

City of Boston

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)

Measured at June 30, 2025



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Segal



116 Huntington Avenue
Suite 901
Boston, MA 02116-5744
T 617.424.7300
segalco.com

April 16, 2026

Mr. Scott Finn
City Auditor
City of Boston
City Hall, Room M-4
Boston, MA 02201

Dear Mr. Finn:

We are pleased to submit this report on our actuarial valuation of other postemployment welfare benefits as of June 30, 2025. The purpose of this report is to calculate an Actuarially Determined Contribution for the City of Boston Other Postemployment Benefit (OPEB) Plan for the fiscal years ending June 30, 2026 and June 30, 2027. 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, 2026 will be provided in a separate report when the June 30, 2026 financial information is available.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the City of Boston, based upon information provided by the City and the City's other service providers.

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

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 scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.


Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The City of Boston is encouraged to discuss any issues raised in this report with the City's legal, tax and other advisors before taking, or refraining from taking, any action.

The actuarial calculations were directed under the supervision of Kathleen A. Riley, FSA, MAAA, EA and Mark J. Noonan, ASA, MAAA. 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. The assumptions used in this actuarial valuation were selected by the City of Boston based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.


We look forward to discussing this with you at your convenience. Once you've reviewed this report, please send a copy (preferably the electronic version) to Jim Lamenzo at PERAC. His email address is james.r.lamenzo@mass.gov.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,



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



Mark J. Noonan, ASA, MAAA
Vice President and Health Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the City of Boston other postemployment welfare benefit plan as of June 30, 2025. The purpose of this report is to calculate a recommended Actuarially Determined Contribution for the OPEB plan for the fiscal years ending June 30, 2026 and June 30, 2027. 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 City;
- The characteristics of covered active members, retired members and beneficiaries as of June 30, 2025, provided by the City;
- The assets of the Plan as of June 30, 2025, provided by the City;
- 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, we recommend maintaining the expected return on assets of 6.25%.
- The unfunded actuarial accrued liability (UAAL) as of June 30, 2025 is \$2,889 million based on an actuarial accrued liability (AAL) of \$4,221 million and an actuarial value of assets of \$1,332 million. 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, 2025 the ratio of assets to the AAL (the funded ratio) is 31.55%, compared to 26.83% 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.

- The following assumptions were revised with this valuation:
 - The per capita costs, retiree contributions, and trend assumptions were updated; and
 - The assumed enrollment in Medicare plans for future retirees hired prior to 1986 and current retirees under age 65 was updated.
- The UAAL was expected to increase by \$173 million from \$2,667 million as of June 30, 2023 to \$2,850 million as of June 30, 2025. The actual unfunded liability of \$2,890 million is \$39 million more than expected. The difference between the actual and expected increase was the net effect of the following:

Item	Amounts (In Millions)
June 30, 2023 unfunded actuarial liability	\$2,677
June 30, 2025 expected unfunded actuarial liability	\$2,850
Change due to:	
• Experience gain ¹	-\$114
• Investment gain	-131
• Updating per capita costs and contributions	-6
• Updating Medicare enrollment assumption	-69
• Updating future trends	359
Net increase	\$39
June 30, 2025 unfunded actuarial accrued liability	\$2,889

- The participant data received for the June 30, 2025 actuarial valuation included 15,913 active employees with health coverage and 15,497 retirees and beneficiaries receiving retiree health benefits compared to 16,028 active employees and 15,389 retirees and beneficiaries in the prior valuation.
- The Actuarially Determined Contribution (ADC) for fiscal year 2026 is \$293 million for the City and \$11 million for the Public Health Commission (PHC). The ADC is calculated using a 20-year closed amortization of the UAAL for the City and a 30-year open amortization of the UAAL for the PHC, with payments increasing at 3.25% per year.
- Projections of the ADC for the City appear on pages 13 and 14. The projections for the City reflect the City's policy to contribute \$40 million per year to the OPEB Trust until the Boston Retirement System is fully funded and \$100 million per year thereafter. Based on the recent changes to the funding schedule of the Boston Retirement System, we have shown the \$100 million contribution to the OPEB Trust beginning in 2029 and, alternatively, in fiscal 2030. In both projections, the liabilities are projected to

¹ The experience gain reflects an experience gain for the City partially offset by an experience loss for the PHC.

be fully funded in 2049, if all assumptions are met and there are no future changes in assumptions or the plan of benefits. This is one year later than shown in the prior valuation report.

- The City will pay projected benefit payments in addition to the contribution to the OPEB Trust through fiscal 2048. In fiscal 2049, the payment to the OPEB Trust will equal the normal cost payment and a payment on the remaining unfunded liability and benefit payments will be made from the Trust. The OPEB liabilities are projected to be fully funded when the fiscal 2049 payment is made, assuming that there are no assumption or plan changes and that experience develops as assumed. The contribution to the Trust in fiscal 2050 will be the normal cost payment.
- A projection of the ADC for the PHC appears on page 15. The projection for the PHC reflects the PHC's policy to contribute \$2.25 million per year to the OPEB Trust. Similar to prior valuations, the obligations are not projected to be fully funded at the end of the 30-year projection period, although the projected unfunded liability is peaking in fiscal 2046.

OPEB Trust information

As of June 30, 2025, OPEB Trust has \$1,275 million allocated to the City of Boston and \$57 million allocated to the PHC. The table below shows the increase in assets from June 30, 2023 to June 30, 2025.

Reconciliation of OPEB Balance from June 30, 2023 through June 30, 2024

Component	City	PHC	Total
Balance as of June 30, 2023	\$940,253,741	\$41,249,985	\$981,503,726
Contributions	40,000,000	2,250,000	42,250,000
Net investment income	144,245,713	6,387,908	150,633,621
Balance as of June 30, 2024	\$1,124,499,454	\$49,887,893	\$1,174,387,347
Rate of return as of June 30, 2024	15.02%	15.07%	15.02%

Reconciliation of OPEB Balance from June 30, 2024 through June 30, 2025

Component	City	PHC	Total
Balance as of June 30, 2024	\$1,124,499,454	\$49,887,893	\$1,174,387,347
Contributions	40,000,000	2,250,000	42,250,000
Net investment income	110,200,465	4,927,869	115,128,334
Balance as of June 30, 2025	\$1,274,699,919	\$57,065,762	\$1,331,765,681
Rate of return as of June 30, 2025	9.63%	9.66%	9.63%

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.

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:

Input	Description
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 City of Boston 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 City of Boston.
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.

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 City of Boston. 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 City of Boston 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 and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The City of Boston 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 City of Boston upon delivery and review. The City of Boston should notify Segal immediately of any questions or concerns about the final content.

Section 2: Valuation Results

Summary of valuation results

Valuation Result	(A) Boston Public Schools	(B) All Other Departments (City)	(C) Total City: (A) + (B)	(D) Public Health Commission	All Departments Total: (C) + (D)
Actuarial Accrued Liability by Participant Category					
1. Current retirees, beneficiaries and dependents	\$943,808,900	\$1,235,155,563	\$2,178,964,463	\$83,954,263	\$2,262,918,726
2. Current active employees	1,015,542,336	867,604,586	1,883,146,922	75,008,421	1,958,155,343
3. Total as of June 30, 2025: (1) + (2)	\$1,959,351,236	\$2,102,760,149	\$4,062,111,385	\$158,962,684	\$4,221,074,069
4. Actuarial value of assets as of June 30, 2025	614,787,771	659,912,148	1,274,699,919	57,065,762	1,331,765,681
5. Unfunded actuarial accrued liability (UAAL) as of June 30, 2025: (3) - (4)	\$1,344,563,465	\$1,442,848,001	\$2,787,411,466	\$101,896,922	\$2,889,308,388
6. Funded ratio: (4) / (3)	31.38%	31.38%	31.38%	35.90%	31.55%
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2026					
7. Normal Cost as of June 30, 2025	\$53,744,285	\$59,231,567	\$112,975,852	\$6,154,585	\$119,130,437
8. Amortization payment	87,059,032	93,422,850	180,481,882	4,990,448	185,472,330
9. Total Actuarially Determined Contribution (ADC): (7) + (8)	\$140,803,317	\$152,654,417	\$293,457,734	\$11,145,033	\$304,602,767
10. Projected benefit payments	68,614,434	86,052,463	154,666,897	5,465,735	160,132,632
Actuarially Determined Contribution for Fiscal Year Ending June 30, 2027					
11. Normal cost as of June 30, 2026	\$55,574,211	\$61,248,328	\$116,822,539	\$6,364,141	\$123,186,679
12. Amortization payment	93,454,046	100,285,325	193,739,371	5,229,607	198,968,978
13. Total Actuarially Determined Contribution (ADC): (11) + (12)	\$149,028,257	\$161,533,653	\$310,561,910	\$11,593,748	\$322,155,657
14. Projected benefit payments	75,606,799	93,231,643	168,838,442	6,060,274	174,898,716

Notes:

Assumes payment at beginning of fiscal year.

Assets are allocated to the Boston Public Schools and All Other Departments in proportion to the Actuarial Accrued Liability.

Amortization payments for the City for fiscal 2026 and fiscal 2027 are 20-year and 19-year closed payments, respectively, and for the PHC are 30-year open payments, increasing 3.25% per year.

Projection of the Actuarially Determined Contribution

Total City (Boston Public Schools and All Other City Departments) - Fully Funded in 2049, 20-Year Closed Amortization, Contribution to OPEB Trust Increases to \$100,000,000 in Fiscal 2029

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 the City	(5) Projected Benefits to be paid by OPEB Trust	(6) Contribution to OPEB Trust	(7) Total City Cost: (4) + (6)	(8) Assets at End of Year	(9) AAL at End of Year	(10) UAAL at End of Year: (9) - (8)
2026	\$112,975,852	\$180,481,882	\$293,457,734	\$154,666,897	\$0	\$40,000,000	\$194,666,897	\$1,396,868,664	\$4,276,603,201	\$2,879,734,537
2027	116,822,539	193,739,371	310,561,910	168,838,442	0	40,000,000	208,838,442	1,526,672,955	4,493,980,165	2,967,307,210
2028	120,800,200	207,987,049	328,787,249	185,523,767	0	40,000,000	225,523,767	1,664,590,015	4,711,970,616	3,047,380,601
2029	124,913,296	223,214,303	348,127,599	202,520,402	0	100,000,000	302,520,402	1,874,876,891	4,930,435,905	3,055,559,014
2030	129,166,437	234,684,037	363,850,474	219,356,093	0	100,000,000	319,356,093	2,098,306,697	5,149,720,403	3,051,413,706
2031	133,564,393	246,695,897	380,260,290	235,751,842	0	100,000,000	335,751,842	2,335,700,865	5,370,482,659	3,034,781,793
2032	138,112,094	259,394,848	397,506,942	253,005,405	0	100,000,000	353,005,405	2,587,932,169	5,592,089,922	3,004,157,753
2033	142,814,638	272,848,557	415,663,195	269,206,757	0	100,000,000	369,206,757	2,855,927,930	5,815,844,121	2,959,916,191
2034	147,677,298	287,336,852	435,014,150	285,554,435	0	100,000,000	385,554,435	3,140,673,426	6,041,898,733	2,901,225,307
2035	152,705,525	303,112,120	455,817,645	302,555,700	0	100,000,000	402,555,700	3,443,215,515	6,269,899,747	2,826,684,232
2036	157,904,957	320,467,249	478,372,206	317,950,912	0	100,000,000	417,950,912	3,764,666,484	6,501,806,200	2,737,139,715
2037	163,281,424	340,112,874	503,394,298	333,266,689	0	100,000,000	433,266,689	4,106,208,140	6,738,132,160	2,631,924,021
2038	168,840,952	362,898,058	531,739,010	348,263,689	0	100,000,000	448,263,689	4,469,096,148	6,979,676,938	2,510,580,789
2039	174,589,776	390,193,923	564,783,699	363,935,556	0	100,000,000	463,935,556	4,854,664,658	7,226,272,199	2,371,607,541
2040	180,534,339	424,101,043	604,635,382	380,312,656	0	100,000,000	480,312,656	5,264,331,199	7,477,714,634	2,213,383,436
2041	186,681,308	468,390,634	655,071,942	397,426,725	0	100,000,000	497,426,725	5,699,601,899	7,733,762,597	2,034,160,698
2042	193,037,573	530,592,300	723,629,873	415,310,928	0	100,000,000	515,310,928	6,162,077,017	7,994,132,475	1,832,055,458
2043	199,610,261	628,257,225	827,867,486	433,999,919	0	100,000,000	533,999,919	6,653,456,831	8,258,494,780	1,605,037,949
2044	206,406,741	814,010,893	1,020,417,634	453,529,916	0	100,000,000	553,529,916	7,175,547,883	8,526,469,929	1,350,922,046
2045	213,434,632	1,350,922,046	1,564,356,678	473,938,762	0	100,000,000	573,938,762	7,730,269,626	8,797,623,703	1,067,354,077
2046	220,701,815	1,067,354,077	1,288,055,892	495,266,006	0	100,000,000	595,266,006	8,319,661,477	9,071,462,348	751,800,871
2047	228,216,436	751,800,871	980,017,307	517,552,977	0	100,000,000	617,552,977	8,945,890,320	9,347,427,311	401,536,991
2048	235,986,920	401,536,991	637,523,911	540,842,860	0	100,000,000	640,842,860	9,611,258,464	9,624,889,560	13,631,095
2049	244,021,980	13,631,095	257,653,075	0	\$565,180,789	257,653,075	257,653,075	9,903,143,488	9,903,143,488	0
2050	252,330,623	0	252,330,623	0	590,613,925	252,330,623	252,330,623	10,181,400,344	10,181,400,344	0
2051	260,922,165	0	260,922,165	0	617,191,551	260,922,165	260,922,165	10,458,781,177	10,458,781,177	0
2052	269,806,239	0	269,806,239	0	644,965,171	269,806,239	269,806,239	10,734,309,248	10,734,309,248	0
2053	278,992,804	0	278,992,804	0	673,988,604	278,992,804	278,992,804	11,006,901,880	11,006,901,880	0
2054	288,492,160	0	288,492,160	0	704,318,091	288,492,160	288,492,160	11,275,361,697	11,275,361,697	0
2055	298,314,958	0	298,314,958	0	736,012,405	298,314,958	298,314,958	11,538,367,224	11,538,367,224	0

Notes:

Assumes payment at the beginning of the fiscal year.

Normal cost is projected to increase 3.25% 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.

Total City (Boston Public Schools and All Other City Departments) - Fully Funded in 2049, 20-Year Closed Amortization, Contribution to OPEB Trust Increases to \$100,000,000 in Fiscal 2030

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 the City	(5) Projected Benefits to be paid by OPEB Trust	(6) Contribution to OPEB Trust	(7) Total City Cost: (4) + (6)	(8) Assets at End of Year	(9) AAL at End of Year	(10) UAAL at End of Year: (9) - (8)
2026	\$112,975,852	\$180,481,882	\$293,457,734	\$154,666,897	\$0	\$40,000,000	\$194,666,897	\$1,396,868,664	\$4,276,603,201	\$2,879,734,537
2027	116,822,539	193,739,371	310,561,910	168,838,442	0	40,000,000	208,838,442	1,526,672,955	4,493,980,165	2,967,307,210
2028	120,800,200	207,987,049	328,787,249	185,523,767	0	40,000,000	225,523,767	1,664,590,015	4,711,970,616	3,047,380,601
2029	124,913,296	223,214,303	348,127,599	202,520,402	0	40,000,000	242,520,402	1,811,126,891	4,930,435,905	3,119,309,014
2030	129,166,437	239,580,394	368,746,831	219,356,093	0	100,000,000	319,356,093	2,030,572,322	5,149,720,403	3,119,148,081
2031	133,564,393	252,171,979	385,736,372	235,751,842	0	100,000,000	335,751,842	2,263,733,092	5,370,482,659	3,106,749,567
2032	138,112,094	265,546,219	403,658,313	253,005,405	0	100,000,000	353,005,405	2,511,466,410	5,592,089,922	3,080,623,512
2033	142,814,638	279,793,456	422,608,094	269,206,757	0	100,000,000	369,206,757	2,774,683,061	5,815,844,121	3,041,161,060
2034	147,677,298	295,223,780	442,901,078	285,554,435	0	100,000,000	385,554,435	3,054,350,752	6,041,898,733	2,987,547,981
2035	152,705,525	312,130,878	464,836,403	302,555,700	0	100,000,000	402,555,700	3,351,497,674	6,269,899,747	2,918,402,073
2036	157,904,957	330,865,497	488,770,454	317,950,912	0	100,000,000	417,950,912	3,667,216,279	6,501,806,200	2,834,589,921
2037	163,281,424	352,221,891	515,503,315	333,266,689	0	100,000,000	433,266,689	4,002,667,296	6,738,132,160	2,735,464,864
2038	168,840,952	377,174,599	546,015,551	348,263,689	0	100,000,000	448,263,689	4,359,084,002	6,979,676,938	2,620,592,936
2039	174,589,776	407,291,987	581,881,763	363,935,556	0	100,000,000	463,935,556	4,737,776,752	7,226,272,199	2,488,495,447
2040	180,534,339	445,003,440	625,537,779	380,312,656	0	100,000,000	480,312,656	5,140,137,799	7,477,714,634	2,337,576,835
2041	186,681,308	494,672,129	681,353,437	397,426,725	0	100,000,000	497,426,725	5,567,646,412	7,733,762,597	2,166,116,185
2042	193,037,573	565,011,687	758,049,260	415,310,928	0	100,000,000	515,310,928	6,021,874,312	7,994,132,475	1,972,258,163
2043	199,610,261	676,336,207	875,946,468	433,999,919	0	100,000,000	533,999,919	6,504,491,457	8,258,494,780	1,754,003,323
2044	206,406,741	889,560,158	1,095,966,899	453,529,916	0	100,000,000	553,529,916	7,017,272,173	8,526,469,929	1,509,197,756
2045	213,434,632	1,509,197,756	1,722,632,388	473,938,762	0	100,000,000	573,938,762	7,562,101,684	8,797,623,703	1,235,522,019
2046	220,701,815	1,235,522,019	1,456,223,834	495,266,006	0	100,000,000	595,266,006	8,140,983,039	9,071,462,348	930,479,309
2047	228,216,436	930,479,309	1,158,695,745	517,552,977	0	100,000,000	617,552,977	8,756,044,479	9,347,427,311	591,382,831
2048	235,986,920	591,382,831	827,369,751	540,842,860	0	100,000,000	640,842,860	9,409,547,259	9,624,889,560	215,342,301
2049	244,021,980	215,342,301	459,364,281	0	\$565,180,789	459,364,281	459,364,281	9,903,143,488	9,903,143,488	0
2050	252,330,623	0	252,330,623	0	590,613,925	252,330,623	252,330,623	10,181,400,344	10,181,400,344	0
2051	260,922,165	0	260,922,165	0	617,191,551	260,922,165	260,922,165	10,458,781,177	10,458,781,177	0
2052	269,806,239	0	269,806,239	0	644,965,171	269,806,239	269,806,239	10,734,309,248	10,734,309,248	0
2053	278,992,804	0	278,992,804	0	673,988,604	278,992,804	278,992,804	11,006,901,880	11,006,901,880	0
2054	288,492,160	0	288,492,160	0	704,318,091	288,492,160	288,492,160	11,275,361,697	11,275,361,697	0
2055	298,314,958	0	298,314,958	0	736,012,405	298,314,958	298,314,958	11,538,367,224	11,538,367,224	0

Notes:

Assumes payment at the beginning of the fiscal year.

Normal cost is projected to increase 3.25% 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.

Public Health Commission 30-Year Open Amortization

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 the PHC	(5) Contribution to OPEB Trust	(6) Total City Cost: (4) + (5)	(7) Assets at End of Year	(8) AAL at End of Year	(9) UAAL at End of Year: (8) - (7)
2026	\$6,154,585	\$4,990,448	\$11,145,033	\$5,465,735	\$2,250,000	\$7,715,735	\$63,022,997	\$169,803,147	\$106,780,150
2027	6,364,141	5,229,607	11,593,748	6,060,274	2,250,000	8,310,274	69,352,559	180,930,957	111,578,397
2028	6,580,832	5,464,603	12,045,435	6,748,713	2,250,000	8,998,713	76,077,719	192,274,862	116,197,142
2029	6,804,901	5,690,808	12,495,709	7,476,999	2,250,000	9,726,999	83,223,202	203,815,134	120,591,932
2030	7,036,599	5,906,045	12,942,644	8,092,408	2,250,000	10,342,408	90,815,277	215,688,504	124,873,227
2031	7,276,187	6,115,723	13,391,910	8,796,482	2,250,000	11,046,482	98,881,857	227,832,778	128,950,921
2032	7,523,932	6,315,430	13,839,362	9,594,189	2,250,000	11,844,189	107,452,598	240,177,040	132,724,443
2033	7,780,112	6,500,240	14,280,352	10,285,906	2,250,000	12,535,906	116,559,010	252,852,006	136,292,995
2034	8,045,016	6,675,012	14,720,028	11,044,535	2,250,000	13,294,535	126,234,573	265,818,639	139,584,066
2035	8,318,938	6,836,193	15,155,131	11,897,799	2,250,000	14,147,799	136,514,859	279,007,205	142,492,346
2036	8,602,188	6,978,628	15,580,816	12,756,164	2,250,000	15,006,164	147,437,663	292,436,228	144,998,565
2037	8,895,081	7,101,371	15,996,452	13,209,733	2,250,000	15,459,733	159,043,142	306,548,235	147,505,093
2038	9,197,948	7,224,129	16,422,077	13,804,171	2,250,000	16,054,171	171,373,963	321,251,305	149,877,342
2039	9,511,126	7,340,311	16,851,437	14,425,359	2,250,000	16,675,359	184,475,461	336,565,764	152,090,303
2040	9,834,968	7,448,692	17,283,660	15,074,500	2,250,000	17,324,500	198,395,802	352,512,339	154,116,537
2041	10,169,837	7,547,928	17,717,765	15,752,853	2,250,000	18,002,853	213,186,165	369,112,143	155,925,978
2042	10,516,107	7,636,546	18,152,653	16,461,731	2,250,000	18,711,731	228,900,925	386,386,652	157,485,727
2043	10,874,167	7,712,935	18,587,102	17,202,509	2,250,000	19,452,509	245,597,858	404,357,680	158,759,822
2044	11,244,419	7,775,335	19,019,754	17,976,622	2,250,000	20,226,622	263,338,349	423,047,353	159,709,004
2045	11,627,278	7,821,821	19,449,099	18,785,570	2,250,000	21,035,570	282,187,621	442,478,073	160,290,452
2046	12,023,172	7,850,298	19,873,470	19,630,920	2,250,000	21,880,920	302,214,972	462,672,483	160,457,511
2047	12,432,546	7,858,480	20,291,026	20,514,312	2,250,000	22,764,312	323,494,033	483,653,424	160,159,391
2048	12,855,858	7,843,879	20,699,737	21,437,456	2,250,000	23,687,456	346,103,035	505,443,889	159,340,854
2049	13,293,584	7,803,791	21,097,375	22,402,141	2,250,000	24,652,141	370,125,100	528,066,967	157,941,868
2050	13,746,214	7,735,275	21,481,489	23,410,238	2,250,000	25,660,238	395,648,543	551,545,785	155,897,241
2051	14,214,256	7,635,138	21,849,394	24,463,698	2,250,000	26,713,698	422,767,202	575,903,440	153,136,238
2052	14,698,233	7,499,917	22,198,150	25,564,565	2,250,000	27,814,565	451,580,778	601,162,928	149,582,150
2053	15,198,690	7,325,854	22,524,544	26,714,970	2,250,000	28,964,970	482,195,201	627,347,058	145,151,856
2054	15,716,186	7,108,878	22,825,064	27,917,144	2,250,000	30,167,144	514,723,026	654,478,363	139,755,337
2055	16,251,303	6,844,581	23,095,884	29,173,415	2,250,000	31,423,415	549,283,840	682,579,002	133,295,162

Notes:

Assumes payment at the beginning of the fiscal year.

Normal cost is projected to increase 3.25% 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.

Section 3: Supporting Information

Exhibit A: Summary of Participant Data as of June 30, 2025 and June 30, 2023

Summary of Participant Data as of June 30, 2025	Boston Public Schools (A)	All Other Departments (City) (B)	Total City (C): (A) + (B)	Public Health Commission (D)	All Departments Total (E): (C) + (D)
Retirees and Beneficiaries					
• Number ²	6,910	8,070	14,980	468	15,448
• Average age	75.3	72.7	73.9	68.6	73.7
Active Employees					
• Number	8,248	6,715	14,963	950	15,913
• Average age	44.3	45.1	44.6	43.2	44.6
• Average years of service	13.6	15.3	14.4	10.3	13.8
• Average age at hire	30.7	29.9	30.3	32.9	30.8

Summary of Participant Data as of June 30, 2023	Boston Public Schools (A)	All Other Departments (City) (B)	Total City (C): (A) + (B)	Public Health Commission (D)	All Departments Total (E): (C) + (D)
Retirees and Beneficiaries					
• Number	6,553	8,440	14,993	396	15,389
• Average age	74.6	72.7	73.6	67.7	73.5
Active Employees					
• Number	8,656	6,536	15,192	836	16,028
• Average age	44.4	46.1	45.1	44.9	45.1
• Average years of service	13.7	16.4	14.8	11.1	14.6
• Average age at hire	30.8	29.7	30.3	33.8	30.5

² Count excludes 49 retirees receiving life insurance only.

Exhibit B: Actuarial assumptions and actuarial cost method

Data

Detailed census data, claims experience, administrative fees, premium rates and summary plan descriptions for postemployment welfare benefits were provided by the City of Boston.

Actuarial cost method

Entry Age Normal – Level percentage of payroll

Per capita cost development

Medicare plans – fully insured

- Blue Cross Blue Shield Managed Blue for Seniors
- Blue Cross Blue Shield Medicare HMO Blue
- Tufts Medicare Preferred HMO

Per capita costs were based on the following:

- The fully insured premium rates effective January 1, 2025 and January 1, 2026 were averaged to estimate the premium rate for the valuation year. Actuarial factors were applied to the premium to estimate individual retiree and spouse costs by age and by gender.

Medicare plans – self-insured medical coverage with fully insured PDP (prescription drugs)

- Blue Cross Blue Shield Medex
- Harvard Pilgrim Health Care Medicare Enhance

Per capita costs were based on a combination of the following:

- The fully insured PDP rates effective January 1, 2025 and January 1, 2026 were averaged to estimate the premium rate for the valuation year. Actuarial factors were applied to the premium to estimate individual retiree and spouse costs by age and by gender.
- The monthly paid medical claims experience for the period October 1, 2023 through September 30, 2025 for BCBS Medex and June 1, 2023 through May 31, 2025 for HPHC Medicare Enhance were separated into two 12-month periods and adjusted as follows:

- Claims provided on a paid basis were multiplied by a factor to yield an estimate of incurred claims,
- Total claims were divided by the number of adult members to yield a per capita claim cost,
- The per capita claim cost was trended to the midpoint of the valuation year at assumed trend rates, and
- The per capita claim was adjusted for the effect of any plan change.

Taking a weighted average, per capita claims for the two periods were combined. The weights used in this average account for a number of factors including each plan year’s volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Non-Medicare plans – self-insured

- Mass General Brigham Health Plan HMO
- Blue Care Elect Preferred PPO
- Blue Cross Blue Shield HMO

Per capita claims costs were based on the following:

- The monthly claims experience by participant group for the period October 1, 2023 through September 30, 2025 were separated into two 12-month periods and adjusted as follows:
 - Pharmacy claims were adjusted to reflect estimated rebates,
 - Total claims were divided by the number of adult members to yield a per capita claim cost,
 - The per capita claim cost was trended to the midpoint of the valuation year at assumed trend rates, and
 - The per capita claim was adjusted for the effect of any plan change.

Taking a weighted average, per capita claims for the two periods were combined. The weights used in this average account for a number of factors including each plan year’s volatility of claims experience and distance to the valuation year. Actuarial factors were then applied to the weighted average cost to estimate individual retiree and spouse costs by age and by gender.

Actuarial valuation date

June 30, 2025

Roll-forward techniques

The results of the June 30, 2025 actuarial valuation were rolled forward using standard actuarial techniques to determine the Actuarially Determined Contribution for the fiscal year ending June 30, 2027 and later years.

Expected return on assets

6.25%

The long-term expected rate of return on OPEB investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

Discount rate

6.25%

The discount rate is equal to the expected return on assets.

Asset valuation method

Market value

Salary increases

Years of Service	Group 1 excluding Teachers	Group 2	Group 4	Teachers
0	4.00%	4.25%	4.50%	7.50%
1	4.00%	4.25%	4.50%	7.10%
2	4.00%	4.25%	4.50%	7.00%
3	4.00%	4.25%	4.50%	6.90%
4	4.00%	4.25%	4.50%	6.80%
5	4.00%	4.25%	4.50%	6.70%
6	4.00%	4.25%	4.50%	6.60%
7	4.00%	4.25%	4.50%	6.50%
8	4.00%	4.25%	4.50%	6.30%
9	4.00%	4.25%	4.50%	6.10%
10	4.00%	4.25%	4.50%	5.90%
11	4.00%	4.25%	4.50%	5.70%
12	4.00%	4.25%	4.50%	5.20%
13	4.00%	4.25%	4.50%	4.70%
14	4.00%	4.25%	4.50%	4.35%
15-16	4.00%	4.25%	4.50%	4.20%
17-19	4.00%	4.25%	4.50%	4.10%
20 and later	4.00%	4.25%	4.50%	4.00%

Note:

Includes allowance for inflation of 3.25%.

Mortality rates

Groups 1 and 2 (excluding Teachers)

Pre-Retirement: Pub-2010 General Employee Headcount-Weighted Mortality Table set forward one year projected generationally using Scale MP-2023

Healthy and Disabled: Pub-2010 General Healthy Retiree Headcount-Weighted Mortality Table set forward one year projected generationally using Scale MP-2023

Surviving Spouse: Pub-2010 General Contingent Survivor Headcount-Weighted Mortality Table set forward one year projected generationally using scale MP-2023

20% of the pre-retirement death rates represent accidental death.

Group 4

Pre-Retirement: Pub-2010 Safety Employee Headcount-Weighted Mortality Table projected generationally using scale MP-2023

Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2023

Disabled: Pub-2010 Disabled Retiree Headcount-Weighted Mortality Table projected generationally using scale MP-2023

Surviving Spouse: Pub-2010 Safety Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2023

50% of the pre-retirement death rates represent accidental death.

Teachers

Pre-Retirement: Pub-2010 Teacher Employee Headcount-Weighted Mortality Table projected generationally with Scale MP-2023

Healthy and Disabled: Pub-2010 Teacher Healthy Retiree Headcount-Weighted Mortality Table projected generationally with Scale MP-2023

Surviving Spouse: Pub-2010 Teacher Contingent Survivor Headcount-Weighted Mortality Table projected generationally with Scale MP-2023

75% of the pre-retirement death rates represent accidental death.

The Contingent Survivor mortality table is only applied to current beneficiaries.

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.

Disability rates

Age	Groups 1 and 2 (Excluding Teachers)	Group 4	Teachers
20	0.03%	0.15%	0.00%
25	0.04%	0.21%	0.01%
30	0.06%	0.28%	0.01%
35	0.07%	0.37%	0.01%
40	0.11%	0.55%	0.01%
45	0.18%	0.90%	0.03%
50	0.30%	1.51%	0.05%
55	0.50%	2.52%	0.07%
60	0.81%	0.00%	0.07%

Notes:

50% of the disability rates shown represent accidental disability. Groups 1 and 2 (Excluding Teachers)

90% of the disability rates shown represent accidental disability for Group 4.

35% of the rates shown represent accidental disability for Teachers.

Withdrawal rates

Age	Groups 1 and 2 (Excluding Teachers)	Group 4
20	6.58%	0.00%
25	5.27%	0.00%
30	4.83%	0.00%
35	4.47%	0.00%
40	3.84%	0.00%
45	3.21%	0.00%
50	1.52%	0.00%
55	0.33%	0.00%
60	0.00%	0.00%

Teachers - Male

Age	0 – 1 Years of Service	2 Years of Service	3 Years of Service	4 Years of Service	5 Years of Service	6 Years of Service	7 Years of Service	8 Years of Service	9 Years of Service	10 or More Years of Service
20	13.0%	11.5%	8.3%	6.6%	5.5%	4.0%	4.0%	3.3%	1.5%	1.5%
30	15.0%	11.0%	8.9%	7.0%	5.4%	4.5%	4.0%	3.3%	1.5%	1.5%
40	13.3%	13.0%	7.1%	7.5%	5.2%	5.5%	3.0%	3.4%	2.5%	1.7%
50	16.2%	11.2%	8.8%	9.0%	7.0%	6.5%	5.0%	2.2%	2.5%	2.3%

Teachers - Female

Age	0 – 1 Years of Service	2 Years of Service	3 Years of Service	4 Years of Service	5 Years of Service	6 Years of Service	7 Years of Service	8 Years of Service	9 Years of Service	10 or More Years of Service
20	10.0%	10.5%	7.5%	7.3%	7.0%	5.0%	6.0%	7.0%	7.0%	5.0%
30	15.0%	11.5%	10.0%	10.0%	8.8%	7.3%	6.0%	7.0%	6.0%	4.5%
40	10.5%	8.5%	6.6%	5.2%	5.0%	5.0%	4.5%	3.5%	3.0%	2.2%
50	9.8%	12.0%	7.9%	6.6%	5.0%	3.0%	4.0%	2.4%	3.0%	2.0%

Retirement rates

Age	Groups 1 and 2 (Excluding Teachers)	Group 4
50	0.0%	1.0%
51	0.0%	1.0%
52	0.0%	1.0%
53	0.0%	1.0%
54	0.0%	1.0%
55	3.0%	10.0%
56	3.0%	5.0%
57	3.0%	5.0%
58	3.0%	5.0%
59	3.0%	5.0%
60	8.0%	10.0%
61	8.0%	15.0%
62	15.0%	15.0%
63	10.0%	15.0%
64	10.0%	25.0%
65	35.0%	100.0%
66	20.0%	--
67	20.0%	--
68	20.0%	--
69	20.0%	--
70	100.0%	--

Non-TARP Teachers

Age	Male Less than 20 Years of Service	Female Less than 20 Years of Service	Male 20 or More Years of Service	Female 20 or More Years of Service
50	0.0%	0.0%	2.0%	1.0%
51	0.0%	0.0%	2.0%	1.0%
52	0.0%	0.0%	2.0%	1.5%
53	0.0%	0.0%	2.0%	2.0%
54	0.0%	0.0%	3.0%	2.0%
55	3.5%	3.5%	3.0%	4.0%
56	3.5%	3.5%	3.5%	4.0%
57	5.0%	3.5%	4.0%	4.0%
58	5.5%	5.0%	5.0%	6.0%
59	6.0%	6.5%	6.0%	8.0%
60	7.5%	8.5%	15.0%	15.0%
61	12.0%	10.0%	25.0%	20.0%
62	14.0%	12.0%	30.0%	20.0%
63	14.0%	12.0%	30.0%	25.0%
64	14.0%	20.0%	30.0%	30.0%
65	30.0%	30.0%	30.0%	40.0%
66	30.0%	30.0%	25.0%	30.0%
67	30.0%	30.0%	25.0%	30.0%
68	30.0%	30.0%	25.0%	30.0%
69	30.0%	30.0%	25.0%	30.0%
70	100.0%	100.0%	100.0%	100.0%

TARP Teachers

Age	Male Less than 20 Years of Service	Female Less than 20 Years of Service	Male 20 – 29 Years of Service	Female 20 – 29 Years of Service	Male 30 or More Years of Service	Female 30 or More Years of Service
50	0.0%	0.0%	1.0%	1.0%	2.0%	1.5%
51	0.0%	0.0%	1.0%	1.0%	2.0%	1.5%
52	0.0%	0.0%	1.0%	1.0%	2.0%	1.5%
53	0.0%	0.0%	1.5%	1.0%	2.0%	1.5%
54	0.0%	0.0%	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%	40.0%	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.

Per capita health costs

2025-2026 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 Male	Non-Medicare Female	Self Insured Medicare with PDP Male	Self Insured Medicare with PDP Female	Medicare Fully Insured Male	Medicare Fully Insured Female
45	\$15,026	\$16,492	N/A	N/A	N/A	N/A
50	16,955	17,903	N/A	N/A	N/A	N/A
55	19,132	19,435	N/A	N/A	N/A	N/A
60	22,029	21,068	N/A	N/A	N/A	N/A
64	26,772	22,872	N/A	N/A	N/A	N/A
65	28,109	23,347	\$4,611	\$3,830	\$5,017	\$4,167
70	31,571	26,118	5,179	4,284	5,635	4,662
75	34,875	27,458	5,721	4,504	6,225	4,901
80	36,518	29,308	5,990	4,808	6,518	5,231

Medicare Part B premium

\$2,327

Weighted average annual retiree contribution amounts

Plan	Retiree	Married Spouse
Non-Medicare Plans	\$3,412	\$5,370
Medicare Plans – Self-Insured Medical with PDP	746	746
Medicare Plans – Fully Insured	817	817

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 Plans– Self-Insured Medical with PDP	Medicare Plans– Fully Insured	Medicare Part B
2026	10.00%	8.50%	7.50%	6.00%
2027	9.50%	8.25%	7.25%	5.75%
2028	9.00%	8.00%	7.00%	5.50%
2029	8.50%	7.75%	6.75%	5.25%
2030	8.00%	7.50%	6.50%	5.00%
2031	7.50%	7.25%	6.25%	4.75%
2032	7.00%	7.00%	6.00%	4.50%
2033	6.50%	6.75%	5.75%	4.50%
2034	6.00%	6.50%	5.50%	4.50%
2035	5.50%	6.25%	5.25%	4.50%
2036	5.00%	6.00%	5.00%	4.50%
2037	4.50%	5.75%	4.75%	4.50%
2038	4.50%	5.50%	4.50%	4.50%
2039	4.50%	5.25%	4.50%	4.50%
2040	4.50%	5.00%	4.50%	4.50%
2041	4.50%	4.75%	4.50%	4.50%
2042 & later	4.50%	4.50%	4.50%	4.50%

The trend rate assumptions were developed using Segal’s internal guidelines, which are established each year using data sources such as the 2026 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 medical trend. The first year contributions are adjusted per the FY2027 rate increase decided at the March 10, 2026 PEC meeting. Contributions are adjusted for increases in contribution percentages negotiated in the PEC Agreement.

Administrative expenses

Administrative expense loads of \$621 per participant for non-Medicare plans (MGBHP HMO, BCBS PPO, and BCBS HMO) and \$378 per participant for the Medicare self-insured medical with PDP plans (BCBS Medex and HPHC Medicare Enhance). Administrative expenses were based on the current contractual rates for each vendor. Administrative expenses are assumed to increase at 3.0% per year.

Administrative expenses are not added to fully insured premium rates, as these expenses are a component of the rate.

Participation and coverage election

100% 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.

100% of retirees over age 65 are assumed to remain with their current medical plan for life.

For future retirees hired before 1986 and current retirees under age 65, 90% are assumed to be eligible for Medicare and are assumed to enroll in a self-insured Medicare plan upon reaching age 65. 10% are assumed to be ineligible for Medicare and remain enrolled in the non-Medicare plans. This assumption includes an allowance for retirees and beneficiaries who are not required to enroll in Medicare until the later of the retiree or spouse turning age 65.

For future retirees hired after 1986, 100% are assumed to enroll in a self-insured Medicare plan.

The participation and coverage election assumptions were based on a review of recent experience.

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit C.

Health care reform assumption

The valuation does not reflect the potential impact of any future changes.

Missing participant data

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.

Demographic and salary increase assumptions

The demographic and salary increase assumptions used in this valuation, are the same as used in the Boston Retirement System Actuarial Valuation and Review as of January 1, 2025, completed by Segal, with the exception of the headcount-weighted versus amount-weighted mortality tables for the non-Teachers.

A review of the demographic assumptions is beyond the scope of this assignment however, we have no reason to doubt the reasonableness of the assumptions.

The remaining demographic assumptions, such as percent married, relative ages of spouses and enrollment elections, were based on the experience of the Plan and the experience of similar plans.

Actuarial models

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.

The results are also based on models for cost projections developed by Segal actuaries and programmers. The client team customized and validates the models and reviews the results under the supervision of the responsible actuaries.

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.

Justification for assumption changes since prior valuation

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

- The per capita costs, retiree contributions, and trend assumptions were updated; and
- The assumed enrollment in Medicare plans for future retirees hired prior to 1986 and current retirees under age 65 was updated.

Exhibit C: 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

Retired and receiving a pension from the Boston Retirement System.

- Members hired before April 2, 2012
 - Group 1 and Group 2 (including Teachers):
 - 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
 - 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
 - Group 1 (including Teachers):
 - Retirees with at least 10 years of creditable service are eligible at age 60.
 - Group 2
 - Retirees with at least 10 years of creditable service are eligible at age 55.
 - Group 4
 - Retirees are eligible at age 55;
 - Retirees with at least 10 years of creditable service are eligible at age 50.

Disability

Accidental (job-related) Disability has no age or service requirement.

Ordinary (non-job related) Disability has no age requirement but requires 10 years of creditable service.

Pre-retirement death

Surviving spouses of members who die in active service on Accidental (job-related) Death are eligible at any age.

Surviving spouses of members who die in active service on Ordinary (non-job related) Death are eligible after two years of service.

Post-retirement death

Surviving spouse is eligible.

Benefit types

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Mass General Brigham Health Plan and Blue Cross Blue Shield of Massachusetts. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental plans offered by Blue Cross Blue Shield of Massachusetts and Harvard Pilgrim Health Care. The City requires enrollment in a Medicare plan (if eligible) when the later of the retiree or spouse reaches age 65. The City of Boston also pays 50% of the retiree life insurance premium and reimburses retirees 50% of their Medicare Part B premium.

Medicare Part B penalty

Actual penalty amounts for 2,082 retirees and spouses were provided by the City.

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.

Retiree life

\$5,000

Retiree Contributions

Premium rates and retiree contributions as of January 1, 2025 (for Medicare plans) and July 1, 2025 (for non-Medicare plans) are summarized below:

Non-Medicare Actives and Retirees	Monthly Premium as of July 1, 2025	City cost (\$)	Retiree cost (\$)	Retiree cost (%)
BCBS HMO				
• Individual	\$1,148.84	\$901.84	\$247.00	21.50%
• Family	\$3,046.84	\$2,391.77	\$655.07	21.50%
MGBHP HMO				
• Individual	\$952.93	\$748.05	\$204.88	21.50%
• Family	\$2,529.26	\$1,985.47	\$543.79	21.50%
Blue Care Elect Preferred PPO				
• Individual	\$1,437.02	\$984.36	\$452.66	31.50%
• Family	\$3,809.62	\$2,609.59	\$1,200.03	31.50%

Medicare Retirees	Monthly Premium as of January 1, 2025	City cost (\$)	Retiree cost (\$)	Retiree cost (%)
BCBS Medex	\$440.12	\$376.30	\$63.82	14.50%
Harvard Pilgrim Medicare Enhance	\$423.33	\$361.95	\$61.38	14.50%
BCBS Managed Blue for Seniors	\$497.35	\$425.23	\$72.12	14.50%
Medicare HMO Blue	\$416.65	\$356.24	\$60.41	14.50%
Tufts Medicare Preferred HMO	\$406.00	\$347.13	\$58.87	14.50%

Plan changes

None

Exhibit D: 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:

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

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.

Healthcare 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.

Real rate of return

The rate of return on an investment after removing inflation