



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

JUNE 30, 2009 VALUATION



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December 10, 2009

milliman.com

PERSONAL & CONFIDENTIAL

Ms. Maggie Cosgrove, CPA, CPFO
Chief Financial Officer
Town and Board of Education of Colchester
127 Norwich Avenue
Colchester, CT 06415

Re: Town of Colchester Other Post-Employment Benefits Program

Dear Maggie:

We are pleased to provide this actuarial report for the Town of Colchester Other Post-Employment Benefits Program. The report shows the financial status of the plan as of June 30, 2009 and presents cost figures for the 2008-09 fiscal year.

We have included 10 bound copies of the report and one unbound copy in case you need to make additional copies.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steve A. Lemanski'.

Steve A. Lemanski, FSA, FCA
Consulting Actuary

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

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This work product was prepared solely for the Town of Colchester for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

TOWN OF COLCHESTER
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

CERTIFICATION

We have performed an actuarial valuation of the Town of Colchester Other Post-Employment Benefits Program as of June 30, 2009. The results of this valuation, along with supporting data, are set forth in the following report.

Milliman has prepared this report in compliance with Government Accounting Standard No. 45. No attempt is being made to offer any accounting opinion or advice. The calculations reported herein have been made on a basis consistent with our understanding of the plan provisions. Additional determinations may be needed for purposes other than meeting accounting requirements.

In preparing this report, we relied on employee census data and claims and premium information as of the valuation date, furnished by the Town of Colchester. We performed a limited review of the financial information used directly in our analysis for reasonableness and consistency and have found them to be reasonably consistent and comparable with data used for other purposes. If the financial information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete and our calculations may need to be revised. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate, all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices, and the methods and assumptions produced results which are reasonable. Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. Actual experience will not conform exactly to the assumptions made for this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience. The actuarial method and assumptions used in this valuation are discussed on pages 16-20 of this report. A summary of the plan provisions starts on page 21 of this report.

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

CERTIFICATION


Milliman's work is prepared solely for the internal business use of the Town of Colchester. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):


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The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MILLIMAN INC.

December 10, 2009


Steve A. Lemanski, FSA, FCA
Consulting Actuary


Rebecca A. Sielman, FSA
Consulting Actuary

TOWN OF COLCHESTER
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

OVERVIEW OF GASB 43 AND GASB 45

GASB 43 requires OPEB plans to disclose information about asset and liability levels and show historical contribution information. GASB 43 only applies in situations where a separate trust is established to prefund these benefits. GASB 45 requires employers to perform periodic actuarial valuations to determine annual accounting costs, and to keep a running tally of the extent to which these amounts are over or under funded. GASB 43 is effective starting in FY 2006-07 for a Phase I government, FY 2007-08 for a Phase II government, and FY 2008-09 for a Phase III government. GASB 45 is effective for the fiscal year following implementation of GASB 43.

GASB 43 and 45 apply to just about any benefit that is provided after retirement except for pension benefits: medical insurance, dental, vision, and hearing benefits plus life insurance and long term care insurance. The benefits provided by the Town to retirees include medical and dental insurance. The philosophy driving the accounting standard is that these post-employment benefits are part of the compensation that is paid to employees in return for their services, and the cost of these benefits should be recognized while the employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 43 and 45 extend the same thinking to all other post-employment benefits.

TOWN OF COLCHESTER OTHER POST-EMPLOYMENT BENEFITS PROGRAM

THE VALUATION PROCESS

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates: How likely is it that an employee will qualify for post-employment benefits and when will they start?

Medical inflation and claims costs assumptions: When an employee starts receiving post-employment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption: How long is a retiree likely to receive the benefits?

Discount rate assumption: What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the Town, the present value is divided into three pieces: the part that is attributed to past years (the "Accrued Liability" or "Past Service Liability"), the part that is being earned this year (the "Normal Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Normal Cost have been calculated, the next step is to determine an annual contribution. This consists of two pieces:

- Normal Cost – because the benefits earned each year should be paid for each year
- Past Service Cost – a catch-up payment to fund the Accrued Liability over the next 10-30 years

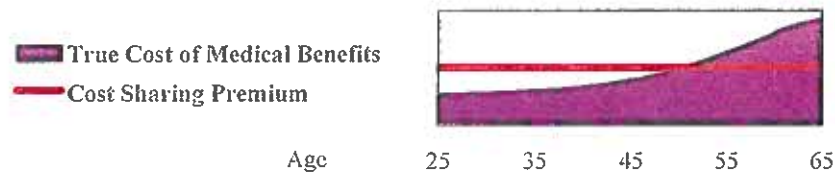
The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the Town's financial statements. In addition, the Discount Rate used to calculate the liabilities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

TOWN OF COLCHESTER OTHER POST-EMPLOYMENT BENEFITS PROGRAM

IMPLICIT RATE SUBSIDIES

As part of the Other Post-Employment Benefits Program, there are situations where the cost is borne partly or entirely by retirees. In most cases, the premium that is used to split the cost is lower than the true cost of providing the medical benefits, for two reasons:

- The cost sharing premium is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:



- The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an "implicit rate subsidy". GASB 43 and 45 require the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based on factors developed by Milliman's health actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed on the prior page. We term this amount the "gross liability".

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program – different retirees pay different percentages based on their union, date of retirement, age at retirement, and other factors. We term this amount the "offset liability".

Finally, the net liability for the Town is calculated as the difference between the gross liability and the offset liability.

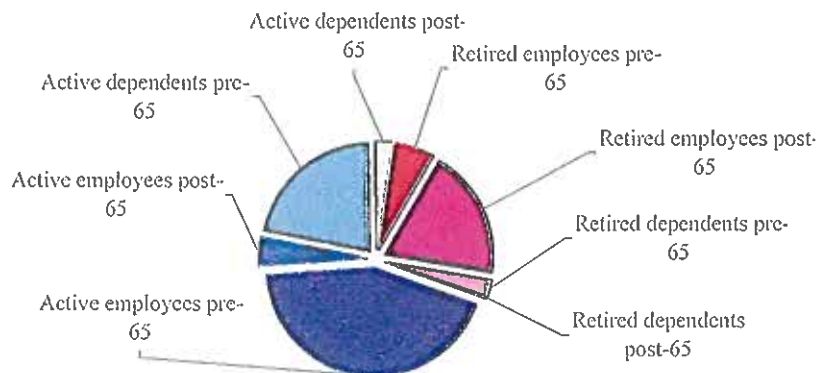
TOWN OF COLCHESTER

OTHER POST-EMPLOYMENT BENEFITS PROGRAM

SUMMARY OF LIABILITIES AS OF JUNE 30, 2009

We have calculated the Accrued Liability separately for four groups of Town employees, who are eligible for different OPEB benefits. We have broken the accrued liability for each group into several pieces: benefits that are expected to be paid prior to age 65 (i.e. prior to Medicare) and after age 65 (i.e. after Medicare) to current active members and their covered dependents after retirement, and the same figures for members who have already retired and are currently receiving benefits. In all cases, the Accrued Liability only reflects benefits that are paid for by the Town, taking into account any implicit rate subsidies.

	Police & Fire	Town	BOE Certified	BOE Non- Certified	Total
Current active members					
Employees under age 65	\$27,000	\$161,000	\$1,643,000	\$33,000	\$1,864,000
Employees over age 65	0	0	185,000	0	185,000
Dependents under age 65	12,000	77,000	828,000	10,000	927,000
Dependents over age 65	<u>0</u>	<u>0</u>	<u>109,000</u>	<u>0</u>	<u>109,000</u>
Total	39,000	238,000	2,765,000	43,000	3,085,000
Current retired members					
Employees under age 65	0	25,000	238,000	0	263,000
Employees over age 65	0	0	841,000	0	841,000
Dependents under age 65	0	0	101,000	0	101,000
Dependents over age 65	<u>0</u>	<u>0</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Total	0	25,000	1,196,000	0	1,221,000
Total Accrued Liability	39,000	263,000	3,961,000	43,000	4,306,000



TOWN OF COLCHESTER
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SENSITIVITY ANALYSIS

Our results are highly dependent on two key assumptions: the rate at which we assume medical costs will increase over time, and the discount rate we use to translate future payments into current dollars. The results shown on the prior page are based on our baseline assumptions; the figures below show how the accrued liability would change if we varied these assumptions.

Medical inflation rate baseline	Medical Benefits	
	Pre-65	Post-65
Initial inflation rate	6.60%	6.60%
Ultimate inflation rate	4.40%	4.40%
Years until ultimate inflation rate	51	51

To show the sensitivity of our results to this assumption, we have looked at the impact of an increase or decrease of 1.00% on these rates.

Discount rate baseline 4.00%

The discount rate is based on the long-term earnings potential of any investments set up in a trust to prefund these benefits. The 4.00% baseline discount rate assumes the benefits are not prefunded; GASB 45 requires the discount rate to be set based on the expected earnings of the Town's general fund. We also looked at a 6.00% discount rate based on the establishment of an OPEB trust with a conservative portfolio of 50% stocks / 50% bonds. And finally, we looked at an 8.00% discount rate representing a trust with a portfolio of 60% stocks / 40% bonds

Sensitivity to changes in assumptions

	<u>Discount rate</u>	<u>Medical inflation rate</u>		
		less 1.00%	Baseline	plus 1.00%
Accrued Liability	4.00%	3,807,000	4,306,000	4,905,000
	6.00%	3,015,000	3,361,000	3,770,000
	8.00%	2,461,000	2,709,000	2,999,000
Percent change from baseline	4.00%	-11.6%		13.9%
	6.00%	-30.0%	-21.9%	-12.4%
	8.00%	-42.8%	-37.1%	-30.4%

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FUNDING ALTERNATIVES

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year) plus a **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period should be reasonably related to the period of service over which retiree medical benefits are earned. We have selected a 30 year amortization period, which is the longest period permitted by GASB 45.

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

	Police & Fire	Town	BOE Certified	BOE Non- Certified	Total
Accrued Liability	\$39,000	\$263,000	\$3,961,000	\$43,000	\$4,306,000
Assets	0	0	0	0	0
Unfunded Accrued Liability	39,000	263,000	3,961,000	43,000	4,306,000
Amortization Period	30	30	30	30	30
Past Service Cost	1,000	9,000	132,000	1,000	143,000
Normal Cost	2,000	27,000	237,000	4,000	270,000
ARC for FY 2009	3,000	36,000	369,000	5,000	413,000
Expected Benefit Payouts	1,000	20,000	125,000	0	146,000
Increase in Net OPEB Obligation	2,000	16,000	244,000	5,000	267,000

An alternative amortization technique is to calculate a level annual payment, much like a mortgage, which produces a higher amount in the short term but one that will not go up over time (unless the plan has adverse experience). On this basis, the ARC is:

Past Service Cost	2,000	15,000	220,000	2,000	239,000
Normal Cost	2,000	27,000	237,000	4,000	270,000
ARC for FY 2009	4,000	42,000	457,000	6,000	509,000

As with the Accrued Liability, the ARC is highly dependent on the medical inflation rate and discount rate assumptions:

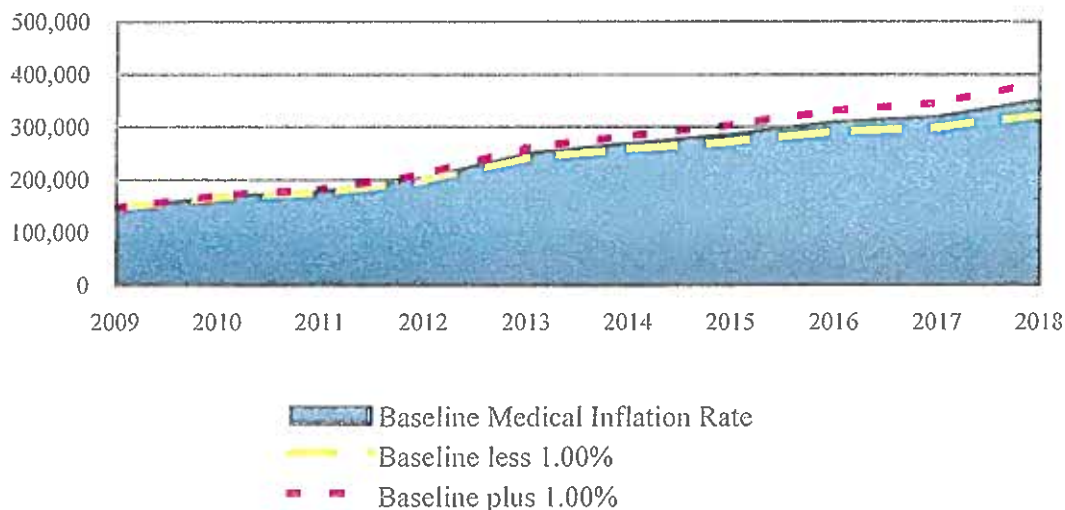
	<u>Discount rate</u>	<u>Medical Inflation rate</u>		
		less 1.00%	Baseline	plus 1.00%
ARC for FY 2009	4.00%	353,000	413,000	488,000
using Level Percent	6.00%	293,000	336,000	388,000
Amortization	8.00%	256,000	287,000	326,000

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PROJECTED PAYOUTS

The annual Town payments for OPEB benefits are expected to rise sharply in coming years, both because medical costs are expected to rise over time and because more employees will retire and start to receive Town-paid OPEB benefits. The table and graph below show the expected annual payments for OPEB benefits for the next 10 years under the different medical inflation rates described on the preceding page.

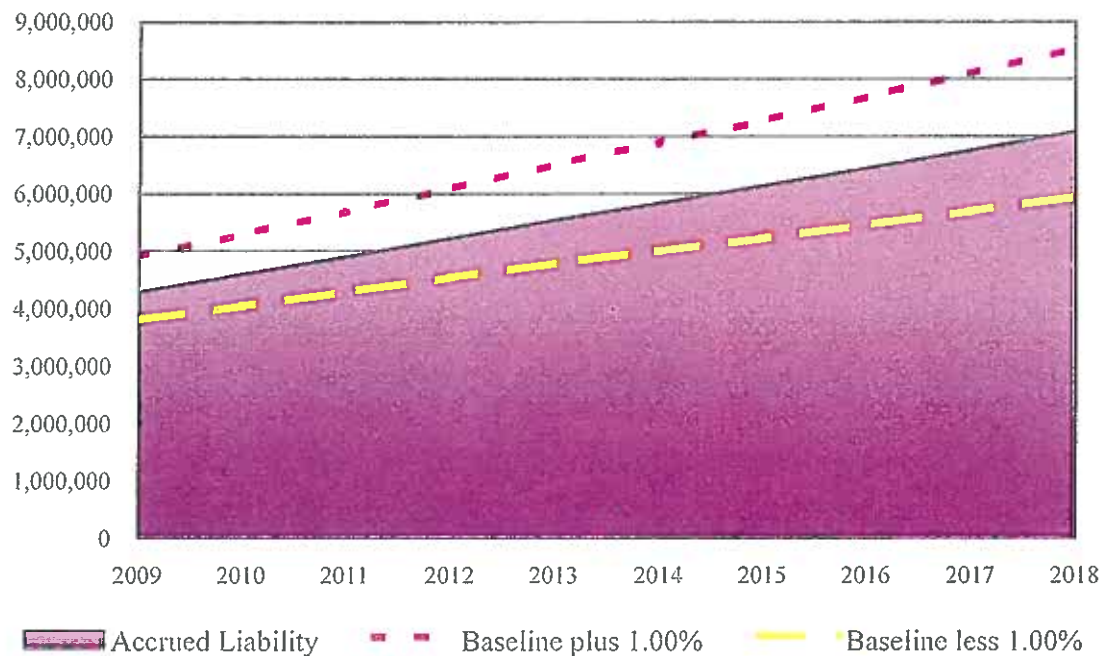
Fiscal Year	Baseline less 1.00%	Baseline Medical Inflation Rate	Baseline plus 1.00%
2009	\$146,000	\$146,000	\$146,000
2010	167,000	169,000	170,000
2011	175,000	178,000	181,000
2012	198,000	204,000	210,000
2013	242,000	251,000	261,000
2014	258,000	270,000	283,000
2015	271,000	287,000	304,000
2016	290,000	310,000	331,000
2017	297,000	320,000	345,000
2018	323,000	352,000	383,000



TOWN OF COLCHESTER OTHER POST-EMPLOYMENT BENEFITS PROGRAM

PROJECTED LIABILITIES

The graph below shows how the Town's accrued liability for OPEB benefits is expected to grow over the next 10 years under the different medical inflation rates described on the preceding page.



**TOWN OF COLCHESTER
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GASB 45 SCHEDULE OF FUNDING PROGRESS

The following information is required to be disclosed in the Town's financial statement once the Town has implemented GASB 45.

(\$ 000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2009	\$0	\$4,306	\$4,306	0%	N/A	N/A

The results shown above are based on the baseline assumptions with respect to the medical inflation rate and the discount rate, as discussed in the Sensitivity Analysis section of this report. The 4.00% baseline discount rate assumes the benefits are not prefunded; GASB 45 requires the discount rate to be set based on the expected earnings of the Town's general fund.

**TOWN OF COLCHESTER
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GASB 45 SCHEDULE OF EMPLOYER CONTRIBUTIONS

The following information is required to be disclosed in the Town's financial statement once the Town has implemented GASB 45.

(\$ 000s)			
Year Ended June 30	Annual Required Contribution	Actual Contribution Made	Percentage Contributed
2009	\$413	N/A	N/A

The results shown above are based on the baseline assumptions with respect to the medical inflation rate and the discount rate, as discussed in the Sensitivity Analysis section of this report, and on the level percent amortization method as discussed in the Funding Alternatives section of this report. The 4.00% baseline discount rate assumes the benefits are not prefunded; GASB 45 requires the discount rate to be set based on the expected earnings of the Town's general fund.

TOWN OF COLCHESTER
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SUMMARY OF CENSUS DATA

The following were included in our analysis as of June 30, 2009 based on information provided by the Town.

	Police & Fire	Town	BOE Certified	BOE Non- Certified	Total
Number of members					
Active	14	65	238	109	426
Retired members	0	3	16	0	19
Spouses of retirees	0	2	7	0	9
Total	14	70	261	109	454
Average age					
Active	36.7	48.8	45.4	51.1	47.1
Retired	0.0	63.7	63.4	0.0	63.4
Average retirement age					
Active	52.5	60.7	60.4	62.4	60.7
Retired	0.0	60.0	N/A	0.0	N/A
Expected lifetime					
Active [to retirement]	15.8	11.9	14.9	11.3	13.6
Retired [lifetime]	0.0	22.3	24.0	0.0	23.7

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

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CURRENT PREMIUMS

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

2009 - 2010 Monthly COBRA Premiums	Employee	Spouse
Medical - BOE	\$580.31	\$580.64
Medical - Town	623.76	624.11
Dental - BOE	42.20	43.71
Dental - Town	46.63	48.26

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MEDICAL COST ADJUSTMENT FACTORS

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

Age	BOE - Medical		Town - Medical	
	Employee	Spouse	Employee	Spouse
40	1.45%	3.17%	2.49%	1.97%
45	3.00%	4.38%	3.86%	3.43%
50	4.10%	5.04%	4.70%	4.41%
55	3.83%	5.27%	4.76%	4.32%
60	3.97%	4.63%	4.41%	4.20%
65	1.94%	2.14%	2.08%	2.01%
70	2.09%	2.27%	2.21%	2.15%
75	1.30%	1.63%	1.52%	1.42%
80	1.35%	1.02%	1.13%	1.23%

Age	BOE - Dental		Town - Dental	
	Employee	Spouse	Employee	Spouse
40	1.36%	1.61%	1.52%	1.45%
45	1.05%	1.43%	1.30%	1.18%
50	0.57%	0.76%	0.69%	0.63%
55	0.05%	0.29%	0.20%	0.13%
60	0.12%	0.16%	0.14%	0.13%
65	-0.09%	-0.19%	-0.16%	-0.13%
70	0.00%	0.00%	0.00%	0.00%
75	0.00%	0.00%	0.00%	0.00%
80	0.00%	0.00%	0.00%	0.00%

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ACTUARIAL METHOD

The actuarial funding method used is the **Projected Unit Credit Cost Method**. Recommended annual contributions consist of two pieces: Normal Cost plus a payment towards the Unfunded Accrued Liability.

The **Accrued Liability** is determined directly as the present value of benefits accrued to date, where the accrued benefit for each Member is the pro-rata portion (based on service to date) of the **projected** benefit payable at death, disability, retirement or termination.

The **Normal Cost** is similarly determined as the present value of the portion of the **projected** benefit attributable to the current year.

The **Unfunded Accrued Liability** is the Accrued Liability less the value of any plan assets.

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OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Payroll Growth Rate 4.00%

Healthy Mortality **Teachers and Administrators[#]:** RP-2000 Combined Healthy Mortality Table projected forward 19 years using Scale AA, with a two-year age setback.

All Others: RP-2000 Combined Healthy Mortality Table with generational projection using Scale AA.

Disabled Mortality **Teachers and Administrators[#]:** RP-2000 Combined Healthy Mortality Table projected forward 19 years using Scale AA, with an eight-year age set forward.

All Others: RP-2000 Combined Healthy Mortality Table with generational projection using Scale AA.

Turnover **Teachers and Administrators[#]:** rates based on gender and length of service for the first ten years and gender and age thereafter:

Service	Male	Female
0-1	14.00%	12.00%
1-2	8.50	9.00
2-3	5.50	7.00
3-4	4.50	6.00
4-5	3.50	5.50
5-6	2.50	5.00
6-7	2.40	4.50
7-8	2.30	3.50
8-9	2.20	3.00
9-10	2.10	2.50

Age	Male	Female
25	1.20%	3.50%
35	1.20	3.50
45	1.26	1.30
55	3.36	1.60

**TOWN OF COLCHESTER
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ACTUARIAL ASSUMPTIONS

Turnover

Police: None.

All Others: rates based on age:

Age	Rate
20	14.00%
25	10.20
30	7.07
35	5.53
40	4.55
45	3.85
50	2.70
55	0.00

Retirement

Teachers and Administrators[#]: rates based on age, eligibility for pension benefits, and gender:

Age	Unreduced		Proratable		Reduced	
	Male	Female	Male	Female	Male	Female
50 – 51	27.5%	15.0%			2.0%	2.0%
52	27.5%	15.0%			3.0%	4.0%
53	27.5%	15.0%			3.0%	4.5%
54	27.5%	15.0%			5.0%	5.5%
55	38.5%	30.0%			5.0%	7.5%
56	38.5%	30.0%			7.0%	8.5%
57	38.5%	30.0%			10.0%	9.5%
58	38.5%	30.0%			11.0%	10.0%
59	38.5%	30.0%			12.0%	10.0%
60	22.0%	20.0%	6.0%	5.4%		
61	25.3%	22.5%	6.0%	7.2%		
62	25.3%	22.5%	15.0%	9.9%		
63-64	27.5%	22.5%	10.0%	7.2%		
65	36.3%	30.0%	20.0%	13.5%		
66	27.5%	30.0%	20.0%	10.8%		
67	27.5%	30.0%	20.0%	13.5%		
68	27.5%	30.0%	20.0%	10.8%		
69	27.5%	30.0%	35.0%	10.8%		
70-73	100.0%	40.0%	35.0%	10.8%		
74	100.0%	40.0%	35.0%	18.0%		
75 – 79	100.0%	40.0%	40.0%	18.0%		
80	100.0%	100.0%	40.0%	18.0%		

**TOWN OF COLCHESTER
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ACTUARIAL ASSUMPTIONS

Retirement

Police: 10% of employees are assumed to retire when first eligible for normal retirement. 5% are assumed to retire in the years thereafter. 100% of employees are assumed to retire at 24 years of service.

All Others: rates based on age:

Age	First Year Eligible	All Other Ages
55	15%	6%
56	15	6
57	15	7
58-59	15	7
60-61	15	10
62-64	15	15
65	25	25
66-69	20	20
70	100	100

Disability

Teachers and Administrators[#]: rates based on age and gender:

Age	Male	Female
20	0.0455%	0.0500%
30	0.0455	0.0410
40	0.0715	0.0720
50	0.3250	0.2630
60	1.2805	0.5000

Police: None.

All Others: The 1952 Disability Study of the Society of Actuaries, Period 2, Benefit 5 rates.

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

ACTUARIAL ASSUMPTIONS

Future Retiree Coverage 90% of **Police and Fire**, 70% of **Town**, 95% of **Teachers and Administrators** and 10% of **BOE Non-Certified** active members are assumed to elect coverage at retirement.

Future Dependent Coverage Current active members are assumed to elect dependent coverage at retirement as follows. All female spouses are assumed to be 3 years younger than males.

	Male	Female
Teachers and Administrators	60%	50%
BOE Non-Certified	50%	25%
Town, Police and Fire	50%	50%

Future Post-65 Coverage **Teachers and Administrators:**

90% of current actives and pre-65 retirees are assumed either to enroll in retiree health coverage through the Connecticut State Teachers Retirement System at age 65, or transfer to a Medicare Supplement Plan. 91% of current actives and pre-65 retirees are assumed to be Medicare-eligible.

All Others: N/A.

Certain actuarial demographic assumptions for Teachers and Administrators are based on the assumptions used in the 2006 valuation of the Connecticut State Teachers Retirement System by Gabriel, Roeder, Smith and Company.

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

SUMMARY OF PLAN PROVISIONS

Eligibility

Teachers and Administrators

A Teacher or Administrator retiring shall be eligible to receive health benefits for self and spouse.

Normal Retirement for Teachers and Administrators is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early Retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service.

BOE Custodians and Maintenance

Retired employee shall be eligible to receive health benefits for self and spouse.

BOE Central Office, BOE Educational Personnel, and BOE Nurses

Employee retiring with at least 20 years of service shall be eligible to receive health benefits for self and spouse.

Police

Members who have retired on or after July 1, 2000 under the Colchester Police Department Pension Plan with at least 10 years of service shall be eligible to receive health benefits for self and spouse.

Normal Retirement for Police Officers is 20 years of service.

Town Hall Local 1303

Employee hired prior to July 1, 2009 and retiring on or after July 1, 2009 with at least 10 years of service shall be eligible to receive health benefits for self and spouse.

Town MEUI Local 506

Employee retiring on or after July 1, 1999 (July 1, 1998 for Town Administrators) shall be eligible to receive health benefits for self and spouse.

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

SUMMARY OF PLAN PROVISIONS

Eligibility

Fire and Town Non Union

Members who have retired on or after July 1, 2000 with at least 10 years of service shall be eligible to receive health benefits for self and spouse.

Cost Sharing

BOE Teachers and Administrators

Retiree/Spouse – 100% retiree-paid*.

* less \$1,320 annual CT Teachers Retirement Board subsidy

BOE Non-Certified

Retiree/Spouse – 100% retiree-paid.

BOE Educational Personnel and BOE Nurses who retired between July 1, 2008 and June 30, 2009 with at least 25 years of service shall receive \$2,500 annual credit from the Board for a period of 2 years (1 year if retired between July 1, 2009 and June 30, 2010).

Town, Police and Fire

Retiree/Spouse – 100% retiree-paid for a period not to exceed 5 years. Coverage is Pre 65 only.

Post 65 – Eligible retiree is offered Medicare risk plan at own expense.

This summary is intended only to describe our understanding of the essential features of the benefits that will be provided to future retirees based on copies of bargaining agreements, the Town's personnel rules and the benefits being currently provided to retired members. Many current retired members have different cost sharing provisions. All eligibility requirements and benefit amounts shall be determined in strict accordance with the relevant plan documents. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.