



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

JULY 1, 2009 VALUATION



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USA

July 30, 2010

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PERSONAL & CONFIDENTIAL

milliman.com

Ms. Connie Voges
Finance Director
Town of Nantucket
16 Broad Street
Nantucket, MA 02554

Re: Town of Nantucket Other Post-Employment Benefits

Dear Connie:

We are pleased to provide this actuarial report for Town of Nantucket Other Post-Employment Benefits. The report shows the financial status of the plan as of July 1, 2009 and presents cost figures for the 2010-11 fiscal year.

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

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Steve".

Steve A. Lemanski, FSA, FCA
Consulting Actuary

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

TABLE OF CONTENTS

CERTIFICATION	1
OVERVIEW OF GASB 43 AND GASB 45	3
THE VALUATION PROCESS	4
IMPLICIT RATE SUBSIDIES	5
DISCUSSION OF EXPERIENCE	6
KEY ASSUMPTIONS	7
SUMMARY OF LIABILITIES AS OF JULY 1, 2009	8
ANNUAL REQUIRED CONTRIBUTION	9
PROJECTED PAYOUTS	10
PROJECTED LIABILITIES	11
GASB 45 SCHEDULE OF FUNDING PROGRESS	12
GASB 45 SCHEDULE OF EMPLOYER CONTRIBUTIONS	13
SUMMARY OF CENSUS DATA	14
CURRENT PREMIUMS	15
MEDICAL COST ADJUSTMENT FACTORS	16
ACTUARIAL METHOD	17
ACTUARIAL ASSUMPTIONS	18
SUMMARY OF PLAN PROVISIONS	26

TOWN OF NANTUCKET
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

CERTIFICATION

We have performed an actuarial valuation of the Town of Nantucket Other Post-Employment Benefits Program as of July 1, 2009. The results of this valuation, along with supporting data, are set forth in the following report.

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

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

On the basis of the foregoing, we hereby certify that, to the best of our knowledge, this report is complete and accurate, all costs and liabilities were determined in conformance with generally accepted actuarial principles and practices, and the methods and assumptions produced results which are reasonable. Future actuarial measurements may differ significantly from the current measurements presented in this report 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 plans' funded status); 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 future measurements.

The actuarial method and assumptions used in this valuation are discussed on pages 17-25 of this report. A summary of the plan provisions starts on page 26 of this report.

TOWN OF NANTUCKET
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

CERTIFICATION

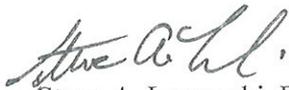
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(a) The Town of Nantucket may provide a copy of Milliman's work, in its entirety, to the Town of Nantucket's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Town of Nantucket; and (b) The Town of Nantucket may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

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

MILLIMAN INC.

July 30, 2010



Steve A. Lemanski, FSA, FCA
Consulting Actuary



Rebecca A. Sielman, FSA
Consulting Actuary

TOWN OF NANTUCKET
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

OVERVIEW OF GASB 43 AND GASB 45

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

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

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

THE VALUATION PROCESS

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

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

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

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

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

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

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

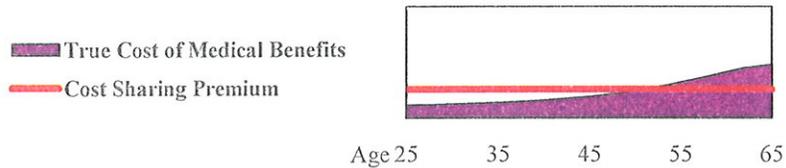
- ⊗ Normal Cost – because the benefits earned each year should be paid for each year
- ⊗ Past Service Cost – a catch-up payment to fund the Accrued Liability over time.

TOWN OF NANTUCKET
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

IMPLICIT RATE SUBSIDIES

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

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



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

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

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

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

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

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

DISCUSSION OF EXPERIENCE

This valuation reflects a number of changes relative to the July 1, 2007 valuation:

Demographic Changes from 2007 to 2009

From July 1, 2007 to July 1, 2009, the overall membership increased from 776 to 910. The total number of active members increased from 580 to 682 and the total number of retirees, terminated vested and spouses of retirees increased from 196 to 228.

The average age of active members increased slightly, from 44.1 to 44.4, and the average age of retired and terminated vested members decreased from 70.5 to 67.3.

The effect of these changes increased the Accrued Liability by about \$2.3 million and the ARC by about \$940,000.

Assumption Changes

Discount Rate: We lowered the discount rate to 4% to reflect our understanding that a trust has not yet been established (prior valuation: 8.25%).

Teachers: Certain actuarial demographic assumptions are based on the assumptions used by the Public Employee Retirement Administration Commission (PERAC) in their valuation of the Massachusetts Teachers' Retirement System. Our valuation reflects the applicable assumption changes made by PERAC in their 2008 valuation.

All groups except Teachers: Certain actuarial demographic assumptions are based on the assumptions used by The Segal Group in their valuation of the Barnstable County Retirement System. Our valuation reflects the applicable assumption changes made by The Segal Group in their 2009 valuation.

Medical inflation: Using a new medical inflation model developed by the Society of Actuaries, we revised this assumption to an initial inflation rate of 6.6%, grading down to an ultimate inflation rate of 4.7% over a period of 82 years (prior valuation: an initial inflation rate of 9% graded down to an ultimate inflation rate of 5% over a period of 4 years).

Medical and dental age curves: We updated the age curves with respect to expected claims costs, based on our analysis of the claims experience and premium information provided to us for this valuation.

The effect of the above changes was as follows: (1) changing the discount rate from 8.25% to 4% increased the Accrued Liability by about \$67 million and the ARC by about \$6.8 million and (2) updating the other assumptions increased the Accrued Liability by about \$5 million and the ARC by about \$260,000.

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

KEY ASSUMPTIONS

Our results are highly dependent on two key assumptions: the rate at which we assume medical costs will increase over time, and the discount rate we use to translate future payments into current dollars.

Medical inflation rate	Medical Benefits	
	Pre-65	Post-65
Initial inflation rate	6.60%	6.60%
Ultimate inflation rate	4.70%	4.70%
Years until ultimate inflation rate	82	82

Discount rate 4.00%

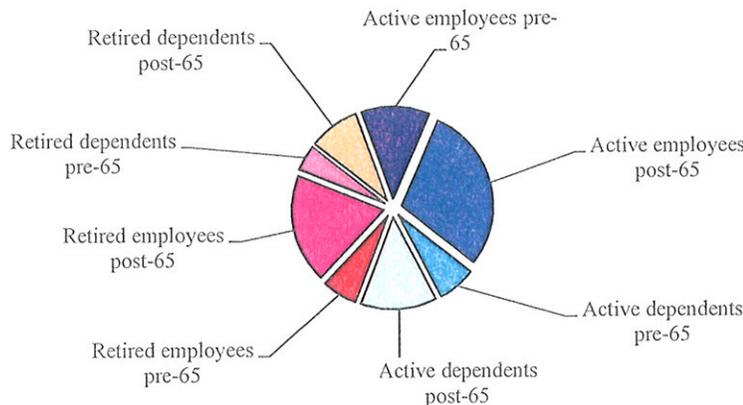
The 4.00% discount rate reflects our understanding that an OPEB trust has not been established.

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

SUMMARY OF LIABILITIES AS OF JULY 1, 2009

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

	Town	Teachers	Total
Current active members			
Employees under age 65	\$9,418,000	\$6,096,000	\$15,514,000
Employees over age 65	23,581,000	13,553,000	37,134,000
Dependents under age 65	6,186,000	2,359,000	8,545,000
Dependents over age 65	<u>11,960,000</u>	<u>5,385,000</u>	<u>17,345,000</u>
Total	51,145,000	27,393,000	78,538,000
Current retired members			
Employees under age 65	4,548,000	3,357,000	7,905,000
Employees over age 65	13,506,000	10,885,000	24,391,000
Dependents under age 65	4,311,000	1,471,000	5,782,000
Dependents over age 65	<u>7,267,000</u>	<u>4,040,000</u>	<u>11,307,000</u>
Total	29,632,000	19,753,000	49,385,000
Total Accrued Liability	80,777,000	47,146,000	127,923,000



TOWN OF NANTUCKET
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

ANNUAL REQUIRED CONTRIBUTION

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces: a **Normal Cost** (the cost of benefits earned each year should be accrued in that year) plus a **Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2007. The amortization method produces annual payments that will increase over time as payroll grows. On this basis, the ARC is determined as follows:

	Town	Teachers	Total
Accrued Liability	\$80,777,000	\$47,146,000	\$127,923,000
Assets	0	0	0
Unfunded Accrued Liability	80,777,000	47,146,000	127,923,000
Amortization Period	28	28	28
Payroll Growth Rate	4.5%	4.5%	4.5%
Past Service Cost	2,702,000	1,577,000	4,279,000
Normal Cost	6,199,000	2,950,000	9,149,000
Interest	356,000	181,000	537,000
ARC for FY 2011	9,257,000	4,708,000	13,965,000
Expected Benefit Payouts	1,588,000	999,000	2,587,000

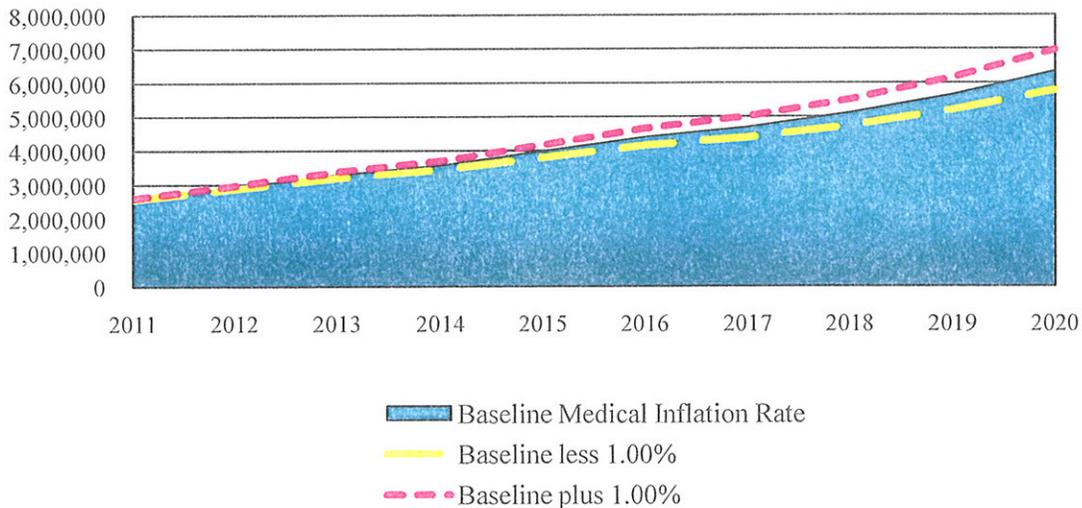
The ARC is assumed to be paid at the beginning of the Fiscal Year.

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

PROJECTED PAYOUTS

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

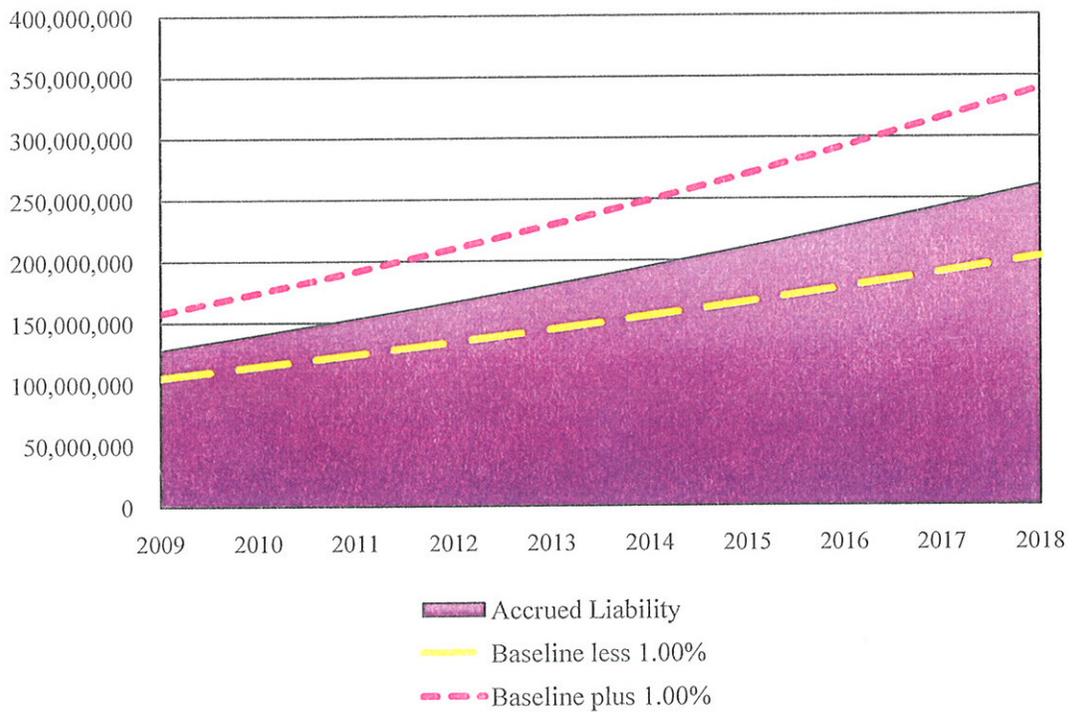
Fiscal Year	Baseline less 1.00%	Baseline Medical Inflation Rate	Baseline plus 1.00%
2011	\$2,562,000	\$2,587,000	\$2,611,000
2012	2,874,000	2,929,000	2,984,000
2013	3,202,000	3,294,000	3,388,000
2014	3,441,000	3,573,000	3,710,000
2015	3,807,000	3,992,000	4,184,000
2016	4,158,000	4,401,000	4,656,000
2017	4,388,000	4,689,000	5,008,000
2018	4,733,000	5,106,000	5,504,000
2019	5,187,000	5,649,000	6,147,000
2020	5,772,000	6,346,000	6,972,000



TOWN OF NANTUCKET
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

PROJECTED LIABILITIES

The graph below shows how the Town's accrued liability for OPEB benefits is expected to grow over the next 10 years.



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

GASB 45 SCHEDULE OF FUNDING PROGRESS

The following information is required to be disclosed in the Town's financial statement.

(\$ 000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2007	\$0	\$104,980	\$104,980	0%	N/A	N/A
7/1/2009	0	127,923	127,923	0%	N/A	N/A

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

GASB 45 SCHEDULE OF EMPLOYER CONTRIBUTIONS

The following information is required to be disclosed in the Town's financial statement.

(\$ 000s)

Year Ended June 30	Annual Required Contribution	Actual Contribution Made	Percentage Contributed
2009	\$10,745	\$2,534	23.58%
2010	11,184	N/A	N/A
2011	13,965	N/A	N/A

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

SUMMARY OF CENSUS DATA

The following were included in our analysis as of July 1, 2009 based on information provided by the Town.

	Town	Teachers	Total
Number of members			
Active	474	208	682
Retired & TV members	99	73	172
Spouses of retirees	38	18	56
Total	611	299	910
Average age			
Active	44.2	44.9	44.4
Retired & TV	68.7	65.4	67.3
Average retirement age			
Active	59.1	58.9	59.0
Retired & TV	59.5	59.9	59.6
Expected lifetime			
Active [to retirement]	14.9	14.0	14.6
Retired & TV [lifetime]	15.0	16.9	15.8

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

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

CURRENT PREMIUMS

We received the following information from the Town concerning the current premiums for medical benefits provided to retirees:

2009 Monthly COBRA Premiums		Employee	Spouse
Master Medical	Pre 65	\$780.00	\$918.00
Blue Care Elect (PPO)	Pre 65	678.00	765.00
Medex	Post 65	525.67	525.67

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

MEDICAL COST ADJUSTMENT FACTORS

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

Age	Medical	
	Employee	Spouse
40	1.94%	2.52%
45	3.41%	3.88%
50	4.39%	4.72%
55	4.30%	4.79%
60	4.19%	4.42%
65	2.01%	2.08%
70	2.15%	2.21%
75	1.42%	1.53%
80	1.24%	1.12%

TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

ACTUARIAL METHOD

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

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

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

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

**TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Payroll Growth Rate	4.50%
Healthy Mortality[#]	<p>Teachers: RP-2000 Mortality Table projected to 2010 with Scale AA for males and females, and separate tables for active employees and annuitants.</p> <p>Groups 1, 2 & 4:</p> <p>Prior: 1994 Group Annuity Mortality Table for males and females.</p> <p>Current: RP-2000 Mortality Table projected forward 10 years using Scale AA for males and females, and separate tables for active employees and annuitants.</p>
Disabled Mortality[#]	<p>Teachers: RP-2000 Healthy Annuitant table for males and females, set forward 3 years for males.</p> <p>Groups 1, 2 & 4:</p> <p>Prior: 1994 Group Annuity Mortality Table for males and females with 5 year set forward.</p> <p>Current: RP-2000 Healthy Annuitant table projected forward 10 years using Scale AA for males and females, set forward 2 years.</p>
Pre-retirement Death[#]	<p>Prior: 55% of pre-retirement deaths are assumed to be Service-Connected for Teachers; 35% for Groups 1 and 2; and 90% for Group 4.</p> <p>Current: 55% of pre-retirement deaths are assumed to be Service-Connected for Teachers, and Groups 1 and 2; and 90% for Group 4.</p>

**TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Turnover[#]

Teachers:

Prior: Rates based on age, gender and length of service.
Sample rates are shown below:

Age	Years of Service					
	0		5		10+	
	Male	Female	Male	Female	Male	Female
20	9.0%	6.0%	4.0%	9.0%	1.0%	4.0%
30	10.8	11.6	4.3	9.0	1.0	4.0
40	9.3	11.4	4.9	7.0	1.5	3.1
50	5.9	6.8	4.2	4.5	1.9	1.9

Current: Rates based on age, gender and length of service.
Sample rates are shown below:

Age	Years of Service					
	0		5		10+	
	Male	Female	Male	Female	Male	Female
20	12.0%	10.0%	4.5%	9.0%	1.0%	5.0%
30	11.4	12.0	4.5	9.0	1.0	5.0
40	9.7	11.0	5.4	6.5	1.7	2.9
50	10.0	8.2	4.8	4.2	2.2	2.1

Groups 1 and 2:

Prior: Rates based on age. Sample rates are shown below:

Age	Rate
20	7.94%
30	7.22
40	5.15
50	2.56
60	0.09

Current: Rates based on years of service. Sample rates are shown below:

Service	Rate
0	15.0%
5	7.6
10	5.4
15	3.3
20	2.0

TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

ACTUARIAL ASSUMPTIONS

Turnover[#]

Group 4:

Prior: None.

Current: 0.015 each year for service up to and including 10 years. No turnover is assumed thereafter.

Disability[#]

Prior: Rates are based on age:

Age	Teachers	Groups 1 & 2	Group 4
20	0.004%	0.060%	0.120%
30	0.006	0.110	0.220
40	0.010	0.240	0.480
50	0.050	0.610	1.220
60	0.100	1.228	2.456

It is assumed that Service-Connected Disabilities are 35% of all disabilities for Teachers, and 50% for Groups 1, 2 & 4.

Current: Rates are based on age:

Age	Teachers	Groups 1 & 2	Group 4
20	0.004%	0.010%	0.100%
30	0.006	0.030	0.300
40	0.010	0.101	0.300
50	0.050	0.192	1.250
60	0.100	0.280	0.850

It is assumed that Service-Connected Disabilities are 35% of all disabilities for Teachers, 55% for Groups 1 & 2, and 90% for Group 4.

TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

ACTUARIAL ASSUMPTIONS

Retirement[#]

Teachers:

Prior: Rates based on age, gender and length of service.

Age	Male		Female	
	Service		Service	
	< 20	20 +	< 20	20 +
50	0%	1%	0%	1%
51	0%	1%	0%	1%
52	0%	1%	0%	1%
53	0%	1%	0%	1%
54	0%	2%	0%	1%
55	2%	3%	2%	4%
56	4%	3%	4%	4%
57	7%	5%	7%	5%
58	8%	7%	8%	7%
59	9%	10%	9%	11%
60	12%	20%	12%	16%
61	15%	30%	15%	20%
62	18%	35%	18%	25%
63	15%	35%	15%	25%
64	25%	30%	25%	30%
65	40%	50%	40%	40%
66	40%	30%	40%	30%
67	40%	30%	40%	25%
68	40%	30%	40%	35%
69	40%	40%	40%	35%
70	100%	100%	100%	100%

TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

ACTUARIAL ASSUMPTIONS

Retirement[#]

Teachers:

Current: Rates based on age, gender, length of service, and whether the teacher is subject to Retirement Plus.

Age	Not in Retirement Plus			
	Male		Female	
	Service		Service	
	< 20	20 +	< 20	20 +
50	0%	2%	0%	2%
51	0%	2%	0%	2%
52	0%	2%	0%	2%
53	0%	2%	0%	2%
54	0%	2%	0%	2%
55	6%	5%	6%	5%
56	6%	5%	6%	5%
57	7%	5%	7%	5%
58	7%	6%	7%	7%
59	10%	7%	10%	10%
60	15%	20%	15%	20%
61	20%	35%	20%	30%
62	20%	35%	20%	30%
63	20%	35%	20%	30%
64	25%	35%	25%	30%
65	30%	40%	30%	40%
66	30%	30%	30%	40%
67	30%	30%	30%	40%
68	30%	30%	30%	40%
69	30%	30%	30%	40%
70	100%	100%	100%	100%

TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM

ACTUARIAL ASSUMPTIONS

Retirement[#]

Teachers (continued):

Age	Retirement Plus					
	Male			Female		
	Service < 20	Service 20-30	Service 30 +	Service < 20	Service 20-30	Service 30 +
50	0%	1%	2%	0%	1.5%	2%
51	0%	1%	2%	0%	1.5%	2%
52	0%	1%	2%	0%	1.5%	2%
53	0%	1%	2%	0%	1.5%	2%
54	0%	1%	2%	0%	1.5%	2%
55	3%	3%	6%	2%	3%	6%
56	8%	5%	20%	2%	3%	15%
57	15%	8%	35%	8%	7%	30%
58	15%	10%	50%	10%	7%	35%
59	20%	20%	50%	15%	11%	35%
60	15%	20%	50%	20%	16%	35%
61	30%	25%	50%	20%	20%	35%
62	20%	30%	40%	25%	30%	40%
63	30%	30%	40%	24%	30%	30%
64	40%	30%	40%	20%	30%	35%
65	40%	40%	50%	30%	30%	35%
66	40%	30%	50%	30%	30%	35%
67	40%	30%	50%	30%	30%	30%
68	40%	30%	50%	30%	30%	30%
69	40%	30%	50%	30%	30%	30%
70	100%	100%	100%	100%	100%	100%

**TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

Retirement[#]

Groups 1, 2 & 4: rates are based on age and gender for Group 1 & 2. Rates are based on age for Group 4.

Age	Groups 1 & 2		Group 4
	Male	Female	
45-49	0.0%	0.0%	1.0%
50	1.0%	1.5%	2.0%
51	1.0%	1.5%	2.0%
52	1.0%	2.0%	2.0%
53	1.0%	2.5%	5.0%
54	2.0%	2.5%	7.5%
55	2.0%	5.5%	15.0%
56	2.5%	6.5%	10.0%
57	2.5%	6.5%	10.0%
58	5.0%	6.5%	10.0%
59	6.5%	6.5%	15.0%
60	12.0%	5.0%	20.0%
61	20.0%	13.0%	20.0%
62	30.0%	15.0%	25.0%
63	25.0%	12.5%	25.0%
64	22.0%	18.0%	30.0%
65	40.0%	15.0%	100.0%
66	25.0%	20.0%	100.0%
67	25.0%	20.0%	100.0%
68	30.0%	25.0%	100.0%
69	30.0%	20.0%	100.0%
70	100.0%	100.0%	100.0%

Cost Blending

In order to dampen the volatility of premium changes, this valuation is based on 75% of expected costs/premiums plus 25% of actual costs/premiums.

Future Retiree Coverage

100% of active and 90% of vested former members are assumed to elect coverage at retirement.

**TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

ACTUARIAL ASSUMPTIONS

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

	Male	Female
Teachers	70%	30%
Groups 1, 2 & 4	70%	20%

Future Pre-65 Coverage Actives are assumed to continue coverage upon retirement with the following elections:

Groups 1, 2 & Teachers: 50% elect Master Medical and 50% elect PPO.

Group 4: 100% elect Master Medical.

Future Post-65 Coverage Upon attainment of age 65, all current pre-65 actives and retirees are assumed to elect Medex.

Certain actuarial demographic assumptions are based on the assumptions used by the Public Employee Retirement Administration Commission (PERAC) in their 2008 valuation of the Massachusetts Teachers' Retirement System, and by The Segal Group in their 2009 valuation of the Barnstable County Retirement System.

**TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Eligibility

Other Post-Employment Benefits for public employees in Massachusetts are governed by Chapter 32B of the Massachusetts General Law. Employees are classified into one of the following three groups depending on position classification:

Group 1: General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2: Certain specified hazardous duty positions.

Group 4: Police officers, firefighters, and other specified hazardous positions.

Members who retire upon attainment of age 55 with 10 years of service (age 55 with no service requirements for Group 4), or completion of 20 years of service regardless of age (age 55 with 6 years of service for elected and appointed employees), can elect to continue health coverage for self and spouse.

Members who terminate before age 55 with 10 or more years of service (6 years of service for elected and appointed employees) are eligible for post-retirement health benefits upon the attainment of age 55, provided they do not elect a refund of their pension deductions.

Medical Benefits

Retiree has the option to elect from Master Medical or Blue Care Elect Preferred (PPO) for pre-65 medical coverage; post-65 medical coverage is provided through Medex.

Note: The Town has adopted MGL Chapter 32B Section 18, requiring Medicare eligible retirees to enroll in a Medicare Supplement Plan.

Cost Sharing

Retiree contributions are as follows:

Plan	Retiree %	Spouse %
Master Medical	20%	20%
PPO	10%	10%
Medex	10%	10%

**TOWN OF NANTUCKET, MA
OTHER POST-EMPLOYMENT BENEFITS PROGRAM**

SUMMARY OF PLAN PROVISIONS

Service-Connected Disability	Same benefits and cost sharing provisions as above are applicable. There are no minimum age or service requirements.
Life Insurance	\$2,000; retiree pays 100% of premium.

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