

Sussex County

Other Postemployment Benefits Actuarial Valuation Report as of July 1, 2024

**Produced by Cheiron
October 2024**

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Letter of Transmittal

October 2, 2024

Ms. Gina A. Jennings, MBA, MPA
Finance Director
Sussex County
Administrative Office Building
2 The Circle, Second Floor
Georgetown, Delaware 19947

Re: Sussex County Postemployment Benefit Plan Actuarial Valuation Report

Dear Gina:

As requested, we have performed an actuarial valuation of the post-employment benefits provided by the Sussex County Postemployment Benefit Plan as of July 1, 2024, for the fiscal year July 1, 2024 through June 30, 2025. The following report contains our findings on funding the Postemployment Benefit Plan. Additional disclosures required by the Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75 can be found in the separately provided GASB report.

The purpose of this report is to present the annual actuarial valuation of the post-employment benefits provided by Sussex County. This report is for the use of Sussex County and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Appendix A describes the Member Data, Assumptions, and Methods used in calculating the figures throughout the report. In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the Plan administrators. This information includes, but is not limited to, the plan provisions, employee data, and financial information. The demographic assumptions used in this report are the same as those used to fund the Sussex County Pension Plan. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Appendix B contains our understanding of the substantive plan provisions based on the information provided by the Sussex County's Finance Department.

The results of this report depend on the future experience conforming to the actuarial assumptions used. The results will change to the extent that future experience differs from the assumptions. Actuarial computations are calculated based on our understanding of GASB 74 and 75 and are for purposes of fulfilling employer financial funding and accounting requirements. Determinations for purposes other than meeting employer financial funding and accounting requirements may be significantly different from the results in this report.

Ms. Gina A. Jennings

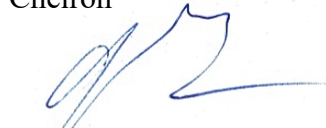
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The Inflation Reduction Act of 2022 (the Act) contains provisions that may impact the cost of benefits provided to Medicare-eligible retirees. The Act provides for changes that could reduce costs and changes that could increase costs. Implementing regulations and market responses to date have been mixed. Based on information available as of the measurement date, we do not expect the Act to have a material impact on costs different from what was assumed in this valuation. However, should the market response emerge differently than assumed, future liabilities will vary.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



Gaëlle Gravot, FSA, MAAA
Principal Consulting Actuary



John Colberg, FSA, MAAA, EA
Principal Consulting Actuary



Ryan Benitez, ASA, MAAA
Consulting Actuary

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION I – SUMMARY

Sussex County engaged Cheiron to provide an analysis of its post-employment benefit liabilities as of July 1, 2024. The primary purposes of performing this actuarial valuation are to:

- Determine the Actuarially Determined Contribution (ADC) and the Net OPEB Liability (NOL) of the retiree health and life benefits using GASB 74 and 75 methodology under the current funding strategy,
- Provide disclosures for financial statements, and
- Provide projections for ADC, Net OPEB Liability (NOL), and actuarial liabilities.

We have determined costs, liabilities, and trends for the substantive plan using actuarial assumptions and methods that we consider reasonable.

GASB’s OPEB Requirements

GASB’s Statement 74 refers to the financial reporting for post-employment benefit plans other than pension plans, and Statement 75 refers to the employer accounting for these plans. Statement 74 is generally applicable where an entity has a separate trust or fund for OPEB benefits. We understand that the County has a trust used to fund future OPEB obligations. The GASB No. 74 and 75 Statements became effective for the plan years ending June 30, 2017 and June 30, 2018, respectively. The GASB 74 and 75 valuation report will be provided in a separate document.

Statement 75, which was adopted in the fiscal year ending (FYE) June 30, 2017, requires the Plan sponsor to book the actuarial cost (net of employee, retiree, and their dependents’ contributions) of the Plan as an expense on its financial statements. Additional disclosures required by GASB 74 and 75 include a description of the substantive plan, a summary of significant accounting policies (which we have not included in this report), contributions, and a statement of funding progress, along with the methods and assumptions used for these disclosures.

Funding Policy

Sussex County has a funding policy to contribute at least the Actuarially Determined Contribution (ADC). For this purpose, the ADC is calculated as the normal cost determined under the Entry Age Normal Actuarial Cost Method, plus the amortization of the unfunded actuarial liability over a 30-year closed period, as of July 1, 2018, level percent of pay, plus anticipated administrative expenses.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION I – SUMMARY

Valuation Results

Below is a summary of the key results of our calculations.

- The County’s contribution was \$3.50 million, while the benefits paid were \$3.71 million.
- The County contribution was \$1.45 million larger than the actuarially determined contribution of \$2.06 million.
- There was a \$0.32 million increase in liability due to population changes.
- The market value of assets increased by \$7.4 million from \$59.7 as of July 1, 2023 to \$67.1 as of July 1, 2024.
- This is the second year the County will be using an actuarial value of assets. The actuarial value of assets increased by \$4.5 million from \$60.9 as of July 1, 2023 to \$65.3 as of July 1, 2024.
- The unfunded liability decreased from \$6.0 million as of July 1, 2023 to (\$1.2) million as of July 1, 2024, meaning that the actuarial value of assets now exceeds the actuarial liability.
- The actuarially determined contribution decreased from \$2.06 million payable as of June 30, 2024 to \$1.62 million as of June 30, 2025.

| Table I-1 Summary of Key Valuation Results | | |
|---|----------------------|----------------------|
| | July 1, 2023 | July 1, 2024 |
| Actuarial Liability (AL) | \$ 66,931,089 | \$ 64,168,398 |
| Actuarial Value of Assets (AVA) | <u>60,896,720</u> | <u>65,342,560</u> |
| Unfunded Actuarial Liability (UAL) | \$ 6,034,369 | \$ (1,174,162) |
| Funded Percent | 91.0% | 101.8% |
| Fiscal Year Ending | June 30, 2024 | June 30, 2025 |
| Actuarially Determined Contribution (ADC) | \$ 2,057,529 | \$ 1,617,891 |
| Actual/Expected Contribution | \$ 3,504,709 | \$ 1,617,891 |
| Actual/Expected Net Benefit Payments | \$ 3,714,650 | \$ 2,706,600 |
| Actual/Expected Net Impact on Statement of Net Position | \$ 2,787,606 | \$ (8,809,394) |

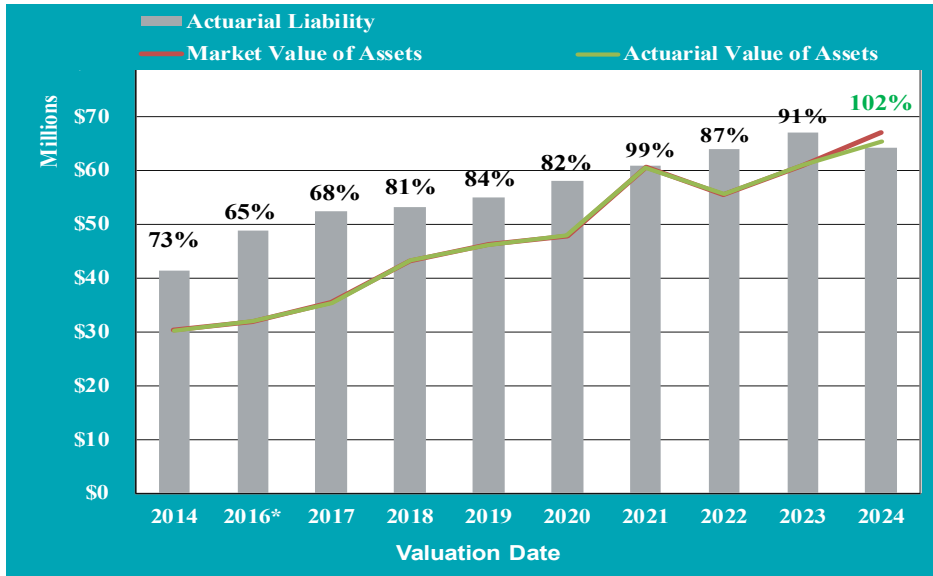
The figures provided in this report are highly sensitive to the assumptions used.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION I – SUMMARY

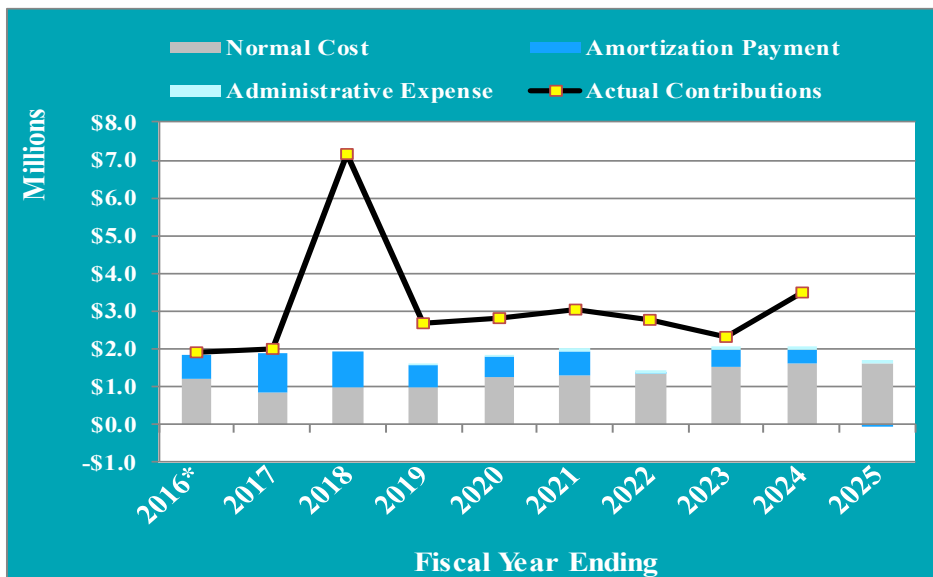
Historical Trends

This chart shows the historical trend of assets and the actuarial liability for the Sussex County post-employment benefits. The percentages above the grey bars represent the ratio of the market value of assets over the actuarial liability until 2023, i.e., funding percentage. Starting in 2024, the funding ratio shown is the ratio of the actuarial value of assets over the actuarial liability.



* In 2016, the valuation date was changed from January 1 to July 1.

This chart shows the historical trend of contributions compared to the actuarially determined contributions (normal cost, amortization payments plus administrative expenses) for the Sussex County post-employment benefits. Overall, the County has paid more than the actuarially determined contributions since 2009.



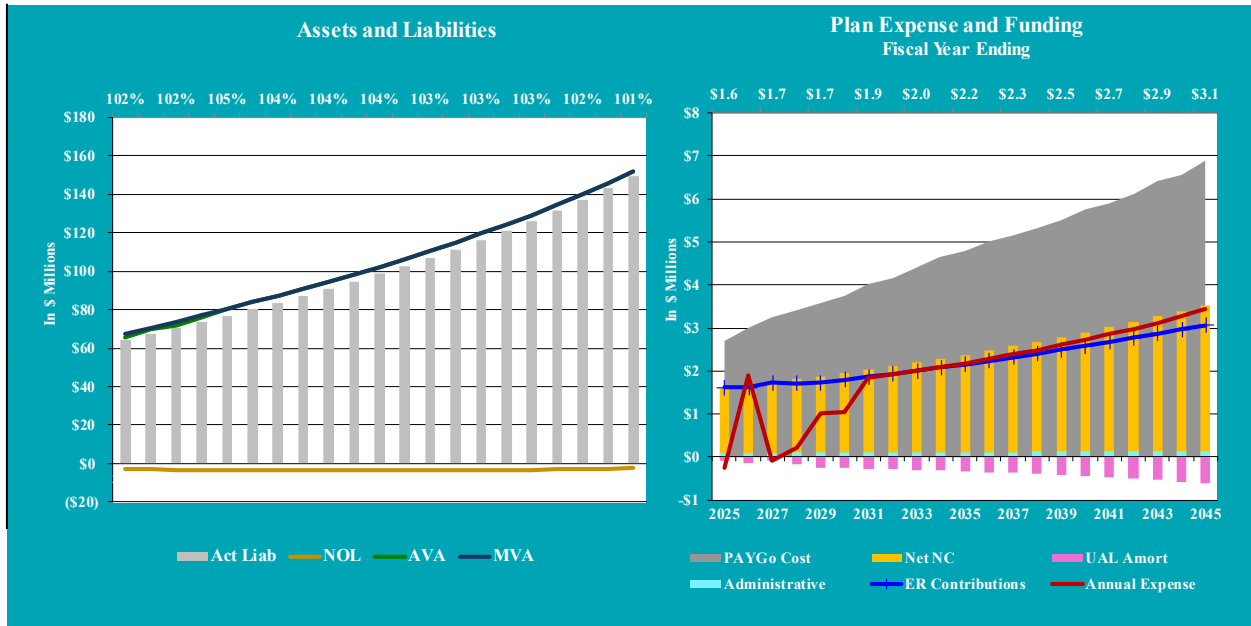
* In 2016, the valuation date was changed from January 1 to July 1.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION I – SUMMARY

Projected Trends – Actuarial Funding

Looking beyond 2024, the expense and liability on the financial statement increases under the actuarial funding method, due to the nature of an open plan. The charts below project the assets, liabilities, funding costs, and GASB expense for the next 20 years assuming the County pays the Actuarially Determined Contribution.



The left-hand chart shows the projected actuarial liability (grey bars) increasing from \$64 million to \$149 million over the next 20 years. The blue line projects the Market value of assets in the Plan increasing from \$67.1 million to approximately \$151.6 million under the current funding method. The green line projects the actuarial value of assets in the Plan. The funding percentage is expected to remain above 100% over the next 20 years.

The right-hand chart shows the actuarially determined contributions (the sum of the light blue bars, yellow bars, and the pink bars). Benefit payments, net of retiree contributions, are shown by the grey area and are projected to increase from \$2.7 million to \$6.9 million. The blue line represents the County’s assumed contributions. Under actuarial funding, they match the ADC. The annual expense, under GASB 75, shown by the red line is projected to begin as a negative \$0.3 million in the fiscal year beginning July 1, 2024 and increase to \$2.6 million for the fiscal year beginning July 1, 2045, if all assumptions are met. The large spike in 2026 represents the drop off of 2021 year’s large asset gain. 2021 and 2022 asset gains and losses essentially cancel each other out in determining the calculation of the expense.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION II – ASSETS

The last valuation of liabilities was performed as of June 30, 2023. Table II-1 below shows the value of assets for the fiscal years ending June 30, 2023 and June 30, 2024, respectively. The market value of assets had a 12.9% return over the past fiscal year.

| Table II-1 Reconciliation of Assets | | |
|--|-----------------------|----------------------|
| | Valuation Date | |
| | June 30, 2023 | June 30, 2024 |
| Plan assets at prior valuation date | \$ 55,456,756 | \$ 59,711,846 |
| Adjustment to prior year assets | \$ 0 | \$ 0 |
| Income | | |
| Employer Contributions | \$ 2,313,624 | \$ 3,504,709 |
| Employee Contributions | 0 | 0 |
| Net Investment Growth | 5,180,300 | 7,675,378 |
| Total Income | \$ 7,493,924 | \$ 11,180,087 |
| Benefit Payments | (3,159,662) | (3,714,650) |
| Expenses | (79,172) | (85,629) |
| Plan assets at valuation date | \$ 59,711,846 | \$ 67,091,654 |

| Table II-2 Statement of Assets | | |
|---|-----------------------|----------------------|
| | Valuation Date | |
| | June 30, 2023 | June 30, 2024 |
| Cash and cash equivalents | \$ 675,761 | \$ 1,447,058 |
| Investments | | |
| U.S. Treasuries | \$ 4,856,491 | \$ 5,522,064 |
| Bank Loan Funds | - | 1,883,229 |
| Corporate Obligations | 11,538,755 | 11,397,320 |
| Real Estate Investment Trusts | 3,048,045 | 2,224,684 |
| Infrastructure Investment | 3,088,637 | 3,962,429 |
| Mutual funds | 36,394,446 | 40,566,517 |
| Total Investments | \$ 58,926,374 | \$ 65,556,243 |
| Accounts Receivable | \$ 23,361 | \$ 0 |
| Accrued Interest | \$ 134,363 | \$ 138,443 |
| Liabilities | | |
| Accounts Payable | \$ 48,013 | \$ 24,412 |
| Due to general fund | 0 | 25,678 |
| Total Liabilities | \$ 48,013 | \$ 50,090 |
| Net Assets Held in Trust | \$ 59,711,846 | \$ 67,091,654 |

The County's funding policy is to fully fund the ADC with a combination of benefit payments and cash contributions to the Trust.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION II – ASSETS

Actuarial Value of Assets

The next table shows how the actuarial value of assets is developed. The actuarial value of assets represents a “smoothed” value developed by the actuary to reduce, or eliminate, erratic results which could develop from short-term fluctuations in the market value of assets.

The actuarial value of assets is the current market value of assets, adjusted by a five-year smoothing of gains and losses on a market value basis. Additional details regarding this actuarial methodology are included in Appendix C of the report.

| Table II-3 Development of Actuarial Value of Assets (AVA) | | |
|--|--------------------|-------------------|
| Market Value of Assets at June 30, 2023 | \$ | 59,711,846 |
| Employer Contributions | | 3,504,709 |
| Employee Contributions | | 0 |
| Benefit Payments and Refunds | | (3,714,650) |
| Administrative Expenses | | <u>(85,629)</u> |
| Expected Return at 6.75% | | 4,020,737 |
| Expected Value at June 30, 2024 | \$ | 63,437,013 |
| Actual Value of Assets at June 30, 2024 | | <u>67,091,654</u> |
| Investment Gain/(Loss) | \$ | 3,654,641 |
| | Total | Excluded |
| | Gain/(Loss) | Portion |
| Exclude 20% of 2021 Gain/(Loss) | \$ 8,997,204 | \$ 1,799,441 |
| Exclude 40% of 2022 Gain/(Loss) | (9,430,393) | (3,772,157) |
| Exclude 60% of 2023 Gain/(Loss) | 1,330,162 | 798,097 |
| Exclude 80% of 2024 Gain/(Loss) | 3,654,641 | <u>2,923,713</u> |
| Total Excluded Gain/(Loss) for AVA Calculation | | \$ 1,749,094 |
| Market Value of Assets at June 30, 2024 | | 67,091,654 |
| Total Gain/(Loss) Excluded | | <u>1,749,094</u> |
| Actuarial Value of Assets at June 30, 2024 | \$ | 65,342,560 |

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION III – VALUATION RESULTS

This section of the report calculates the current and expected future contribution requirements under the County’s funding policy. This valuation calculates contributions for FYE 2024. Information about the actuarial liabilities as of July 1, 2023 and July 1, 2024 compared to the Plan assets is shown in Table III-1 below.

| Table III-1 | | |
|----------------------------|----------------------|-----------------------|
| Actuarial Liability | | |
| Valuation Date | | |
| Discount Rate | July 1, 2023 | July 1, 2024 |
| | 6.75% | 6.75% |
| Actives | \$ 33,995,991 | \$ 32,432,284 |
| Retirees | \$ 32,935,098 | 31,736,114 |
| Total | \$ 66,931,089 | \$ 64,168,398 |
| Assets | 60,896,720 | 65,342,560 |
| UAL | \$ 6,034,369 | \$ (1,174,162) |

The ADC consists of three parts: (1) the *normal cost*, which represents the annual cost attributable to service earned in a given year, (2) amortization of the UAL, which is based on a closed 30-year level percentage of pay as of July 1, 2018, and (3) the anticipated administrative expenses. Under the current funding method of actuarial funding, the County’s funding policy is to contribute the entire ADC.

In Table III-2 below, we show the computed FYE 2024 and 2025 ADC under the County’s funding policy and per annum assumed discount rates of 6.75%.

| Table III-2 | | |
|--|----------------------|----------------------|
| Actuarially Determined Contribution | | |
| Fiscal Year Ending | | |
| Discount Rate | June 30, 2024 | June 30, 2025 |
| | 6.75% | 6.75% |
| Normal Cost* | \$ 1,586,171 | \$ 1,583,828 |
| UAL Amortization | 341,257 | (68,239) |
| <u>Interest</u> | <u>130,101</u> | <u>102,302</u> |
| Total | \$ 2,057,529 | \$ 1,617,891 |

* Normal Cost includes anticipated administrative expenses.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION III – VALUATION RESULTS

Tables III-3 shows the expected benefit payments net of retiree contributions for the next 15- calendar years. In calculating the liabilities, we project these figures for the life of each existing member.

| Table III-3 Expected Net Benefit Payments | | | | | |
|--|--|--|--|--|--|
| Fiscal Year Ending June 30, | Expected Net Benefit Payments | Fiscal Year Ending June 30, | Expected Net Benefit Payments | Fiscal Year Ending June 30, | Expected Net Benefit Payments |
| 2025 | \$ 2,706,600 | 2030 | \$ 3,732,074 | 2035 | \$ 4,790,048 |
| 2026 | 2,993,612 | 2031 | 4,025,505 | 2036 | 5,006,840 |
| 2027 | 3,236,481 | 2032 | 4,163,401 | 2037 | 5,147,364 |
| 2028 | 3,405,966 | 2033 | 4,419,242 | 2038 | 5,310,076 |
| 2029 | 3,567,188 | 2034 | 4,657,487 | 2039 | 5,514,382 |

The expected benefit payments will not equal the actual premiums charged for the retirees due to the implicit subsidy. An implicit subsidy measures the actual cost per member against the charged cost, or premium. An implicit subsidy occurs when a plan includes pre-Medicare retirees in its active plan rates. The plan then blends the claims using younger actives and older retirees to develop a premium. Typically, this produces a much lower premium for the retiree than their “true cost of care” by averaging actives with retirees. The County’s postretirement medical plan is subsidized by the active premiums.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION III – VALUATION RESULTS

Reconciliation

Table III-4 provides an estimate of the major factors contributing to the change in OPEB liability since the last actuarial valuation report (AVR). Liability shown below for projection is based on the Entry Age Normal Cost Method.

| Table III-4 Reconciliation of Actuarial Liability (\$ in thousands) | | | |
|--|---|--------------------------------------|--|
| | Actuarial Accrued Liability July 1, 2024 | Normal Cost June 30, 2024 | Actuarially Determined Contribution June 30, 2025 |
| Expected Values for July 1, 2024 based on the 1/1/2023 AVR | \$ 70,209.8 | \$ 1,649.0 | \$ 2,144.0 |
| <u>Changes due to:</u> | | | |
| Asset (Gain) / Loss | N/A | N/A | (178.2) |
| Population (Gain) / Loss | 324.8 | 75.2 | 196.8 |
| Discount Rate (Gain)/ Loss | - | - | - |
| Health Cost Assumptions (Gain) / Loss | (6,366.2) | (140.4) | (471.9) |
| Total Changes | \$ (6,041.4) | \$ (65.2) | \$ (526.1) |
| July 1, 2024 Valuation Results | \$ 64,168.4 | \$ 1,583.8 | \$ 1,617.9 |

Below is a brief description of each of the above components:

- *Asset (Gain) / Loss* refers to the difference in the expected value of assets and the actual value of assets at June 30, 2024. There was a gain on assets due to the higher-than-expected return on plan investments.
- *Population (Gain) / Loss* refer to the difference in the July 1, 2023 and July 1, 2024 data census.
- *Discount Rate (Gain) / Loss* refers to the change in liabilities due to a discount rate change.
- *Health Cost Assumptions (Gain) / Loss* refers to the change in expected current and future healthcare claims, expense costs, and premiums.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION IV – SENSITIVITY OF ASSUMPTIONS

The liabilities and ADC produced in this report are sensitive to the assumptions used. The tables below show the impact of a one percent increase or decrease in the healthcare trend rates on the actuarial liability using the 6.75% discount rate and the ADC to provide some measure of sensitivity.

| Table IV-1 | | | |
|----------------------------|-----------------------|------------------------|----------------------|
| Actuarial Liability | | | |
| As of July 1, 2024 | | | |
| | 1% | Healthcare Cost | 1% |
| | Decrease | Trend Rates | Increase |
| Actuarial Liability | | | |
| Actives | \$ 26,890,472 | \$ 32,432,284 | \$ 39,611,574 |
| <u>Retirees</u> | <u>29,030,830</u> | <u>31,736,114</u> | <u>34,893,305</u> |
| Total | \$ 55,921,302 | \$ 64,168,398 | \$ 74,504,879 |
| Actuarial Value of Assets | <u>65,342,560</u> | <u>65,342,560</u> | <u>65,342,560</u> |
| UAL | \$ (9,421,258) | \$ (1,174,162) | \$ 9,162,319 |

| Table IV-2 | | | |
|---|---------------------|------------------------|---------------------|
| Actuarially Determined Contribution – FYE 2025 | | | |
| | 1% | Healthcare Cost | 1% |
| | Decrease | Trend Rates | Increase |
| Normal Cost* | \$ 1,240,915 | \$ 1,583,828 | \$ 2,076,003 |
| UAL Amortization | - | (68,239) | 532,488 |
| <u>Interest</u> | <u>83,762</u> | <u>102,302</u> | <u>176,073</u> |
| Total | \$ 1,324,677 | \$ 1,617,891 | \$ 2,784,564 |

* Normal Cost includes anticipated administrative expenses.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION IV – SENSITIVITY OF ASSUMPTIONS

The tables below show the impact of a one percent increase or decrease in the discount rates on the actuarial liability using the assumed healthcare trends and the ADC to provide some measure of sensitivity.

| Table IV-3 | | | |
|----------------------------|----------------------------------|------------------------------------|----------------------------------|
| Actuarial Liability | | | |
| As of July 1, 2024 | | | |
| | 1% Decrease 5.75% | Discount Rate 6.75% | 1% Increase 7.75% |
| Actuarial Liability | | | |
| Actives | \$ 38,495,564 | \$ 32,432,284 | \$ 27,591,302 |
| <u>Retirees</u> | <u>35,033,834</u> | <u>31,736,114</u> | <u>28,955,545</u> |
| Total | \$ 73,529,398 | \$ 64,168,398 | \$ 56,546,847 |
| Actuarial Value of Assets | <u>65,342,560</u> | <u>65,342,560</u> | <u>65,342,560</u> |
| UAL | \$ 8,186,838 | \$ (1,174,162) | \$ (8,795,713) |

| Table IV-4 | | | |
|---|----------------------------------|------------------------------------|----------------------------------|
| Actuarially Determined Contribution – FYE 2025 | | | |
| | 1% Decrease 5.75% | Discount Rate 6.75% | 1% Increase 7.75% |
| Normal Cost* | \$ 2,088,262 | \$ 1,583,828 | \$ 1,223,777 |
| UAL Amortization | 475,796 | (68,239) | - |
| <u>Interest</u> | <u>147,433</u> | <u>102,302</u> | <u>94,843</u> |
| Total | \$ 2,711,490 | \$ 1,617,891 | \$ 1,318,620 |

* Normal Cost includes anticipated administrative expenses.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

SECTION IV – SENSITIVITY OF ASSUMPTIONS

The table below shows the expected contributions, net benefits, assets, actuarial liability and net OPEB liability that we anticipate for the next 15 years under Actuarial Funding.

| Table IV-5 | | | | | |
|---|-----------------------------------|--|-------------------------------|---|-------------------------|
| Expected Contributions, Expected Net Benefit Payments, Assets, Actuarial Liability and NOL | | | | | |
| (\$ in thousands) | | | | | |
| Fiscal Year Ending June 30, | Expected Contributions | Expected Net Benefit Payments | Expected MV Assets | Expected Actuarial Liability | Expected NOL |
| 2025 | \$ 1,617.9 | \$ 2,706.6 | \$ 70,404.8 | \$ 67,306.3 | \$ (3,098.5) |
| 2026 | 1,613.2 | 2,993.6 | 73,638.0 | 70,424.0 | (3,213.9) |
| 2027 | 1,729.1 | 3,236.5 | 76,955.9 | 73,568.5 | (3,387.4) |
| 2028 | 1,718.5 | 3,406.0 | 80,309.2 | 76,820.0 | (3,489.1) |
| 2029 | 1,728.5 | 3,567.2 | 83,730.2 | 80,197.2 | (3,532.9) |
| 2030 | 1,794.0 | 3,732.1 | 87,276.9 | 83,707.7 | (3,569.2) |
| 2031 | 1,861.9 | 4,025.5 | 90,827.5 | 87,230.8 | (3,596.8) |
| 2032 | 1,932.2 | 4,163.4 | 94,545.3 | 90,931.0 | (3,614.3) |
| 2033 | 2,005.0 | 4,419.2 | 98,322.3 | 94,702.0 | (3,620.3) |
| 2034 | 2,080.3 | 4,657.5 | 102,183.0 | 98,570.0 | (3,613.0) |
| 2035 | 2,158.1 | 4,790.0 | 106,245.0 | 102,654.4 | (3,590.6) |
| 2036 | 2,238.6 | 5,006.8 | 110,437.4 | 106,886.5 | (3,550.9) |
| 2037 | 2,321.6 | 5,147.4 | 114,850.4 | 111,359.0 | (3,491.4) |
| 2038 | 2,407.2 | 5,310.1 | 119,478.5 | 116,069.1 | (3,409.4) |
| 2039 | 2,495.2 | 5,514.4 | 124,295.7 | 120,994.1 | (3,301.6) |

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

Participant Data as of July 1, 2024:

| Census Date | 7/1/2023 | 7/1/2024 | % Change |
|--------------------------|---------------|---------------|--------------|
| Active Employees: | | | |
| Count | 489 | 517 | 5.73% |
| Average Age | 45.4 | 45.5 | 0.17% |
| Average Service | 11.7 | 11.3 | -4.01% |
| Covered Payroll | \$ 30,131,794 | \$ 34,453,002 | 14.34% |
| Inactives: | | | |
| Retired | 218 | 225 | 3.21% |
| Disabled | 11 | 9 | -18.18% |
| Survivor | 25 | 26 | 4.00% |
| Total | 254 | 260 | 2.36% |

Member Data as of July 1, 2024:

| Age Group | Eligible Active Employees | | | | | | | | Total |
|--------------|---------------------------|------------|-----------|-----------|-----------|-----------|-----------|----------|------------|
| | Years of Service | | | | | | | | |
| | Under 5 | 5 to 9 | 10 to 14 | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 & up | |
| Under 25 | 25 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 26 |
| 25 to 29 | 43 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 54 |
| 30 to 34 | 19 | 26 | 4 | 0 | 0 | 0 | 0 | 0 | 49 |
| 35 to 39 | 18 | 15 | 14 | 11 | 2 | 0 | 0 | 0 | 60 |
| 40 to 44 | 15 | 17 | 8 | 10 | 10 | 0 | 0 | 0 | 60 |
| 45 to 49 | 13 | 8 | 6 | 12 | 8 | 6 | 0 | 0 | 53 |
| 50 to 54 | 15 | 12 | 6 | 10 | 13 | 9 | 5 | 0 | 70 |
| 55 to 59 | 17 | 8 | 6 | 7 | 18 | 5 | 7 | 4 | 72 |
| 60 to 64 | 8 | 11 | 5 | 11 | 8 | 6 | 1 | 3 | 53 |
| 65 & Over | 3 | 7 | 2 | 6 | 1 | 1 | 0 | 0 | 20 |
| Total | 176 | 116 | 51 | 67 | 60 | 27 | 13 | 7 | 517 |

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

| Retirees, Disabled and Survivors | | | |
|---|--------------|----------------|--------------|
| Age Group | Males | Females | Total |
| Under 50 | 0 | 0 | 0 |
| 50 to 54 | 4 | 2 | 6 |
| 55 to 59 | 9 | 7 | 16 |
| 60 to 64 | 17 | 13 | 30 |
| 65 to 69 | 25 | 34 | 59 |
| 70 to 74 | 40 | 33 | 73 |
| 75 to 79 | 19 | 20 | 39 |
| 80 to 84 | 8 | 18 | 26 |
| 85 to 89 | 5 | 3 | 8 |
| 90 & Over | 1 | 2 | 3 |
| Total | 128 | 132 | 260 |

| Plan Elections | | | |
|--------------------------------------|-------------------|------------------|-------------------|
| | Retirees | Spouses | Total |
| Gold | 50 | 19 | 69 |
| Silver | <u>1</u> | <u>8</u> | <u>9</u> |
| Pre-Medicare Medical Election | 51 | 27 | 78 |
| Medicare Medical Election | <u>160</u> | <u>41</u> | <u>201</u> |
| Total Medical Election | 211 | 68 | 279 |
| Dental | 215 | 67 | 282 |
| Vision | 215 | 68 | 283 |
| Life | 228 | N/A | 228 |

| | Status Reconciliation | | | | Total |
|---------------------------------|------------------------------|------------------|-----------------|----------------|--------------|
| | Active | Survivors | Disabled | Retired | |
| Members on July 1, 2023 | 489 | 25 | 11 | 218 | 743 |
| New Hires | 75 | | | | 75 |
| Retired | (15) | | | 15 | 0 |
| Disabled | 0 | | 0 | | 0 |
| Termination | (32) | | | | (32) |
| Death w/Survivor | | 2 | | (2) | 0 |
| Death w/o Survivor | | (1) | (2) | (6) | (9) |
| Data Corrections | 0 | 0 | 0 | 0 | 0 |
| Members on June 30, 2024 | 517 | 26 | 9 | 225 | 777 |

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

Economic Assumptions

1. **Expected Return on Plan Assets:** 6.75% per year
2. **Discount Rate:** 6.75% per year
3. **Per Person Cost Trends:**

Medical Trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2024_1b was used for this valuation. The following assumptions were used as input variables into this model:

| Trend Assumption Inputs | |
|--|-------|
| Variable | Rate |
| Rate of Inflation | 2.60% |
| Rate of Growth in Real Income/GDP per capita 2033+ | 1.40% |
| Extra Trend due to Taste/Technology 2033+ | 0.90% |
| Expected Health Share of GDP 2033 | 19.8% |
| Health Share of GDP Resistance Point | 17.7% |
| Year for Limiting Cost Growth to GDP Growth | 2044 |

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. Sample medical trends are listed in the table below. The initial health cost trend is 8.0% beginning in 2024 and declines gradually to an ultimate rate of 4.0% starting in 2044.

| Plan Year Ending June 30, | Pre-Medicare Medical & Drug | Post-Medicare Medical & Drug | Dental & Vision |
|------------------------------|--------------------------------|---------------------------------|--------------------|
| 2024 | 8.0% | 4.0% | 4.0% |
| 2025 | 7.0 | 4.0 | 4.0 |
| 2026 | 6.2 | 4.0 | 4.0 |
| 2027 | 5.6 | 4.0 | 4.0 |
| 2028 | 5.5 | 4.0 | 4.0 |
| 2033 | 5.0 | 4.0 | 4.0 |
| 2038 | 4.2 | 4.0 | 4.0 |
| 2043+ | 4.0 | 4.0 | 4.0 |

4. **Administrative Expenses:** Administrative expenses are assumed to grow at 2.5% each year. These expenses are not the same administrative expenses included in the claims, but those related to the administration of the Plan.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

- 5. Member Contributions:** The following annual premium rates are applied for the fiscal year ending June 30, 2024. The County Rate represents the maximum monthly premium contribution by the County towards the total premium. The Retiree Rate represents the member contribution per month. Subsequent years' premiums are based on the premiums below adjusted with trend.

| July 1, 2024 County and Retiree Premium Rates | | | | | |
|--|--------------|-------------|----------------|--|--|
| | Total | City | Retiree | Retiree 50% Cost Sharing (15 - 25 years of service) | Retiree 100% Cost Sharing (less than 15 years of service) |
| <i>Gold</i> | | | | | |
| Retiree | \$ 844.36 | \$ 797.86 | \$ 46.50 | \$ 422.18 | \$ 844.36 |
| Retiree + 1 | 1,549.13 | 1,401.99 | 147.41 | 774.57 | 1,549.13 |
| Family | 2,324.10 | 2,076.21 | 247.88 | 1,162.05 | 2,324.10 |
| <i>Silver</i> | | | | | |
| Retiree | \$ 742.60 | \$ 742.60 | \$ 0.00 | \$ 371.30 | \$ 742.60 |
| Retiree + 1 | 1,345.74 | 1,258.31 | 87.43 | 672.87 | 1,345.74 |
| Family | 2,018.94 | 1,843.99 | 174.95 | 1,009.47 | 2,018.94 |
| <i>Medicare Coverage</i> | | | | | |
| Individual | \$ 562.15 | \$ 562.15 | \$ 0.00 | \$ 281.08 | \$ 562.15 |
| Retiree + 1 | 1,304.76 | 1,234.91 | 69.86 | 652.38 | 1,304.76 |
| Family | 2,581.09 | 2,416.56 | 164.53 | 1,290.55 | 2,581.09 |
| <i>Dental Coverage</i> | | | | | |
| Individual | \$ 32.00 | \$ 25.00 | \$ 7.00 | \$ 16.00 | \$ 32.00 |
| Retiree + 1 | 67.00 | 52.00 | 15.00 | 33.50 | 67.00 |
| Family | 115.00 | 85.00 | 30.00 | 57.70 | 115.00 |
| <i>Vision Coverage</i> | | | | | |
| Individual | \$ 9.00 | \$ 5.00 | \$ 4.00 | \$ 4.50 | \$ 9.00 |
| Retiree + 1 | 18.00 | 10.00 | 8.00 | 9.00 | 18.00 |
| Family | 33.00 | 17.00 | 16.00 | 16.50 | 33.00 |

- 6. Changes Since Last Valuation:** The trend assumptions were updated based on the Getzen 2024_1b model.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

Demographic Assumptions

1. Rates of Retirement:

The following retirement rates have been used for Non-Elected and Elected Officials.

| Age | < 30 Years of Service (%) | 30+ Years of Service (%) |
|-------|---------------------------|--------------------------|
| <55 | 0 | 15 |
| 56-59 | 0 | 8 |
| 60 | 20 | 8 |
| 61 | 20 | 40 |
| 62 | 20 | 30 |
| 63 | 25 | 30 |
| 64 | 10 | 10 |
| 65 | 25 | 50 |
| 66-67 | 10 | 10 |
| 68 | 15 | 10 |
| 69 | 15 | 100 |
| 70+ | 100 | 100 |

The following retirement rates have been used for Paramedics and Dispatchers (updated based on February 2019 experience study adopted by the board).

| Age | < 25 Years of Service (%) | 25-29 Years of Service (%) | 30+ Years of Service (%) |
|-------|---------------------------|----------------------------|--------------------------|
| <55 | 0 | 30 | 100 |
| 55-59 | 0 | 50 | 100 |
| 60-64 | 50 | 50 | 100 |
| 65+ | 100 | 100 | 100 |

2. Rates of Withdrawal: Percent of eligible active members terminating employment (not due to retirement, death, or disability) within the next year (updated based on February 2019 experience study adopted by the board).

| Service | Termination Rates (%) |
|---------|-----------------------|
| 0 | 10.0 |
| 1 | 9.0 |
| 2 | 8.0 |
| 3 | 7.0 |
| 4 | 12.0 |
| 5-9 | 3.0 |
| 10 | 10.0 |
| 11-14 | 5.0 |
| 15-24 | 1.0 |
| 25-29 | 0.5 |
| 30+ | 0.0 |

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

- 3. Rate of Mortality:**
 - a. Pre- and Postretirement:** RP-2014 Total (Employee and Healthy Annuitant) Mortality Table projected generationally using Scale MP-2018 (updated based on February 2019 experience study adopted by the board).
 - b. Disabled Mortality:** RP-2014 Total (Employee and Healthy Annuitant) Mortality Table projected generationally using Scale MP-2018 (updated based on February 2019 experience study adopted by the board).
- 4. Rate of Disability:** No disability was assumed.
- 5. Payroll Growth:** 3.50% per year
- 6. Percent of Retirees Electing Coverage:**

| Employee Group | Pre-Medicare | Medicare Eligible |
|---|--------------|-------------------|
| Elected Officials | | |
| At least Age 60 and 5 Years of Service | 0% | 0% |
| At least Age 55 and 10 Years of Service | 50% | 20% |
| At least Age 60 and 15 Years of Service | 85% | 85% |
| At least Age 55 and 20 Years of Service | 90% | 90% |
| All Other Employees | | |
| At least Age 18 and 8 Years of Service | 0% | 0% |
| At least Age 60 and 15 Years of Service | 50% | 20% |
| At least Age 18 and 25 Years of Service | 90% | 90% |

- 7. Medical Plan Enrollment:** Future retirees are assumed to enroll in the Gold if Pre-Medicare and the Silver plan if Medicare Eligible.
- 8. Spousal Medical Plan Enrollment:** Spouses of male employees are assumed to enroll in medical coverage 55% of the time. Spouses of female employees are assumed to elect medical coverage 60% of the time.
- 9. Marital Status:** 65% of employees are assumed to be married upon retirement.
- 10. Family Composition:** Male retirees are assumed three years older than their wives, and female retirees are assumed to be three years younger than their husbands. Where dates of birth were missing for current spouses, we assumed an age difference as described above.
- 11. Rationale for Demographic and Economic Assumptions:** The actuarial assumptions were adopted by the County in February 2019 based on recommendations from Cheiron following an experience study performed for the period July 1, 2015 through June 30, 2018.
- 12. Changes Since Last Valuation:** None

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

- 1. Average Adult Annual Claims and Expense Assumptions:** The following claim and expense assumptions are applicable from July 1, 2024 to June 30, 2025. Subsequent years' costs are based on the first-year cost adjusted with trend.

| Average Claim and Expense Assumptions | | | | | | |
|---------------------------------------|-------------------|----------|---------------------|----------|-----------------|--------|
| Age | Medical Gold & Rx | | Medical Silver & Rx | | Dental & Vision | |
| | Male | Female | Male | Female | Male | Female |
| 40 | \$7,343 | \$10,508 | \$6,413 | \$5,560 | \$554 | \$554 |
| 45 | \$8,958 | \$11,402 | \$9,235 | \$8,006 | \$554 | \$554 |
| 50 | \$11,063 | \$13,051 | \$11,721 | \$10,161 | \$554 | \$554 |
| 55 | \$13,960 | \$15,362 | \$12,845 | \$11,135 | \$554 | \$554 |
| 60 | \$18,049 | \$17,565 | \$12,110 | \$10,498 | \$554 | \$554 |
| 64 | \$22,509 | \$18,281 | \$10,187 | \$8,832 | \$554 | \$554 |
| 65 | \$6,172 | \$5,444 | \$6,172 | \$5,444 | \$485 | \$485 |
| 70 | \$6,554 | \$5,551 | \$6,554 | \$5,551 | \$485 | \$485 |
| 75 | \$7,533 | \$6,243 | \$7,533 | \$6,243 | \$485 | \$485 |
| 80 | \$8,554 | \$7,079 | \$8,554 | \$7,079 | \$485 | \$485 |
| 85 | \$9,238 | \$7,736 | \$9,238 | \$7,736 | \$485 | \$485 |

- 2. Annual Administrative Expenses:** Administrative Expenses are built into the Claim Expense Assumptions.
- 3. Medicare Eligibility:** Age 65 for future retirees and current enrollees.
- 4. Annual Limits:** Assumed to increase at the same rate as trend. Most are unlimited.
- 5. Lifetime Maximums:** Unlimited.
- 6. Geography:** Implicitly assumed to remain the same as current retirees.
- 7. Retiree and Spouse Cost:** Retiree and spouse cost depends on the year of hire. For those retirees who were hired before 7/1/2001; retirees in the Gold plan are expected to contribute \$46.50 per month with a 7.9% load for children, or \$50.17 per month. Retiree spouses in the Gold plan are expected to contribute \$100.91 per month with a 7.9% load for children, or \$108.87 per month. Retirees in Medicare are assumed to contribute \$0 per month and their spouses are assumed to contribute \$69.86 per month. Spouses of retirees not yet eligible for Medicare are assumed to contribute \$126.47 per month with a 7.9% load for children, or \$136.44. For those retirees who were hired after 7/1/2001, their cost is assumed to be the cost-sharing premium with a 7.9% child load.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

Methodology

1. Actuarial Value of Assets

The actuarial value of assets has been calculated by taking the market value of assets less 80% of the investment gain (loss) during the preceding year, less 60% of the investment gain (loss) during the second preceding year, less 40% of the investment gain (loss) during the third preceding year, and less 20% of the investment gain (loss) in the fourth preceding year.

The investment gain (loss) is calculated by taking the difference between the expected market value of assets based on an expected return of 7.00% for periods from July 1, 2020 to June 30, 2022, and 6.75% for periods on or after July 1, 2022, and the actual market value of assets.

2. Actuarial Funding Method

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the Plan benefits if it were paid from each member's entry into the Plan until termination or retirement. The unfunded liability is amortized over a closed 30-year period, as of July 1, 2018. The amortization method is a level percentage of pay.

3. Claims Methodology

The medical and pharmacy claims and expenses costs were developed using the fiscal year ending 2025 premiums developed for Sussex. From this data, we developed per person per month (PPPM) costs under the GOLD plan for actives and retiree non-Medicare Eligible (NME), and under the SILVER plan for retiree Medicare Eligible (ME) and covered spouses. We then adjusted those using age curves. Medical and pharmacy claims and expenses costs include a 7.9% load for anticipated children of pre-Medicare retirees.

The dental and vision claims and expenses costs were developed using the fiscal year ending 2024 premiums developed for Sussex. From this data, we developed PPPM costs; and added a 14.3% load to the dental and vision costs for anticipated children of pre-Medicare retirees.

APPENDIX A - MEMBER DATA, ASSUMPTIONS AND METHODS

Disclosure of Models Used

ProVal

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

Getzen Trend Model

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2024_1b. We have relied on the Society of Actuaries as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect this report.

Projection Model

Projections in this report were developed using *H-scan*, our proprietary tool for developing deterministic projections to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan.

The *H-Scan* projection uses projected benefit payments for current members but does not include projected benefit payments for new members. This limitation is not material for the next 20 years, but longer projection periods should be viewed with caution.

The *H-Scan* projection uses standard roll-forward techniques that implicitly assume a stable active population. Changes in the demographic characteristics of the active population will lead to different results.

Changes Since Last Valuation

Average adult annual claim, expense assumptions, retiree and spouse cost assumptions, and child loads were updated to reflect updated data and census as described in the above methodology section.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

APPENDIX B – SUBSTANTIVE PLAN PROVISIONS

Eligibility

Full-time employees are eligible to retire and receive post-employment medical, dental, vision and life insurance benefits when they are eligible to retire from the County Pension Plan. These eligibilities are as follows:

General Employees:

1. Age 62 with at least eight years of service
2. Age 60 with 15 years of service
3. 30 years of service with no age requirement

Elected Officials:

1. Age 60 with at least five years of service
2. Age 55 with at least 10 years of service

Paramedics and Dispatchers Employees:

1. Age 62 with at least eight years of service
2. Age 60 with 15 years of service
3. 25 years of service with no age requirement

Benefits

Retirees continue to be able to select medical coverage under the GOLD or SILVER plans offered to current active employees and retirees. Other post-employment benefits may include group hospital coverage and/or vision benefits and dental benefits approximately equivalent to the benefits provided to current County employees and pensioners. The guidelines that apply to cost-sharing for current and retired County employees also apply to cost-sharing for pensioners who are receiving County post-employment benefits under Chapter 27.

County employees, or former employees, requesting benefits under the County Pension Plan, are only eligible to apply for other post-employment benefits when they apply for County pension benefits.

Spouses Covered: Spouses of former employees who meet eligibility requirements are covered. Spouse coverage continues at the same level after the member's death.

Integration with Medicare: Medicare benefits are covered based on "Coordination of Benefits" (COB). The Plan pays the remainder of the benefit not paid by Medicare, up to the amount it would normally pay as a primary payer.

Dental and Vision: Retirees are covered by Delta Dental PPO and VSP Vision plan.

Life: Up to age 70: \$5,000. Age 70 and over: \$2,500.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX B – SUBSTANTIVE PLAN PROVISIONS

Benefits Covered

Medical and Drug Benefits

| Sussex County Health Plan | | |
|---|--|---|
| Plan: | PPO Gold Summary of Benefits | PPO Silver Summary of Benefits |
| <u>In-Network (INN) Benefits</u> | | |
| Deductible (Ded) (Individual/Family) | \$0 / \$0 | \$500/\$1,000 |
| Coinsurance | 0% | 0% |
| Out-of-Pocket Max (Individual/Family) | N/A | N/A |
| Preventive Care | No Charge | No Charge |
| Office Visit (OV) - Primary Care (PCP)/ Urgent Care/Chiro/PT | \$15/\$20/\$15/\$15 Copay | \$25 Copay |
| OV - Specialist Care Provider (SCP) | \$15 Copay | \$25 Copay |
| Hospital Emergency Room (ER) | \$50 copay per visit (waived if admitted) | \$100 Copay per day, then covered at 100%. Not subject to deductible. |
| Outpatient Surgery | \$50 Copay per Surgery | \$125 Copay per day, then 100% covered after deductible. |
| Hospital Inpatient | \$50 Copay (Inpatient Copay limit of \$150 per benefit period) | \$125 Copay per day, then 100% covered after deductible. |
| <u>Out-of-Network (OON) Benefits</u> | | |
| Deductible (Individual/Family) | \$0 / \$0 | \$1,000/\$2,000 |
| Coinsurance | 0% Coins | 10% Coins |
| Out-of-Pocket Max (Individual/Family) | \$4,000/\$8,000 | \$4,000/\$8,000 |
| Office Visits (PCP) & (SCP) | \$25/\$25 Copay | Deductible/Coinsurance |
| <u>Prescription Drugs</u> | | |
| Deductible (Rx Only) | N/A | N/A |
| Out-of-Pocket Max (Rx Only) | N/A | N/A |
| Retail (30 Days) - Generic/Formulary /Non-Form. Copay | \$10/\$25/\$35 Copay | \$10/\$25/\$35 Copay |
| Mail Order (90 Days) - Generic/Form. /Non-Form. Copay | \$20/\$50/\$70 Copay | \$20/\$50/\$70 Copay |
| <u>Selected INN Detail Benefits</u> | | |
| Skilled Nursing Facility | 0% Coins | \$125 Copay per day, then 100% covered after deductible. |
| Virtual Medicine | No Charge | No Charge |
| Advanced Imagines (CT, MRI, PET) | No Charge | \$50 Copay |
| Physical Therapy | \$15 Copay | \$25 Copay |
| Home Health | No Charge/Limited to 100 visits per benefit period | \$50 Copay/Limited to to 100 visits per benefit period |
| Ambulance | No Charge | Covered After Deductible |
| DME | \$15 Copay | \$50 Copay |

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX B – SUBSTANTIVE PLAN PROVISIONS

Cost Sharing

Elected Officials:

(1) Retired County employees, with less than 10 years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and if such application is approved, the former employee would be responsible for paying 100% of the cost of the benefits.

(2) Retired County employees with 10 to 15 years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and, if such application is approved, the County is authorized to pay 50% of the former employee's benefit costs.

(3) Retired County employees with 15 to 20 years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and, if such application is approved, the County is authorized to pay 75% of the former employee's benefit costs.

(4) Retired County employees with 20, or greater, years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and, if such application is approved, the County is authorized to pay 100% of the former employee's benefits.

All Other Employees Hired Before July 1, 2001: As to any former employee who began employment with the County prior to July 1, 2001, and receives a pension immediately upon leaving County employment, the County is authorized to pay up to 100% of the other post-employment cost of benefits.

All Other Employees Hired On or After July 1, 2001: Any employee who begins employment with the County after June 30, 2001, and subsequently completes such years of employment as are necessary to qualify for the receipt of benefits under the County Pension Plan, shall be entitled to apply for the following other post-employment benefits when he or she applies for a County pension:

(1) Retired County employees, with less than 15 years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and if such application is approved, the former employee would be responsible for paying 100% of the cost of the benefits.

(2) Retired County employees with 15 to 25 years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and, if such application is approved, the County is authorized to pay 50% of the former employee's benefit costs.

**SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024**

APPENDIX B – SUBSTANTIVE PLAN PROVISIONS

(3) Retired County employees with 25, or greater, years of employment and who are receiving benefits under the County Pension Plan, are eligible to apply for benefits under this Plan and, if such application is approved, the County is authorized to pay 100% of the former employee's benefits.

Spouses: When a former County employee receives a pension and subsequently dies, if the pensioner had his or her spouse listed as a dependent covered by the County group health insurance plan, the County will, following the death of the pensioner, grant the surviving spouse the same benefits the pensioner received during his or her lifetime, except for group life insurance coverage. If the pensioner was also receiving other post-employment benefits, and his or her spouse is an eligible survivor as defined in the County Pension Plan under Chapter 26, the surviving spouse shall also be eligible to apply for the other post-employment benefits authorized by Chapter 27.

The spouse of a deceased employee or pensioner is eligible to apply for benefits at the time of the employee's or pensioner's death if the spouse was eligible for survivor's benefits under the County Pension Plan.

The spouse of a pensioner who is receiving group hospital coverage from the County is eligible for coverage if the spouse does not have or loses other coverage.

SUSSEX COUNTY POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2024

APPENDIX C – GLOSSARY OF TERMS

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the actuarial value of assets; and other relevant items.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of OPEB plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an actuarial liability.

3. Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the actuarial present value of projected benefits will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made. As a simple example: assume you owe \$100 to a friend one year from now. Also, assume there is a one percent probability of your friend dying over the next year, in which case you will not be obligated to pay him. If the assumed investment return is 10%, the actuarial present value is:

$$\frac{\text{Amount}}{\$100} \times \frac{\text{Probability of Payment}}{(1 - .01)} \times \frac{1/}{(1+\text{Discount Rate})} = \frac{\text{Present Value}}{\$90}$$

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, actuarial liability, actuarial value of assets, and related actuarial present values for an OPEB plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to an OPEB plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an actuarial value of assets is to smooth out fluctuations in market values. This way long-term costs are not distorted by short-term fluctuations in the market.

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APPENDIX C – GLOSSARY OF TERMS

8. Amortization Payment

The portion of the OPEB plan contribution which is designed to pay interest and principal on the unfunded actuarial liability in order to pay for that liability in a given number of years.

9. Entry Age Normal Actuarial Cost Method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

10. Normal Cost

That portion of the actuarial present value of OPEB plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

11. Unfunded Actuarial Liability

The excess of the actuarial liability over the actuarial value of assets.

12. Funded Percentage

The ratio of the actuarial value of assets to the actuarial liabilities.

13. Mortality Table

A set of percentages which estimate the probability of death at a particular point in time. Typically, the rates are annual and based on age and sex.

14. Discount Rate

The assumed interest rate used for converting projecting dollar related values to a present value as of the valuation date.

15. Medical Trend

The assumed increase in dollar related values in the future due to the increase in the cost of health care.

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APPENDIX D – ABBREVIATION LIST

Actuarial Liability (AL)
Actuarially Determined Contribution (ADC)
Actuarial Valuation Report (AVR)
Coordination of Benefits (COB)
Deductible and Coinsurance (DC)
Durable Medical Equipment (DME)
Employee Assistance Program (EAP)
Employee Benefits Division (EBD)
Fiscal Year Ending (FYE)
Governmental Accounting Standards Board (GASB)
Hospital Emergency Room (ER)
In-Network (INN)
Inpatient (IP)
Medicare Eligible (ME)
Net Other Postemployment Benefit Liability (NOL)
Non-Medicare Eligible (NME)
Not Applicable (NA)
Office Visit (OV)
Other Postemployment Benefit (OPEB)
Out-of-Network (OON)
Out-of-Pocket (OOP)
Outpatient (OP)
Pay-as-you-go (PAYGo)
Per Person Per Month (PPPM)
Pharmacy (Rx)
Preferred Provider Organization (PPO)
Primary Care Physician (PCP)
Specialist Care Provider (SCP)
Summary Plan Description (SPD)
Unfunded Actuarial Accrued Liability (UAAL)
Unfunded Actuarial Liability (UAL)
Urgent Care (UC)



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