

Town of Westwood

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)

Measured at June 30, 2021



This report has been prepared at the request of the Town of Westwood to assist in administering the Plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Town of Westwood and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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May 27, 2022

Ms. Pamela Dukeman
Finance Director
Town of Westwood
580 High Street
Westwood, MA 02090

Dear Ms. Dukeman:

We are pleased to submit this report on our actuarial valuation of postemployment welfare benefits as of June 30, 2021. The purpose of this report is to calculate an Actuarially Determined Contribution for the Town of Westwood Other Postemployment Benefit (OPEB) Plan for the fiscal years ending June 30, 2022 and June 30, 2023. It summarizes the actuarial data used in the valuation and analyzes the experience and changes in assumptions since the prior valuation. The GASB Statements No. 74 and 75 disclosure information for the fiscal year ending June 30, 2022 will be provided in a separate report when the June 30, 2022 financial information is available.

This report is based on information received from the Town of Westwood and vendors employed by the Town of Westwood. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan, or determining short-term cash flow requirements.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. The actuarial calculations were directed under our supervision. We are members of the American Academy of Actuaries and collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Town of Westwood are reasonably related to the experience of and the expectations for the Plan.

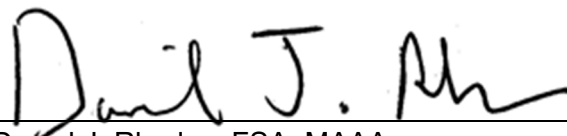
We look forward to discussing this with you at your convenience. Once you've reviewed the report, please send a copy (preferably the electronic version) to Jim Lamenzo at PERAC. His email address is jlamenzo@per.state.ma.us.

We look forward to discussing this with you at your convenience.

Sincerely,
Segal



Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary



Daniel J. Rhodes, FSA, MAAA
Vice President and Consulting Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the Town of Westwood other postemployment welfare benefit plan as of June 30, 2021. The purpose of this report is to calculate a recommended Actuarially Determined Contribution for the OPEB plan for the fiscal years ending June 30, 2022 and June 30, 2023. Determinations for purposes other than meeting funding requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the OPEB plan, as administered by the Town of Westwood;
- The characteristics of covered active members, retired members and beneficiaries as of June 30, 2021, provided by the Town of Westwood;
- The assets of the Plan as of June 30, 2021, provided by the Town of Westwood;
- Economic assumptions regarding future salary increases and investment earnings;
- Health care assumptions regarding per capita costs, trend rates and participation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc.

Highlights of the valuation

- The discount rate used to determine the liabilities that are the basis of the Actuarially Determined Contribution is the expected return on assets. Based on the investment allocation of the OPEB Trust, the Town has selected an expected return on assets of 6.50%. This is a decrease from the 7.00% assumption selected with the prior valuation.
- The unfunded actuarial accrued liability (UAAL) as of June 30, 2021 is \$19,835,600 based on an actuarial accrued liability (AAL) of \$35,287,774 and an actuarial value of assets of \$15,452,174. Going forward, net unfunded plan obligations will be expected to change due to normal plan operations, which consist of continuing accruals for active members, plus interest on the unfunded actuarial accrued liability, less employer contributions. Future valuations will analyze the difference between actual and expected unfunded actuarial accrued liabilities.
- As of June 30, 2021, the ratio of assets to the AAL (the funded ratio) is 43.8%, compared to 19.7% in the prior valuation. This funded percentage is not necessarily appropriate for assessing the sufficiency of OPEB assets to cover the estimated cost of settling the benefit obligations or the need for or the amount of future contributions.

Section 1: Actuarial Valuation Summary

- In addition to the lowering the discount rate from 7.00% to 6.50%, the following assumptions were revised with this valuation:
 - The per capita health costs and contributions were updated to reflect current premiums and the most recent Commonwealth OPEB valuation report.
 - The trend assumptions were revised, per the most recent Commonwealth OPEB valuation report .
 - The mortality projection scale for non-teachers and the mortality assumption for teachers were updated.
 - The retirement assumption for Group 1 and Group 4 employees hired on or after April 2, 2012 was updated.
 - The Medicare enrollment assumption for future retirees hired prior to 1986 and current retirees under age 65 was updated.
- The UAAL was expected to increase by \$1,094,186 from \$36,106,033 as of June 30, 2019 to \$37,200,219 as of June 30, 2021. The actual unfunded liability of \$19,835,600 is \$17,364,619 less than expected. The sources of the net experience gain are shown below:

June 30, 2019 unfunded actuarial accrued liability	\$36,106,033
June 30, 2021 expected unfunded actuarial accrued liability	\$37,200,219
Change due to:	
• Experience gain	-\$3,563,738
• Investment gain	-2,177,606
• Updating future trends	-324,355
• Updating per capita costs and contributions	-11,471,779
• Updating the mortality and retirement assumptions	60,741
• Updating Medicare enrollment assumption	-1,812,365
• Lowering the discount rate	1,924,483
• Net gain	-\$17,364,619
June 30, 2021 unfunded actuarial accrued liability	\$19,835,600

- The participant data received for the June 30, 2021 actuarial valuation included 434 active employees with health coverage and 383 retirees and beneficiaries receiving retiree health benefits compared to 415 active employees and 419 retirees and beneficiaries in the prior valuation.
- The Actuarially Determined Contribution (ADC) for fiscal year 2022 is \$2,621,862. The ADC is calculated using a 24-year amortization of the UAAL, with payments increasing at 3% per year.

Section 1: Actuarial Valuation Summary

- A summary of the valuation results appears on page 12 with a summary of results by department on page 13.
- A projection of the ADC appears on page 14. The projection reflects the Town of Westwood's policy to contribute \$1,490,000 in fiscal 2022, increasing \$25,000 per year thereafter. The liabilities are projected to be fully funded in 2034, if all assumptions are met and there are no future changes in assumption or the plan benefits. This is seven years earlier than in the prior valuation.
- The long-term impact of the Coronavirus (COVID-19) pandemic is still unknown. Our results do not include the impact of the following:
 - The short-term impact on health plan costs;
 - Short-term or long-term impacts on mortality of the covered population; or
 - The potential for federal or state fiscal relief.

Section 1: Actuarial Valuation Summary

OPEB Trust information

As of June 30, 2021, the Town of Westwood had \$15,452,174 in assets. The table below shows the increase in assets from June 30, 2019 to June 30, 2021.

Reconciliation of OPEB Balance from June 30, 2019 through June 30, 2021	Total
Balance as of June 30, 2019	\$8,878,805
• Contributions	1,440,000
• Net investment income	<u>200,978</u>
Balance as of June 30, 2020	\$10,519,783
• Contributions	1,465,000
• Net investment income	<u>3,467,391</u>
Balance as of June 30, 2021	\$15,452,174

Section 1: Actuarial Valuation Summary

Other considerations

Employer decisions regarding plan design, cost sharing between the Employer and its retirees, actuarial cost method, amortization techniques, and integration with Medicare are just some of the decisions that affect the magnitude of OPEB obligations. We are available to assist you with any investigation of such options you may wish to undertake.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the Town of Westwood to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the asset values as of the valuation date, provided by the Town of Westwood.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared for use by the Town of Westwood. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.

If the Town of Westwood is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

Sections of this report include actuarial results that are not rounded, but that does not imply precision.

Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care cost trend, and investment losses, not just the current valuation results.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Town of Westwood should look to their other advisors for expertise in these areas.

While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

Segal's report shall be deemed to be final and accepted by the Town of Westwood upon delivery and review. The Town of Westwood should notify Segal immediately of any questions or concerns about the final content.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Section 2: Valuation Results

Summary of valuation results

	June 30, 2021 6.50% Discount Rate	June 30, 2019 7.00% Discount Rate
Actuarial Accrued Liability		
1. Current retirees, beneficiaries, and dependents	\$16,448,294	\$21,884,964
2. Current active employees	<u>18,839,480</u>	<u>23,099,874</u>
3. Total: (1) + (2)	\$35,287,774	\$44,984,838
4. Actuarial value of assets	<u>15,452,174</u>	<u>8,878,805</u>
5. Unfunded actuarial accrued liability (UAAL): (3) - (4)	\$19,835,600	\$36,106,033
6. Funded ratio: (4) / (3)	43.8%	19.7%
Actuarially Determined Contribution for Fiscal Year Ending:		
	June 30, 2022	June 30, 2020
7. Normal cost, including adjustment for timing	\$1,402,186	\$1,508,715
8. Amortization payment, including adjustment for timing	<u>1,219,676</u>	<u>2,220,970</u>
9. Total Actuarially Determined Contribution (ADC): (7) + (8)	\$2,621,862	\$3,729,685
10. Projected benefit payments	1,620,277	1,912,326
Actuarially Determined Contribution for Fiscal Year Ending:		
	June 30, 2023	June 30, 2021
11. Normal cost, including adjustment for timing	\$1,446,418	\$1,556,307
12. Amortization payment, including adjustment for timing	<u>1,224,393</u>	<u>2,311,930</u>
13. Total Actuarially Determined Contribution (ADC): (11) + (12)	\$2,670,811	\$3,868,237
14. Projected benefit payments	1,740,670	2,110,784

Notes:

Assumes payment at the middle of fiscal year.

Amortization payments for fiscal 2020 and fiscal 2021 are 26-year and 25-year payments, respectively, increasing 3.0% per year.

Amortization payments for fiscal 2022 and fiscal 2023 are 24-year and 23-year payments, respectively, increasing 3.0% per year.

Section 2: Valuation Results

Department results – 6.50% discount rate

	General Government	School	Public Safety	DPW	Total
Actuarial Accrued Liability					
1. Current retirees, beneficiaries, and dependents	\$1,142,594	\$10,460,499	\$3,995,525	\$849,676	\$16,448,294
2. Current active employees	<u>1,308,699</u>	<u>11,981,203</u>	<u>4,576,379</u>	<u>973,199</u>	<u>18,839,480</u>
3. Total: (1) + (2)	\$2,451,293	\$22,441,702	\$8,571,904	\$1,822,875	\$35,287,774
4. Actuarial value of assets as of June 30, 2021	<u>1,073,398</u>	<u>9,827,003</u>	<u>3,753,554</u>	<u>798,219</u>	<u>15,452,174</u>
5. Unfunded actuarial accrued liability (UAAL) as of June 30, 2021: (3) - (4)	\$1,377,895	\$12,614,699	\$4,818,350	\$1,024,656	\$19,835,600
6. Funded ratio: (4) / (3)	43.8%	43.8%	43.8%	43.8%	43.8%
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2022:					
7. Normal cost, including adjustment for timing	\$94,097	\$820,807	\$437,088	\$50,194	\$1,402,186
8. Amortization payment, including adjustment for timing	<u>84,726</u>	<u>775,668</u>	<u>296,277</u>	<u>63,005</u>	<u>1,219,676</u>
9. Total Actuarially Determined Contribution (ADC): (7) + (8)	\$178,823	\$1,596,475	\$733,365	\$113,199	\$2,621,862
10. Projected benefit payments	119,425	1,027,473	386,135	87,244	1,620,277
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2023:					
11. Normal cost, including adjustment for timing	\$97,065	\$846,699	\$450,876	\$51,777	\$1,446,418
12. Amortization payment, including adjustment for timing	<u>85,054</u>	<u>778,668</u>	<u>297,423</u>	<u>63,249</u>	<u>1,224,393</u>
13. Total Actuarially Determined Contribution (ADC): (11) + (12)	\$182,119	\$1,625,367	\$748,299	\$115,026	\$2,670,811
14. Projected benefit payments	138,860	1,091,432	410,219	100,158	1,740,670

Notes:

Assumes payment at the middle of fiscal year.

Amortization payments for fiscal 2022 and fiscal 2023 are 24-year and 23-year payments, respectively, increasing 3.0% per year.

Retiree liabilities and projected benefit payments are estimated based on distribution of active liabilities in these subgroups.

Assets as of June 30, 2021 are allocated in proportion to liabilities.

Section 2: Valuation Results

Projection of actuarially determined contribution

6.50% Discount Rate, 24-Year Closed Amortization with Funding Policy Contributions

Fiscal Year Ending June 30	(1) Normal Cost	(2) Amortization of UAAL	(3) Actuarially Determined Contribution (1) + (2)	(4) Projected Benefits to be Paid by Town	(5) Projected Benefits to be Paid by OPEB Trust	(6) Contribution to OPEB Trust	(7) Total Town Cost (4) + (6)	(8) Assets at End of Year	(9) AAL at End of Year	(10) UAAL at End of Year (9) - (8)
2022	\$1,402,186	\$1,219,676	\$2,621,862	\$1,620,277	\$0	\$1,490,000	\$3,110,277	\$17,994,228	\$37,356,412	\$19,362,184
2023	1,446,418	1,224,393	2,670,811	1,740,670	0	1,515,000	3,255,670	20,727,315	39,480,914	18,753,599
2024	1,492,045	1,221,802	2,713,847	1,845,630	0	1,540,000	3,385,630	23,663,853	41,682,278	18,018,425
2025	1,539,112	1,211,830	2,750,942	1,991,016	0	1,565,000	3,556,016	26,817,065	43,925,266	17,108,201
2026	1,587,663	1,190,377	2,778,040	2,114,881	0	1,590,000	3,704,881	30,201,036	46,236,325	16,035,289
2027	1,637,746	1,157,070	2,794,816	2,300,335	0	1,615,000	3,915,335	33,830,765	48,557,902	14,727,137
2028	1,689,409	1,105,017	2,794,426	2,490,542	0	1,640,000	4,130,542	37,722,226	50,887,406	13,165,180
2029	1,742,701	1,030,263	2,772,964	2,640,695	0	1,665,000	4,305,695	41,892,431	53,268,368	11,375,937
2030	1,797,675	931,632	2,729,307	2,795,364	0	1,690,000	4,485,364	46,359,499	55,701,208	9,341,709
2031	1,854,383	803,674	2,658,057	3,041,647	0	1,715,000	4,756,647	51,142,726	58,096,544	6,953,818
2032	1,912,880	631,201	2,544,081	3,091,006	0	1,740,000	4,831,006	56,262,663	60,657,007	4,394,344
2033	1,973,222	422,971	2,396,193	3,245,556	0	1,765,000	5,010,556	61,741,196	63,286,678	1,545,482
2034	2,035,467	158,668	2,194,135	0	3,407,834	3,630,386	3,630,386	65,984,045	65,984,045	0
2035	2,099,676	0	2,099,676	0	3,578,226	2,099,676	2,099,676	68,747,162	68,747,162	0
2036	2,165,910	0	2,165,910	0	3,757,137	2,165,910	2,165,910	71,573,600	71,573,600	0
2037	2,234,234	0	2,234,234	0	3,944,994	2,234,234	2,234,234	74,460,400	74,460,400	0
2038	2,304,713	0	2,304,713	0	4,142,244	2,304,713	2,304,713	77,404,016	77,404,016	0
2039	2,377,415	0	2,377,415	0	4,349,356	2,377,415	2,377,415	80,400,257	80,400,257	0
2040	2,452,411	0	2,452,411	0	4,566,824	2,452,411	2,452,411	83,444,224	83,444,224	0
2041	2,529,772	0	2,529,772	0	4,795,165	2,529,772	2,529,772	86,530,240	86,530,240	0
2042	2,609,574	0	2,609,574	0	5,034,923	2,609,574	2,609,574	89,651,774	89,651,774	0
2043	2,691,893	0	2,691,893	0	5,286,669	2,691,893	2,691,893	92,801,360	92,801,360	0
2044	2,776,809	0	2,776,809	0	5,551,003	2,776,809	2,776,809	95,970,513	95,970,513	0
2045	2,864,403	0	2,864,403	0	5,828,553	2,864,403	2,864,403	99,149,628	99,149,628	0

Notes:

Contributions are assumed to be made in the middle of the fiscal year.

Normal cost is projected to increase 3.0% per year for inflation and 0.15% per year for mortality improvement and does not reflect the future impact of pension reform for new hires.

Amortization payments calculated to increase 3.0% per year.

Section 3: Supporting Information

Exhibit I: Summary of Participant Data

	June 30, 2021	June 30, 2019
Active employees covered for medical benefits		
• Number of employees		
– Male	168	154
– Female	<u>266</u>	<u>261</u>
– Total	434	415
• Average age	45.6	46.0
• Average service	11.1	11.6
Retired employees, spouses and beneficiaries covered for medical benefits		
• Number of individuals	383	419
• Average age	74.0	73.6

Section 3: Supporting Information

Exhibit II: Statement of Actuarial Assumption, Methods and Models

Data:	Detailed census data, premium rates and summary plan descriptions for postemployment welfare benefits were provided by the Town of Westwood.
Actuarial Cost Method:	Entry Age Normal – Level percentage of payroll
Per Capita Cost Development:	Per capita costs were taken from the June 30, 2021 Commonwealth of Massachusetts Postemployment Benefit Plans Other than Pensions GASB Statement No. 74 Valuation Report, dated January 2022, completed by Deloitte Consulting. Costs for each plan offering were combined by taking a weighted average based on the number of participants enrolled in each plan, and were then trended to the valuation year at assumed trend rates. Segal did not review the accuracy of the costs or the underlying claims experience.
Valuation Date:	June 30, 2021
Roll-Forward Technique:	<p>The results of the June 30, 2021 actuarial valuation were used to determine the Actuarially Determined Contribution for the fiscal year ending June 30, 2022.</p> <p>To project the Actuarially Determined Contribution for fiscal year 2023 and later, liabilities were rolled forward from June 30, 2021 using actuarial techniques.</p>
Expected Return on Assets:	<p>6.50% (previously, 7.00%)</p> <p>The long term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.</p>
Discount Rate:	<p>6.50% (previously, 7.00%)</p> <p>The discount rate is equal to expected return on assets.</p>
Asset Valuation Method:	Market Value

Section 3: Supporting Information

Salary Increases:

Years of Service	Rate per year (%)		
	Groups 1 and 2	Teachers	Group 4
0	5.50	7.50	5.50
1	5.50	7.10	5.50
2	5.00	7.00	5.00
3	4.50	6.90	4.50
4	4.50	6.80	4.50
5	4.00	6.70	4.00
6	3.50	6.60	3.50
7	3.50	6.50	3.50
8	3.50	6.30	3.50
9	3.50	6.10	3.50
10	3.50	5.90	3.50
11	3.50	5.70	3.50
12	3.50	5.20	3.50
13	3.50	4.70	3.50
14	3.50	4.35	3.50
15-16	3.50	4.20	3.50
17-19	3.50	4.10	3.50
20 and later	3.50	4.00	3.50

Note:

Total payroll is assumed to increase 3.00% per year.

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Mortality Rates:

Pre-Retirement (non-Teachers): RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 (previously, projected generationally with Scale MP-2017)

Healthy Retiree (non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 (previously, projected generationally with Scale MP-2017)

Disabled Retiree (non-Teachers): RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2021 (previously, projected generationally with Scale MP-2017)

Pre-Retirement (Teachers): Pub-2010 Teacher Employee Headcount-weighted Mortality Table projected generationally with Scale MP-2020 (previously, RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016)

Healthy Retiree (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2020 (previously, RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally using Scale MP-2016)

Disabled Retiree (Teachers): Pub-2010 Teacher Healthy Retiree Headcount-weighted Mortality Table projected generationally with Scale MP-2020 (previously, RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016)

The underlying tables with generational projection to the ages of participants as of the measurement date reasonably reflect the mortality experience of the plan as of the measurement date. The mortality tables were then adjusted to future years using generational projection to reflect future mortality improvement between the measurement date and those years.

Non-Teacher Annuitant Mortality Rates:

Age	Rate per year (%)			
	Healthy		Disabled	
	Male	Female	Male	Female
60	0.85	0.57	0.91	0.62
70	1.97	1.40	2.16	1.54
80	5.19	3.82	5.74	4.24
90	14.64	11.19	16.18	12.43

Note:
Rates shown are before generational projection.

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Teacher Annuitant Mortality Rates:

Age	Rate per year (%)							
	Healthy				Disabled			
	Current		Previous		Current		Previous	
	Male	Female	Male	Female	Male	Female	Male	Female
60	0.42	0.32	0.52	0.39	0.42	0.32	0.52	0.39
70	1.16	0.80	1.24	1.06	1.16	0.80	1.24	1.06
80	4.09	2.88	3.73	3.04	4.09	2.88	3.73	3.04
90	13.75	10.40	12.62	10.02	13.75	10.40	12.62	10.02

Note:
Rates shown are before generational projection.

Termination Rates Before Retirement: Groups 1 and 2 (excluding Teachers)

Age	Rate per year (%)		
	Mortality		
	Male	Female	Disability
20	0.05	0.02	0.01
25	0.06	0.02	0.02
30	0.06	0.03	0.03
35	0.07	0.03	0.06
40	0.08	0.04	0.10
45	0.13	0.07	0.15
50	0.22	0.12	0.19
55	0.36	0.19	0.24
60	0.61	0.27	0.28

Notes:
55% of the disability rates shown represent accidental disability.
75% of the mortality rates shown represent accidental death.
Rates shown are before generational projection.

Section 3: Supporting Information

Group 4

Age	Rate per year (%)		
	Mortality		
	Male	Female	Disability
20	0.05	0.02	0.20
25	0.06	0.02	0.40
30	0.06	0.02	0.60
35	0.07	0.03	0.60
40	0.08	0.04	0.60
45	0.13	0.07	1.55
50	0.22	0.12	2.50
55	0.36	0.19	2.50
60	0.61	0.27	2.50

Notes:

90% of the mortality and disability rates shown represent accidental death and disability.
Rates shown are before generational projection.

Section 3: Supporting Information

Teachers

Teachers - Rate per year (%)						
Mortality						
Age	Current		Previous		Disability	
	Male	Female	Male	Female		
20	0.04	0.01	0.03	0.01	0.00	
25	0.02	0.01	0.03	0.01	0.01	
30	0.03	0.02	0.03	0.02	0.01	
35	0.04	0.02	0.04	0.02	0.01	
40	0.05	0.03	0.04	0.03	0.01	
45	0.08	0.05	0.07	0.06	0.03	
50	0.13	0.08	0.12	0.09	0.05	
55	0.19	0.12	0.20	0.14	0.07	
60	0.29	0.18	0.33	0.21	0.07	

Notes:

35% of the disability rates shown represent accidental disability.

75% of the death rates shown represent accidental death.

Rates shown are before generational projection.

Section 3: Supporting Information

Withdrawal Rates: All Groups (excluding Teachers)	Rate per year (%)			
	Years of Service	Groups 1 and 2	Years of Service	Group 4
	0	15.0	0 – 10	1.5
	1	12.0	11+	0.0
	2	10.0		
	3	9.0		
	4	8.0		
	5	7.6		
	6	7.5		
	7	6.7		
	8	6.3		
	9	5.9		
	10	5.4		
	11	5.0		
	12	4.6		
	13	4.1		
	14	3.7		
	15	3.3		
	16 – 20	2.0		
	21 – 29	1.0		
	30+	0.0		

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Teachers	Rate per year (%)						
	Age	0 – 4 Years of Service		5 – 9 Years of Service		10+ Years of Service	
		Male	Female	Male	Female	Male	Female
20	13.0	10.0	5.5	7.0	1.5	5.0	
30	15.0	15.0	5.4	8.8	1.5	4.5	
40	13.3	10.5	5.2	5.0	1.7	2.2	
50	16.2	9.8	7.0	5.0	2.3	2.0	

Section 3: Supporting Information

Retirement Rates:
All Groups (excluding
Teachers)

		Hired Prior to April 2, 2012 - Rate per year (%)			
		Groups 1 and 2		Group 4	
Age	Male	Female	Age	Male and Female	
50	1.0	1.5	45	1.0	
51	1.0	1.5	46	1.0	
52	1.0	2.0	47	1.0	
53	1.0	2.5	48	1.0	
54	2.0	2.5	49	1.0	
55	2.0	5.5	50	2.0	
56	2.5	6.5	51	2.0	
57	2.5	6.5	52	2.0	
58	5.0	6.5	53	5.0	
59	6.5	6.5	54	7.5	
60	12.0	5.0	55	15.0	
61	20.0	13.0	56	10.0	
62	30.0	15.0	57	10.0	
63	25.0	12.5	58	10.0	
64	22.0	18.0	59	15.0	
65	40.0	15.0	60	20.0	
66	25.0	20.0	61	20.0	
67	25.0	20.0	62	25.0	
68	30.0	25.0	63	25.0	
69	30.0	20.0	64	30.0	
70	100.0	100.0	65	100.0	

Section 3: Supporting Information

Age	Hired on or after April 2, 2012 - Rate per year (%)					
	Groups 1 and 2 (excluding Teachers)				Group 4	
	Current		Previous		Current	Previous
	Male	Female	Male	Female	Male and Female	Male and Female
45 - 49	--	--	--	--	--	1.0
50	--	--	--	--	3.0	1.0
51	--	--	--	--	2.0	1.0
52	--	--	--	--	2.0	2.0
53	--	--	--	--	5.0	2.0
54	--	--	--	--	7.5	2.0
55	--	--	--	--	15.0	5.0
56	--	--	--	--	10.0	7.5
57	--	--	--	--	10.0	15.0
58	--	--	--	--	10.0	10.0
59	--	--	--	--	15.0	10.0
60	18.0	7.5	5.0	6.5	20.0	10.0
61	20.0	13.0	6.5	6.5	20.0	15.0
62	30.0	15.0	20.0	15.0	25.0	20.0
63	25.0	12.5	20.0	13.0	25.0	20.0
64	22.0	18.0	30.0	15.0	30.0	30.0
65	40.0	15.0	25.0	12.5	100.0	100.0
66	25.0	20.0	22.0	18.0	100.0	100.0
67	25.0	20.0	40.0	25.0	100.0	100.0
68	30.0	25.0	30.0	20.0	100.0	100.0
69	30.0	20.0	30.0	20.0	100.0	100.0
70	100.0	100.0	100.0	100.0	100.0	100.0

Section 3: Supporting Information

Teachers	Rate per year (%)						
	Years of Service						
		Less than 20		20 – 29		30 or more	
	Age	Male	Female	Male	Female	Male	Female
50 - 52	--	--	1.0	1.0	2.0	1.5	
53	--	--	1.5	1.0	2.0	1.5	
54	--	--	2.5	1.0	2.0	2.0	
55	5.0	3.0	3.0	3.0	6.0	5.0	
56	5.0	3.0	6.0	5.0	20.0	15.0	
57	5.0	4.0	10.0	8.0	40.0	35.0	
58	5.0	8.0	15.0	10.0	50.0	35.0	
59	10.0	8.0	20.0	15.0	50.0	35.0	
60	10.0	10.0	25.0	20.0	40.0	35.0	
61	20.0	12.0	30.0	25.0	40.0	35.0	
62	20.0	12.0	35.0	30.0	35.0	35.0	
63	25.0	15.0	40.0	30.0	35.0	35.0	
64	25.0	20.0	40.0	30.0	35.0	35.0	
65	25.0	25.0	40.0	40.0	35.0	35.0	
66	30.0	25.0	30.0	30.0	40.0	35.0	
67	30.0	30.0	30.0	30.0	40.0	30.0	
68	30.0	30.0	30.0	30.0	40.0	30.0	
69	30.0	30.0	30.0	30.0	40.0	30.0	
70	100.0	100.0	100.0	100.0	100.0	100.0	

Dependents: Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives. For future retirees who elect to continue their health coverage at retirement, 60% were assumed to have an eligible spouse who also opts for health coverage at that time.

Section 3: Supporting Information

Per Capita Health Costs:	Fiscal year 2021-2022 medical and prescription drug claims costs are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.		
	Age	Non-Medicare Plans	Medicare Plans
	45	\$6,890	N/A
	50	8,399	N/A
	55	10,308	N/A
	60	12,594	N/A
	65	15,735	\$3,334
	70	18,904	3,655
	75	22,386	3,921
	80	26,015	4,116
Medicare Part B Premium for Current Eligible Retirees:	\$1,912		
Weighted Average Annual Contribution Amounts:	Non-Medicare Plans	\$3,676	
	Medicare Plans	\$2,421	

Section 3: Supporting Information

Health Care Cost Trend Rates:

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

Year Ending June 30	Non-Medicare	Medicare	Part B Premium
2022	7.06%	2.38%	4.50%
2023	7.06%	4.49%	4.50%
2024	6.83%	4.57%	4.50%
2025	6.59%	4.66%	4.50%
2026	6.36%	4.75%	4.50%
2027	6.00%	4.50%	4.50%
2028	5.75%	4.50%	4.50%
2029	5.50%	4.50%	4.50%
2030	5.25%	4.50%	4.50%
2031	5.00%	4.50%	4.50%
2032	4.75%	4.50%	4.50%
2033 and later	4.50%	4.50%	4.50%

The trend rate assumptions for the first year reflect known increases from FY2022 to FY2023 rates (including the migration out of Fallon plans no longer offered), the next 4 years are the same as used in the June 30, 2021 Commonwealth of Massachusetts Postemployment Benefit Other than Pensions GASB Statement Nos. 74/75 Valuation Report, dated January 2022, completed by Deloitte Consulting.

The trend rate assumptions for 2027 and later were developed using Segal’s internal guidelines, which are established each year using data sources such as the 2022 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Retiree Contribution Increase Rate:

Retiree contributions for medical and prescription drug coverage are expected to increase with the respective medical trends shown above.

Administrative Expenses:

Administrative expenses are assumed to be included in the fully insured premium rates.

Section 3: Supporting Information

Participation and Coverage Election:	<p>125% of active employees with coverage are assumed to elect retiree coverage. This assumption includes an allowance for current and future inactive vested participants who may elect retiree coverage at retirement.</p> <p>100% of retirees over age 65 are assumed to remain with their current medical plan for life.</p> <p>For future retirees hired before 1986 and current retirees under age 65, 100% (previously, 90%) are assumed to be eligible for Medicare and are assumed to enroll in a Medicare plan upon reaching age 65, and 0% (previously, 10%) are assumed to be ineligible for Medicare and to remain enrolled in a non-Medicare plan.</p> <p>For future retirees hired after 1986, 100% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare plan upon reaching age 65.</p> <p>The participation and coverage election assumptions were based on a review of recent experience.</p>
Plan Design:	<p>Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.</p>
Missing Participant Data:	<p>A missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.</p>
Demographic and Salary Increase Assumptions:	<p>The demographic assumptions such as mortality, disability, turnover, and relative ages of spouses, and the salary increase assumption used in this valuation for non-teachers are the same as used for similar plans and for teachers are based on the Massachusetts Teachers' Retirement System Actuarial Valuation Report as of January 1, 2021, dated November 4, 2021, completed by PERAC. A review of the demographic and salary increase assumptions is beyond the scope of this assignment; however, we have no reason to doubt the reasonableness of the assumptions.</p> <p>The percent married and enrollment elections were based on the experience of the Town and the experience of similar plans.</p>
Actuarial Models	<p>Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems Unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the model and reviews the test lives and results, under the supervision of the responsible actuary.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

Section 3: Supporting Information

Justification for Assumption Changes Since Prior Valuation:

Based on past experience and future expectations, the following actuarial assumptions were changed:

- The per capita health costs and contributions were updated to reflect current premiums and the costs in the most recent Commonwealth OPEB valuation report.
- The trend assumptions were revised, per the most recent Commonwealth OPEB valuation report.
- The mortality projection scale for non-teachers and the mortality assumption for teachers were updated.
- The retirement assumption for Group 1 and Group 4 employees hired on or after April 2, 2012 was updated
- The Medicare enrollment assumption for future retirees hired prior to 1986 and current retirees under age 65 was updated.
- The discount rate and expected return on assets was decreased from 7.00% to 6.50%.

Section 3: Supporting Information

Exhibit III: Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility:	<p>Retired and receiving a pension from the Norfolk County Contributory Retirement System or the Massachusetts Teachers' Retirement System.</p> <ul style="list-style-type: none">• Members hired before April 2, 2012<ul style="list-style-type: none">– Group 1 and Group 2 (including Teachers):<ul style="list-style-type: none">• Retirees with at least 10 years of creditable service are eligible at age 55;• Retirees with at least 20 years of creditable service are eligible at any age.– Group 4<ul style="list-style-type: none">• Retirees are eligible at age 55;• Retirees with at least 20 years of creditable service are eligible at any age.• Members hired on or after April 2, 2012<ul style="list-style-type: none">– Group 1 (including Teachers):<ul style="list-style-type: none">• Retirees with at least 10 years of creditable service are eligible at age 60.– Group 2<ul style="list-style-type: none">• Retirees with at least 10 years of creditable service are eligible at age 55.– Group 4<ul style="list-style-type: none">• Retirees are eligible at age 55;• Retirees with at least 10 years of creditable service are eligible at age 50.
Disability:	<p>Accidental (job-related) Disability has no age or service requirement.</p> <p>Ordinary (non-job related) Disability has no age requirement but requires 10 years of creditable service.</p>
Pre-Retirement Death:	<p>Surviving spouses of members who die in active service on Accidental (job-related) Death are eligible at any age.</p> <p>Surviving spouses of members who die in active service on Ordinary (non-job related) Death are eligible after two years of service.</p>
Post-Retirement Death:	<p>Surviving spouse is eligible.</p>

Section 3: Supporting Information

Benefit Types:	Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered through the Group Insurance Commission. The Town of Westwood also pays 50% of the Medicare Part B premium for 228 retirees and spouses age 65 or older and enrolled in a Medicare plan as of July 1, 2014. In addition, the Town of Westwood pays the Medicare Part B penalty for 15 retirees and spouses. Dental and life insurance benefits are also provided, but are 100% paid by the retirees, and so they are not valued in this report.
Duration of Coverage:	Lifetime.
Dependent Benefits:	Medical and Prescription Drugs.
Dependent Coverage:	Benefits are payable to a spouse for their lifetime, regardless of when the retirees dies.

Section 3: Supporting Information

Retiree Contributions:

Premium rates and retiree contributions as of July 1, 2021 are summarized below:

Non-Medicare Active and Retiree Plans	Monthly Premium	Town cost (\$)	Retiree cost (\$)	Retiree Cost %
AllWays Health Partners Complete				
• Individual	\$767.96	\$522.22	\$245.74	32.0%
• Family	\$2,005.69	\$1,363.87	\$641.82	32.0%
Fallon Health Direct Care				
• Individual	\$637.52	\$433.51	\$204.01	32.0%
• Family	\$1,611.71	\$1,095.96	\$515.75	32.0%
Fallon Health Select Care				
• Individual	\$862.99	\$586.83	\$276.16	32.0%
• Family	\$2,100.58	\$1,428.39	\$672.19	32.0%
Harvard Pilgrim Independence Plan				
• Individual	\$964.26	\$655.70	\$308.56	32.0%
• Family	\$2,356.13	\$1,602.17	\$753.96	32.0%
Harvard Pilgrim Primary Choice Plan				
• Individual	\$697.95	\$474.61	\$223.34	32.0%
• Family	\$1,781.96	\$1,211.73	\$570.23	32.0%
Health New England				
• Individual	\$630.33	\$428.62	\$201.71	32.0%
• Family	\$1,504.45	\$1,023.21	\$481.24	32.0%
Tufts Health Plan Navigator				
• Individual	\$836.65	\$568.92	\$267.73	32.0%
• Family	\$2,045.93	\$1,391.23	\$654.70	32.0%
Tufts Health Plan Spirit				
• Individual	\$638.72	\$434.33	\$204.39	32.0%
• Family	\$1,541.91	\$1,048.50	\$493.41	32.0%

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UniCare State Indemnity Plan/Basic with CIC (Comprehensive)				
• Individual	\$1,204.17	\$602.08	\$602.09	50.0%
• Family	\$2,674.11	\$1,337.05	\$1,337.06	50.0%
UniCare State Indemnity Plan/Community Choice				
• Individual	\$593.83	\$403.80	\$190.03	32.0%
• Family	\$1,475.84	\$1,003.57	\$472.27	32.0%
UniCare State Indemnity Plan/PLUS				
• Individual	\$781.99	\$531.75	\$250.24	32.0%
• Family	\$1,866.72	\$1,269.37	\$597.35	32.0%
	Monthly Premium	Town cost (\$)	Retiree cost (\$)	Retiree Cost (%)
Medicare Retiree Plans				
Harvard Pilgrim Medicare Enhance	\$413.42	\$206.71	\$206.71	50.0%
Tufts Health Plan Medicare Complement	\$392.59	\$196.29	\$196.30	50.0%
Tufts Health Plan Medicare Preferred	\$332.70	\$166.35	\$166.35	50.0%
UniCare State Indemnity Plan/Medicare Extension (OME) with CIC (Comprehensive)	\$408.84	\$204.42	\$204.42	50.0%
Plan Changes Since Prior Valuation:	None. Effective July 1, 2022, Fallon plans are no longer offered by the GIC. We have accounted for migration away from these plans through our medical trend assumption.			

Section 3: Supporting Information

Exhibit IV: Definition of Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions:	The estimates on which the cost of the Plan is calculated including: <ol style="list-style-type: none">1. Investment return — the rate of investment yield that the Plan will earn over the long-term future;2. Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates;3. Retirement rates — the rate or probability of retirement at a given age;4. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarial Accrued Liability (AAL):	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There are many approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Normal Cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Actuarially Determined Contribution (ADC):	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Valuation Date:	The date at which the actuarial valuation is performed
Covered Employee Payroll:	The payroll of the employees that are provided OPEB benefits
Entry Age Actuarial Cost Method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health Care Cost Trend Rates:	The rate of change in per capita health costs over time
Discount Rate:	The interest rate used to determine the actuarial present value of projected benefit payments.
Expected Return on Assets:	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.