

**STATE OF MAINE  
COUNTY AND MUNICIPAL  
LAW ENFORCEMENT OFFICERS & MUNICIPAL FIREFIGHTERS  
RETIREE HEALTHCARE PLAN**

**OTHER POSTEMPLOYMENT BENEFIT VALUATION  
REPORT UNDER GASB 45 AS OF JUNE 30, 2009**

**EXPENSE DEVELOPMENT FOR FISCAL YEAR ENDING JUNE 30, 2010**

*State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report*

**STATE OF MAINE:  
COUNTY AND MUNICIPAL  
LAW ENFORCEMENT OFFICERS & MUNICIPAL FIREFIGHTERS  
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**Other Postemployment Benefit Valuation Report Under GASB 45  
as of June 30, 2009**

**Expense Development for Fiscal Year Ending June 30, 2010**

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**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**FOREWORD**

(DOLLAR AMOUNTS ARE IN THOUSANDS)

The Government Accounting Standards Board issued Statement No. 45 of Government Accounting Standards (“GASB 45”) in June, 2004. This statement requires employers to accrue the cost of “Other” Post-Employment Benefit (OPEB) Plans while employees who will receive these benefits are providing services to the employer. For state or local government units whose annual revenues exceed \$100 million, GASB 45 had to be adopted no later than the first fiscal year beginning after December 15, 2006. For the State of Maine, we understand that the State decided to adopt GASB 45 effective with the fiscal year beginning on July 1, 2007 (Fiscal 2008). This report was prepared on that basis.

This is the first valuation we have prepared for this Plan. In this report, we display information from prior years’ valuations for the sake of comparison and completeness but the information from those prior year valuations was prepared by the previous actuary and we are not responsible for their calculations. In this regard, we understand that the prior actuary based the June 30, 2008 valuation on data collected as of June 30, 2007.

The State of Maine provides a Retiree Healthcare Plan (“Plan”) for County and Municipal Law Enforcement Officers & Municipal Firefighters (referred to as “First Responders”). These state-provided benefits became effective July 1, 2007. To be eligible for payment, a retiree must:

- Be at least age 50;
- Be receiving a retirement benefit through the Maine Public Employees Retirement System (or a defined contribution plan);
- Have made at least 5 years of employee contributions into the Firefighters and Law Enforcement Officers Health Insurance Program Fund\*.

\* The mandatory contribution requirements (1.50% of compensation) for active employees became effective January 1, 2007. Retirees who did not satisfy the minimum of 5 years of contributions were permitted to pay a make-up contribution in order to qualify for the benefit.

The State contributes:

- 45% of the retiree-only medical premium for municipal employers participating in the Maine Municipal Employees Health Trust (“MMEHT”);
- 45% of the retiree-only medical premium for municipal employers not participating in the MMEHT (i.e., which is assumed to be 45% of half the 2-party premium for retirees in the State Employees Health Plan with 2-party or family coverage), but not greater than 45%

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of the highest MMEHT retiree-only premium for the medical plans elected by the participating municipalities.

Retirees pay the remaining portion of the retiree-only premium and the full additional premium for spouse and family coverage. There is no benefit for surviving spouses. The State-paid retiree medical payments cease when the retiree becomes eligible for Medicare. NOTE: Medicare is mandatory for police officers and firefighters hired after March 31, 1986.

The annual OPEB expense for the fiscal year ending June 30, 2010 is \$1,052, as compared to \$1,130 for fiscal year ending June 30, 2009. The Actuarial Accrued Liability increased from \$19,805 to \$20,063; these changes are primarily due to changes in premiums and reflecting updated census data which includes two years worth of experience.

The actuarial methods and assumptions are described in Section VI of this report. The substantive plan of benefits is described in Section VII of this report. The discount rate used for the determination of the annual expense for fiscal year 2010 (July 1, 2009 – June 30, 2010) is 4.50%, which presumes that the plan will continue to be funded on a “pay-as-you-go” basis (i.e., no advance funding). Claim costs were developed using current premiums without any age-adjustments since we assumed that the individual municipalities -- not the State of Maine -- are responsible for any implicit subsidy.

This report is not intended to comply with GASB No. 43.

Consistent with the GASB Technical bulletin and to the extent applicable, our determination of the actuarial accrued liability and the “annual required contribution (“ARC”) does not reflect the impact of any “28%” Federal reimbursements that may be obtained as a result of providing post-65 prescription drug benefits from the Plan.

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**ACTUARIAL CERTIFICATION**

This report presents results of the actuarial valuation of the “Other” Post-Employment Benefits (OPEB) provided under the State of Maine Retiree Healthcare Plan for “First Responders” as of June 30, 2009. To the best of our knowledge, this report is complete and accurate and presents fairly the actuarial position of the Plan in accordance with our understanding of the requirements of Statement No. 45 of the Government Accounting Standards Board (“GASB 45”).

In preparing this report, we have relied upon information regarding plan provisions, plan financial information and plan participants provided by the State of Maine. Plan participant information is as of June 30, 2009. We generally assumed this information was accurate and complete but we have not audited that information. Estimates were made where data was missing or unavailable but we believe that the cost impact of such estimates (if any) were not material.

In our opinion, all costs, liabilities, rates of interest, and other factors under the Plan have been determined on the basis of actuarial assumptions and methods, which are each reasonable (taking into account the experience of the Plan and future expectations) and which, when combined, represent our best estimate of anticipated experience under the Plan. As noted above, the calculations we present in this report were prepared in accordance with our understanding of the requirements of GASB 45. Calculations prepared for purposes other than governmental employer accounting may be significantly different.

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 contained herein.

**Deloitte Consulting LLP**



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**Ira Kastrinsky, F.S.A., E.A., M.A.A.A.  
Director**



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**Judy Strachan, F.S.A., M.A.A.A.  
Specialist Leader**

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**Section I - Summary of Actuarial Valuation Results**

Presented below is the June 30, 2009 valuation results, presented alongside the results from the previous year's valuation for comparison purposes. All liabilities are net of expected employee contributions. Dollar amounts are in thousands.

	6/30/2009 Valuation	6/30/2008 Valuation
a. Actuarial Accrued Liability ( AAL )	\$ 20,063	\$ 19,805
b. Market Value of Assets	<u>0</u>	<u>0</u>
c. Unfunded Actuarial Accrued Liability ( UAAL )	\$ 20,063	\$ 19,805
d. Funded ratio: (b./a.)	0%	0%
e. UAAL as a percentage of covered payroll: (c./k.2.)	39%	39%
f. Gross Normal Cost	\$ 1,142	\$ 1,219
g. Expected 2009/10 Active Contributions	(795)	(782)
h. Expected 2009/10 Retiree Make-Up Contributions	(125)	(123)
i. Net Normal Cost (f. + g. +h.)	222	314
j. Discount rate	4.50%	4.50%
k. Census data used		
1. Number of Covered Participants		
▪ Active employees	912	934
▪ Retirees	69	45
▪ Total	<u>981</u>	<u>979</u>
2. Covered Payroll (active plan members)	\$ 51,876	\$ 51,021
3. Expected first year benefit payments	\$ 368	\$ 376

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**Section I - Actuarial Accrued Liability as of June 30, 2009**

**OBLIGATION BY SOURCE  
(dollar amounts in thousands)**

Actuarial Accrued Liability(AAL):

	<u>As of June 30, 2009</u>	<u>As of June 30, 2008</u>
	<u>Total</u>	<u>Total</u>
Actives:	\$ 18,638	\$ *
Retirees: (and dependents)	\$ 1,425	\$ *
Total	\$ 20,063	\$ 19,805

Assumptions:

	<u>6/30/2009</u>	<u>6/30/2008</u>
Discount Rate:	4.50%	4.50%
Health Care Cost Trend ( Select Period )	8 Years	9 Years
Health Care Cost Trend ( Ultimate )	4.50%	4.50%

\* This information was not provided by the prior actuary's report

## **Section II - Development of Net OPEB Obligation and Annual OPEB Expense**

GASB No. 45 requires the disclosure of the annual OPEB expense. The following is a brief explanation of the components of the OPEB expense:

- **Actuarial Cost Method:** Is the procedure by which the actuarial valuation attributes the total present value of benefits to the years of an employee's service. There are six permissible actuarial cost methods under SGAS No. 45. See Section VI for more details.
- **Actuarial Accrued Liability (AAL):** The portion of the total present value of benefits attributed to employee service in fiscal years preceding the current fiscal year. For those currently receiving payments, 100% of the total present value of benefits is attributed to service in prior fiscal years.
- **Amortization Payment:** Amortization of the unfunded actuarial accrued liability. The initial unfunded AAL is amortized as a level percent of payroll over a closed 30 year period. Gains and losses are amortized as a level percent of payroll over a rolling 15-year period.
- **Net OPEB Obligation:** Cumulative difference between the OPEB expense and contributions and/or benefits paid.



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**Section II - Development of Net OPEB Obligation**  
**(dollar amounts in thousands)**

1. Net OPEB Obligation as of June 30, 2008	\$	1,045
2. Annual OPEB Expense for Fiscal 2009		1,130
3. Actual Contributions for Fiscal 2009		<u>258</u>
4. Net OPEB Obligation as of June 30, 2009 (1) + (2) - (3)	\$	1,917

Based on the June 30, 2009 Net OPEB Obligation and the OPEB Expense developed on the next page, the projected June 30, 2010 Net OPEB Obligation is:

5. Net OPEB Obligation as of June 30, 2009 (4)	\$	1,917
6. Annual OPEB Expense for Fiscal 2010		1,051
7. Expected Contributions for Fiscal 2010		<u>368</u>
8. Projected Net OPEB Obligation as of June 30, 2010 (5) + (6) - (7)	\$	2,600

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**Section II - Development of Annual OPEB Expense (continued)**  
**( dollar amounts in thousands )**

Presented below is the calculation of the annual OPEB expense for the fiscal year ending June 30, 2010 . All costs are net of employee contributions.

a. Gross Normal Cost *	\$	1,142
b. Expected 2009/10 Active Contributions		(795)
c. Expected 2009/10 Retiree Make-Up Contributions		<u>(125)</u>
d. Net Normal Cost* (a.) + (b.) + (c.)	\$	222
e. Amortization Payment of the Initial Unfunded AAL (see below)		747
f. Amortization Payment of (gains)/losses (see below) <sup>†</sup>		<u>136</u>
g. Annual Required Contribution (ARC): (d.) + (e.) + (f.)	\$	1,105
h. Interest on Net OPEB Obligation		86
i. Amortization of Net OPEB Obligation		<u>140</u>
j. Annual OPEB Expense (g.) + (h.) - (i.)	\$	1,051

\* Includes interest to the end of the Fiscal Year

	<u>Date</u>	<u>Original Years</u>	<u>Amount</u>	<u>Remaining Years</u>	<u>Balance</u>	<u>Amortization Amount</u>
Initial UAL	6/30/2007	30	17,986	28	18,196	747
FYE2008 Combined Experience	6/30/2008	15	1,704	15	1,656	121
FYE2009 Combined Experience	6/30/2009	15	211	15	211	15

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**Section III - Disclosure Information Pursuant to GASB Statement No. 45**

Governmental Accounting Standards Board ("GASB") Statement No. 45 requires disclosure of supplementary information to the financial statements that includes information shown in three schedules, the Schedule of Funding Progress (Table A), the Schedule of Employer contributions (Table B), and the Development of NOO (Net OPEB Obligation) and Annual OPEB Expense (Table C).

( dollar amounts in thousands )

**Table A**  
**GASB No. 45 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 % of Covered Payroll ([ b - a ]/ c )
June 30, 2007	0	17,986	17,986	0%	49,177	37%
June 30, 2008	0	19,805	19,805	0%	51,021	39%
June 30, 2009	0	20,063	20,063	0%	51,876	39%

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( dollar amounts in thousands )

**Table B**  
**GASB No. 45 Schedule of Employer Contributions**

Year Ended	Annual OPEB Expense	Employer Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2008	1,045	0	0%	1,045
June 30, 2009	1,130	258	23%	1,917
June 30, 2010	1,051	TBD	TBD	TBD

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**Section III - Disclosure Information Pursuant to GASB Statement No. 45 (continued)**

(dollar amounts in thousands)

**Table C**  
**Development of Net OPEB Obligation (NOO) and Annual OPEB Cost Pursuant to GASB No. 45**

Year Ended	(a) Annual Required Contribution (ARC)	(b) Interest on NOO	(c) Amortization of NOO	(d) Amortization Factor	(e) Annual OPEB Expense (a) + (b) - (c)	(f) Employer Contribution	(g) Change in NOO (e) - (f)	(h) NOO Balance LY + (g)
6/30/2007								0
6/30/2008	1,045	0	0	14.27	1,045	0	1,045	1,045
6/30/2009	1,159	47	76	14.27	1,130	258	872	1,917
6/30/2010	1,105	86	140	14.27	1,051	TBD	TBD	TBD

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**Section IV - 10-year Expected Employer Payments**

Presented below is the expected employer payments (ignoring employee contributions) for the next ten years assuming no changes in plan design. These future expected payments were based on the actuarial assumptions in Section VI. If actual experience differs from that expected by the actuarial assumptions, the actual employer payments will vary from those presented below (dollar amounts in thousands)

<u>Year Beginning June 30</u>	<u>Net Employer Payments</u>
2009	\$ 368
2010	523
2011	641
2012	796
2013	987
2014	1,154
2015	1,332
2016	1,491
2017	1,651
2018	1,767

## **Section V - Summary of Participant Demographic Information**

The participant data used in the valuation was provided by the State of Maine  
See our discussion in the Actuarial Certification section of this report regarding data.

### Participant Counts as of June 30, 2009

Actives:	912
Retirees:	69
<b>Total:</b>	<u>981</u>

Average Age of Active Participants:	42.26
Average Service of Active Participants	15.43
Average Age of Inactive Participants:	59.97

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**Section V - Summary of Participant Demographic Information**

**Participant Counts by Municipality**

**June 30, 2009**

<b>Municipality</b>	<b>Actives</b>	<b>Retirees</b>	<b>Total</b>
Auburn	62	7	69
Augusta	11	-	11
Bangor	97	7	104
Bar Harbor	2	1	3
Bath	28	6	34
Biddeford	5	1	6
Brewer	11	2	13
Brunswick	11	1	12
Bucksport	9	-	9
Buxton	3	-	3
Camden	1	-	1
Cape Elizabeth	-	1	1
Caribou	5	-	5
Cumberland County Sheriff	3	-	3
Cumberland Police	5	-	5
Ellsworth	18	1	19
Falmouth	7	1	8
Farmington	7	-	7
Fort Fairfield	1	-	1
Franklin County	2	-	2
Freeport	4	-	4
Gardiner	15	1	16
Gorham	3	-	3
Hallowell	5	-	5
Hampden	3	-	3
Kennebec County Sheriff	6	-	6
Kennebunk	5	-	5
Lewiston	32	3	35
Lincoln County Sheriff	11	-	11
Lisbon	4	-	4
Livermore Falls	1	-	1
Madawaska	10	2	12

<b>Municipality</b>	<b>Actives</b>	<b>Retirees</b>	<b>Total</b>
Madison	1	-	1
Mechanic Falls	2	-	2
Mexico	1	-	1
North Berwick	5	-	5
Ogunquit	4	-	4
Old Orchard Beach	24	-	24
Old Town	6	-	6
Oxford County	11	-	11
Portland	188	18	206
Presque Isle	6	1	7
Rockland	16	1	17
Rockport	1	-	1
Rumford	1	-	1
Sabattus	1	-	1
Saco	8	-	8
Sagadahoc County Sheriff	7	-	7
Sanford	66	3	69
Scarborough	18	1	19
Somerset County	11	-	11
South Berwick	8	-	8
South Portland	29	6	35
Veazie	-	1	1
Washburn	1	-	1
Waterville	-	1	1
Wells	11	-	11
Westbrook	27	2	29
Windham	17	-	17
Winslow	2	-	2
Winthrop	7	-	7
Yarmouth	2	-	2
York	25	1	26
York County Sheriff	19	-	19
<b>Total</b>	<b>912</b>	<b>69</b>	<b>981</b>

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**Section V - Summary of Participant Demographic Information**

**Active Employee Coverage**

**Municipalities Participating in MMEHT**

**2009 Active (Miscellaneous & Safety) Medical Plan Elections**

Municipality	MMEHT Medical Plan			
	Trad.	POS-A	Comp	POS-C
Auburn	-	-	-	100%
Augusta	2%	4%	2%	92%
Bar Harbor	-	-	4%	96%
Bath	7%	93%	-	-
Brewer	-	-	2%	98%
Brunswick	3%	97%	-	-
Bucksport	-	-	2%	98%
Buxton	-	-	-	100%
Camden	-	-	7%	93%
Cape Elizabeth	-	-	16%	84%
Caribou	-	-	2%	98%
Cumberland County Sheriff	-	-	4%	96%
Ellsworth	-	-	2%	98%
Falmouth	4%	57%	-	39%
Farmington	23%	77%	-	-
Fort Fairfield	-	-	-	100%
Franklin County	-	100%	-	-
Freeport	8%	73%	-	19%
Gardiner	-	25%	-	75%
Gorham	7%	93%	-	-
Hallowell	8%	92%	-	-
Hampden	-	100%	-	-
Kennebec County Sheriff	8%	92%	-	-
Kennebunk	-	-	11%	89%
Lewiston	-	-	2%	98%
Lincoln County Sheriff	-	-	-	100%
Lisbon	-	-	-	100%
Madawaska	-	-	23%	78%

Municipality	MMEHT Medical Plan			
	Trad.	POS-A	Comp	POS-C
Madison	-	-	-	100%
Mexico	-	-	-	100%
North Berwick	-	-	-	100%
Old Orchard Beach	-	-	10%	90%
Old Town	-	-	6%	94%
Oxford County	-	100%	-	-
Presque Isle	-	-	3%	97%
Rockland	-	-	15%	85%
Rockport	17%	83%	-	-
Rumford	-	-	-	100%
Sabattus	-	-	-	100%
Saco	-	-	5%	95%
Sagadahoc County Sheriff	-	-	-	100%
Sanford	3%	97%	-	-
Scarborough	-	100%	-	-
Somerset County	-	-	-	100%
South Berwick	-	-	-	100%
South Portland	17%	72%	-	11%
Veazie	-	-	-	100%
Washburn	-	-	-	100%
Waterville	-	-	2%	98%
Wells	-	-	13%	87%
Westbrook	-	-	-	100%
Windham	14%	86%	-	-
Winslow	-	-	2%	98%
Winthrop	-	-	12%	88%
Yarmouth	2%	38%	7%	53%
York	-	-	1%	99%



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**Section V - Summary of Participant Demographic Information**

**Active Employee Coverage**  
**Municipalities Participating in MMEHT**  
**June 30, 2009**

<b>Municipality Not in MMEHT</b>	<b>Medical Provider</b>	<b>Count</b>
Bangor	Anthem BC/BS	97
Biddeford	Northern New England Benefit Trust	5
Cumberland Police	N/A	5
Ogunquit	N/A	4
Portland	Anthem BC/BS	188
York County Sheriff	N/A	19
<b>Total</b>		<b>318</b>

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**Section V - Summary of Participant Demographic Information**

**Retiree Coverage**

**June 30, 2009**

**Retirees in MMEHT Medical Plans**

<b>Municipality</b>	<b>MMEHT Medical Plan</b>		
	<b>Indemnity / POS - A</b>	<b>POS - C</b>	<b>Total</b>
Auburn	1	6	7
Bar Harbor	-	1	1
Bath	6	-	6
Brewer	1	1	2
Brunswick	-	1	1
Cape Elizabeth	-	1	1
Ellsworth	1	-	1
Falmouth	-	1	1
Gardiner	-	1	1
Lewiston	-	3	3
Madawaska	-	2	2
Presque Isle	-	1	1
Rockland	-	1	1
Sanford	3	-	3
Scarborough	1	-	1
South Portland	5	-	5
Veazie	-	1	1
Waterville	-	1	1
Westbrook	-	2	2
York	-	1	1
<b>Total</b>	<b>18</b>	<b>24</b>	<b>42</b>

**Retirees Not in MMEHT Medical Plans**

<b>Municipality</b>	<b>State Employees Health Plan</b>	<b>Municipality Health Plan</b>	<b>Northern New England Trust/ Teamsters</b>	<b>Total</b>
Bangor	-	7	-	7
Biddeford	-	-	1	1
Portland	18	-	-	18
South Portland	1	-	-	1
<b>Total</b>	<b>19</b>	<b>7</b>	<b>1</b>	<b>27</b>

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**Section VI - Summary of Actuarial Methods and Assumptions**

**Actuarial Methods**

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. Under the EAN cost method, the gross Normal Cost for each participant is determined as a level percent of payroll throughout the participant’s working lifetime. For this Plan, the Normal Cost for the year is the sum of the gross Normal Costs determined for each participant reduced by the expected contributions by employees during the year.

**Funding Policy**

The State is currently funding the Plan on a pay-as-you-go basis. This valuation assumes the State will continue this policy.

**Actuarial Assumptions**

<ul style="list-style-type: none"> <li>Discount Rate             <ul style="list-style-type: none"> <li>4.5%, representing the expected long-term rate of return on the assets expected to be used to pay plan benefits.</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>Inflation Rate             <ul style="list-style-type: none"> <li>3.75% per annum.</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>Aggregate Payroll Increases             <ul style="list-style-type: none"> <li>3.75% per annum.</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>Salary Merit and Longevity Increases             <ul style="list-style-type: none"> <li>Same as PLD Consolidated Plan valuation assumption.</li> </ul> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Service</th> <th>Increase</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>6.75%</td> </tr> <tr> <td>1</td> <td>4.25%</td> </tr> <tr> <td>2</td> <td>2.75%</td> </tr> <tr> <td>3</td> <td>1.95%</td> </tr> <tr> <td>4</td> <td>1.55%</td> </tr> <tr> <td>5</td> <td>1.25%</td> </tr> <tr> <td>10+</td> <td>0.75%</td> </tr> </tbody> </table> </li> </ul>	Service	Increase	0	6.75%	1	4.25%	2	2.75%	3	1.95%	4	1.55%	5	1.25%	10+	0.75%
Service	Increase															
0	6.75%															
1	4.25%															
2	2.75%															
3	1.95%															
4	1.55%															
5	1.25%															
10+	0.75%															
<ul style="list-style-type: none"> <li>Healthcare Cost Increases             <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Year</th> <th>Increase</th> </tr> </thead> <tbody> <tr> <td>2009</td> <td>Actual Premiums</td> </tr> </tbody> </table> </li> </ul>	Year	Increase	2009	Actual Premiums												
Year	Increase															
2009	Actual Premiums															

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

2010	8.0%
2011	7.8%
2012	7.3%
2013	6.7%
2014	6.2%
2015	5.6%
2016	5.1%
2017+	4.5%

- Mortality

- Same as PLD Consolidated Plan valuation assumption:

Age	Healthy Lives		Disabled Lives	
	Male	Female	Male	Female
25	0.07%	0.03%	0.92%	0.72%
30	0.09%	0.04%	1.12%	0.89%
35	0.09%	0.05%	1.34%	1.09%
40	0.12%	0.08%	1.60%	1.26%
45	0.17%	0.10%	1.93%	1.44%
50	0.28%	0.15%	2.36%	1.65%
55	0.48%	0.25%	2.95%	1.91%
60	0.86%	0.48%	3.62%	2.26%
65	1.56%	0.93%	4.46%	2.72%
70	2.55%	1.48%	5.76%	3.31%

- Termination

- Adjusted PLD Consolidated Plan valuation assumption for Special Plans:

Service	Rate	Adjusted Rate
0	25.00%	12.50%
1	12.50%	6.25%
2	10.00%	5.00%
3	7.50%	3.75%
4	5.00%	2.50%
5	4.00%	2.00%
10	2.50%	1.25%
15	2.50%	1.25%

- Rate assumed to be zero at age 40 and above.
- Valuation data includes only employees who elected to participate in the plan.
- Termination rates adjusted to reflect that these employees are more likely to remain employed until eligible for benefits.

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

<ul style="list-style-type: none"> <li>• Disability <ul style="list-style-type: none"> <li>• No disability assumed because under Maine PERS service continues to be credited during disability.</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>• Retirement <ul style="list-style-type: none"> <li>• Same as PLD Consolidated Plan valuation assumption: <table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Service</th> <th style="text-align: left;">Rate</th> </tr> </thead> <tbody> <tr> <td>20</td> <td>40.00%</td> </tr> <tr> <td>21-40</td> <td>30.00%</td> </tr> <tr> <td>25</td> <td>40.00%</td> </tr> <tr> <td>26-29</td> <td>30.00%</td> </tr> <tr> <td>30</td> <td>40.00%</td> </tr> <tr> <td>31-34</td> <td>30.00%</td> </tr> <tr> <td>35+</td> <td>100.00%</td> </tr> </tbody> </table> </li> </ul> </li> </ul>	Service	Rate	20	40.00%	21-40	30.00%	25	40.00%	26-29	30.00%	30	40.00%	31-34	30.00%	35+	100.00%
Service	Rate															
20	40.00%															
21-40	30.00%															
25	40.00%															
26-29	30.00%															
30	40.00%															
31-34	30.00%															
35+	100.00%															
<ul style="list-style-type: none"> <li>• Participation at Retirement <ul style="list-style-type: none"> <li>• 100%</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>• Original Hire Date <ul style="list-style-type: none"> <li>• Data includes only service with current employer.</li> <li>• Original hire date as a First Responder: <ul style="list-style-type: none"> <li>○ Hired before age 30 – assume original hire date is hire date with current employer.</li> <li>○ Hired after age 30 – assume original hire date is midway between age 30 and hire date with current employer.</li> </ul> </li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>• Make-Up Contributions <ul style="list-style-type: none"> <li>• Future retirees with less than 5 years of employee contributions will pay make-up contributions for the remaining portion of the 5 years.</li> <li>• Make-up contribution percent assumed to be 1.75%.</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>• Marital Status at Retirement <ul style="list-style-type: none"> <li>• Future retirees in State Employees Health Plan – 80%.</li> <li>• Same as PLD Consolidated Plan valuation assumptions.</li> </ul> </li> </ul>																
<ul style="list-style-type: none"> <li>• Medicare Eligible <ul style="list-style-type: none"> <li>• Future retirees:</li> </ul> </li> </ul>																

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

<ul style="list-style-type: none"><li>○ Hired before 4/1/1986 – 90%.</li><li>○ Hired on or after 4/1/1986 – 100%.</li><li>● Current retirees under age 65 – 95%.</li></ul>
<ul style="list-style-type: none"><li>● Medical Plan at Retirement<ul style="list-style-type: none"><li>● Current actives in municipalities participating in MMEHT:<ul style="list-style-type: none"><li>● Same as current active (miscellaneous and safety) elections.</li></ul></li><li>● Current actives in municipalities not participating in MMEHT:<ul style="list-style-type: none"><li>● Bangor – Based on current retiree elections, assume:<ul style="list-style-type: none"><li>● 50% elect Cigna OAS-IN 100%.</li><li>● 50% elect Cigna OAS 80%.</li></ul></li><li>● Biddeford – Northern New England Benefit Trust/Teamsters.</li><li>● Portland, Cumberland Police, Ogunquit, York County Sheriff – State Employees Health Plan.</li></ul></li><li>● Current retirees:<ul style="list-style-type: none"><li>● Same as current plan election</li></ul></li></ul></li></ul>
<ul style="list-style-type: none"><li>● Active Data Assumptions<ul style="list-style-type: none"><li>● Annual pay provided by the State.</li><li>● Missing birth dates – average age by service group.</li><li>● Missing hire dates – average service by age group.</li><li>● Missing pay – average pay for new entrants if new entrant, otherwise assume pay increase from prior year based on salary increase assumption.</li></ul></li></ul>
<ul style="list-style-type: none"><li>● Future New Participants<ul style="list-style-type: none"><li>● Closed Group – no future new participants assumed.</li></ul></li></ul>

**State of Maine: County and Municipal Law Enforcement Officers & Municipal Firefighters Retiree Healthcare Plan – Other Postemployment Benefit Valuation Report**

**Section VII - Summary of Plan Provisions**

<p>Eligibility</p>	<ul style="list-style-type: none"> <li>• Retired after age 50 (can terminate before 50) and receive a retirement benefit from the Maine Public Employees Retirement System (25 years of service) or a defined contribution plan             <ul style="list-style-type: none"> <li>• If less than 25 years of service, normal retirement benefit must be at least 50% of final average compensation</li> </ul> </li> <li>• Made employee contributions for 5years</li> <li>• Participate in employer’s health insurance plan or other fully insured health plan</li> <li>• Cannot join if waived participation at retirement</li> </ul>
<p>Benefit</p>	<ul style="list-style-type: none"> <li>• Cash subsidy is 45% of employee-only premium (45% of half of 2-party premium for retirees with 2-party or family coverage in the State Employees Health Plan)</li> <li>• For employers not participating in MMEHT, not greater than 45% of highest MMEHT employee-only premium for plan options elected by all municipalities (Brewer employee-only premiums of \$804.77 for 2009)</li> <li>• No cash subsidy after Medicare eligible</li> <li>• Cash subsidy began July 1, 2007</li> </ul>
<p>Health Insurance Plan at Retirement</p>	<ul style="list-style-type: none"> <li>• Active coverage under MMEHT – continued coverage under MMEHT at retirement</li> <li>• Active coverage under other fully insured employer plan:             <ul style="list-style-type: none"> <li>• Continued coverage under employer’s plans if plans allow retiree coverage</li> <li>• If plans do not allow retiree coverage, retiree coverage under State Employees Health Plan</li> </ul> </li> </ul>
<p>Employee Contributions</p>	<ul style="list-style-type: none"> <li>• Active contribution of 1.5% of pay effective January 1, 2007</li> <li>• Must join plan and start employee contributions within 60 days of hire or involuntary loss of coverage</li> <li>• Actives can drop out but will forfeit contributions and cannot re-enroll</li> <li>• Retirees on 7/1/2007 can enroll by paying a make-up contribution within 12 months of enrollment: (Percent) x (3-Year Average Highest Pay) x (5 years)</li> </ul>

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	<b>Age</b>	<b>Percent</b>
	50–55	2.00%
	55–60	1.75%
	60+	1.50%
	<ul style="list-style-type: none"> <li>• Actives without 5 years of contributions at retirement must pay the make up contribution amount less any active contributions already made</li> </ul>	
Dependent Benefits	<ul style="list-style-type: none"> <li>• No cash subsidy for spouse or dependents</li> <li>• Retiree must pay full cost to cover spouse and/or dependents</li> </ul>	
Surviving Spouse Benefit	<ul style="list-style-type: none"> <li>• None</li> </ul>	
Dental, Vision, Life	<ul style="list-style-type: none"> <li>• None</li> </ul>	



***State of Maine: County and Municipal Law Enforcement Officers & Municipal  
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**2009 Monthly Premiums  
MMEHT Medical Plans**

Municipality	Indemnity Choice	POS-A	POS-C
Auburn	\$673.23	\$673.23	\$592.44
Augusta	545.70	545.70	480.22
Bar Harbor	704.29	704.29	619.78
Bath	508.45	508.45	447.43
Brewer	804.77	804.77	708.19
Brunswick	521.26	521.26	458.71
Bucksport	681.19	681.19	599.44
Buxton	681.19	681.19	599.44
Camden	681.19	681.19	599.44
Cape Elizabeth	609.28	609.28	536.17
Caribou	704.22	704.22	619.78
Cumberland County Sheriff	509.54	509.54	448.39
Ellsworth	624.44	624.44	549.51
Falmouth	531.98	531.98	468.14
Farmington	681.19	681.19	599.44
Fort Fairfield	681.19	681.19	599.44
Franklin County	681.19	681.19	599.44
Freeport	576.38	576.38	507.22
Gardiner	681.19	681.19	599.44
Gorham	521.82	521.82	459.21
Hallowell	681.19	681.19	599.44
Hampden	681.19	681.19	599.44
Kennebec County Sheriff	484.10	484.10	426.00
Kennebunk	705.21	705.21	620.58
Lewiston	548.63	548.63	482.79
Lincoln County Sheriff	633.30	633.30	557.30
Lisbon	681.19	681.19	599.44
Madawaska	681.19	681.19	599.44

Municipality	Indemnity Choice	POS-A	POS-C
Madison	\$681.19	\$681.1	\$599.44
Mexico	681.19	681.19	599.44
North Berwick	681.19	681.19	599.44
Old Orchard Beach	545.08	545.08	479.68
Old Town	672.65	672.65	591.93
Oxford County	559.71	559.71	492.54
Presque Isle	607.75	607.75	534.82
Rockland	681.19	681.19	599.44
Rockport	681.19	681.19	599.44
Rumford	587.13	587.13	516.67
Sabattus	681.19	681.19	599.44
Saco	499.21	499.21	439.31
Sagadahoc County Sheriff	663.86	663.86	584.2
Sanford	484.27	484.27	426.15
Scarborough	429.88	429.88	378.29
Somerset County	681.19	681.19	599.44
South Berwick	681.19	681.19	599.44
South Portland	578.11	578.11	508.74
Veazie	681.19	681.19	599.44
Washburn	681.19	681.19	599.44
Waterville	584.35	584.35	514.23
Wells	656.29	656.29	577.54
Westbrook	556.79	556.79	489.98
Windham	501.74	501.74	441.54
Winslow	681.19	681.19	599.44
Winthrop	681.19	681.19	599.44
Yarmouth	549.27	549.27	483.36
York	646.89	646.89	569.26

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**2009 Monthly Premiums  
Non MMEHT Medical Plans**

<b>Municipality Not in MMEHT</b>	<b>Medical Provider at Retirement</b>	<b>Medical Plan</b>	<b>Single Premium</b>
Bangor	Cigna	OAS-IN 100%	\$673.32
		OAS 80%	655.53
		OAS 90%	560.29
Biddeford	Northern New England Benefit Trust	Teamsters	N/A
Cumberland Police <sup>1</sup>	N/A	N/A	N/A
Ogunquit <sup>1</sup>	N/A	N/A	N/A
Portland <sup>2</sup>	State Employees Health Plan	HMO Choice	Single: \$686.88 Married: \$717.98
York County Sheriff <sup>1</sup>	N/A	N/A	N/A

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<sup>1</sup> Information not available. Assume State Employees Health Plan.

<sup>2</sup> Premium for 2-party coverage is \$1,435.96.