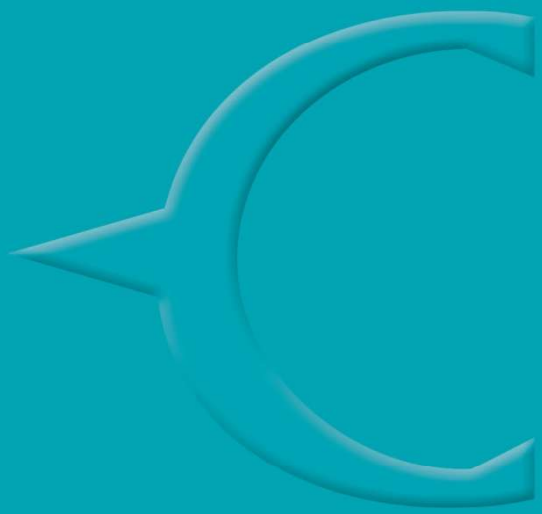
CHEIRON Classic Values, Innovative Advice



Sussex County
Other Postemployment Benefits
Actuarial Valuation Report as of July 1, 2026

Produced by Cheiron

October 2026

www.cheiron.us 1.877.CHEIRON (243.4766)

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LETTER OF TRANSMITTAL

October 15, 2026

Pension Fund Committee
Sussex County
2 The Circle
P.O. Box 589
Georgetown, Delaware 19947

Dear Members of the Pension Fund Committee:

As requested, we have conducted an actuarial valuation of the post-employment benefits provided by the Sussex County Postemployment Benefit Plan as of July 1, 2026. This report describes the purpose of an actuarial valuation and summarizes the key results found in this valuation. This report also presents details on the assets, liabilities, and contributions to the plan.

Appendix A describes the Member Data, Assumptions, and Methods used in calculating the figures throughout the report. Appendix B contains our understanding of the substantive plan provisions based on the information provided by the Sussex County's Finance Department. Appendix C contains a glossary of terms, and Appendix D contains an abbreviations list.

The results of this report rely on future Plan experience conforming to the underlying assumptions. To the extent that actual Plan experience deviates from the underlying assumptions, the results will vary accordingly.

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. The report does not include calculation under GASB Statements No. 74 and No. 75 which are provide in a separate 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. 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, Data Quality.

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 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.

This actuarial report was prepared exclusively for Sussex County and its auditors for the purposes described herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron

Ryan Benitez, ASA, MAAA
Consulting Actuary

Alison Chafin, FSA, EA, MAAA
Consulting Actuary

Gaelle Gravot, FSA, MAAA
Principal Consulting Actuary

SECTION I — EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe and identify as of the valuation date:

- The financial condition of the Plan,
- Expected trends in the financial progress of the Plan, and
- The County's contributions for Fiscal Year ending 2027.

In the balance of this Executive Summary, we present the basis upon which this year's valuation was completed, the key findings of this valuation, including a summary of all key financial results, a review of the historical trends, and the projected financial outlook for the Plan.

Key Findings of this Valuation

The key results of the July 1, 2026 actuarial valuation are as follows:

- The actuarially determined County contribution increased from $1.85 million for Fiscal Year ending 2026 to $2.85 million for Fiscal Year ending 2027.
- The unfunded actuarial liability (UAL) increased from a surplus of $0.19 million on July 1, 2025 to an unfunded of $6.76 million on July 1, 2026.
- The Plan's funding ratio, the ratio of actuarial asset value over liabilities, decreased from 100.3% as of July 1, 2025 to 91.6% as of July 1, 2026.
- The main factor in the decrease in the Plan's funded status was a loss due to updated health cost assumptions, which outweighed the investment gain:
    - During the year ended June 30, 2026, the Plan's assets gained 14.81% (net of investment expenses) on a market value basis, but due to smoothing the prior years' investment gains and losses, the return on the actuarial asset value was 8.37% (as compared to 6.75% assumed for the period). This resulted in an actuarial gain on investments of $1.1 million.
    - On the liability side, the Plan experienced a loss of $8.34 million, which was primarily due to an update in the health cost assumptions to reflect recent claims experience accounting for 7.34 million of the loss. There was also an experience loss of approximately $1 million due to changes in the population.

SECTION I — EXECUTIVE SUMMARY

Following is Table I-1 which summarizes all the key results of the valuation with respect to the assets and liabilities, and contributions. The results are presented and compared for both the current and prior year.

Table I-1
Sussex County Employee OPEB Plan
Summary of Principal Results

Valuation as of:	7/1/2025	7/1/2026
Assets and Liabilities		
Actuarial Liability (AL)	$69,725,322	$80,286,555
Actuarial Value of Assets (AVA)	$69,911,639	$73,526,673
Unfunded Actuarial Liability (UAL)	$(186,317)	$6,759,882
Funded Ratio (AVA basis)	100.3%	91.6%
Market Value of Assets (MVA)	$73,216,066	$81,755,764
Funded Ratio (MVA basis)	105.0%	101.8%
Contributions		
Actuarially Determined Contribution*	$1,850,975	$2,849,377
Actuarially Determined Contribution as a Percentage of Payroll	5.01%	7.47%

* Contributions are payable at the end of the fiscal year.

SECTION I — EXECUTIVE SUMMARY

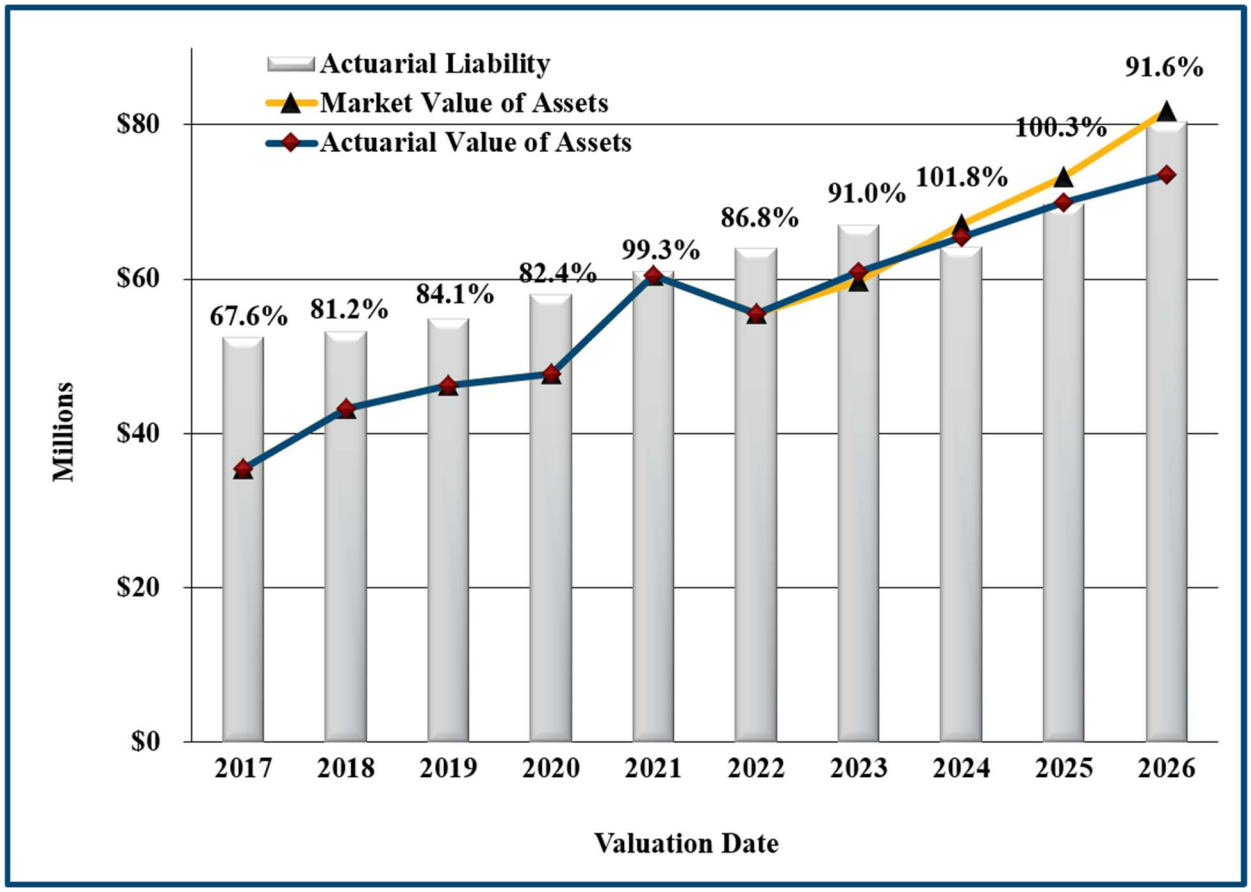
HISTORICAL TRENDS

It is important to take a step back from the latest results and view them in the context of the Plan's recent history. Below we present a series of charts which display key factors in the valuations over the last ten years.

ASSETS AND LIABILITIES

The gray bars represent the Actuarial Liability (AL). The gold line is the Market Value of Assets (MVA), and the blue line is the Actuarial Value of Assets (AVA). The Plan's funded ratio (ratio of AVA to AL) is shown above the gray bars. For 2022 and earlier, the AVA was set equal to the MVA.

The Plan's funded ratio is currently at 91.6% compared to 67.6% at the beginning of the period, although there have been numerous increases and decreases in the ratio during this time period. Since 2017, the funded ratio increased a total of 24.0%, primarily due to County contributions being higher than expected.

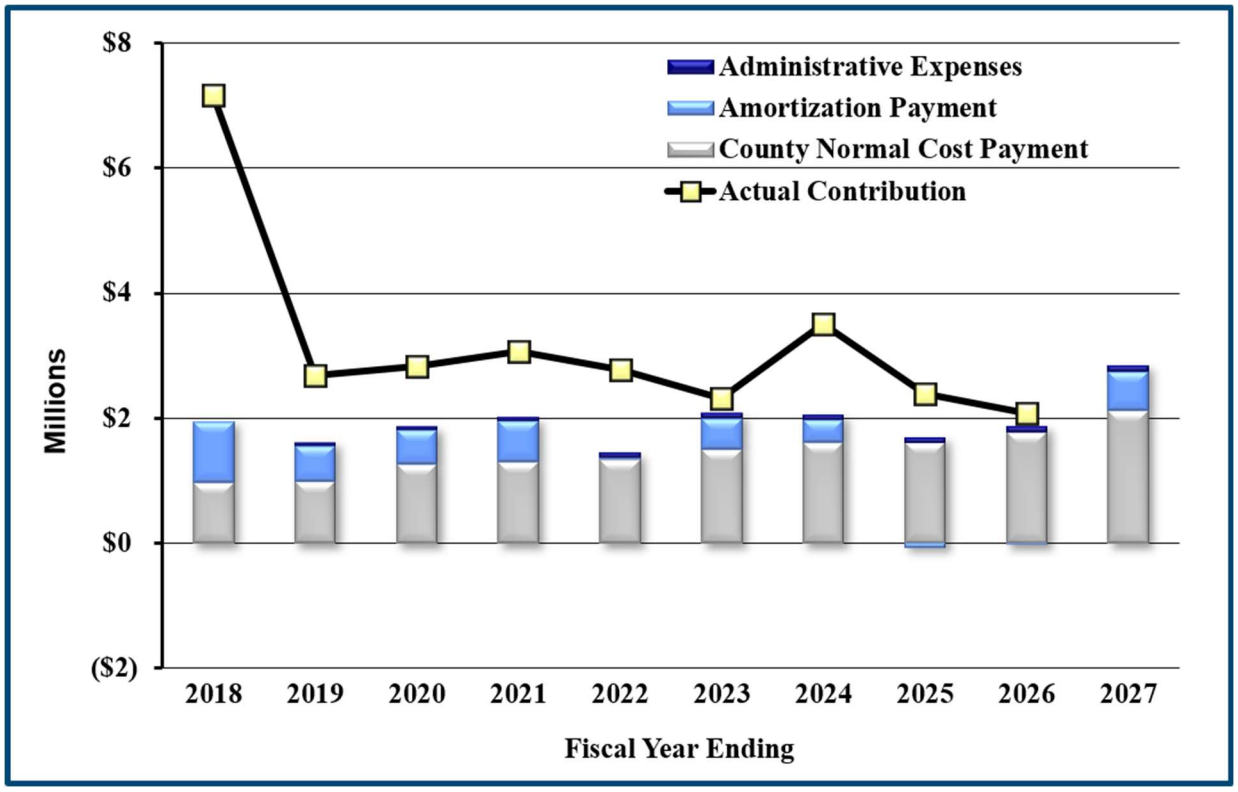


SECTION I — EXECUTIVE SUMMARY

CONTRIBUTIONS

The Actuarially Determined Contribution (ADC) (normal cost plus amortization of the Unfunded Actuarial Liability plus administrative expenses) is represented by the gray, light blue, and dark blue bars, respectively. The black line shows the actual contributions paid by the County.

The negative amortization payment in FY 2025 and FY 2026 is used to reduce the ADC. It is worth noting that the County has consistently paid more than the ADC.



Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of the valuation. The charts presented in this section show the expected progress of the County's funded status over the next 20 years, measured in terms of the expected employer contribution rates, the total dollar amounts of contributions, and the funded ratio, assuming that the Plan is ongoing.

The baseline projections are based on the July 1, 2026 valuation, which includes the actuarial assumptions adopted by the County Council on March 11, 2025 based on the experience study performed for the period July 1, 2018 through June 30, 2024.

For these projections, the unfunded actuarial liability (UAL) as of July 1, 2025 is amortized over a 20-year closed period beginning July 1, 2025, using a level dollar amortization approach. Subsequent changes in the UAL due to experience gains and losses, assumption changes, and plan changes are amortized over separate 20-year closed periods using a level dollar approach from the date such changes are recognized in the valuation.

Finally, the projections shown in this report assume there will be no future gains or losses on the liability, and the County pays the actuarially determined contribution each year. These projections also assume that all of the valuation assumptions are exactly met, including the long-term rate of return assumed for each scenario.

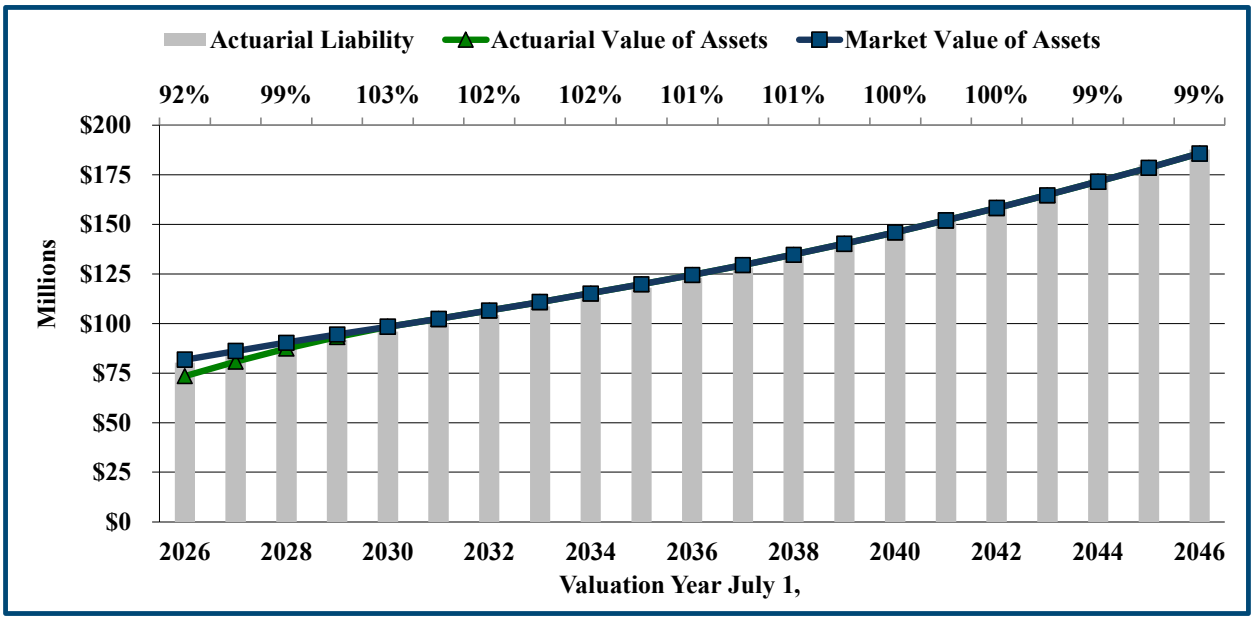
SECTION I — EXECUTIVE SUMMARY

Asset and Liability Projections

This projection chart compares the market value of assets (blue line) and the actuarial or smoothed value of assets (green line) to the Plan's actuarial liabilities (gray bars). In addition, at the top of the chart, we show the Plan's funded ratio on an actuarial value of assets basis (ratio of actuarial value of assets to actuarial liabilities). The years shown in the chart signify the valuation date as of July 1 of the labelled year.

BASELINE RETURNS OF 6.75% PER YEAR

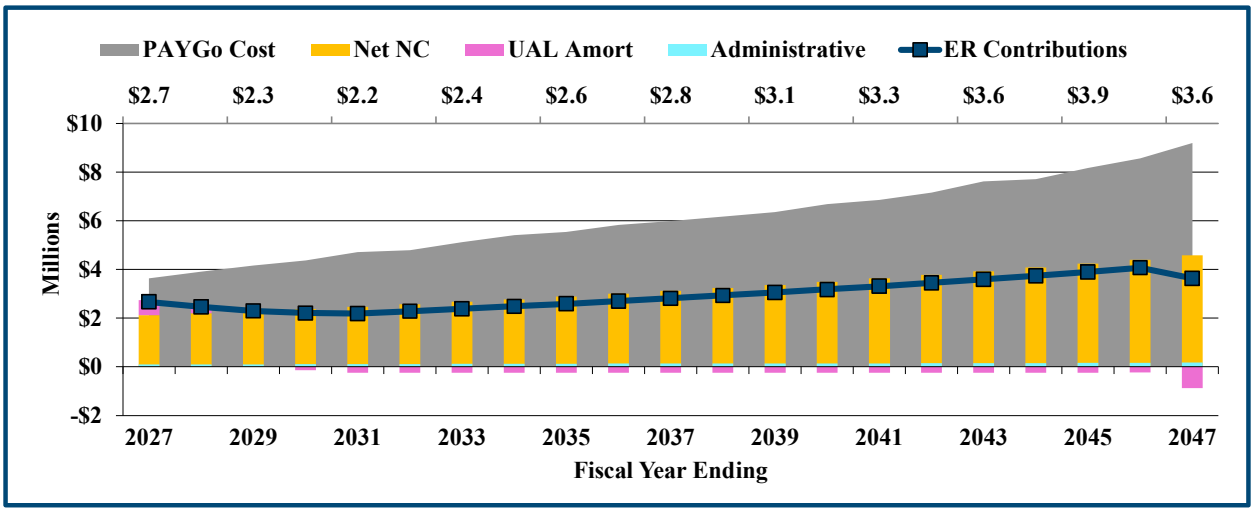
The chart below shows that if all actuarial assumptions, including the investment rate of return assumption, are exactly met, the Plan's funded ratio on an actuarial value of assets basis, shown along the top of the chart, is projected to reach 100% funded in 2029. Note, after the 5-year asset smoothing period, both asset numbers are the same for the remainder of the projection period as there are no future investment gains or losses in the baseline projection.



SECTION I — EXECUTIVE SUMMARY

The chart below 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. The dark blue line represents the County's assumed contributions of the ADC, also shown as the dollar amounts (in millions) at the top of the chart. The County's funding policy is to contribute at least the ADC.

The projection shows that if all actuarial assumptions, including the investment rate of return assumption, are exactly met, the ADC will decrease from $2.7 million to $2.2 million initially, and then gradually increase to $3.6 million through the period as the employer's net normal cost increases. There is an addition for assumed administrative expenses, as well as a negative amortization payment starting in FY 2029 which reduces the ADC. The new amortization base established with this valuation drops off in 2047, increasing the negative amortization payment. Projected benefit payments are assumed to increase from $3.6 million to $9.2 million through the period.



SECTION II — ASSETS

OPEB Plan assets play a key role in the financial operation of the Plan and in the decisions the County may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of Participants' benefits.

In this section, we present detailed information on the Plan assets including:

- Disclosure of the Plan assets as of July 1, 2025 and July 1, 2026;
- Statement of the changes in market values during the year;
- Development of the Actuarial Value of Assets; and
- An assessment of investment performance to the investment return assumption.

Disclosure

There are two types of asset values disclosed in this valuation, the market value of assets and the actuarial value of assets. The market value represents a "snap-shot" or "cash-out" value which provides the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are usually not as suitable for long-range planning as are the actuarial value of assets which reflect smoothing of annual investment returns.

SECTION II — ASSETS

Table II-1 below discloses and compares the market values as of June 30, 2025 and June 30, 2026.

Table II-1
Statement of Assets at Market Value

Date as of	June 30, 2025	June 30, 2026	% Change
Assets			
Cash	$1,193,432	$778,014	(34.81%)
U.S. Treasuries	5,947,916	5,649,286	(5.02%)
Government Agencies	0	0	N/A
Corporate Obligations	12,442,056	15,727,568	26.41%
Mutual Funds	44,539,653	50,404,401	13.17%
Real Estate Investment Trusts	1,810,685	1,213,663	(32.97%)
Infrastructure	5,161,023	5,722,635	10.88%
Bank Loan Funds	2,015,895	2,124,375	5.38%
Other Assets	157,538	184,308	16.99%
Total Assets	$73,268,198	$81,804,250	11.65%
Liabilities			
Accounts Payable	43,712	48,486	10.92%
Due to general fund	8,420	0	(100.00%)
Market Value of Assets	**73,216,066**	**81,755,764**	**13.97%**

SECTION II — ASSETS

Changes in Market Value

Table II-2 below shows the components of change between the market value of assets as of June 30, 2025 and June 30, 2026.

Table II-2
Changes in Market Values

Value of Assets -- June 30, 2025	$ **73,216,066**
Additions	
Payments from Members	$0
Employer Contributions	2,071,360
Interest and Dividends	4,043,338
Investment Return [Gain/(Loss)]	6,767,316
Total Additions	$**12,882,014**
Deductions	
Investment Expenses	$124,867
Benefit Payments	4,118,044
Administrative Expenses	99,405
Total Deductions	$**4,342,316**
Value of Assets -- June 30, 2026	$ **81,755,764**

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, 2025		$73,216,066
Employer Contributions		2,071,360
Employee Contributions		0
Benefit Payments and Refunds		(4,118,044)
Administrative Expenses		(99,405)
Expected Return at 6.75%		4,870,837
Expected Value at June 30, 2026		$75,940,814
Actual Value of Assets at June 30, 2026		81,755,764
Investment Gain/(Loss)		$5,814,950
	Total Gain/(Loss)	**Excluded Portion**
Exclude 20% of 2023 Gain/(Loss)	$1,330,162	266,032
Exclude 40% of 2024 Gain/(Loss)	3,654,641	1,461,856
Exclude 60% of 2025 Gain/(Loss)	3,082,071	1,849,243
Exclude 80% of 2026 Gain/(Loss)	5,814,950	4,651,960
Total Excluded Gain/(Loss) for AVA Calculation		8,229,091
Market Value of Assets at June 30, 2026		$81,755,764
Total Gain/(Loss) Excluded		8,229,091
Actuarial Value of Assets at June 30, 2026		$73,526,673

Investment Performance

The market value of assets earned 14.81% during the plan year ending June 30, 2026, which is higher than the assumed 6.75% return for the period ending June 30, 2026. A return of 8.37% was experienced on the actuarial value of assets, resulting in an actuarial gain for the year.

SECTION III — LIABILITIES

In this section, we present detailed information on the Plan liabilities including:

- **Disclosure** of the Plan liabilities as of July 1, 2025 and July 1, 2026, and
- Statement of **changes** in these liabilities during the year.

Disclosure

The Actuarial Liability calculated and presented in this report is used for funding calculations. This liability is calculated as of the valuation date as the present value of benefits allocated to service prior to that date using the Entry Age Normal funding method.

These liability amounts are not appropriate for measuring a settlement of the Plan's liabilities either by purchase of annuities or payment of lump sums.

Table III-1, which follows, discloses these liabilities for the current and prior valuations.

Table III-1
Liabilities/Net (Surplus)/Unfunded

Valuation Date	7/1/2025	7/1/2026
Actuarial Liability		
Actives	$35,471,727	$42,600,432
Retirees	34,253,595	37,686,123
Actuarial Liability (AL)	**$**69,725,322	**$**80,286,555
Actuarial Value of Assets (AVA)	$69,911,639	$73,526,673
Net (Surplus)/Unfunded (AL-AVA)	**$**(186,317)	**$**6,759,882

SECTION III — LIABILITIES

Changes in Liabilities

The Liabilities disclosed in the prior table are expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation
- Benefits accrued since the last valuation
- Plan amendments changing benefits
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, or dying at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method

Unfunded liabilities will change because of all of the above, and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

In each valuation, we report on those elements of change which are of particular significance, potentially affecting the long-term financial outlook of the Plan. In the table that follows, we show the components of change in the actuarial liability between July 1, 2025 and July 1, 2026.

Table III-2
Changes in Actuarial Liability

Liabilities as of July 1, 2025	$69,725,322
Liabilities as of July 1, 2026	$80,286,555
Liability Increase (Decrease)	$10,561,233
Change Due to:	
Assumption Changes	$7,344,297
Plan Changes	$0
Experience (Gain)/Loss	$991,760
Benefits Accumulated and Other Sources	$2,225,176

SECTION IV – CONTRIBUTIONS

In the process of evaluating the financial condition of any OPEB plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

Under the current funding policy, the employer funding requirement contains three components: the employer normal cost, an amortization of the unfunded actuarial liability (UAL), and a provision for anticipated administrative expenses.

For this Plan, the funding method employed is the Entry Age Normal (EAN) Actuarial Funding Method. Under this funding method, a normal cost rate is determined as a level percentage of pay for each active Participant. The normal cost rate multiplied by payroll equals the total normal cost for each Participant. The total anticipated member contributions for the year are then subtracted from the sum of the total normal cost to arrive at the employer normal cost. The difference between the Actuarial Liability and the Actuarial Value of Assets is the UAL. The initial UAL base is amortized over a 20-year closed period beginning July 1, 2025, using a level dollar amortization approach. After that date, each year's bases are amortized over separate 20-year closed periods using a level dollar approach from the date such changes are recognized in the valuation. Administrative expenses are assumed to be equal to last year's administrative expenses increased for inflation.

Table IV-1 below presents and compares the employer contribution rates and contribution amounts for the Plan for this valuation and the prior one.

Table IV-1
Employer Contributions

Fiscal Year	2026	2027
Employer (Net) Normal Cost*	$1,750,090	$2,083,438
UAL Amortization Payment	(16,156)	585,768
Interest to end of year	117,041	180,171
Actuarially Determined Contribution	$1,850,975	$2,849,377
Valuation Payroll	$36,965,170	$38,126,893
Actuarially Determined Contribution as a Percentage of Payroll	5.01%	7.47%

* Normal Cost includes anticipated administrative expenses

SECTION IV – CONTRIBUTIONS

Table IV-2 shows the detailed calculation of the current year UAL amortization for the County.

Table IV-2
Amortization Schedule as of July 1, 2026

Type of Base	Date Established	Original Amount	Original Period	Remaining Period	Remaining Balance	Annual Payment
Initial UAL	7/1/2025	$(186,317)	20	19	$(181,647)	$(16,156)
(Gain)/Loss	7/1/2026	6,941,529	20	20	6,941,529	601,924
Total		$6,755,212			$6,759,882	$585,768

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

The data for this valuation was provided by the County. Cheiron did not audit any of the data, but we did perform an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23, Data Quality. The data for the active and inactive members is as of July 1, 2026.

The following pages contain a summary of the data provided.

Participant Data

Census Date	7/1/2025	7/1/2026	% Change
Active Employees:			
Count	537	533	-0.74%
Average Age	45.4	45.6	0.40%
Average Service	11.2	11.3	0.76%
Covered Payroll	$36,965,170	$38,126,893	3.14%
Inactives:			
Retired	235	239	1.70%
Disabled	9	9	0.00%
Survivor	26	30	15.38%
Total	**270**	**278**	**2.96%**

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Participant Data as of July 1, 2026

Eligible Active Employees Years of Service									
Age Group	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 & up	Total
Under 25	18	0	0	0	0	0	0	0	**18**
25 to 29	35	9	0	0	0	0	0	0	**44**
30 to 34	38	26	4	0	0	0	0	0	**68**
35 to 39	29	17	18	3	0	0	0	0	**67**
40 to 44	15	21	9	7	18	0	0	0	**70**
45 to 49	11	11	5	7	11	8	0	0	**53**
50 to 54	11	7	8	4	17	6	6	0	**59**
55 to 59	17	14	2	8	10	6	9	6	**72**
60 to 64	12	11	10	6	10	5	3	2	**59**
65 & Over	4	4	5	3	5	1	1	0	**23**
Total	**190**	**120**	**61**	**38**	**71**	**26**	**19**	**8**	**533**

Retirees, Disabled and Survivors			
Age Group	**Males**	**Females**	**Total**
Under 50	0	0	0
50 to 54	2	1	3
55 to 59	13	5	18
60 to 64	21	17	38
65 to 69	18	28	46
70 to 74	37	42	79
75 to 79	27	24	51
80 to 84	13	13	26
85 to 89	3	9	12
90 & Over	3	2	5
Total	**137**	**141**	**278**

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Plan Elections			
	Retirees	Spouses	Total
Gold	54	22	76
Silver	1	9	10
Pre-Medicare Medical Election	**55**	**31**	**86**
Medicare Medical Election	**165**	**43**	**208**
Total Medical Election	**220**	**74**	**294**
Dental	**250**	**72**	**322**
Vision	**246**	**71**	**317**
Life	**240**	**N/A**	**240**

Participant Status Reconciliation

	Active	Survivors	Disabled	Retired	Total
Members on July 1, 2025	**537**	**26**	**9**	**235**	**807**
New Hires	42				42
Retired	(14)			14	0
Disabled	0		0		0
Termination	(32)				(32)
Death w/ Survivor		4		(4)	0
Death w/o Survivor		0	0	(8)	(8)
Data Corrections	0	0	0	2	2
Members on July 1, 2026	**533**	**30**	**9**	**239**	**811**

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Economic Assumptions

Expected Return on Plan Assets & Discount Rate

6.75% per year, net of investment expenses.

Inflation Rate

2.50% per year.

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 2026_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	2.50%
Rate of Growth in Real Income/GDP per capita 2035+	1.40%
Extra Trend due to Taste/Technology 2035+	0.90%
Expected Health Share of GDP 2035	20.0%
Health Share of GDP Resistance Point	18.5%
Year for Limiting Cost Growth to GDP Growth	2046

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, dental, and vision trends are listed in the table below.

To Plan Year Beginning July 1,	Pre-Medicare Medical & Drug	Post-Medicare Medical & Drug	Dental & Vision
2027	7.50%	3.94%	4.00%
2028	7.00	3.94	4.00
2029	6.25	3.94	4.00
2030	5.50	3.94	4.00
2031	5.40	3.94	4.00
2036	4.87	3.94	4.00
2041	4.15	3.94	4.00
2047+	3.94	3.94	4.00

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Administrative Expenses

All administrative expenses are paid from the fund. An amount is added to the actuarially determined contribution equal to the prior year's administrative expenses increased by the assumed inflation rate. These expenses are not the same administrative expenses included in the claims, but those related to the administration of the Plan.

Demographic Assumptions

The rates of mortality, termination, retirement, and disability, along with the percent married and age of spouse assumptions are the same as those used for the Sussex County Pension Plan.

Mortality Rates

Pub-2010 General (Employee and Healthy Annuitant) Mortality Table projected generationally using Scale MP-2021.

Termination Rates

Service	Termination Rates (%)
0	14.0
1	12.0
2	10.0
3	8.0
4	7.0
5	6.0
6	5.0
7	4.0
8	6.0
9-12	5.0
13	4.0
14	3.0
15	2.0
16-19	1.0
20-29	0.5
30+	0.0

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

RETIREMENT RATES

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

Age	< 30 Years of Service (%)	30+ Years of Service (%)
<=55	30*	10
56-59	10*	10
60	30	35
61-62	10	35
63-64	20	35
65-69	25	60
70+	100	100

*Rates for Elected Officials only starting at age 55.

The following retirement rates have been used for Paramedics and Dispatchers.

Age	< 30 Years of Service (%)	30+ Years of Service (%)
<=59	20	100
60-64	30	100
65+	100	100

DISABILITY RATES

None.

PAYROLL GROWTH

4.00% per year for Entry Age Actuarial Cost Method.

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%

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Medical Plan Enrollment

Future retirees are assumed to enroll in the Gold if Pre-Medicare and the Silver plan if Medicare Eligible.

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.

Percent Married

65% of employees are assumed to be married upon retirement.

Age of Spouse

Males are assumed to be three years older than their spouses, for future retirees and if actual date of birth is unavailable for spouses of current retirees.

Rationale for Economic and Demographic Assumptions

The actuarial assumptions were adopted by the County Council on March 11, 2025 based on recommendations from Cheiron following an experience study performed for the period July 1, 2018 through June 30, 2024, and were first effective with the July 1, 2025 valuation. The investment return assumption was changed from 7.00% to 6.75% effective with the July 1, 2022 actuarial valuation based on changes in the asset allocation and advice from the investment consultant.

Changes Since Last Valuation IN Economic and Demographic Assumptions

The trend assumptions were updated based on the SOA Long-Run Medical Cost Trend Model.

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Claim and Expense Assumptions

Average Adult Annual Claims and Expense Assumptions

The following claim and expense assumptions are applicable from July 1, 2026 to June 30, 2027. Subsequent years' costs are based on the first-year cost adjusted with trend.

Average Claim and Expense Assumptions

	Medical Gold & Rx		Medical Silver & Rx		Dental & Vision	
Age	Male	Female	Male	Female	Male	Female
40	$10,934	$15,645	$6,780	$5,877	$592	$592
45	$13,338	$16,977	$9,763	$8,464	$592	$592
50	$16,472	$19,432	$12,390	$10,742	$592	$592
55	$20,786	$22,872	$13,579	$11,772	$592	$592
60	$26,873	$26,153	$12,802	$11,098	$592	$592
64	$33,514	$27,219	$10,770	$9,337	$592	$592
65	$6,524	$5,756	$6,524	$5,756	$548	$548
70	$6,928	$5,868	$6,928	$5,868	$548	$548
75	$7,963	$6,599	$7,963	$6,599	$548	$548
80	$9,042	$7,484	$9,042	$7,484	$548	$548
85	$9,766	$8,178	$9,766	$8,178	$548	$548

Annual Administrative Expenses

Administrative Expenses are built into the Claim Expense Assumptions.

Medicare Eligibility

Age 65 for future retirees and current enrollees.

Annual Limits

Assumed to increase at the same rate as trend. Most are unlimited.

Lifetime Maximums

Unlimited.

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

GEOGRAPHY

Implicitly assumed to remain the same as current retirees.

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 $51.24 per month with a 4.8% load for children, or $53.72 per month. Retiree spouses in the Gold plan are expected to contribute $110.92 per month with a 4.8% load for children, or $116.29 per month. Silver Plan Retirees in Medicare are assumed to contribute $5 per month and their spouses are assumed to contribute $79.64 per month. Spouses of retirees not yet eligible for Medicare are assumed to contribute $139.18 per month with a 4.8% load for children, or $145.92. For those retirees who were hired after 7/1/2001, their cost is assumed to be the cost-sharing premium with a 4.8% child load.

CHANGES SINCE LAST VALUATION IN CLAIMS AND EXPENSE ASSUMPTIONS

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 following claims methodology section.

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

Methodology

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 6.75% and the actual market value of assets.

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 UAL as of July 1, 2025 is amortized over a 20-year closed period beginning July 1, 2025, using a level dollar amortization approach. Subsequent changes in the UAL due to experience gains and losses, assumption changes, and plan changes are amortized over separate 20-year closed periods using a level dollar approach from the date such changes are recognized in the valuation.

Claims Methodology

The medical and pharmacy claims and expenses costs were developed using experience for the paid time period May 1, 2023 through April 30, 2026. FYE 2027 medical costs for retiree NME and covered spouses are based on experience in the Gold plan for actives and non-Medicare retirees, with a blend of 50% coming from 12 months ending April 2026, 30% from the 12 months ending April 2025, and 20% from the 12 months ending April 2024, and an 8% annual trend to FYE 2027. FYE 2027 pharmacy costs for retiree NME are based on experience in the Gold plan for actives and non-Medicare retirees, with a blend of 50% coming from 12 months ending April 2026, 25% from the 12 months ending April 2025, and 25% from the 12 months ending April 2024, and an 8% annual trend to FYE 2027.

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

For Medicare Eligible (ME) retirees and covered spouses covered under the Silver Plan, we used the fiscal year ending 2026 premiums developed for Sussex and provided to us. From this data, we developed Per Person Per Month (PPPM) costs. We then adjusted those using age curves. Medical and pharmacy claims and expenses costs include a 4.8% load for anticipated children of pre-Medicare retirees. We assume the ME rates reflect the most recent Part D rules.

The dental claims were developed using experience for the paid time period May 1, 2023 through April 30, 2026. FYE 2027 dental costs for retirees and covered spouses are based on dental experience for actives and retirees, with a blend of 50% coming from 12 months ending April 2026, 25% from the 12 months ending April 2025, and 25% from the 12 months ending April 2024, and an 5% annual trend to FYE 2027. Vision claims and expenses were developed using the fiscal year ending 2026 premiums developed for Sussex and provided to us. From this data, we developed PPPM costs; and added an 8.1% load to the dental and vision costs for anticipated children of pre-Medicare retirees.

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. 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.

APPENDIX A — MEMBER DATA, ASSUMPTIONS, AND METHODS

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

The claims methodology was updated to reflect recent experience as described in the Claims Methodology section.

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 Sussex County Pension Plan. These eligibilities are as follows:

General Employees

- Age 62 with at least eight years of service
- Age 60 with 15 years of service
- 30 years of service with no age requirement

Elected Officials

- Age 60 with at least five years of service
- Age 55 with at least 10 years of service

Paramedics and Dispatchers Employees

- Age 62 with at least eight years of service
- Age 60 with 15 years of service
- 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.

APPENDIX B — SUBSTANTIVE PLAN PROVISIONS

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.

APPENDIX B — SUBSTANTIVE PLAN PROVISIONS

Benefits Covered

MEDICAL AND DRUG BENEFITS

Plan:	PPO Gold Summary of Benefits	PPO Silver Summary of Benefits
In-Network (INN) Benefits		
Deductible (Ded) (Individual/Family)	$0 / $0	$500/$1,000
Coinsurance	0%	0%
Total Maximum Out-of-Pocket (Individual/Family)	$4,500/$9,000	$4,500/$9,000
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 visit
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.
Out-of-Network (OON) Benefits		
Deductible (Individual/Family)	$0 / $0	$1,000/$2,000
Coinsurance	0%	10% Coins
Out-of-Pocket Max (Individual/Family)	$4,000/$8,000	$4,000/$8,000
Office Visits (PCP) & (SCP)	$25/$25 Copay	$25 Copay, Deductible/Coinsurance
Prescription Drugs		
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
Selected INN Detail Benefits		
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 100 visits per benefit period
Ambulance	No Charge	$50 Copay
DME	$15 Copay	$50 Copay

APPENDIX B — SUBSTANTIVE PLAN PROVISIONS

Cost Sharing

ELECTED OFFICIALS

- 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.
- 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.
- 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.
- 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:

- 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.

APPENDIX B — SUBSTANTIVE PLAN PROVISIONS

- 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.
- 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.

APPENDIX B — SUBSTANTIVE PLAN PROVISIONS

MEMBER CONTRIBUTIONS

The following are the monthly medical, dental, and vision rates effective May 1, 2026. For the valuation, subsequent years' premiums are based on the premiums below adjusted with trend.

Plan	Coverage	May 2026 Total Premium	Monthly Pensioner Rate with age and service yrs	Monthly Pensioner Rate Premium 50% 15-<25 years of service	Monthly Rate Pensioner - Premium 100% <15 years of service
Gold	Pensioner Only	$ 895.78	$ 51.24	$ 447.89	$ 895.78
Gold	Pensioner + 1	$ 1,643.47	$ 162.16	$ 821.74	$ 1,643.47
Gold	Pensioner Family (Pen + 2 or more)	$ 2,465.64	$ 273.20	$ 1,232.82	$ 2,465.64
Silver	Pensioner Only	$ 787.83	$ 24.23	$ 393.91	$ 787.83
Silver	Pensioner + 1	$ 1,427.69	$ 96.36	$ 713.85	$ 1,427.69
Silver	Pensioner Family (Pen + 2 or more)	$ 2,141.90	$ 192.82	$ 1,070.95	$ 2,141.90
Silver	Medicare Only	$ 596.39	$ 5.00	$ 298.19	$ 596.39
Silver	Medicare + Medicare	$ 1,192.77	$ 84.64	$ 596.39	$ 1,192.77
Silver	Medicare + Family	$ 2,738.28	$ 187.56	$ 1,369.14	$ 2,738.28
Dental	Pensioner Only	$ 32.00	$ 7.00	$ 16.00	$ 32.00
Dental	Pensioner + 1	$ 67.00	$ 15.00	$ 33.50	$ 67.00
Dental	Pensioner + 2 or more	$ 115.00	$ 30.00	$ 57.50	$ 115.00
Vision	Pensioner Only	$ 9.00	$ 4.00	$ 4.50	$ 9.00
Vision	Pensioner + 1	$ 18.00	$ 8.00	$ 9.00	$ 18.00
Vision	Pensioner + 2 or more	$ 33.00	$ 16.00	$ 16.50	$ 33.00

APPENDIX C — GLOSSARY OF TERMS

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.

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.

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.

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.

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:

		Probability		1/		Present
Amount		of Payment		(1+Discount Rate)		Value
$100	x	(1 - .01)	x	1/(1+.1)	=	$90

APPENDIX C — GLOSSARY OF TERMS

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.

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.

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.

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.

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.

Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

Funded Percentage

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

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.

APPENDIX C — GLOSSARY OF TERMS

Discount Rate

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

Medical Trend

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

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)