126	2,970,126	0	6,741,372	123,982,631
2059	123,982,631	2,829,441	2,829,441	0	7,129,001	131,111,633
2060	131,111,633	2,744,872	2,744,872	0	7,538,919	138,650,551
2061	138,650,551	2,683,510	2,683,510	0	7,972,407	146,622,958
2062	146,622,958	2,617,736	2,617,736	0	8,430,820	155,053,778
2063	155,053,778	2,549,576	2,549,576	0	8,915,592	163,969,370
2064	163,969,370	2,482,066	2,482,066	0	9,428,239	173,397,609
2065	173,397,609	2,411,540	2,411,540	0	9,970,363	183,367,972
2066	183,367,972	2,339,676	2,339,676	0	10,543,658	193,911,630
2067	193,911,630	2,267,207	2,267,207	0	11,149,919	205,061,549
2068	205,061,549	2,192,436	2,192,436	0	11,791,039	216,852,588
2069	216,852,588	2,114,250	2,114,250	0	12,469,024	229,321,612
2070	229,321,612	2,033,631	2,033,631	0	13,185,993	242,507,604
2071	242,507,604	1,950,379	1,950,379	0	13,944,187	256,451,792
2072	256,451,792	1,864,382	1,864,382	0	14,745,978	271,197,770





**APPENDIX D**

**SOLVENCY PROJECTIONS AND SEIR DEVELOPMENT**

**City of Trenton Retiree Health Care Plan**

Projection of Fiduciary Net Position

Year Beginning June 30	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
2073	\$275,862,558	\$1,775,054	\$1,864,382	\$0	\$15,859,565	\$291,632,795
2074	291,632,795	1,682,689	1,775,054	0	16,766,267	308,306,697
2075	308,306,697	1,587,026	1,682,689	0	17,724,923	325,935,957
2076	325,935,957	1,488,485	1,587,026	0	18,738,524	344,575,940
2077	344,575,940	1,387,187	1,488,485	0	19,810,245	364,284,887
2078	364,284,887	1,283,389	1,387,187	0	20,943,439	385,124,528
2079	385,124,528	1,180,046	1,283,389	0	22,141,731	407,162,915
2080	407,162,915	1,076,796	1,180,046	0	23,408,941	430,468,606
2081	430,468,606	973,633	1,076,796	0	24,749,020	455,114,464
2082	455,114,464	872,581	973,633	0	26,166,217	481,179,629
2083	481,179,629	774,743	872,581	0	27,665,055	508,746,846
2084	508,746,846	682,487	774,743	0	29,250,328	537,904,918
2085	537,904,918	595,006	682,487	0	30,927,053	568,744,490
2086	568,744,490	513,304	595,006	0	32,700,492	601,363,280
2087	601,363,280	438,341	513,304	0	34,576,264	635,864,580
2088	635,864,580	370,414	438,341	0	36,560,288	672,356,941
2089	672,356,941	309,120	370,414	0	38,658,787	710,954,434
2090	710,954,434	255,174	309,120	0	40,878,351	751,778,838
2091	751,778,838	207,379	255,174	0	43,225,928	794,956,972
2092	794,956,972	165,662	207,379	0	45,708,843	840,624,098
2093	840,624,098	131,029	165,662	0	48,334,904	888,924,369
2094	888,924,369	102,383	131,029	0	51,112,339	940,008,062
2095	940,008,062	78,625	102,383	0	54,049,790	994,034,094
2096	994,034,094	59,253	78,625	0	57,156,411	1,051,171,133
2097	1,051,171,133	43,742	59,253	0	60,441,900	1,111,597,523
2098	1,111,597,523	31,599	43,742	0	63,916,513	1,175,501,893
2099	1,175,501,893	22,300	31,599	0	67,591,095	1,243,083,689
2100	1,243,083,689	15,348	22,300	0	71,477,115	1,314,553,852
2101	1,314,553,852	10,272	15,348	0	75,586,703	1,390,135,479
2102	1,390,135,479	6,683	10,272	0	79,932,688	1,470,064,578
2103	1,470,064,578	4,221	6,683	0	84,528,643	1,554,590,760
2104	1,554,590,760	2,584	4,221	0	89,388,922	1,643,978,045
2105	1,643,978,045	1,530	2,584	0	94,528,708	1,738,505,699
2106	1,738,505,699	878	1,530	0	99,964,059	1,838,469,106
2107	1,838,469,106	490	878	0	105,711,963	1,944,180,681
2108	1,944,180,681	267	490	0	111,790,383	2,055,970,840
2109	2,055,970,840	141	267	0	118,218,320	2,174,189,034
2110	2,174,189,034	73	141	0	125,015,868	2,299,204,834
2111	2,299,204,834	37	73	0	132,204,277	2,431,409,075
2112	2,431,409,075	18	37	0	139,806,021	2,571,215,077
2113	2,571,215,077	9	18	0	147,844,867	2,719,059,934
2114	2,719,059,934	5	9	0	156,345,946	2,875,405,877
2115	2,875,405,877	1	5	0	165,335,838	3,040,741,710
2116	3,040,741,710	0	1	0	174,842,648	3,215,584,358
2117	3,215,584,358	0	0	0	184,896,101	3,400,480,458
2118	3,400,480,458	0	0	0	195,527,626	3,596,008,085
2119	3,596,008,085	0	0	0	206,770,465	3,802,778,550
2120	3,802,778,550	0	0	0	218,659,767	4,021,438,316
2121	4,021,438,316	0	0	0	231,232,703	4,252,671,019
2122	4,252,671,019	0	0	0	244,528,584	4,497,199,603



**APPENDIX D**

**SOLVENCY PROJECTIONS AND SEIR DEVELOPMENT**

**City of Trenton Retiree Health Care Plan**  
Actuarial Present Value of Projected Benefit Payments

Year Beginning June 30	Middle of Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments			
				"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f) = (d) * (1+5.75%) ^ (a)	Present Value of "Unfunded" Benefit Payments (g) = (e) * (1+3.65%) ^ (a)	Present Value of Benefit Payments using the Single Discount Rate (h) = (c) * (1+5.75%) ^ (a)	
2023	0.5	\$16,313,202	\$2,280,780	\$2,280,780	\$0	\$2,217,906	\$0	\$2,217,906	
2024	1.5	17,251,211	2,280,780	2,280,780	0	2,097,311	0	2,097,311	
2025	2.5	18,355,215	2,389,750	2,389,750	0	2,078,029	0	2,078,029	
2026	3.5	19,522,587	2,498,611	2,498,611	0	2,054,553	0	2,054,553	
2027	4.5	20,658,034	2,511,154	2,511,154	0	1,952,593	0	1,952,593	
2028	5.5	21,908,981	2,572,524	2,572,524	0	1,891,548	0	1,891,548	
2029	6.5	23,203,623	2,606,438	2,606,438	0	1,812,279	0	1,812,279	
2030	7.5	24,574,278	2,641,880	2,641,880	0	1,737,042	0	1,737,042	
2031	8.5	26,043,946	2,696,966	2,696,966	0	1,676,843	0	1,676,843	
2032	9.5	27,578,759	2,733,224	2,733,224	0	1,606,984	0	1,606,984	
2033	10.5	29,251,081	2,817,382	2,817,382	0	1,566,397	0	1,566,397	
2034	11.5	30,980,093	2,863,159	2,863,159	0	1,505,293	0	1,505,293	
2035	12.5	32,861,288	2,960,246	2,960,246	0	1,471,713	0	1,471,713	
2036	13.5	34,840,603	3,047,562	3,047,562	0	1,432,740	0	1,432,740	
2037	14.5	36,871,132	3,074,007	3,074,007	0	1,366,594	0	1,366,594	
2038	15.5	39,056,967	3,137,939	3,137,939	0	1,319,164	0	1,319,164	
2039	16.5	41,392,834	3,225,547	3,225,547	0	1,282,263	0	1,282,263	
2040	17.5	43,866,563	3,316,607	3,316,607	0	1,246,773	0	1,246,773	
2041	18.5	46,473,438	3,398,824	3,398,824	0	1,208,208	0	1,208,208	
2042	19.5	49,272,219	3,521,893	3,521,893	0	1,183,883	0	1,183,883	
2043	20.5	52,118,820	3,534,971	3,534,971	0	1,123,668	0	1,123,668	
2044	21.5	55,189,159	3,606,451	3,606,451	0	1,084,057	0	1,084,057	
2045	22.5	58,491,092	3,731,464	3,731,464	0	1,060,647	0	1,060,647	
2046	23.5	61,815,061	3,693,278	3,693,278	0	992,712	0	992,712	
2047	24.5	65,368,059	3,691,947	3,691,947	0	938,396	0	938,396	
2048	25.5	69,101,979	3,667,886	3,667,886	0	881,589	0	881,589	
2049	26.5	73,085,627	3,677,887	3,677,887	0	835,927	0	835,927	
2050	27.5	77,271,465	3,661,758	3,661,758	0	787,008	0	787,008	
2051	28.5	81,594,799	3,545,285	3,545,285	0	720,544	0	720,544	
2052	29.5	86,229,683	3,490,034	3,490,034	0	670,747	0	670,747	
2053	30.5	91,131,815	3,435,505	3,435,505	0	624,366	0	624,366	
2054	31.5	96,258,455	3,325,193	3,325,193	0	571,459	0	571,459	
2055	32.5	101,722,253	3,256,089	3,256,089	0	529,156	0	529,156	
2056	33.5	107,526,195	3,212,244	3,212,244	0	493,646	0	493,646	
2057	34.5	113,578,449	3,085,340	3,085,340	0	448,363	0	448,363	
2058	35.5	120,036,906	3,015,029	3,015,029	0	414,322	0	414,322	
2059	36.5	126,892,852	2,970,126	2,970,126	0	385,959	0	385,959	
2060	37.5	134,044,518	2,829,441	2,829,441	0	347,685	0	347,685	
2061	38.5	141,665,111	2,744,872	2,744,872	0	318,954	0	318,954	
2062	39.5	149,747,754	2,683,510	2,683,510	0	294,868	0	294,868	
2063	40.5	158,290,611	2,617,736	2,617,736	0	272,001	0	272,001	
2064	41.5	167,322,229	2,549,576	2,549,576	0	250,514	0	250,514	
2065	42.5	176,873,833	2,482,066	2,482,066	0	230,620	0	230,620	
2066	43.5	186,971,553	2,411,540	2,411,540	0	211,884	0	211,884	
2067	44.5	197,648,516	2,339,676	2,339,676	0	194,392	0	194,392	
2068	45.5	208,938,783	2,267,207	2,267,207	0	178,129	0	178,129	
2069	46.5	220,875,872	2,192,436	2,192,436	0	162,888	0	162,888	
2070	47.5	233,495,832	2,114,250	2,114,250	0	148,538	0	148,538	
2071	48.5	246,838,938	2,033,631	2,033,631	0	135,106	0	135,106	
2072	49.5	260,946,565	1,950,379	1,950,379	0	122,529	0	122,529	



**APPENDIX D**

**SOLVENCY PROJECTIONS AND SEIR DEVELOPMENT**

**City of Trenton Retiree Health Care Plan**  
Actuarial Present Value of Projected Benefit Payments

Year Beginning June 30	Middle of Year (a)	Projected Beginning Fiduciary Net Position (b)	Projected Benefit Payments (c)	Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
				"Funded" Portion of Benefit Payments (d)	"Unfunded" Portion of Benefit Payments (e)	Present Value of "Funded" Benefit Payments (f) = (d) * (1+5.75%) ^ (a)	Present Value of "Unfunded" Benefit Payments (g) = (e) * (1+3.65%) ^ (a)	Present Value of Benefit Payments using the Single Discount Rate (h) = (c) * (1+5.75%) ^ (a)
2073	50.5	\$275,862,558	\$1,864,382	\$1,864,382	\$0	\$110,758	\$0	\$110,758
2074	51.5	291,632,795	1,775,054	1,775,054	0	99,718	0	99,718
2075	52.5	308,306,697	1,682,689	1,682,689	0	89,389	0	89,389
2076	53.5	325,935,957	1,587,026	1,587,026	0	79,723	0	79,723
2077	54.5	344,575,940	1,488,485	1,488,485	0	70,707	0	70,707
2078	55.5	364,284,887	1,387,187	1,387,187	0	62,312	0	62,312
2079	56.5	385,124,528	1,283,389	1,283,389	0	54,515	0	54,515
2080	57.5	407,162,915	1,180,046	1,180,046	0	47,400	0	47,400
2081	58.5	430,468,606	1,076,796	1,076,796	0	40,901	0	40,901
2082	59.5	455,114,464	973,633	973,633	0	34,971	0	34,971
2083	60.5	481,179,629	872,581	872,581	0	29,638	0	29,638
2084	61.5	508,746,846	774,743	774,743	0	24,884	0	24,884
2085	62.5	537,904,918	682,487	682,487	0	20,729	0	20,729
2086	63.5	568,744,490	595,006	595,006	0	17,089	0	17,089
2087	64.5	601,363,280	513,304	513,304	0	13,941	0	13,941
2088	65.5	635,864,580	438,341	438,341	0	11,258	0	11,258
2089	66.5	672,356,941	370,414	370,414	0	8,996	0	8,996
2090	67.5	710,954,434	309,120	309,120	0	7,099	0	7,099
2091	68.5	751,778,838	255,174	255,174	0	5,542	0	5,542
2092	69.5	794,956,972	207,379	207,379	0	4,259	0	4,259
2093	70.5	840,624,098	165,662	165,662	0	3,217	0	3,217
2094	71.5	888,924,369	131,029	131,029	0	2,406	0	2,406
2095	72.5	940,008,062	102,383	102,383	0	1,778	0	1,778
2096	73.5	994,034,094	78,625	78,625	0	1,291	0	1,291
2097	74.5	1,051,171,133	59,253	59,253	0	920	0	920
2098	75.5	1,111,597,523	43,742	43,742	0	642	0	642
2099	76.5	1,175,501,893	31,599	31,599	0	439	0	439
2100	77.5	1,243,083,689	22,300	22,300	0	293	0	293
2101	78.5	1,314,553,852	15,348	15,348	0	191	0	191
2102	79.5	1,390,135,479	10,272	10,272	0	121	0	121
2103	80.5	1,470,064,578	6,683	6,683	0	74	0	74
2104	81.5	1,554,590,760	4,221	4,221	0	44	0	44
2105	82.5	1,643,978,045	2,584	2,584	0	26	0	26
2106	83.5	1,738,505,699	1,530	1,530	0	14	0	14
2107	84.5	1,838,469,106	878	878	0	8	0	8
2108	85.5	1,944,180,681	490	490	0	4	0	4
2109	86.5	2,055,970,840	267	267	0	2	0	2
2110	87.5	2,174,189,034	141	141	0	1	0	1
2111	88.5	2,299,204,834	73	73	0	1	0	1
2112	89.5	2,431,409,075	37	37	0	0	0	0
2113	90.5	2,571,215,077	18	18	0	0	0	0
2114	91.5	2,719,059,934	9	9	0	0	0	0
2115	92.5	2,875,405,877	5	5	0	0	0	0
2116	93.5	3,040,741,710	1	1	0	0	0	0
2117	94.5	3,215,584,358	0	0	0	0	0	0
2118	95.5	3,400,480,458	0	0	0	0	0	0
2119	96.5	3,596,008,085	0	0	0	0	0	0
2120	97.5	3,802,778,550	0	0	0	0	0	0
2121	98.5	4,021,438,316	0	0	0	0	0	0
2122	99.5	4,252,671,019	0	0	0	0	0	0
				Total		\$48,984,091	\$0	\$48,984,091