Milwaukee Public Schools Retiree Healthcare and Life Insurance Programs

Summary of July 1, 2023, Actuarial Valuation Results

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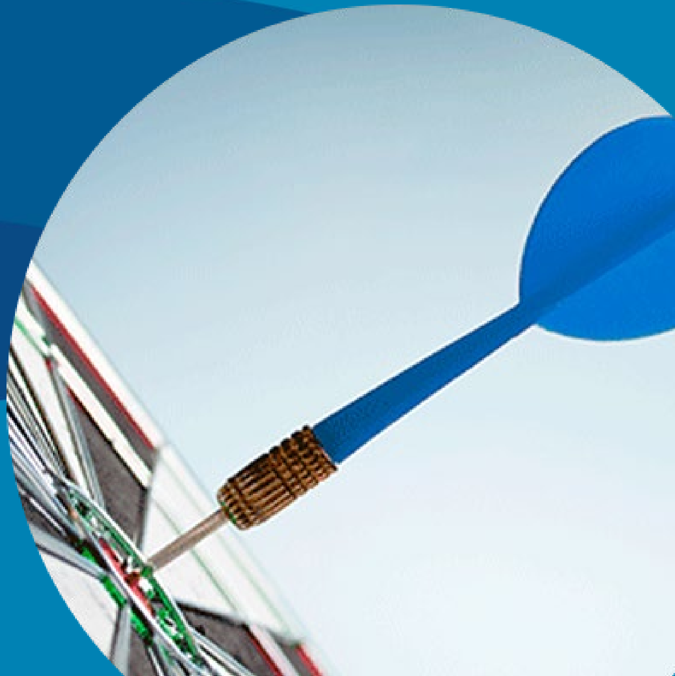

Agenda

- Changes from Prior Actuarial Valuation
- July 1, 2023, Actuarial Valuation Results
- Projections

Changes from Prior Actuarial Valuation

- Economic Assumptions
  - Maintain expected return on invested assets to 6.50% for the long-term account and 2.50% for the short-term account
  - Update discount rate from 5.75% at June 30, 2021, to 6.00% at June 30, 2023
  - Discount rate expected to increase in future valuations as funded ratio improves
- OPEB-Related Assumptions
  - Update per capita claims costs based on recent claims experience and premium information
  - Claims and premium costs decreased due to favorable experience
  - Update select and ultimate healthcare-trend assumptions which include an ultimate rate of 4.25%
- Pension-Related Assumptions
  - Assumptions used for the valuations of supplemental pension plans for Teachers and Directors remained unchanged as of June 30, 2023. Assumptions applicable to General employees covered by CMERS were updated to be consistent with pension assumptions as of June 30, 2023.

July 1, 2023, Actuarial Valuation Results

- Expected actuarial liability, before recognition of demographic experience, claims experience and assumption changes, increased slightly from $850.9 million at June 30, 2022 to $853.8 million at June 30, 2023.
- Updated member data and actuarial assumptions reduced actuarial liability to $788.7 million at July 1, 2023.
- Additional pre-funding contributions of approximately $18.5 million for PY 2023 and $10.8 million for PY 2024, along with favorable claims and investment experience, improved funded status which supported a higher discount rate of 6.0%.
- Recommended alternative C level-dollar expected annual contribution decreased from $2.88 million in the 2021 valuation to $1.65 million in the 2023 valuation
  - Favorable investment returns
  - Additional pre-funding contributions
  - Favorable claims experience
- Favorable experience and change in recommended contributions reduce full funding year from 2037 to 2034

July 1, 2023, Actuarial Valuation Results

Retiree Healthcare and Life Insurance Programs Actuarial Valuation Results $ in Millions				
Fiscal Year End June 30,	**2021**	**2022[a]**	**2023**	**2024[a]**
Actuarial Liability	$846.2	$850.9	$788.7	$791.4
Assets	$281.9	$271.0	$310.8	$360.5
Unfunded Actuarial Liability	$564.4	$579.9	$477.9	$430.9
Normal Cost for FY	$6.5	$5.9	$5.5	$4.7
ER PAYGO Contributions	$47.9	$48.7	$46.1	$47.6
ER PAYGO and Prefund Contributions	$103.8	$77.6	$64.5	$58.3
Payroll	$279.6		$265.1	
Number of Active Members	4,309	N/A	3,638	N/A
Number of Retirees and Surviving Spouses	6,666		6,526	

Discount Rate	**5.75%**	**5.75%**	**6.00%**	**6.00%**
Actual Rate of Investment Return	**23.25%**	**-12.97%**	**7.62%**	**12.25%**
Ultimate Trend	**4.25%**	**4.25%**	**4.25%**	**4.25%**

[a] *Actuarial liabilities at June 30, 2022, and June 30, 2024, are projected based on prior year valuation results.*

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July 1, 2023, Actuarial Valuation Results

Retiree Healthcare and Life Insurance Programs
Actuarial Liability Gain/Loss
($ in Millions)

Plan Year Beginning	**July 1, 2021**	**July 1, 2023**
Discount Rate at Beginning of Plan Year	5.75%	5.75%
Discount Rate at End of Plan Year	5.75%	6.00%
Expected Actuarial Liability at Beginning of Plan Year	**$ 913.6**	**$ 853.8**
Increase/(Decrease) Due To:		
Demographic Experience	($4.2)	($5.8)
Changes in Healthcare-Related Assumption	($63.1)	($37.0)
Changes in Pension-Related Assumptions	$0.0	($2.9)
Change in Discount Rate	$0.0	($19.4)
Total	($67.3)	($65.2)
Updated Actuarial Liability at Beginning of Plan Year	**$ 846.2**	**$ 788.7**
Increase/(Decrease) during Plan Year Due To:		
Normal Cost	$5.9	$4.7
Expected Benefits	($48.7)	($48.0)
Interest Costs	$47.4	$46.0
Plan Provisions	$0.0	$0.0
Change in Discount Rate	$0.0	$0.0
Total	$4.6	$2.8
Expected Actuarial Liability at End of Plan Year	**$ 850.9**	**$ 791.4**

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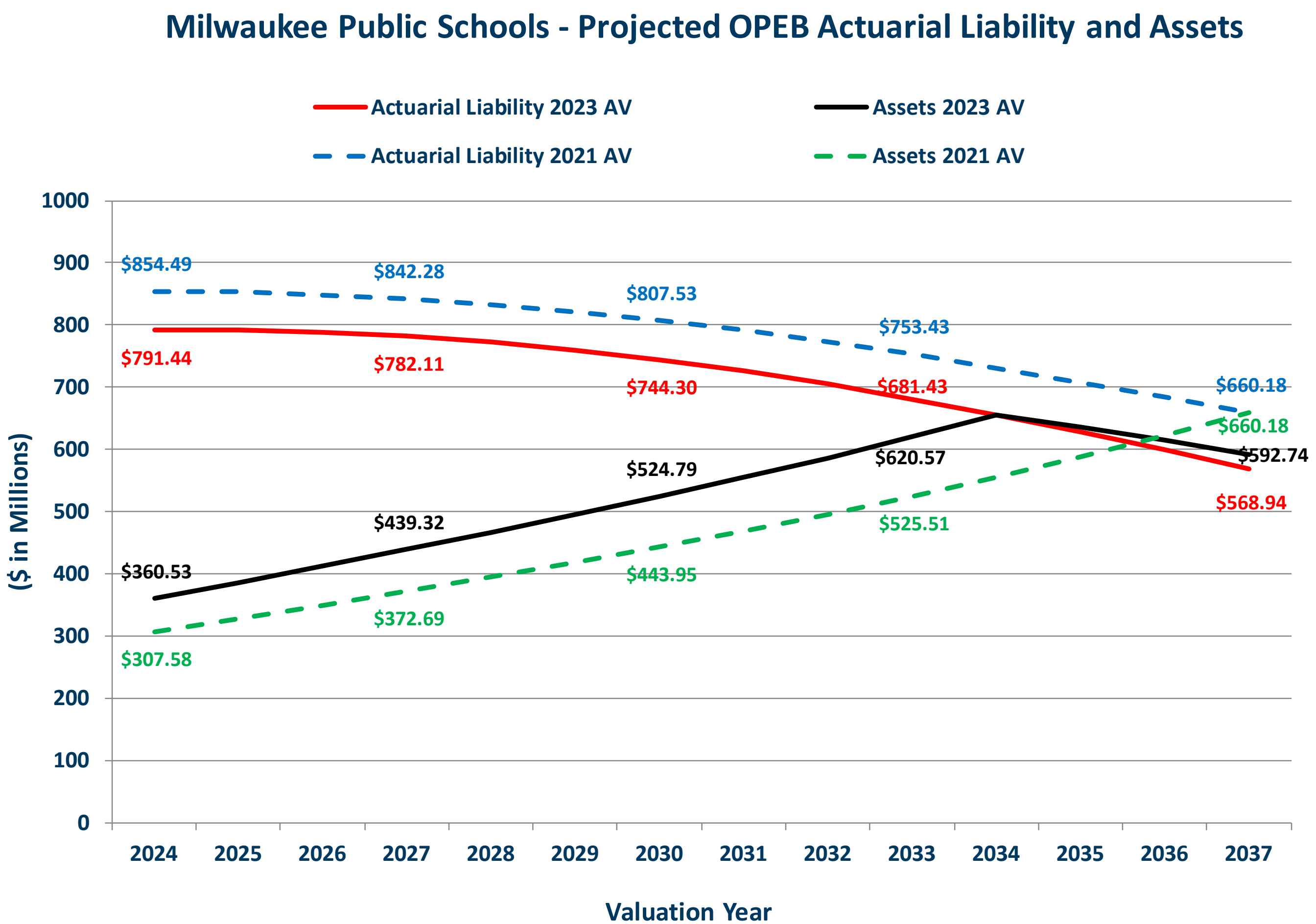
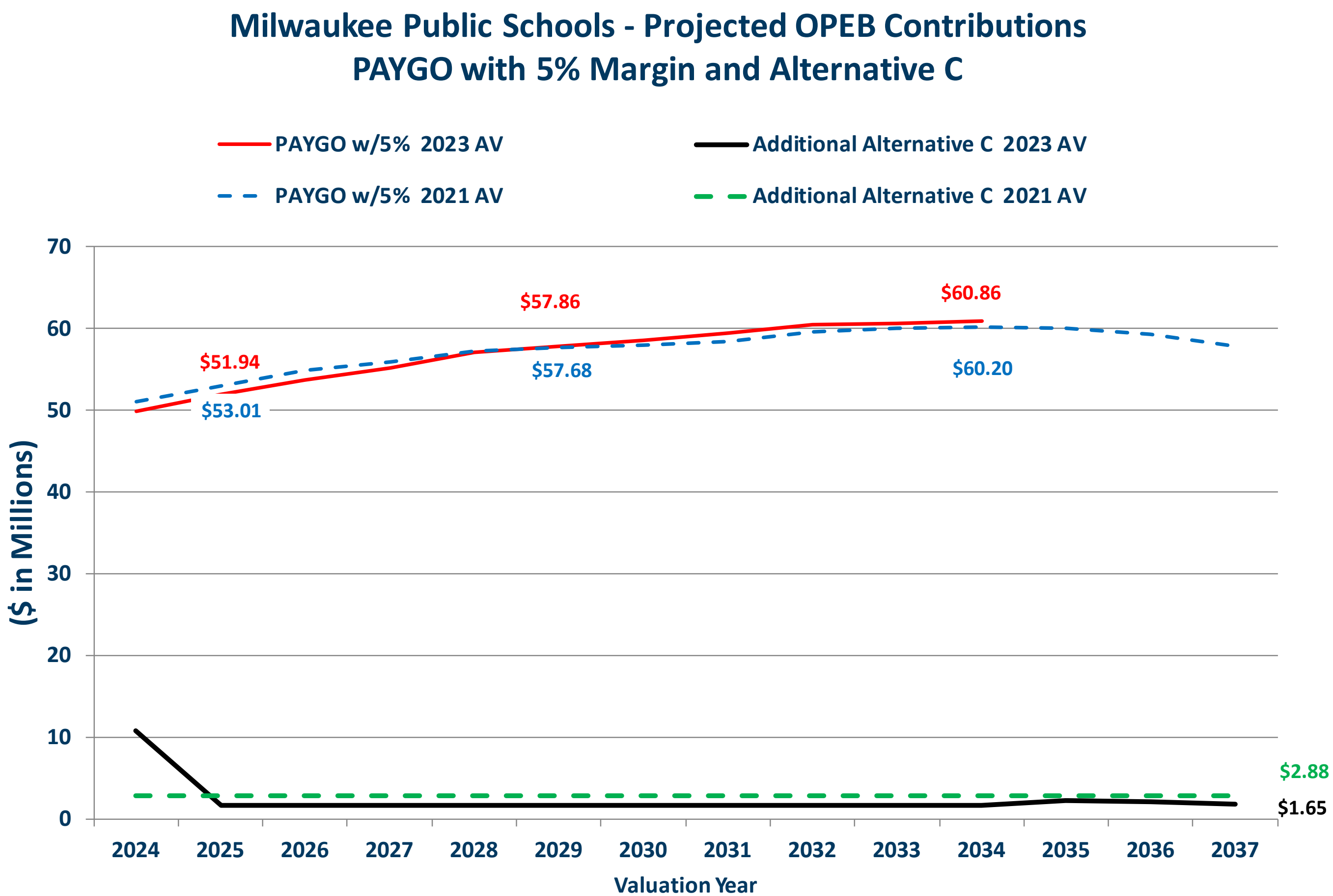
Projections



Projections



Disclosures

- *This presentation is intended to be used in conjunction with the actuarial valuation report issued on November 19, 2024. This presentation should not be relied on for any purpose other than the purpose described in the actuarial valuation reports.*
- *This presentation shall not be construed to provide tax advice, legal advice, or investment advice.*
- *The actuaries submitting this presentation (Alex Rivera and Casey Ahlbrandt-Rains) are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.*
- *The purpose of the actuarial valuation is to measure the financial position of the Milwaukee Public Schools Retiree Healthcare and Life Insurance Programs.*
- *Future actuarial measurements may differ significantly from the current and projected measurements presented in this presentation due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes 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 or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.*
- *Additional information regarding actuarial assumptions and methods, and important additional disclosures are provided in the respective, formal Actuarial Valuation Report as of July 1, 2023.*
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