



Actuarial Valuation Report

Old Bridge Municipal Utility Authority

Postretirement Health and Life Insurance Plan

GASB 74

For the Fiscal Year Ending May 31, 2025

Measurement Date May 31, 2025



Introduction

This report documents the results of the actuarial valuation for the fiscal year ending May 31, 2025 of the Postretirement Health and Life Insurance Plan (“Plan”) for the Old Bridge Municipal Utility Authority (“Old Bridge”). The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer’s financial statement. These results are based on a Measurement Date of May 31, 2025. The information provided in this report is intended strictly for documenting information relating to company and plan disclosure and reporting requirements.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 74 (GASB 74) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Old Bridge Municipal Utility Authority's auditors. Additional disclosures may be required under GASB 75.

A valuation model was used to develop the liabilities for this valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the plan.

The valuation model outputs various cost scenarios. The “1 percent increase” and “1 percent decrease” interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.

Models are used to estimate underlying per capita medical and prescription drug claims costs, subsequently utilized as assumption inputs for valuation models used to develop the liabilities for the 2025 and future valuations. The Aon consulting team leveraged expertise of Health experts within Aon as it relates to reviewing the models used for development of the per capita claims costs and future trend rates.

The “1 percent increase” and “1 percent decrease” healthcare cost trend scenarios vary only the healthcare cost trend assumption, in order to illustrate the impact of a change in that assumption in isolation. Therefore, the output from these scenarios should be used solely for assessing the impact of the healthcare cost trend in isolation and may not represent a realistic set of results for other purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic 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 plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for Old Bridge and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions. In conducting the valuation, we have relied on personnel, plan design, health care claim cost, and asset information supplied by Old Bridge as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Old Bridge selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 74. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of OPEB valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

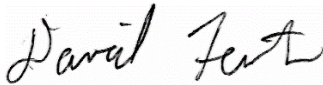
To our knowledge, no colleague of Aon providing services to Old Bridge has any material direct or indirect financial interest in Old Bridge. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for Old Bridge.



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Table of Contents

Accounting Requirements	1
Net OPEB Liability.....	2
Statement of Changes in Net Fiduciary Position.....	3
Sensitivity.....	4
Disclosure—Changes in Net OPEB Liability and Related Ratios.....	5
Disclosure—Contribution Schedule.....	7
Appendix.....	8
Payout Projection.....	9
Participant Data.....	10
Health Care Claims Development.....	12
Actuarial Assumptions and Methods.....	18
Actuarial Assumptions and Methods—Discussion.....	23
Plan Provisions.....	24

Accounting Requirements

GASB 74 Net OPEB Liability

Calculation Details

The following table illustrates the Net OPEB Liability under GASB 75.

	Fiscal Year Ending 5/31/2024	Fiscal Year Ending 5/31/2025
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	\$ 16,133,360	\$ 19,916,258
(b) Active Participants	<u>13,884,748</u>	<u>15,941,749</u>
(c) Total	\$ 30,018,108	\$ 35,858,007
(2) Plan Fiduciary Net Position	<u>(9,949,682)</u>	<u>(10,693,826)</u>
(3) Net OPEB Liability	\$ 20,068,426	\$ 25,164,181
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33.15%	29.82%

The results displayed above were calculated based upon plan provisions and census data provided by the Authority, along with certain demographic and other actuarial assumptions as recommended by Aon, in conjunction with the Authority and guidance from the GASB statement.

The GASB 74 valuation results were determined using the Entry Age Normal (Level Percentage of Payroll) actuarial cost method. The Fiscal Year Ending May 31, 2024 discount rate has been updated from 4.13% to 5.25% as of May 31, 2025.

The balance of this report provides greater detail regarding the above results.

Statement of Changes in Fiduciary Net Position

	Fiscal Year Ending 5/31/2024	Fiscal Year Ending 5/31/2025
Additions		
Employer Contributions	\$ 806,036	\$ 488,859
Investment Income		
Net Increase in Fair Value of Investments	\$ 168,879	\$ 255,285
Interest and Dividends	0	0
Less Investment Expense	<u>0</u>	<u>0</u>
Net Investment Income	<u>\$ 168,879</u>	<u>\$ 255,285</u>
Total Additions	\$ 974,915	\$ 744,144
Deductions		
Benefit Payments	\$ 0	\$ 0
Administrative Expense	<u>0</u>	<u>0</u>
Total Deductions	\$ 0	\$ 0
Net Increase in Net Position	\$ 974,915	\$ 744,144
Net Position Restricted for Postemployment Benefits Other Than Pensions		
Beginning of Year	<u>\$ 8,974,767</u>	<u>\$ 9,949,682</u>
End of Year	<u>\$ 9,949,682</u>	<u>\$ 10,693,826</u>

Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending May 31, 2024:

	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
(1) Total OPEB Liability	\$ 34,942,385	\$ 30,018,108	\$ 26,068,447
(2) Plan Fiduciary Net Position	<u>(9,949,682)</u>	<u>(9,949,682)</u>	<u>(9,949,682)</u>
(3) Net OPEB Liability (Asset)	\$ 24,992,703	\$ 20,068,426	\$ 16,118,765

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending May 31, 2025:

	1% Decrease (4.25%)	Current Rate (5.25%)	1% Increase (6.25%)
(1) Total OPEB Liability	\$ 41,171,440	\$ 35,858,007	\$ 31,526,563
(2) Plan Fiduciary Net Position	<u>(10,693,826)</u>	<u>(10,693,826)</u>	<u>(10,693,826)</u>
(3) Net OPEB Liability (Asset)	\$ 30,477,614	\$ 25,164,181	\$ 20,832,737

Healthcare Cost Trend Sensitivity

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending May 31, 2024:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	\$ 25,473,590	\$ 30,018,108	\$ 35,856,805
(2) Plan Fiduciary Net Position	<u>(9,949,682)</u>	<u>(9,949,682)</u>	<u>(9,949,682)</u>
(3) Net OPEB Liability (Asset)	\$ 15,523,908	\$ 20,068,426	\$ 25,907,123

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending May 31, 2025:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	\$ 30,655,156	\$ 35,858,007	\$ 42,419,781
(2) Plan Fiduciary Net Position	<u>(10,693,826)</u>	<u>(10,693,826)</u>	<u>(10,693,826)</u>
(3) Net OPEB Liability (Asset)	\$ 19,961,330	\$ 25,164,181	\$ 31,725,955

Disclosure – Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios¹

	Fiscal Year Ending				
	2016	2017	2018	2019	2020
Total OPEB Liability					
Service Cost	N/A	N/A	N/A	\$ 705,600	\$ 774,600
Interest Cost	N/A	N/A	N/A	1,058,700	1,081,500
Changes of Benefit Terms	N/A	N/A	N/A	0	0
Differences Between Expected and Actual Experiences	N/A	N/A	N/A	0	925,000
Changes of Assumptions	N/A	N/A	N/A	670,200	1,367,100
Benefit Payments	N/A	N/A	N/A	(894,700)	(863,100)
Net Change in Total OPEB Liability	N/A	N/A	N/A	\$ 1,539,800	\$ 3,285,100
Total OPEB Liability (Beginning)	N/A	N/A	N/A	26,954,000	28,493,800
Total OPEB Liability (Ending)	N/A	N/A	\$ 26,954,000	\$ 28,493,800	\$ 31,778,900
Plan Fiduciary Net Position					
Contributions—Employer	N/A	N/A	N/A	\$ 661,700	\$ 693,300
Contributions—Member	N/A	N/A	N/A	0	0
Net Investment Income	N/A	N/A	N/A	41,900	123,500
Benefit Payments	N/A	N/A	N/A	(894,700)	(863,100)
Administrative Expense	N/A	N/A	N/A	0	0
Other	N/A	N/A	N/A	0	0
Net Change in Plan Fiduciary Net Position	N/A	N/A	N/A	\$ 703,600	\$ 816,800
Plan Fiduciary Net Position (Beginning)	N/A	N/A	N/A	6,307,900	7,011,500
Plan Fiduciary Net Position (Ending)	N/A	N/A	\$ 6,307,900	\$ 7,011,500	\$ 7,828,300
Net OPEB Liability (Ending)	N/A	N/A	N/A	\$ 21,482,300	\$ 23,950,600
Net Position as a Percentage of OPEB Liability	N/A	N/A	N/A	24.61%	24.63%
Covered-Employee Payroll	N/A	N/A	N/A	\$ 5,622,000	\$ 5,246,300
Net OPEB Liability as a Percentage of Payroll	N/A	N/A	N/A	382.11%	456.52%

¹ GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Disclosure – Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios¹

	Fiscal Year Ending				
	2021	2022	2023	2024	2025
Total OPEB Liability					
Service Cost	\$ 871,965	\$ 1,199,590	\$ 808,458	\$ 789,766	\$ 636,871
Interest Cost	995,868	842,416	955,590	1,260,452	1,233,796
Changes of Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experiences	0	(2,601,594)	865,852	(2,904,242)	382,740
Changes of Assumptions	5,176,584	(5,542,875)	2,772,716	(1,789,872)	5,164,458
Benefit Payments	(1,052,354)	(1,365,214)	(1,756,735)	(1,287,163)	(1,577,966)
Net Change in Total OPEB Liability	\$ 5,992,063	\$ (7,467,677)	\$ 3,645,881	\$ (3,931,059)	\$ 5,839,899
Total OPEB Liability (Beginning)	31,778,900	37,770,963	30,303,286	33,949,167	30,018,108
Total OPEB Liability (Ending)	\$ 37,770,963	\$ 30,303,286	\$ 33,949,167	\$ 30,018,108	\$ 35,858,007
Plan Fiduciary Net Position					
Contributions—Employer	\$ 505,371	\$ 311,456	\$ 1,956,724	\$ 2,093,199	\$ 2,066,825
Contributions—Member	0	0	0	0	0
Net Investment Income	47,268	15,311	67,072	168,879	255,285
Benefit Payments	(1,052,354)	(1,365,214)	(1,756,735)	(1,287,163)	(1,577,966)
Administrative Expense	0	0	0	0	0
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 552,639	\$ 326,767	\$ 267,061	\$ 974,915	\$ 744,144
Plan Fiduciary Net Position (Beginning)	7,828,300	8,380,939	8,707,706	8,974,767	9,949,682
Plan Fiduciary Net Position (Ending)	\$ 8,380,939	\$ 8,707,706	\$ 8,974,767	\$ 9,949,682	\$ 10,693,826
Net OPEB Liability (Ending)	\$ 29,390,024	\$ 21,595,580	\$ 24,974,400	\$ 20,068,426	\$ 25,164,181
Net Position as a Percentage of OPEB Liability	22.19%	28.74%	26.44%	33.15%	29.82%
Covered-Employee Payroll	\$ 5,762,138	\$ 5,844,459	\$ 6,149,616	\$ 6,390,948	\$ 6,763,266
Net OPEB Liability as a Percentage of Payroll	510.05%	369.51%	406.11%	314.01%	372.07%

¹ GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Disclosure – Contribution Schedule

Contributions

	Fiscal Year Ending				
	2016	2017	2018	2019	2020
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A
Contributions Made in Relation to the Actuarially Determined Contribution	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>661,700</u>	<u>693,300</u>
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	N/A	N/A	N/A	\$ 5,622,000	\$ 5,246,300
Contributions as a Percentage of Payroll	N/A	N/A	N/A	11.80%	13.20%

	Fiscal Year Ending				
	2021	2022	2023	2024	2025
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A
Contributions Made in Relation to the Actuarially Determined Contribution	<u>505,371</u>	<u>311,456</u>	<u>199,989</u>	<u>806,036</u>	<u>488,859</u>
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	\$ 5,762,138	\$ 5,844,459	\$ 6,149,616	\$ 6,390,948	\$ 6,763,266
Contributions as a Percentage of Payroll	8.80%	5.33%	3.25%	12.61%	7.23%

Notes to Schedule:

Valuation Date June 1, 2023

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal – Level % of Salary
Asset Valuation Method	Market Value of Assets
Salary Increases	See “Actuarial Assumptions and Methods” section of this report
Mortality	PUB-2016 headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021

Appendix

Payout Projection

Annual payments expected based on assumptions and contributions detailed in the Methods and Assumptions Section.

Fiscal Year Ending	Total
5/31/2026	1,543,934
5/31/2027	1,638,151
5/31/2028	1,689,607
5/31/2029	1,766,161
5/31/2030	1,805,298
5/31/2031	1,873,146
5/31/2032	1,900,574
5/31/2033	1,915,075
5/31/2034	1,990,293
5/31/2035	2,032,940

Projected benefit payments include payments expected to be made during the fiscal year for both current retirees and those participants assumed to retire during the year.

Participant Data

The actuarial valuation was based on personnel information from Old Bridge Municipal Utility Authority records as of June 1, 2023. Following are some of the pertinent characteristics from the personnel data as of that date. Both age and service have been determined using years and months as of the valuation date.

June 1, 2023	
Health Care Participants	
Active Participants	
Number	58
Average Age	48.7
Average Service	14.9
Inactive Participants	
Retirees and Surviving Spouses	51
Average Age	71.9
Covered Spouses	25
Average Age	66.9
Total Participants	
Number	134
Life Insurance Participants	
Active Participants	
Number	1
Average Age	65.7
Average Service	36.0
Inactive Participants	
Number	8
Average Age	77.2

Age / Service Scatter

The following table summarizes the distribution of the active employee population by age and service as of June 1, 2023:

Age	Years of Service										Total
	Under 1	1-5	6-10	11-15	16-20	21-25	26-30	31-35	36-40	40+	
Under 25	2	0	0	0	0	0	0	0	0	0	2
25-29	0	1	1	1	0	0	0	0	0	0	3
30-34	0	2	4	2	0	0	0	0	0	0	8
35-39	1	0	3	0	0	0	0	0	0	0	4
40-44	0	0	2	0	1	3	0	0	0	0	6
45-49	1	1	1	2	1	1	1	0	0	0	8
50-54	0	0	0	3	1	0	0	1	0	0	5
55-59	0	2	1	1	0	1	0	1	0	0	6
60-64	0	0	1	1	0	0	0	5	1	1	9
65-69	0	0	1	1	0	0	1	0	1	0	4
70+	0	0	1	1	0	0	0	0	1	0	3
Total	4	6	15	12	3	5	2	7	3	1	58

Health Care Claims Development

The sample per capita claims cost assumptions shown below by age, benefit and plan represent the true underlying baseline experience estimated for Old Bridge Municipal Utilities Authority’s sponsored postretirement benefits and costs. These rates are used in the financial disclosure for the period 6/1/2024 – 5/31/2025.

Age	Medical	Rx	Admin	RDS/EGWP	Total
50	\$9,012	\$2,583	\$5,275	N/A	\$16,870
55	\$11,070	\$3,249	\$5,275	N/A	\$19,594
60	\$13,729	\$4,068	\$5,275	N/A	\$23,072
65	\$1,855	\$4,796	\$5,102	(\$779)	\$10,974
70	\$2,119	\$5,779	\$5,102	(\$939)	\$12,061
75	\$2,317	\$6,538	\$5,102	(\$1,062)	\$12,895
80	\$2,583	\$6,804	\$5,102	(\$1,106)	\$13,383
85	\$2,965	\$6,874	\$5,102	(\$1,116)	\$13,825
90+	\$3,179	\$6,909	\$5,102	(\$1,121)	\$14,069

Dental: \$750 per annum at all ages

Vision: \$230 per annum at all ages

Pre-65 & post-65 medical and Rx per capita claims costs were blended with 90% manual rate and 10% premium rate basis.

Premium rate basis - The average pre-65 & post-65 medical, Rx, dental and vision per capita claims costs were developed from 2025 calendar year fully insured premium rates of the plan. Premium rates were provided by Old Bridge Municipal Utilities Authority. The expected medical and Rx per capita “adult-equivalent” claims costs were based on the respective pre65 and post65 enrollment weighted average of the 2025 two-tier rate structure including the cost of dependent children as provided by Old Bridge Municipal Utilities Authority, and trended to be centered at the mid-point of the annual period following the valuation date. Average medical and Rx per capita claims costs were then age-adjusted based on the demographics of the population, and the assumed health care aging factors shown in the table below. Average dental or vision per capita claims costs were not adjusted for aging.

The 2025 calendar year premium rates used in the per capita claims cost development are shown below:

Experience Population	Benefit	Rating Tier	Annual Premium Rate
Pre-65	Medical/Rx	Retiree Only	\$ 26,174
Pre-65	Medical/Rx	Retiree + Spouse	\$ 57,091
Post-65	Medical/Rx	Retiree Only	\$ 10,130
Post-65	Medical/Rx	Retiree + Spouse	\$ 20,277

Manual Rate basis—The average medical and Rx per capita claims costs were developed from 2025 manual rates, due to insufficient credibility of plan-specific experience. Manual rates for adults and for children were separately based on 2021 national average charges trended to the mid-point of the annual period following the valuation date, and adjusted by the actuarial value of the plan-specific benefit design. Sample age 62 and age 67 average “adult-equivalent” medical or Rx per capita claims costs were then developed including the cost of dependent children and age-adjusted based on the assumed health care aging factors shown in the table below.

The 2025 manual rates used in the per capita claims cost development for sample ages 62 and 67 are shown below:

Rating Group	Experience Population	Benefit	Sample Age	Annual Premium Rate
Salaried	Pre-65	Medical	62	\$ 13,700
Salaried	Pre-65	Rx	62	\$ 4,130
Salaried	Post-65	Medical	67	\$ 1,900
Salaried	Post-65	Rx	67	\$ 5,020

Value of Medicare Part D RDS/EGWP Benefits

The OPEB valuation also incorporates the company’s expected government subsidies related to eligible drug claims under the Medicare Part D program. Projected subsidies reduce the company’s OPEB liability because it lowers the cash flow required to fund retiree medical benefits.

Medicare Part D subsidies were based on historical RDS receipts for the period June 1, 2022 through May 31, 2025.

Inflation Reduction Act – RDS

The Inflation Reduction Act has provisions, particularly in 2025, that could reduce, or even eliminate the Medicare Part D Retiree Drug Subsidy for some plan sponsors. We have reviewed Old Bridge’s 2024 RDS attestation and based on the attestation as well as the prescription drug plan design of Old Bridge, we believe the plan will continue to remain actuarially equivalent to Medicare Part D through 2025 and in future years. However, we expect CMS guidance in the future to help make this determination in future years and understand the full impact of the new legislation. We recommend that Old Bridge continue to review this assumption annually as further information becomes available.

Health Care Aging (Morbidity) Factors:

Since health care costs increase with age, and an OPEB valuation is by its nature an analysis of a closed group that will age throughout the measurement, the effect that this aging of the population will have on claims costs must be reflected in the valuation. The claim costs for medical and prescription drugs and Rx revenue offsets RDS were assumed to increase with age according to the table below.

Age Band	Medical	Rx	Composite
40 – 44	3.00%	4.80%	3.30%
45 – 49	3.70%	4.70%	3.80%
50 – 54	4.20%	4.70%	4.30%
55 – 59	4.40%	4.60%	4.40%
60 – 64	3.70%	4.60%	3.80%
65 – 69	2.70%	3.80%	3.10%
70 – 74	1.80%	2.50%	2.10%
75 – 79	2.20%	0.80%	1.40%
80 – 84	2.80%	0.20%	1.30%
85 – 89	1.40%	0.10%	0.60%
90+	0.00%	0.00%	0.00%

The aging factor assumptions shown above were based on normative data analyses, along with consideration of the results from the 2013 Society of Actuaries sponsored study “Health Care Costs – From Birth to Death” prepared by Dale H. Yamamoto, reporting on the effect of age on claims costs. In addition to age, this study shows the effect of service type (medical vs. pharmacy) and gender on claims costs. We believe they are reasonable, and representative of future cost differences due to age.

Health Care Cost Trend Rates:

The health care cost trend assumptions shown below were based on national average information from a variety of sources, including S&P Healthcare Economic Index, National Health Expenditure data, plan renewal data and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by Old Bridge Municipal Utilities Authority. We believe they are reasonable, and representative of future costs increases.

June 1, 2025 Trend Rates

Pre-65

Year	Medical	Rx	Composite Med/Rx/Admin
2025 – 2026	7.00%	12.00%	6.97%
2026 – 2027	6.75%	11.75%	6.85%
2027 – 2028	6.47%	10.84%	6.58%
2028 – 2029	6.19%	9.94%	6.29%
2029 – 2030	5.91%	9.03%	5.98%
2030 – 2031	5.63%	8.13%	5.65%
2031 – 2032	5.34%	7.22%	5.31%
2032 – 2033	5.06%	6.31%	4.96%
2033– 2034	4.78%	5.41%	4.60%
2034– 2035+	4.50%	4.50%	4.23%

Post-65

Year	Medical	Rx	Composite Med/Rx/Admin	RDS
2025 – 2026	6.00%	11.00%	7.11%	11.00%
2026 – 2027	5.75%	10.95%	7.17%	10.95%
2027 – 2028	5.59%	10.14%	6.88%	10.14%
2028 – 2029	5.44%	9.34%	6.56%	9.34%
2029 – 2030	5.28%	8.53%	6.20%	8.53%
2030 – 2031	5.13%	7.73%	5.81%	7.73%
2031 – 2032	4.97%	6.92%	5.40%	6.92%
2032 – 2033	4.81%	6.11%	4.97%	6.11%
2033– 2034	4.66%	5.31%	4.52%	5.31%
2034– 2035+	4.50%	4.50%	4.07%	4.50%

Dental Trend 4.50%

Admin Trend 3.00%

Inflation Reduction Act – Trend

Prescription drug costs and trends have not been adjusted for the provisions introduced in the Inflation Reduction Act (IRA) related to the manufacturer rebate for certain drugs with prices increasing faster than inflation. There is significant uncertainty about how manufacturers will react to these provisions in drug pricing policy and any Part D inflation rebates generated by that policy will be paid to Medicare rather than to plan sponsors.

Prescription drug costs and trends have not been adjusted for the provisions introduced in the Inflation Reduction Act (IRA) related to Medicare's price negotiations with manufacturers. There is significant uncertainty about the net impact of those negotiations to Part D plan costs. Components of net plan cost other than list price are expected to be impacted, including member cost, manufacturer rebates, manufacturer discounts, federal reinsurance and federal direct subsidy. Reasonable estimates of the net impact of those components combined could result in plan cost that is higher, lower, or unchanged.

ASOP 27/35 Disclosure

Based on the actuary's experience and professional expertise, the claims development methodology followed generally accepted actuarial practices and is consistent with applicable ASOPs. Based on comparison of the historical actual claims costs, we believe the assumed per capita claims costs are reasonable and representative of future costs.

ASOP 56 Disclosure

Models are used to estimate underlying per capita medical, prescription drug and dental claims costs, plan design actuarial values and Medicare Part D retiree drug subsidies (RDS), subsequently utilized as assumption inputs for valuation models used to develop the liabilities for the 2025 and future valuations. The model used for the development of plan design actuarial value components was developed by experts outside of Aon, specifically Optum. The Aon consulting team leveraged expertise of Health experts within Aon as it relates to reviewing the models developed by experts outside of Aon, and those used for development of the per capita claims costs and future trend rates.

Actuarial Assumptions and Methods

Actuarial Assumptions and Methods

Actuarial Method	Entry Age Normal – Level % of Salary Method
Valuation Date	June 1, 2023
Service Cost	The Actuarial Present Value of benefits is allocated as a level percentage over the earnings of an individual between entry age (i.e. – age at hire) and assumed retirement age(s).
Discount Rates	<p>Blended Rate</p> <p>May 31, 2025 – 5.25%</p> <p>May 31, 2024 – 4.13%</p> <p>May 31, 2023 – 3.74%</p> <p>Non-Fully Funded Rate</p> <p>May 31, 2025 – 5.25%</p> <p>May 31, 2024 – 4.13%</p> <p>May 31, 2023 – 3.74%</p> <p>Non-Fully Funded Rates are based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index rate reported on the last Friday prior to the measurement date.</p>
CPI	2.20%
Spouse Age Difference & Marriage Percentage	<p>Spouses are assumed to continue coverage upon the death of the former employee</p> <p>Upon retirement, 90% of eligible future retirees are assumed to be married and enroll an eligible spouse. Males are assumed to be 3 years older than females. Married actives are assumed to choose two-person coverage at retirement</p>

Actuarial Assumptions and Methods (continued)

Pre-Retirement Mortality	PUB-2016 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
Post-Retirement Mortality	PUB-2016 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
Retirement Rates	See Table
Disability Rates	See Table
Withdrawal Rates	See Table

Actuarial Assumptions and Methods (continued)

Public Employees' Retirement System of New Jersey

Age	Ordinary Disability		Accidental
	Years of Service		All
	Less than 10	10 and Up	
30	0.000%	0.205%	0.030%
35	0.000%	0.230%	0.030%
40	0.000%	0.260%	0.030%
45	0.000%	0.315%	0.030%
50	0.000%	0.390%	0.030%
55	0.000%	0.460%	0.030%
60	0.000%	0.510%	0.030%
65	0.000%	0.560%	0.030%
69	0.000%	0.600%	0.030%

Public Employees' Retirement System of New Jersey

Age	Select Withdrawal					Ultimate Withdrawal
	0 to 1 Years of Service	5 Years of Service	10 Years of Service	15 Years of Service	20 Years of Service	After 24 Years of Service
25	21.00%	12.00%	3.50%	2.30%	1.50%	1.00%
30	21.00%	12.00%	3.50%	2.30%	1.50%	1.00%
35	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%
40	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%
45	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%
50	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%
55	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%
60	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%
65	12.00%	7.00%	3.50%	2.30%	1.50%	1.00%

Public Employees' Retirement System of New Jersey

Age	Retirement		
	Tiers 1, 2, 3 and 4		
	Less than 25 Years of Service	25 Years of Service	26 or More Years of Service
40	0.00%	3.00%	2.25%
45	0.00%	3.00%	2.25%
50	0.00%	3.50%	3.50%
55	0.00%	15.00%	15.00%
60	4.50%	18.00%	14.00%
65	11.00%	35.00%	20.00%
70	13.00%	37.00%	24.00%
75	100.00%	100.00%	100.00%

Actuarial Assumptions and Methods (continued)

Public Employees' Retirement System of New Jersey					
Retirement					
Tier 5					
Age	Less than 25 Years of Service	25 Years of Service	26 to 29 Years of Service	30 Years of Service	31 or More Years of Service
40	0.00%	0.00%	0.00%	3.00%	2.25%
45	0.00%	0.00%	0.00%	3.00%	2.25%
50	0.00%	0.00%	0.00%	3.50%	3.50%
55	0.00%	0.00%	0.00%	15.00%	15.00%
60	0.00%	0.00%	0.00%	18.00%	14.00%
65	11.00%	35.00%	35.00%	35.00%	20.00%
70	13.00%	37.00%	24.00%	24.00%	24.00%
75	100.00%	100.00%	100.00%	100.00%	100.00%

Tier Classifications

Tier	Criteria
Tier 1	Enrollment prior to July 1, 2007
Tier 2	Enrollment on or after July 1, 2007 and prior to November 2, 2008
Tier 3	Enrollment on or after November 2, 2008 and prior to May 22, 2010
Tier 4	Enrollment on or after May 22, 2010 and prior to June 28, 2011
Tier 5	Enrollment on or after June 28, 2011

Actuarial Assumptions and Methods

Discussion of Actuarial Assumptions and Methods

Old Bridge Municipal Utility Authority selected the economic, demographic and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

Accounting Information Under GASB 75

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75.

The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2025 fiscal year, reflecting the effect of assumed future health care claim cost and/or pay increases.

Plan Provisions

Plan Provisions

Service Retirement - Eligibility	<p>An employee is eligible to receive postretirement health benefits through the Authority health plan by meeting either of the following criteria:</p> <ul style="list-style-type: none"> • Retires after 25 years or more of service credit in a New Jersey State retirement system and with at least 5 years of service with the Old Bridge Municipal Utilities Authority, or • Retires at age 62 or older with at least 15 years of service with the Old Bridge Municipal Utilities Authority.
Disabled Retirement - Eligibility	<p>An employee is eligible if the employee retires with a disability pension from a state administered retirement system.</p>
Surviving Spouse - Eligibility	<p>Eligible for lifetime subsidized coverage if retiree was eligible.</p>
Spouse Coverage	<p>Spouses may enroll as dependents of retirees.</p>
Retiree Contributions	<p>For PERS members who had 20 years of service credit in the PERS system as of June 28, 2011, the Authority subsidizes 100% of the cost of coverage for retirees and their dependent spouses meeting the requirements outlined above</p>
Retirement Allowance	<p>Retirement Allowance is assumed to be the annual annuity from the State of New Jersey pension plan:</p> <ul style="list-style-type: none"> • <i>Public Employees' Retirement System (PERS)</i>: Final Compensation times service at retirement divided by 55

**New Pension and
Benefits Law (Chapter
78)**

*Medical and Prescription Drug Benefit Contributions for Non-Grandfathered
Future Retirees*

Future retirees who do not have at least 20 years of service as of July 1, 2011 are expected to pay an amount equal to their Contribution Rate times the Plan's gross premiums. In no event shall the contribution be less than 1.50% of the Retirement Allowance. All future disabled retirees are assumed to contribute 1.50% of the Retirement Allowance.

The Contribution Rate is based on type of coverage (single or family) and the Retirement Allowance.

Contribution Rate Per \$1,000 of Retirement Allowance

Retirement Allowance	Single Coverage	Family Coverage
Under \$20	4.50%	3.43%
\$20 - \$25	5.50%	3.43%
\$25 - \$30	7.50%	4.43%
\$30 - \$35	10.00%	5.85%
\$35 - \$40	11.00%	6.85%
\$40 - \$45	12.00%	7.85%
\$45 - \$50	14.00%	9.85%
\$50 - \$55	20.00%	14.55%
\$55 - \$60	23.00%	16.55%
\$60 - \$65	27.00%	20.40%
\$65 - \$70	29.00%	22.40%
\$70 - \$75	32.00%	25.40%
\$75 - \$80	33.00%	26.40%
\$80 - \$85	34.00%	27.40%
\$85 - \$90	34.00%	29.40%
\$90 - \$95	34.00%	29.70%
\$95 - \$100	35.00%	29.85%
\$100 - \$110	35.00%	34.55%
At Least \$110	35.00%	35.00%

Family coverage is defined as 85% of the "Family + One" schedule and 15% of the "Family" schedule.

Medical / Rx Plans

Qualcare PPO		
	NETWORK	OUT OF NETWORK
MEDICAL		
Deductible	\$0	\$250
OOP Max	\$0	\$1,000
OV	100%	100%
Vision Exam	N/A	N/A
ER	\$25 copay	\$25 copay
Coinsurance	100%	80%
Prescription Drugs		
Retail - 30 Day Supply		
Generic	\$8 copay	Not covered
Brand	\$14 copay	Not covered
Mail - 90 Day Supply		
Generic	\$8 copay	Not covered
Brand	\$14 copay	Not covered

For retirees over 65, the plans are secondary to Medicare and coordinate under a COB/Traditional arrangement.

Dental and Vision Coverage

Old Bridge Municipal Utilities Authority provides dental and vision coverage to retirees.

Life Insurance

Certain Grandfathered employees, as indicated by the Authority in the census data, are eligible for a \$3,750 life insurance benefit.