

Town of Andover

Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB) as of
June 30, 2013 in accordance with GASB
Statements No. 43 and No. 45





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January 21, 2014

*Ms. Donna M. Walsh
Finance Director
36 Bartlet Street
Andover, MA 01810*

Dear Ms. Walsh:

We are pleased to submit this report on our actuarial valuation of postemployment welfare benefits as of June 30, 2013 under Governmental Accounting Standards Board (GASB) Statements Number 43 and 45. It establishes the liabilities of the postemployment welfare benefit plan in accordance with GASB Statements Number 43 and 45 for the fiscal year beginning July 1, 2012 and summarizes the actuarial data.

This report is based on information received from the Town. The actuarial projections were based on the assumptions and methods described in Exhibit II and on the plan of benefits as summarized in Exhibit III.

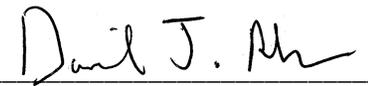
We look forward to discussing this with you at your convenience.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

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

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

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SECTION 1: Executive Summary for Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

PURPOSE

This report presents the results of our actuarial valuation of the Town of Andover (the “Employer”) postemployment welfare benefit plan as of June 30, 2013. The results are in accordance with the Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants’ active working lifetimes. The accounting standard supplements cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (*i.e.*, a pay-as-you-go basis).

HIGHLIGHTS OF THE VALUATION

During the fiscal year ending June 30, 2013, we project the Town will pay benefits (net of retiree contributions) on behalf of retired employees of about \$5,193,000. This amount is less than the annual “cost” (the “Annual Required Contribution,” or ARC) of approximately \$11,424,000.

The GASB statements provide the method for selecting the investment return assumption (discount rate). If the benefits are fully funded, the discount rate should be based on the estimated long-term investment yield on the investments expected to be used to finance the payment of benefits. If financing is pay-as-you-go, the discount rate should be based on the expected yield on the assets of the employer. If the benefits are partially funded, a blended discount rate can be used that reflects the proportionate amounts of plan and employer assets expected to be used.

As of June 30, 2013, the Town of Andover has \$1,101,668 in assets which we have assumed are in a qualified OPEB Trust. So far, the Town has contributed \$402,440 in fiscal year 2014 and has budgeted \$1,400,000 for fiscal year 2015, increasing at \$100,000 per year thereafter.

Based on the Town’s funding policy, we have determined a blended rate of 5.75%. The blending is based on a funded discount rate of 7.75% and a pay-as-you-go discount rate of 4.50%. In the prior valuation, a 4.50% pay-as-you-go rate was used.

The GASB statements allow the use of one of six funding methods to determine the actuarial liabilities. We have used the projected unit credit cost method.

To determine the amortization payment on the unfunded actuarial accrued liability (UAAL), an amortization period and amortization method must be selected. We have used a 30-year open amortization of the UAAL (the maximum permitted by the GASB statements), with payments increasing at 3.75% per year. The GASB statements allow for either an open or closed amortization period. In open amortization, the period is reset to the initial value every year and the UAAL is reamortized, while under a closed amortization, the remaining period decreases and the UAAL is eventually “paid off.”

To be considered a fully funded plan, the “contribution in relation to the ARC” must equal the ARC. For example, if the ARC calculated at the funded discount rate of 7.75% is \$9,589,000, and the employer pays benefits to retirees of \$5,193,000, then an additional contribution of the difference, or approximately \$4,396,000 will need to be added to an OPEB trust fund during the fiscal year ending June 30, 2013.

We have included a funding schedule and a projection of the ARC on pages 8 and 9 of this report.

SECTION 1: Executive Summary for Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

GASB guidelines prohibit the offset of OPEB obligations by the future value of Medicare Part D subsidies. Therefore, these calculations do not include an estimate for retiree prescription drug plan federal subsidies that the Employer may be eligible to receive for plan years beginning in 2006.

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.

This valuation does not include the potential impact of any future changes due to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 other than the excise tax on high cost health plans beginning in 2018 (reflected in this valuation) and those previously adopted as of the valuation date.

SECTION 1: Executive Summary for Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

KEY VALUATION RESULTS

- The **unfunded actuarial accrued liability (UAAL)** as of June 30, 2013 is \$144,814,000. 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 total actuarial accrued liability, less expected benefit payments and contributions. Future valuations will analyze the difference between actual and expected unfunded actuarial accrued liabilities.
 - As of June 30, 2013 the ratio of assets to the AAL (the funded ratio) is 0.76%.
- The **Annual Required Contribution (ARC)** for fiscal year 2013 is \$11,424,000. The ARC is expected to remain relatively level as a percentage of payroll, as long as the ARC is fully funded each year. If the ARC is not fully funded, it may be expected to increase as a percentage of payroll over time.

The unfunded liability has decreased by \$70,051,000 from \$214,865,000 shown in the prior valuation report completed by Aon Hewitt to \$144,814,000 shown in this report. The decrease is the result of expected factors (continuing accruals for active members, interest on the unfunded obligations, less benefit payments and contributions), as well as favorable per capita cost experience, changes in medical trend and other assumptions detailed later in the report, and an increase in the discount rate from 4.50% (pay-as-you-go) to 5.75% (partially funded).

SECTION 1: Executive Summary for Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

ACCOUNTING REQUIREMENTS

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and Statement Number 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Under these statements, all state and local governmental entities that provide other post employment benefits (OPEB) are required to report the cost of these benefits on their financial statements.

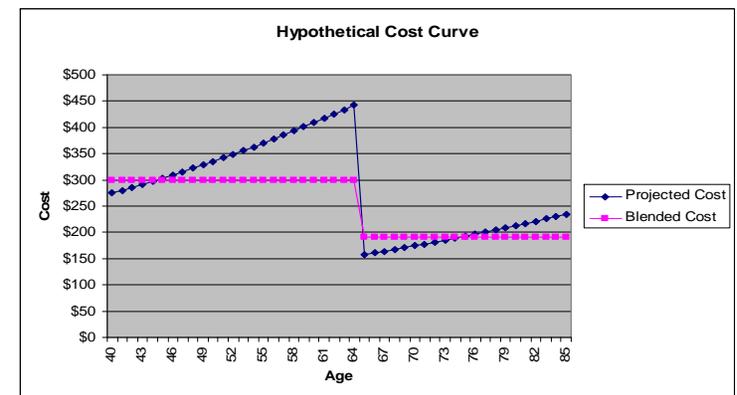
The statements cover postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. These benefits, referred to as OPEB, are typically financed on a pay-as-you-go basis. The new standard introduces an accrual-basis accounting requirement; thereby recognizing the employer cost of postemployment benefits over an employee’s career. The standards also introduce a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. This amount is then discounted to determine the actuarial present value of the total projected benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made and any difference is reported as the net OPEB obligation (NOO). In addition, required supplementary information (RSI) must be reported, including historical information about the UAAL and the progress in funding the Plan.

The benefits valued in this report are limited to those described in Exhibit III of Section 4.

The following graph illustrates why a significant accounting obligation may exist even though the retiree contributes most or all of the blended premium cost of the plan. The average cost for retirees is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.

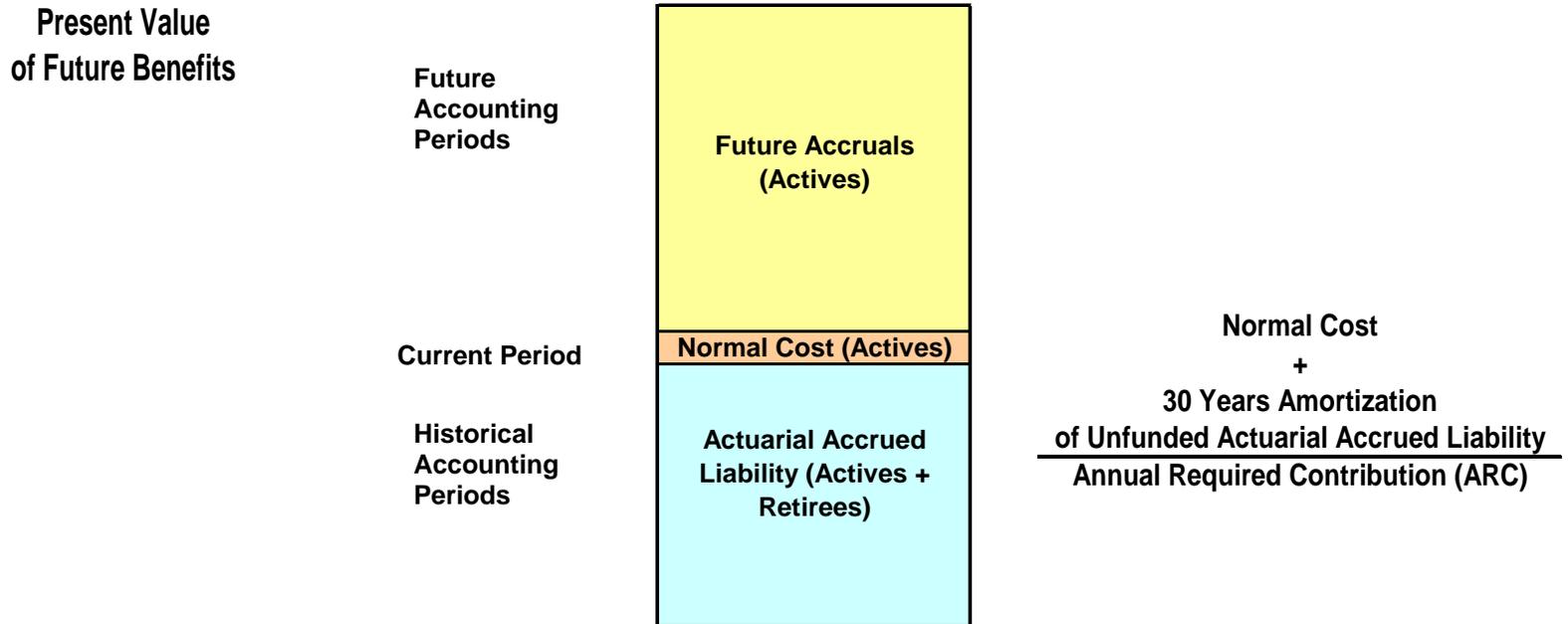


SECTION 1: Executive Summary for Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

This graph shows how the actuarial present value of the total projected benefits (APB) is broken down and allocated to various accounting periods.

The exact breakdown depends on the actuarial cost method and amortization methods selected by the employer.

GASB 43/45 Measurement



$$\text{Net OPEB Obligation} = \text{ARC}_1 + \text{ARC}_2 + \text{ARC}_3 + \dots - \text{Contribution}_1 - \text{Contribution}_2 - \text{Contribution}_3 - \dots$$

SECTION 1: Executive Summary for Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Actuarial computations under GASB statements are for purposes of fulfilling certain welfare plan accounting requirements. The calculations shown in this report have been made on a basis consistent with our understanding of GASB. Determinations for purposes other than meeting the financial accounting requirements of GASB may differ significantly from the results reported here.

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

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

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

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

SECTION 2: Valuation Results for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

**SUMMARY OF VALUATION RESULTS
ALL DEPARTMENTS**

The key results for the current year are shown on a funded basis and a partially funded basis.

	Funded (7.75% interest rate)	Partially Funded (5.75% interest rate)
Actuarial Accrued Liability by Participant Category		
1. Current retirees, beneficiaries and dependents	\$60,683,271	\$73,479,539
2. Current active members	<u>51,751,816</u>	<u>72,435,799</u>
3. Total actuarial accrued liability as of June 30, 2013: (1) + (2)	\$112,435,087	\$145,915,338
4. Actuarial value of assets as of June 30, 2013	<u>1,101,668</u>	<u>1,101,668</u>
5. Unfunded actuarial accrued liability (UAAL) as of June 30, 2013: (3) – (4)	\$111,333,419	\$144,813,670
6. Total actuarial accrued liability as of June 30, 2012	105,866,200	137,871,565
7. Actuarial value of assets as of June 30, 2012	<u>706,248</u>	<u>706,248</u>
8. Unfunded actuarial accrued liability (UAAL) as of June 30, 2012: (6) – (7)	\$105,159,952	\$137,165,317
Annual Required Contribution for Fiscal Year Ending June 30, 2013		
9. Normal cost as of July 1, 2013	\$3,658,803	\$5,417,572
10. Normal cost as of July 1, 2012	3,484,574	5,159,592
11. Adjustment for timing	<u>132,507</u>	<u>146,265</u>
12. Normal cost adjusted for timing: (10) + (11)	\$3,617,081	\$5,305,857
13. 30-year amortization (increasing 3.75% per year) of the UAAL as of June 30, 2012	5,753,295	5,949,033
14. Adjustment for timing	<u>218,781</u>	<u>168,645</u>
15. Amortization payment adjusted for timing: (13) + (14)	\$5,972,076	\$6,117,678
16. Total Annual Required Contribution (ARC): (12) + (15)	9,589,157	11,423,535
17. Projected benefit payments	5,192,902	5,192,902

Note: Assumes payment in the middle of the fiscal year.

SECTION 2: Valuation Results for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

FUNDING SCHEDULE

30 Years Closed (7.75% discount rate, payments increasing 3.75%)

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost with Interest	(3) Amortization of UAAL	(4) Total Funding Requirement (3) + (2)	(5) Additional Funding (4) - (1)	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year (7) - (6)
2013	\$5,192,903	\$3,617,081	\$5,972,076	\$9,589,157	\$300,000	\$1,101,668	\$112,435,087	\$111,333,419
2014	5,608,335	3,797,935	6,440,301	10,238,236	4,629,901	5,993,009	119,269,562	113,276,553
2015	6,166,988	3,987,832	6,681,812	10,669,644	4,502,656	11,131,346	126,250,930	115,119,584
2016	6,642,857	4,187,224	6,932,380	11,119,604	4,476,747	16,641,010	133,486,364	116,845,354
2017	7,258,340	4,396,585	7,192,345	11,588,930	4,330,590	22,425,957	140,860,978	118,435,021
2018	7,870,802	4,616,414	7,462,057	12,078,471	4,207,669	28,531,643	148,399,561	119,867,918
2019	8,358,134	4,847,235	7,741,885	12,589,120	4,230,986	35,134,722	156,256,119	121,121,397
2020	8,957,821	5,089,597	8,032,205	13,121,802	4,163,981	42,179,988	164,350,647	122,170,659
2021	9,556,438	5,344,077	8,333,413	13,677,490	4,121,052	49,726,700	172,715,278	122,988,578
2022	10,098,099	5,611,281	8,645,916	14,257,197	4,159,098	57,897,775	181,443,274	123,545,499
2023	10,753,888	5,891,845	8,970,138	14,861,983	4,108,095	66,649,166	190,458,196	123,809,030
2024	11,291,582	6,186,437	9,306,518	15,492,955	4,201,373	76,175,615	199,919,428	123,743,813
2025	11,856,162	6,495,759	9,655,512	16,151,271	4,295,109	86,537,665	209,848,941	123,311,276
2026	12,448,970	6,820,547	10,017,594	16,838,141	4,389,171	97,800,412	220,269,779	122,469,367
2027	13,071,418	7,161,574	10,393,254	17,554,828	4,483,410	110,033,844	231,206,109	121,172,265
2028	13,724,989	7,519,653	10,783,001	18,302,654	4,577,665	123,313,207	242,683,276	119,370,069
2029	14,411,238	7,895,636	11,187,363	19,082,999	4,671,761	137,719,395	254,727,859	117,008,464
2030	15,131,800	8,290,418	11,606,890	19,897,308	4,765,508	153,339,373	267,367,729	114,028,356
2031	15,888,390	8,704,939	12,042,148	20,747,087	4,858,697	170,266,633	280,632,112	110,365,479
2032	16,682,810	9,140,186	12,493,728	21,633,914	4,951,104	188,601,677	294,551,654	105,949,977
2033	17,516,950	9,597,195	12,962,243	22,559,438	5,042,488	208,452,546	309,158,488	100,705,942
2034	18,392,798	10,077,055	13,448,327	23,525,382	5,132,584	229,935,379	324,486,305	94,550,926
2035	19,312,438	10,580,908	13,952,640	24,533,548	5,221,110	253,175,024	340,570,430	87,395,406
2036	20,278,060	11,109,953	14,475,864	25,585,817	5,307,757	278,305,683	357,447,896	79,142,213
2037	21,291,963	11,665,451	15,018,709	26,684,160	5,392,197	305,471,619	375,157,529	69,685,910
2038	22,356,561	12,248,724	15,581,910	27,830,634	5,474,073	334,827,905	393,740,030	58,912,125
2039	23,474,389	12,861,160	16,166,232	29,027,392	5,553,003	366,541,234	413,238,064	46,696,830
2040	24,648,108	13,504,218	16,772,465	30,276,683	5,628,575	400,790,793	433,696,356	32,905,563
2041	25,880,514	14,179,429	17,401,433	31,580,862	5,700,348	437,769,194	455,161,782	17,392,588
2042	27,174,539	14,888,400	18,053,987	32,942,387	5,767,848	477,683,488	477,683,488	-

*Notes: Assumes payment in the middle of the fiscal year.
Fiscal 2013 additional funding represents actual contribution.*

SECTION 2: Valuation Results for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

PROJECTION OF ARC

30 Years Open (5.75% discount rate, payments increasing 3.75%)

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost	(3) Amortization of UAAL	(4) ARC (3) + (2)	(5) Additional Funding	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAAL at End of Year (7) – (6)
2013	\$5,192,903	\$5,305,857	\$6,117,678	\$11,423,535	\$300,000	\$1,101,668	\$145,915,338	\$144,813,670
2014	5,608,335	5,571,150	6,458,799	12,029,949	402,440	1,604,791	154,267,231	152,662,440
2015	6,166,988	5,849,708	6,808,861	12,658,569	1,400,000	3,182,400	162,811,322	159,628,922
2016	6,642,857	6,142,193	7,119,571	13,261,764	1,500,000	4,986,076	171,658,116	166,672,040
2017	7,258,340	6,449,303	7,433,699	13,883,002	1,600,000	7,033,340	180,696,486	173,663,146
2018	7,870,802	6,771,768	7,745,508	14,517,276	1,700,000	9,343,070	189,956,344	180,613,274
2019	8,358,134	7,110,356	8,055,489	15,165,845	1,800,000	11,935,606	199,595,684	187,660,078
2020	8,957,821	7,465,874	8,369,782	15,835,656	1,900,000	14,832,867	209,538,195	194,705,328
2021	9,556,438	7,839,168	8,684,005	16,523,173	2,000,000	18,058,468	219,820,690	201,762,222
2022	10,098,099	8,231,126	8,998,748	17,229,874	2,100,000	21,637,856	230,540,481	208,902,625
2023	10,753,888	8,642,682	9,317,215	17,959,897	2,200,000	25,598,449	241,625,504	216,027,055
2024	11,291,582	9,074,816	9,634,970	18,709,786	2,300,000	29,969,791	253,239,363	223,269,572
2025	11,856,162	9,528,557	9,957,992	19,486,549	2,400,000	34,783,715	265,407,038	230,623,323
2026	12,448,970	10,004,985	10,285,975	20,290,960	2,500,000	40,074,520	278,154,675	238,080,155
2027	13,071,418	10,505,234	10,618,555	21,123,789	2,600,000	45,879,165	291,509,638	245,630,473
2028	13,724,989	11,030,496	10,955,305	21,985,801	2,700,000	52,237,473	305,500,565	253,263,092
2029	14,411,238	11,582,021	11,295,726	22,877,747	2,800,000	59,192,353	320,157,427	260,965,074
2030	15,131,800	12,161,122	11,639,240	23,800,362	2,900,000	66,790,039	335,511,588	268,721,549
2031	15,888,390	12,769,178	11,985,185	24,754,363	3,000,000	75,080,348	351,595,868	276,515,520
2032	16,682,810	13,407,637	12,332,802	25,740,439	3,100,000	84,116,959	368,444,612	284,327,653
2033	17,516,950	14,078,019	12,681,229	26,759,248	3,200,000	93,957,710	386,093,759	292,136,049
2034	18,392,798	14,781,920	13,029,489	27,811,409	3,300,000	104,664,922	404,580,910	299,915,988
2035	19,312,438	15,521,016	13,376,480	28,897,496	3,400,000	116,305,745	423,945,410	307,639,665
2036	20,278,060	16,297,067	13,720,962	30,018,029	3,500,000	128,952,535	444,228,424	315,275,889
2037	21,291,963	17,111,920	14,061,544	31,173,464	3,600,000	142,683,254	465,473,019	322,789,765
2038	22,356,561	17,967,516	14,396,668	32,364,184	3,700,000	157,581,906	487,724,251	330,142,345
2039	23,474,389	18,865,892	14,724,599	33,590,491	3,800,000	173,739,006	511,029,256	337,290,250
2040	24,648,108	19,809,187	15,043,401	34,852,588	3,900,000	191,252,084	535,437,343	344,185,259
2041	25,880,514	20,799,646	15,350,923	36,150,569	4,000,000	210,226,228	561,000,089	350,773,861
2042	27,174,539	21,839,628	15,644,780	37,484,408	4,100,000	230,774,671	587,771,448	356,996,777

Notes: Assumes payment in the middle of the fiscal year.

Fiscal 2013 and 2014 additional funding represents actual contributions.

Fiscal 2015 and later additional funding is based on funding policy.

SECTION 2: Valuation Results for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

DEPARTMENT RESULTS

Actuarial Accrued Liability (AAL) and Annual Required Contribution – Partially Funded (5.75%)

	Town	School	Sewer	Water	Total
Actuarial Accrued Liability by Participant Category					
1. Current retirees, beneficiaries and dependents	\$21,554,615	\$50,826,188	\$197,293	\$901,443	\$73,479,539
2. Current active members	<u>26,396,333</u>	<u>43,467,686</u>	<u>362,156</u>	<u>2,209,624</u>	<u>72,435,799</u>
3. Total actuarial accrued liability as of June 30, 2013: (1) + (2)	\$47,950,948	\$94,293,874	\$559,449	\$3,111,067	\$145,915,338
4. Actuarial value of assets as of June 30, 2013	<u>294,284</u>	<u>571,257</u>	<u>119,390</u>	<u>116,737</u>	<u>1,101,668</u>
5. Unfunded actuarial accrued liability (UAAL) as of June 30, 2013: (3) – (4)	\$47,656,664	\$93,722,617	\$440,059	\$2,994,330	\$144,813,670
6. Total actuarial accrued liability as of June 30, 2012	45,141,843	89,281,910	539,200	2,908,612	137,871,565
7. Actuarial value of assets as of June 30, 2012	<u>166,795</u>	<u>323,778</u>	<u>109,049</u>	<u>106,626</u>	<u>706,248</u>
8. Unfunded actuarial accrued liability (UAAL) as of June 30, 2012: (6) – (7)	\$44,975,048	\$88,958,132	\$430,151	\$2,801,986	\$137,165,317
Annual Required Contribution for Fiscal Year Ending June 30, 2013					
9. Normal cost as of July 1, 2013	\$1,836,882	\$3,453,177	\$18,532	\$108,981	\$5,417,572
10. Normal cost as of July 1, 2012	1,749,411	3,288,740	17,650	103,791	5,159,592
11. Adjustment for timing	<u>49,593</u>	<u>93,230</u>	<u>500</u>	<u>2,942</u>	<u>146,265</u>
12. Normal cost adjusted for timing: (10) + (11)	\$1,799,004	\$3,381,970	\$18,150	\$106,733	\$5,305,857
13. 30-year amortization (increasing 3.75% per year) of the UAAL as of June 30, 2012	1,950,625	3,858,226	18,656	121,526	5,949,033
14. Adjustment for timing	<u>55,297</u>	<u>109,374</u>	<u>529</u>	<u>3,445</u>	<u>168,645</u>
15. Amortization payment adjusted for timing: (13) + (14)	\$2,005,922	\$3,967,600	\$19,185	\$124,971	\$6,117,678
16. Total Annual Required Contribution (ARC): (12) + (15)	3,804,926	7,349,570	37,335	231,704	11,423,535
17. Projected benefit payments	1,591,439	3,500,360	28,609	72,494	5,192,902

Note: Assumes payment in the middle of the fiscal year.

SECTION 2: Valuation Results for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

January 21, 2014

ACTUARIAL CERTIFICATION

This is to certify that Segal Consulting, a Member of The Segal Group, Inc. has conducted an actuarial valuation of certain benefit obligations of the Town of Andover other postemployment benefit programs as of June 30, 2013, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Number 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the Town and on participant and premium data provided by the Town or from vendors employed by the Town. Segal Consulting does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination or adequacy of funding an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statements Number 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the Town are reasonably related to the experience and expectations of the postemployment benefit programs.



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



Howard Atkinson, Jr., ASA, MAAA, FCA
Vice President and Health Actuary

SECTION 3: Valuation Details for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

CHART 1
Required Supplementary Information – Schedule of Employer Contributions

Fiscal Year Ended June 30,	Annual OPEB Costs	Actual Contributions	Percentage Contributed
2009	\$18,051,000	\$5,363,000	29.7%
2010	18,878,000	5,548,000	29.4%
2011	15,704,000	5,879,000	37.4%
2012	16,888,000	6,075,000	36.0%
2013	12,025,362	5,492,903	45.7%
2014	12,716,039	--	--

*Notes: 2013 information includes an OPEB Trust contribution of \$300,000.
2014 information assumes there will be no plan changes that need to be reflected.*

SECTION 3: Valuation Details for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CHART 2
Required Supplementary Information – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2009	\$0	\$245,108,000	\$245,108,000	0.00%	\$80,768,000	303.5%
06/30/2011	704,000	215,258,000	214,554,000	0.33%	87,023,000	246.6%
06/30/2013	1,101,668	145,915,338	144,813,670	0.76%	N/A	N/A

* Enter covered payroll for fiscal 2013.

SECTION 3: Valuation Details for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

**CHART 3
Required Supplementary Information – Net OPEB Obligation/(Asset) (NOO/NOA)**

Fiscal Year Ended June 30,	Annual Required Contribution (a)	Interest on Existing NOO (b)	ARC Adjustment (c)	Annual OPEB Cost (a) + (b) + (c) (d)	Actual Contribution Amount (e)	Net Increase in NOO (d) - (e) (f)	NOO as of Following Date (g)
2009	\$18,051,000	\$0	\$0	\$18,051,000	\$5,363,000	\$12,688,000	\$12,688,000
2010	19,029,000	444,000	(595,000)	18,878,000	5,548,000	13,330,000	26,018,000
2011	15,439,000	1,171,000	(906,000)	15,704,000	5,879,000	9,825,000	35,843,000
2012	16,523,000	1,613,000	(1,248,000)	16,888,000	6,075,000	10,813,000	46,656,000
2013	11,423,535	2,682,720	(2,080,893)	12,025,362	5,492,903	6,532,459	53,188,459
2014	12,029,949	3,058,336	(2,372,246)	12,716,039	--	--	--

*Notes: 2013 information includes an OPEB Trust contribution of \$300,000.
2014 information assumes there will be no plan changes that need to be reflected.*

SECTION 3: Valuation Details for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

**CHART 4
Summary of Required Supplementary Information**

Valuation date	June 30, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Payments increasing at 3.75%
Remaining amortization period	30 years open
Asset valuation method	Market value
Actuarial assumptions:	
Asset rate of return	7.75%
Discount rate	5.75% partially funded
Trend on Medicare MIIA and GIC plans	7.0% decreasing by 0.5% for 4 years to an ultimate level of 5.0% per year
Trend on Non-Medicare MIIA plans	8.5% decreasing by 0.5% for 7 years to an ultimate level of 5.0% per year
Trend on Medicare Part B premium	6.0%
Trend on administrative expenses	5.0%
Plan membership:	
Current retirees, beneficiaries, and dependents	941
Current active participants	<u>944</u>
Total	1,885

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

This exhibit summarizes the participant data used for the current valuation.

**EXHIBIT I
Summary of Participant Data**

Active employees covered for medical benefits as of July 1, 2013

Number of employees	
Male	343
Female	<u>601</u>
Total	944
Average age	48.2
Average service	12.1

Retired employees, spouses and beneficiaries covered for medical benefits as of July 1, 2013

Number of individuals	910
Average age	71.2

Retired employees with life insurance coverage as of July 1, 2013*

Number of individuals	472
Average age	72.5

** 31 retirees have life insurance only.*

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

**EXHIBIT II
Actuarial Assumptions and Actuarial Cost Method**

Data:	Detailed census data, premium rates, and summary plan descriptions for postemployment welfare benefits were provided by the Town of Andover.
Actuarial Cost Method:	Projected Unit Credit
Per Capita Cost Development:	Per capita costs were based on the fully insured premium rates effective July 1, 2013 (January 1, 2013 and January 1, 2014 for Medicare plans). Premiums were combined by taking a weighted average based on the number of participants in each plan, and were then trended to the midpoint of the valuation year at assumed trend rates. For plans that are not community rated, actuarial factors were applied to the premium to estimate individual retiree and spouse costs by age and by gender.
<i>Medical and drug (Teachers)</i>	Per capita costs for retired teachers participating in the Group Insurance Commission's (GIC) Retired Municipal Teachers plan were taken from the January 1, 2013 Commonwealth of Massachusetts Postemployment Benefit Plans Actuarial Valuation dated December 6, 2013. The costs shown in the report were trended to the midpoint of the valuation year at the assumed trend rates.
Measurement Date:	June 30, 2013
Discount Rate:	5.75% partially funded (the blending is based on a funded discount rate of 7.75% and a pay-as-you-go discount rate of 4.50%) 7.75% funding
Mortality Rates:	
<i>Pre-Retirement (Non-Teachers)</i>	RP-2000 Healthy Employee Mortality Table projected 20 years with Scale AA
<i>Healthy (Non-Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table projected 15 years with Scale AA
<i>Disabled (Non-Teachers)</i>	RP-2000 Healthy Annuitant Mortality Table set forward 3 years

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Pre-Retirement (Teachers) RP-2000 Combined Healthy White Collar Mortality Table projected 20 years with Scale AA

Healthy and Disabled (Teachers) RP-2000 Healthy Annuitant with Large Benefit Amount Adjustment Mortality Table projected 15 years with Scale AA

The mortality assumptions were determined to contain provisions appropriate to reflect future mortality improvements.

Termination Rates before Retirement:	Groups 1 and 2 (excluding Teachers) - Rate per year (%)			
	Age	Male	Female	Disability
	20	0.02	0.01	0.01
	25	0.03	0.02	0.02
	30	0.04	0.02	0.03
	35	0.07	0.04	0.05
	40	0.09	0.05	0.10
	45	0.12	0.08	0.15
	50	0.15	0.12	0.19
	55	0.21	0.22	0.24
	60	0.35	0.36	0.28

Note: 55% of the rates shown represent accidental disability and death.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Group 4 - Rate per year (%)

Mortality

Age	Male	Female	Disability
20	0.02	0.01	0.10
25	0.03	0.02	0.20
30	0.04	0.02	0.30
35	0.07	0.04	0.30
40	0.09	0.05	0.30
45	0.12	0.08	1.00
50	0.15	0.12	1.25
55	0.21	0.22	1.20
60	0.35	0.36	0.85

Note: 90% of the rates shown represent accidental disability and death.

Teachers - Rate per year (%)

Mortality

Age	Male	Female	Disability
20	0.02	0.01	0.00
25	0.03	0.02	0.01
30	0.03	0.02	0.01
35	0.05	0.04	0.01
40	0.08	0.05	0.01
45	0.10	0.07	0.03
50	0.14	0.11	0.05
55	0.23	0.22	0.07
60	0.40	0.42	0.07

*Notes: 35% of the rates shown represent accidental disability.
55% of the death rates shown represent accidental death.*

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Withdrawal Rates:

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

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Withdrawal Rates:

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

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Retirement Rates:

Age	Rate per year (%)		
	Groups 1 and 2 (excluding Teachers)		
	Male	Female	Group 4
45 - 49	--	--	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

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

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

Dependents:

Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives. For future retirees who elect to continue their health coverage at retirement, 80% of males and 60% of females were assumed to have an eligible spouse who also opts for health coverage at that time.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Per Capita Health Costs:

Fiscal 2013 - 2014 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.

MIIA:

Age	Non-Medicare Plans				Medicare Plans			
	Retiree		Spouse		Retiree		Spouse	
	Male	Female	Male	Female	Male	Female	Male	Female
45	\$7,652	\$9,599	\$4,746	\$7,165	N/A	N/A	N/A	N/A
50	9,082	10,345	6,344	8,306	N/A	N/A	N/A	N/A
55	10,786	11,136	8,489	9,615	N/A	N/A	N/A	N/A
60	12,809	12,003	11,364	11,151	N/A	N/A	N/A	N/A
65	15,213	12,931	15,213	12,931	\$3,507	\$2,981	\$3,507	\$2,981
70	17,632	13,935	17,632	13,935	4,065	3,212	4,065	3,212
75	19,001	15,000	19,001	15,000	4,380	3,458	4,380	3,458
80	20,461	16,171	20,461	16,171	4,717	3,728	4,717	3,728

Weighted Average Annual Retiree Contribution Amount:

Non-Medicare: \$2,212
Medicare: \$916

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

*GIC Plans**

Age	Retired on or before June 1, 1990							
	Indemnity				HMO			
	Non-Medicare Eligible		Medicare Eligible		Non-Medicare Eligible		Medicare Eligible	
	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse
45	\$6,336	\$6,014	N/A	N/A	\$5,047	\$4,869	N/A	N/A
50	7,450	7,072	N/A	N/A	5,936	5,726	N/A	N/A
55	8,764	8,319	N/A	N/A	6,984	6,737	N/A	N/A
60	10,460	9,928	N/A	N/A	8,335	8,041	N/A	N/A
65	12,874	12,229	\$2,788	\$2,788	10,249	9,891	\$2,566	\$2,566
70	14,861	14,121	3,214	3,214	11,827	11,416	2,959	2,959
75	16,747	15,919	3,619	3,619	13,324	12,863	3,333	3,333
80	18,334	17,436	3,958	3,958	14,575	14,075	3,643	3,643

* Costs are net of contributions.

Age	Retired after June 1, 1990							
	Indemnity				HMO			
	Non-Medicare Eligible		Medicare Eligible		Non-Medicare Eligible		Medicare Eligible	
	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse	Retiree	Spouse
45	\$6,004	\$5,571	N/A	N/A	\$4,861	\$4,593	N/A	N/A
50	7,060	6,551	N/A	N/A	5,716	5,402	N/A	N/A
55	8,304	7,706	N/A	N/A	6,726	6,355	N/A	N/A
60	9,912	9,198	N/A	N/A	8,026	7,585	N/A	N/A
65	12,209	11,341	\$2,618	\$2,618	9,871	9,338	\$2,413	\$2,413
70	14,099	13,102	3,018	3,018	11,395	10,781	2,783	2,783
75	15,895	14,778	3,399	3,399	12,839	12,153	3,134	3,134
80	17,408	16,199	3,717	3,717	14,048	13,307	3,426	3,426

* Costs are net of contributions.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

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 MIIA Plans	Medicare MIIA Plans and GIC Plans	Medicare Part B Premium	Administrative
2014	8.5%	7.0%	6.0%	5.0%
2015	8.0%	6.5%	6.0%	5.0%
2016	7.5%	6.0%	6.0%	5.0%
2017	7.0%	5.5%	6.0%	5.0%
2018	6.5%	5.0%	6.0%	5.0%
2019	6.0%	5.0%	6.0%	5.0%
2020	5.5%	5.0%	6.0%	5.0%
2021 & later	5.0%	5.0%	6.0%	5.0%

Retiree Contribution Increase Rate: Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend.

Participation and Coverage Election: 110% of active employees with coverage are assumed to elect retiree coverage.
100% of retirees over age 65 are assumed to remain with their current medical plan for life.

Town Plans: For all future retirees, 100% are assumed to be eligible for Medicare and are assumed to enroll in a Medicare Supplement plan upon reaching age 65.

GIC Plans: If less than age 65 at retirement, 90% are assumed to elect a GIC indemnity plan upon retirement and 10% are assumed to elect a GIC HMO plan. For future retirees hired before 1986 and current retirees under the age of 65, 85% are assumed to be eligible for Medicare and are assumed to enroll in a GIC indemnity plan upon reaching age 65. The other 15% are assumed to be ineligible for Medicare and are assumed to enroll in a GIC indemnity plan upon reaching age 65. For future retirees hired in 1986 or later, 100% are assumed to be eligible for Medicare and are assumed to enroll in a GIC Indemnity plan upon reaching age 65.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

Plan Design: Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.

Administrative Expenses:

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

GIC Plans: Administrative expenses are assumed to be included in the fully insured premium rates. Administrative expenses are assumed to be \$513 for the GIC indemnity plans and \$381 for the GIC HMO plans and are assumed to increase at 5.0%.

Annual Maximum Benefits: No increase in the annual maximum benefit levels was assumed.

Lifetime Maximum Benefits: No information was available regarding accumulations toward lifetime maximum benefits and no such accumulations were assumed.

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.

Health Care Reform Assumption: This valuation does not include the potential impact of any future changes due to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 other than the excise tax on high cost health plans beginning in 2018 (reflected with this valuation) and those previously adopted as of the valuation date. The addition of the excise tax in this valuation increased the actuarial accrued liability and normal cost as shown below for employers participating in the following groups:

	<u>Actuarial Accrued Liability</u>	<u>Normal Cost</u>
GIC*	1.88%	4.52%
MIIA	0.40%	1.13%

* The GIC assumption comes from the January 1, 2013 OPEB Actuarial Valuation for the Commonwealth of Massachusetts, prepared by Aon Hewitt and dated December 6, 2013.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

**Assumption Changes
Since Prior Valuation
Completed by Aon Hewitt:**

Per capita health care costs were updated to reflect current experience.

The retirement, turnover, mortality and disability assumptions were changed to match the assumptions used in the January 1, 2012 Actuarial Valuation Report of the Andover Contributory Retirement System dated July 27, 2012 (with the exception of mortality, which was further adjusted to reflect future mortality improvement) and the January 1, 2013 Actuarial Valuation Report of the Massachusetts State Teachers Retirement System dated October 31, 2013.

The medical trend assumption was revised.

The discount rate was increased from a pay-as-you-go rate of 4.5% to a partially funded rate of 5.75%

The participation rate for future retirees was revised to include a 10% load on active employees currently enrolled in health insurance.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

**EXHIBIT III
Summary of Plan**

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

Eligibility:	Retired and receiving a pension from the Andover Contributory Retirement System or Massachusetts State Teachers Retirement System.
<i>Members hired before April 2, 2012</i>	Group 1 and Group 2 (including Teachers): <ul style="list-style-type: none">➤ Retirees with at least 10 years of creditable service are eligible at age 55;➤ Retirees with at least 20 years of creditable service are eligible at any age. Group 4 <ul style="list-style-type: none">➤ Retirees are eligible at age 55;➤ Retirees with at least 20 years of creditable service are eligible at any age.
<i>Members hired on or after April 2, 2012</i>	Group 1 (including Teachers): <ul style="list-style-type: none">➤ Retirees with at least 10 years of creditable service are eligible at age 60. Group 2 <ul style="list-style-type: none">➤ Retirees with at least 10 years of creditable service are eligible at age 55. Group 4 <ul style="list-style-type: none">➤ Retirees are eligible at age 55;➤ Retirees with at least 10 years of creditable service are eligible at age 50. Disability: 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.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

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:

Non-teachers:

The Town of Andover participates in the Massachusetts Interlocal Insurance Association. Medical and prescription drug benefits are provided to all eligible retirees through a variety of plans offered by Blue Cross Blue Shield of Massachusetts. The Town of Andover also pays 50% of the retiree life insurance premium and reimburses the Medicare Part B penalty for 78 retirees and spouses. (Dental coverage is offered but is 100% retiree paid and therefore has no impact on this valuation.)

Teachers:

Medical and prescription drug benefits are provided to all eligible teacher retirees through a variety of plans offered through the Commonwealth of Massachusetts Group Insurance Commission (GIC).

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 Contributions:

Premium rates and retiree contributions as of January 1, 2013 and July 1, 2013 are summarized on the following pages:

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

	Subscribers			65 and over*	Monthly Premium (eff. 7/1/2013)	Town cost	Retiree cost	Retiree Cost %
	Active	Retiree	Total					
<u>Non-Medicare Actives and Retirees</u>								
Network Blue New England								
Individual	298	31	329	4	\$606.41	\$491.80	\$114.61	18.9%
Family	622	33	655	3	\$1,634.75	\$1,257.12	\$377.63	23.1%
Blue Care Elect								
Individual	11	3	14	0	\$761.84	\$495.20	\$266.64	35.0%
Family	13	1	14	0	\$2,041.73	\$1,327.12	\$714.61	35.0%
<u>Non-Medicare Total</u>	944	68	1012	7				
	Subscribers				Monthly Premium (eff. 1/1/2013)	Town cost	Retiree cost	Retiree Cost %
	Active	Retiree	Total					
<u>Medicare Supplement Plans</u>								
Medex 2	N/A	103	103		\$368.15	\$239.30	\$128.85	35.0%
Managed Blue For Seniors	N/A	120	120		\$334.69	\$288.84	\$45.85	13.7%
<u>Medicare Total</u>		223	223					
<u>Retiree Total**</u>		291						

* 7 of 231 over-65 retirees are in a non-Medicare plan.
 ** In addition, there are 172 spouses of retirees covered under an individual or family policy.

SECTION 4: Supporting Information for the Town of Andover June 30, 2013 Measurement Under GASB 43 and 45

	Retirees	<i>Retirees 65 and over*</i>	Monthly Retiree Cost (eff. 7/1/2013)	
			Retired on or before July 1, 1990 (10% of premium)	Retired after July 1, 1990 (15% of premium)
<u>Non-Medicare Retirees - GIC Plans</u>				
Commonwealth Indemnity (Comprehensive)				
Individual	62	30	\$114.66	\$154.78
Family	28	6	\$277.53	\$373.85
Neighborhood Health Plan				
Individual	2	0	\$45.56	\$68.34
Family	2	0	\$120.74	\$181.11
Fallon Direct				
Individual	1	1	\$46.94	\$70.41
Family	0	0	\$112.66	\$168.99
Fallon Select				
Individual	3	1	\$59.05	\$88.58
Family	2	0	\$141.72	\$212.58
<u>Non-Medicare Total</u>				
	100	38		
	Retirees		Monthly Retiree Cost (eff. 7/1/2013)	
<u>Medicare Retirees - GIC Plans</u>				
Commonwealth Indemnity Plan (Comprehensive)				
	180		\$42.88	\$60.31
Commonwealth Indemnity Plan (Non-Comprehensive)				
	1		\$32.05	\$49.48
Harvard Pilgrim Medicare Enhance				
	3		\$39.32	\$58.98
Tufts Medicare Complement				
	2		\$38.40	\$57.60
Tufts Medicare Preferred				
	1		\$25.30	\$37.95
<u>Medicare Total</u>				
	187			
<u>Retiree Total**</u>				
	287			

* 38 of 225 over-65 retirees are in a non-Medicare plan

** In addition, there are 160 spouses and surviving spouses of retirees covered under an individual or family policy.

Retiree Life: \$5,000

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