East Bay Municipal Utility District Employees' Retirement System

Health Insurance Benefit Valuation

Review of Contribution Rates and Funding Status
as of June 30, 2025

Segal

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January 21, 2026

Ms. Sophia Skoda
Director of Finance
East Bay Municipal Utility District
375 Eleventh Street
Oakland, California 94607-4240

Dear Sophia:

We are pleased to submit our Health Insurance Benefit (HIB) Valuation as of June 30, 2025 for the prefunded explicit monthly health insurance subsidy. The Governmental Accounting Standards Board (GASB) requires employers, such as EBMUD, that pool health insurance premium rates for actives and retirees under age 65 to also calculate the liability associated with such pooled premiums for retirees under age 65 on an accrual basis. While that liability referred to as the implicit subsidy has to be disclosed, it is not required to be prefunded. The contribution rate developed in this report only includes the prefunding requirement for the level $450/$550 benefit for employees who retired or terminated prior to July 8, 2025 and the indexed explicit subsidy of $615.58 starting in 2026 with annual increases of up to 3.0% for employees retiring or terminating on or after July 8, 2025. The other postemployment benefits (OPEB) obligation required for financial disclosure purposes under GASB Statements No. 74 (plan reporting) and 75 (employer reporting) will be provided in separate reports.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of East Bay Municipal Utility District (EBMUD). The actuarial valuation is based on the plan of benefits verified by EBMUD and reliance on information provided by EBMUD. Segal 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 measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates, and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by EBMUD based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of EBMUDERS and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

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

Sincerely,

Segal

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

Emily Klare, ASA, MAAA, EA
Senior Actuary

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Section 1: Actuarial Valuation Summary

Contribution recommendations and funding status

1. On July 8, 2025, EBMUD adopted an improvement to the subsidies for employees retiring or terminating on or after July 8, 2025. Under the improvement, members are provided with an indexed explicit subsidy of $615.58 starting 2026 with annual increases of up to 3.0%. A more detailed discussion of the improvement is provided on page 30.

   As permitted under Actuarial Standard of Practice Number 4, we have reflected the impact of the amendment in this funding valuation as of June 30, 2025.

2. The funded ratio measured on a valuation value of assets basis decreased from 51.8% as of June 30, 2024 to 45.5% as of June 30, 2025. The funded ratio decreased from 53.0% to 48.1% if measured on a market value of assets basis. The Unfunded Actuarial Accrued Liability (UAAL) increased by $29.00 million, from $64.92 million as of June 30, 2024 to $93.92 million as of June 30, 2025, on a valuation value of asset basis. The increase in UAAL was primarily the result of plan provision modifications to the Health Insurance Benefit (HIB) adopted on July 8, 2025, that increased liabilities by $37.2 million. Details of the plan provision updates are in Section 4, Exhibit 2. Starting with this year's report, Section 2.G. provides the plan's projected UAAL based on the current funding policy.

3. The recommended aggregate employer contribution rate is 5.73% based on the June 30, 2025 valuation. The new rate is 1.43% higher than the 4.30% aggregate rate developed in the June 30, 2024 valuation. The increase in the contribution rate was mainly attributable to the increase in both the normal cost and the amortization of the liability increase resulting from the plan enhancement offset by the increase in employee contributions and the change to the contribution payroll basis for the 2013 Tier employees so that the payment and the projected payroll for those members would not be constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan. Details are in Section 2.E. Starting with this year's report, Section 2.G. provides the projected annual UAAL amortization amounts. Based on the current funding policy, liabilities resulting from plan changes are amortized over a 15-year period.

4. As indicated in Section 2, Subsection B of this report, the total unrecognized investment gain as of June 30, 2025 is $152.9 million for the assets for the pension and HIB plans (in the previous valuation, this item was a deferred gain of $55.8 million). This investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years. This implies that earning the assumed rate of investment return of 6.75% per year (net of expenses) on a market value basis will produce investment gains on the actuarial value of assets after June 30, 2025.

   The deferred gains of $152.9 million represent 5.4% of the market value of assets as of June 30, 2025. Unless offset by future investment losses or other unfavorable experience, the recognition of the $152.9 million market gains is expected to have an impact on the System's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

- If the HIB plan portion of the deferred gains were recognized immediately and entirely in the valuation value of assets, the funded percentage would increase from 45.5% to 48.1%.
- If the HIB plan portion of the deferred gains were recognized immediately and entirely in the valuation value of assets, the aggregate recommended employer rate would decrease from 5.73% to about 5.62% of payroll.

5. This report assumes the HIB subsidy limit for employees who retired or terminated service prior to July 8, 2025 will remain at the current levels of $450/$550. Due to the carryover feature and our recommended medical trend assumptions used in the valuation, the maximum HIB subsidy for employees who retire or terminate service on or after July 8, 2025 was assumed to increase by 3.00% annually.
6. The following tables summarize the contribution rate recommendations for the employer and the employee:

Rate Recommendations for Employer

Plan	June 30, 2025 Total Rate[1]	June 30, 2025 Estimated Annual Amount[2]	June 30, 2024 Total Rate[1]	June 30, 2024 Estimated Annual Amount[2]
1955/1980 Plan	5.76%	$6,826,000	4.43%	$5,248,000
2013 Tier	5.71%	10,140,000	4.22%	7,492,000
Combined	**5.73%**	**$16,966,000**	**4.30%**	**$12,740,000**

Rate Recommendations for Member[3]

Plan	June 30, 2025 Total Rate[1]	June 30, 2025 Estimated Annual Amount[2]	June 30, 2024 Total Rate[1]	June 30, 2024 Estimated Annual Amount[2]
1955/1980 Plan	0.55%	$652,000	0.09%	$107,000
2013 Tier	0.55%	976,000	0.09%	160,000
Combined	**0.55%**	**$1,628,000**	**0.09%**	**$267,000**

[1] Payable at the end of each pay period.

[2] Based on June 30, 2025 projected annual payroll not constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan of:

Plan	Amount
1955/1980 Plan	$118,474,450
2013 Tier	177,540,988
Combined	**$296,015,438**

[3] The 0.55% employee contribution rate for fiscal year 206/2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

Section 1: Actuarial Valuation Summary

7. The following table compares the valuation value of assets and liabilities for the Health Insurance Benefit as of June 30, 2025 and June 30, 2024:

Category	June 30, 2025	June 30, 2024
1. Valuation Value of Assets	$78,497,870	$69,836,226
2. Actuarial Accrued Liabilities:		
a. Current Recipients	100,982,152	100,354,837
b. Future Recipients	71,432,703	34,401,641
c. Total	**$172,414,855**	**$134,756,478**
3. Liabilities minus Valuation Value of Assets: (2) − (1)	$93,916,985	$64,920,252
4. Funding Ratio (1) ÷ (2)	45.53%	51.82%

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast — the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the District to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the East Bay Municipal Utility District Employees' Retirement System (EBMUDERS). Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the valuation date, as provided by the System. For funding purposes, the System uses an "Actuarial Value of Assets" that differs from the market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Section 1: Actuarial Valuation Summary

Input Item	Description
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Models	Segal valuation results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report may include actuarial results that are shown to the nearest dollar, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, and health care trend, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.
- If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the System upon delivery and review. The System should notify Segal immediately of any questions or concerns about the final content.

Section 2: Actuarial Valuation Results

A. Introduction

Pursuant to Section 36 of the Ordinance, the Retirement Board is authorized to administer a Health Insurance Benefit (HIB) through an IRC Section 401(h) account[4]. The HIB may be used for the payment of sickness, accident, hospitalization, and medical expenses as permitted under the IRC and as authorized by the Retirement Board. In particular, the Retirement Board has authorized the use of the HIB towards the payment of medical insurance premiums.

This report does not provide information required for disclosure under GASB Statements 74 and 75. Such information will be provided in separate reports.

In this valuation, we have used a layered amortization approach to determine the contribution rate to fund the Unfunded Actuarial Accrued Liability (UAAL).

Plan changes, assumption changes and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumption changes from the experience study are amortized over separate decreasing 25-year periods; and experience gains/losses (including year-to-year health assumption changes) are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption changes from the experience study or interim review of the economic assumptions are amortized over 20 years. In addition, the effect of a plan improvement is amortized over 15 years. The above payments would continue to be expressed as a level percent of a growing payroll base.

The cost of the HIB is funded by both employer and employee contributions. The contribution rates for the employer are calculated to provide for the ongoing normal cost, plus any amounts necessary to fund any shortfall between the valuation value of assets and the actuarial accrued liabilities. The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

A summary of the Health Insurance Benefit provisions is found in Section 4, Exhibit 2.

[4] It is our understanding that the aggregate contributions to the 401(h) account must not exceed 25% of the total contributions to the plan (excluding contributions to fund past service credits) made after the date on which the account is established. While we anticipate the aggregate HIB contributions, since the inception of the 401(h) account, are still lower than the aggregate funding limit, the System may want to establish a procedure to track the limit now that the HIB funding requirements have increased due to the 2025 plan improvement.

B. Determination of actuarial value of assets

To minimize volatility in the calculation of the Actuarially Determined Contribution, the Board has approved an asset valuation method that gradually adjusts to market value over a five-year period. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Determination of Actuarial Value of Assets for Year Ended June 30, 2025 (for Pension and HIB plans)

Items	Actual Return	Expected Return	Investment Gain / (Loss)	Percent Deferred	Return
1. Market value of assets					
a. Pension plan					**$2,743,096,000**
b. HIB plan					**82,988,000**
c. Total					**$2,826,084,000**
2. Calculation of unrecognized return					
a. Year ended June 30, 2021	$491,625,000	$129,314,710	362,310,290	0%	$0
b. Year ended June 30, 2022	(253,930,000)	162,455,125	(416,385,125)	20%	(83,277,025)
c. Year ended June 30, 2023	217,559,000	138,262,646	79,296,354	40%	31,718,542
d. Year ended June 30, 2024	279,545,000	151,631,764	127,913,236	60%	76,747,942
e. Year ended June 30, 2025	328,878,000	169,230,499	159,647,501	80%	127,718,001
f. Total unrecognized return[5]					**$152,907,460**
3. Preliminary actuarial value: (1c) − (2f)					**$2,673,176,540**
4. Adjustment to be within 30% corridor of market value					0
5. Final actuarial value of assets for pension and HIB plans: (3) + (4)					**$2,673,176,540**
6. Actuarial value as a percentage of market value: (5) ÷ (1c)					94.6%
7. Valuation value of HIB plan assets: (1b) × (5) ÷ (1c)					**$78,497,870**

[5] Deferred return as of June 30, 2025 that will be recognized in each of the next four years (amounts may not total exactly due to rounding):

Category	Amount
(a) Amount recognized on June 30, 2026	($9,905,607)
(b) Amount recognized on June 30, 2027	73,371,419
(c) Amount recognized on June 30, 2028	57,512,148
(d) Amount recognized on June 30, 2029	31,929,500
(e) Total unrecognized return as of June 30, 2025	**$152,907,460**

C. Funding status

The funding of the Health Insurance Benefit comes from the following sources:

1. The valuation value of HIB assets, which equals $78,497,870 as of June 30, 2025;
2. Contributions from the employer; and
3. Contributions from the employees.

The following table provides the funding status of the Health Insurance Benefit as of June 30, 2025 and June 30, 2024:

Item	June 30, 2025	June 30, 2024
1. Valuation Value of Assets	$78,497,870	$69,836,226
2. Actuarial Accrued Liabilities:		
a. Current Recipients	100,982,152	100,354,837
b. Future Recipients	71,432,703	34,401,641
c. Total	**$172,414,855**	**$134,756,478**
3. Liabilities minus Valuation Value of Assets: (2) − (1)	$93,916,985	$64,920,252
4. Funding Ratio (1) ÷ (2)	45.53%	51.82%

The contribution requirements are determined based on the Entry Age Funding Method. The excess of the actuarial accrued liability over assets (Item 3 in the above table) is amortized as a level percentage of payroll for current active members. The employer contribution rates are derived on the following page.

D. Recommended contribution

The amount of annual contribution required to fund the HIB is comprised of a net employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount is then divided by the projected payroll for active members to determine the contribution rate of 5.73% of payroll for this year's valuation compared to 4.30% of payroll recommended for last year's valuation. The 4.30% aggregate rate from June 30, 2024 has been restated based on projected June 30, 2025 payrolls, which is why it is slightly lower than the 4.31% aggregate rate shown in the June 30, 2024 valuation.

Recommended Contribution (% of Payroll) Calculated as of June 30

Item	2025 1955/1980 Plan	2025 2013 Tier	2025 Combined[6]	2024 1955/1980 Plan	2024 2013 Tier	2024 Combined[6]
1. Total Normal Cost	1.89%	1.84%	1.86%	0.97%	0.76%	0.84%
2. Expected employee contributions	(0.55)%	(0.55)%	(0.55)%	(0.09)%	(0.09)%	(0.09)%[7]
3. Employer normal cost: (1) − (2)	1.34%	1.29%	1.31%	0.88%	0.67%	0.75%
4. Unfunded actuarial accrued liability	4.42%	4.42%	4.42%	3.55%	3.55%	3.55%
5. Total recommended contribution, end of each pay period	**5.76%**	**5.71%**	**5.73%**	**4.43%**	**4.22%**	**4.30%**

The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028. The 0.55% employee contribution rate shown above for fiscal year 2026-2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

6 Based on June 30, 2025 projected annual payroll not constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan of:

Plan	Amount
1955/1980 Plan	$118,474,450
2013 Tier	177,540,988
Combined	**$296,015,438**

7 The contribution rates developed in the 2024 valuation are for the District's fiscal year ending June 30, 2026. Due to the plan amendment adopted July 8, 2025, the actual employee contribution rate will be 0.40% from January 1, 2026 to June 30, 2026.

E. Reconciliation of recommended employer contribution

The chart below details the changes in the recommended employer contribution from the prior valuation to the current year's valuation.

Item	Contribution Rate
Average Recommended Employer Contribution Rate as of June 30, 2024	**4.30%**
Effect of actuarial experience during fiscal 2024/2025	
1. Effect of investment gain/loss (after smoothing)[8]	(0.04)%
2. Effect of higher than expected growth in total payroll to amortize the prior years' UAAL	(0.07)%
3. Effect of plan improvement	2.30%
4. Effect of change in payroll not constrained by the cap on pensionable compensation imposed by PEPRA on the Pension Plan	(0.28)%
5. Effect of change in employee contributions from 0.09% to 0.55%	(0.46)%
6. Effect of one-year lag in implementing contribution rates[9]	0.00%
7. Effect of assumption changes[6]	0.00%
8. Effect of demographic experience, including change to average HIB subsidy paid and HIB subsidy trend assumptions	(0.02)%
Total change	**1.43%**
Average Recommended Employer Contribution Rate as of June 30, 2025	**5.73%**

[8] The rate of return on the valuation value of assets was 8.88% for the OPEB and 9.47% for the Pension plans. The rate return for the two plans could be different due to such factors as the timing of when contributions and benefit payments were actually and assumed to be made.

[9] The impact of the contribution lag and assumption changes were both less than 0.01% of payroll.

F. Table of amortization bases

Type	Date Established	Initial Years	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[10]
Initial HIB Base	6/30/1997	30	$15,829,000	$4,702,083	2	$2,393,074
Combined Base	6/30/1998	30	(195,000)	(81,945)	3	(28,297)
Combined Base	6/30/1999	30	6,467,754	3,418,137	4	900,904
Combined Base	6/30/2000	30	5,543,694	3,454,761	5	741,232
Combined Base	6/30/2001	30	794,097	560,278	6	101,922
Combined Base	6/30/2002	30	18,413,242	14,301,958	7	2,268,711
Combined Base	6/30/2003	30	6,628,441	5,552,821	8	784,015
Combined Base	6/30/2004	30	1,942,176	1,770,957	9	226,068
Combined Base	6/30/2005	30	8,019,739	7,323,194	10	855,658
Combined Base	6/30/2006	30	(1,769,952)	(1,714,918)	11	(185,238)
Experience Loss	6/30/2007	30	2,878,105	2,872,439	12	289,191
Combined Base	6/30/2008	30	12,125,015	12,379,930	13	1,169,710
Combined Base	6/30/2009	30	(1,240,538)	(1,288,297)	14	(114,904)
Combined Base	6/30/2010	30	463,026	486,653	15	41,179
Combined Base	6/30/2011	30	(60,151)	(63,752)	16	(5,140)
Experience Gain	6/30/2012	20	(1,251,821)	(834,830)	7	(132,429)
Assumption Changes	6/30/2012	25	3,374,832	3,064,969	12	308,574
Experience Gain	6/30/2013	20	(1,155,658)	(833,897)	8	(117,740)
Experience Loss	6/30/2014	20	21,287	16,363	9	2,089
Assumption Changes	6/30/2014	25	2,555,790	2,430,409	14	216,769
Experience Gain	6/30/2015	20	(810,969)	(657,439)	10	(76,817)
Assumption Changes	6/30/2016	25	2,459,846	2,411,901	16	194,462

[10] Beginning of year payment, reflecting level percentage of payroll.

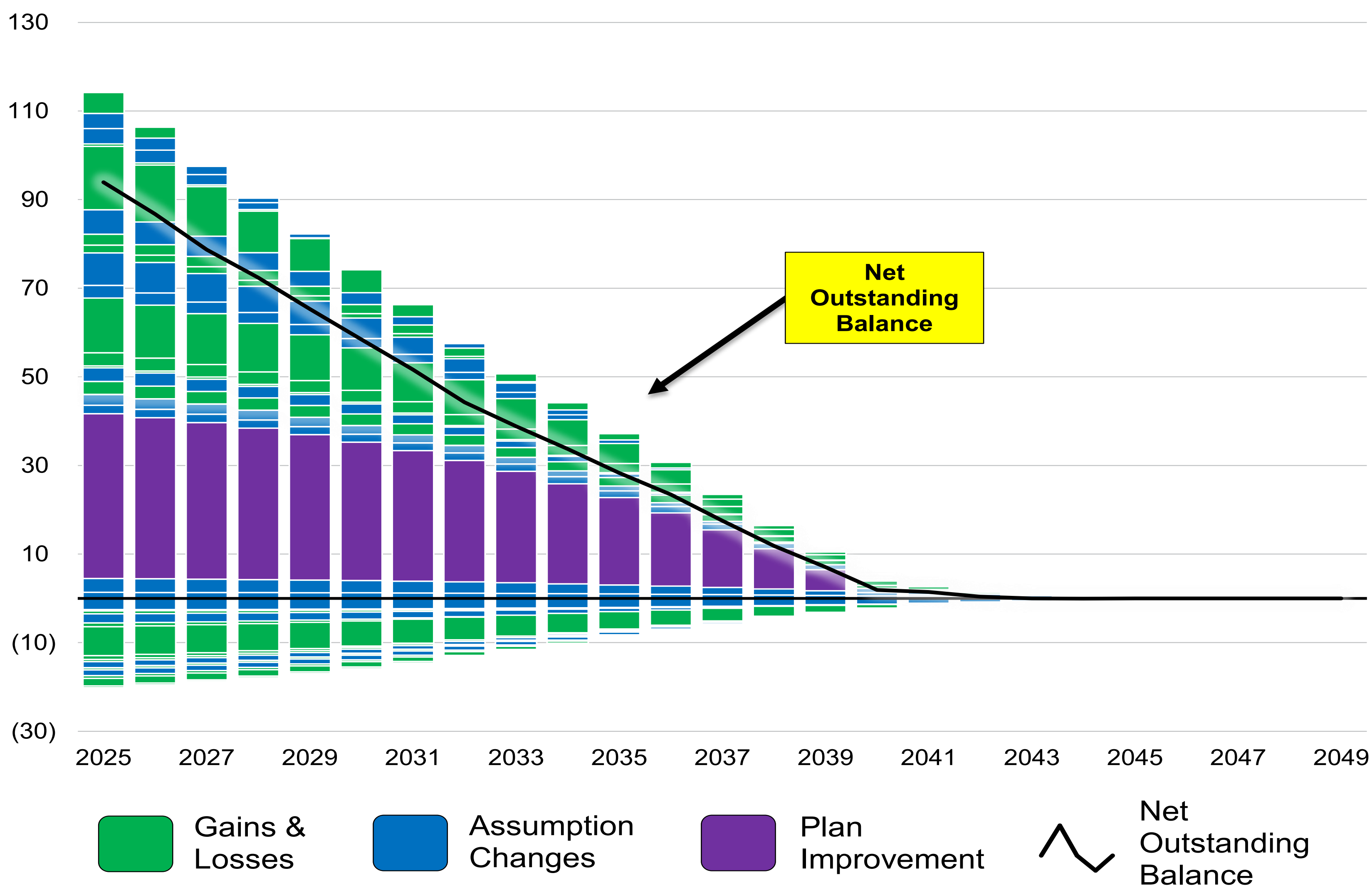
Type	Date Established	Initial Years	Initial Amount	Outstanding Balance	Years Remaining	Annual Payment[10]
Experience Gain	6/30/2016	20	(1,569,600)	(1,328,782)	11	(143,529)
Assumption Changes	6/30/2017	25	(403,768)	(399,939)	17	(30,842)
Experience Gain	6/30/2017	20	(664,072)	(582,806)	12	(58,676)
Experience Gain	6/30/2018	20	(2,295,237)	(2,073,951)	13	(195,956)
Assumption Changes	6/30/2018	25	2,931,560	2,923,547	18	216,371
Experience Gain	6/30/2019	20	(504,689)	(467,910)	14	(41,733)
Assumption Changes	6/30/2020	25	1,899,682	1,912,987	20	131,531
Experience Gain	6/30/2020	20	(542,065)	(513,073)	15	(43,414)
Experience Gain	6/30/2021	20	(6,818,716)	(6,560,426)	16	(528,941)
Assumption Changes	6/30/2022	20	3,202,074	3,119,665	17	240,580
Experience Loss	6/30/2022	20	2,976,293	2,899,695	17	223,617
Experience Loss	6/30/2023	20	1,323	1,303	18	96
Assumption Changes	6/30/2024	20	1,350,349	1,342,384	19	95,631
Experience Gain	6/30/2024	20	(274,382)	(272,763)	19	(19,432)
Plan Improvement	6/30/2025	15	37,211,749	37,211,749	15	3,148,707
Experience Gain	6/30/2025	20	(2,566,470)	(2,566,470)	20	(176,463)
Total				**$93,916,985**		**$12,650,540**

Note: The equivalent single amortization period is about 9 years.

G. Projection of UAAL balances and payments

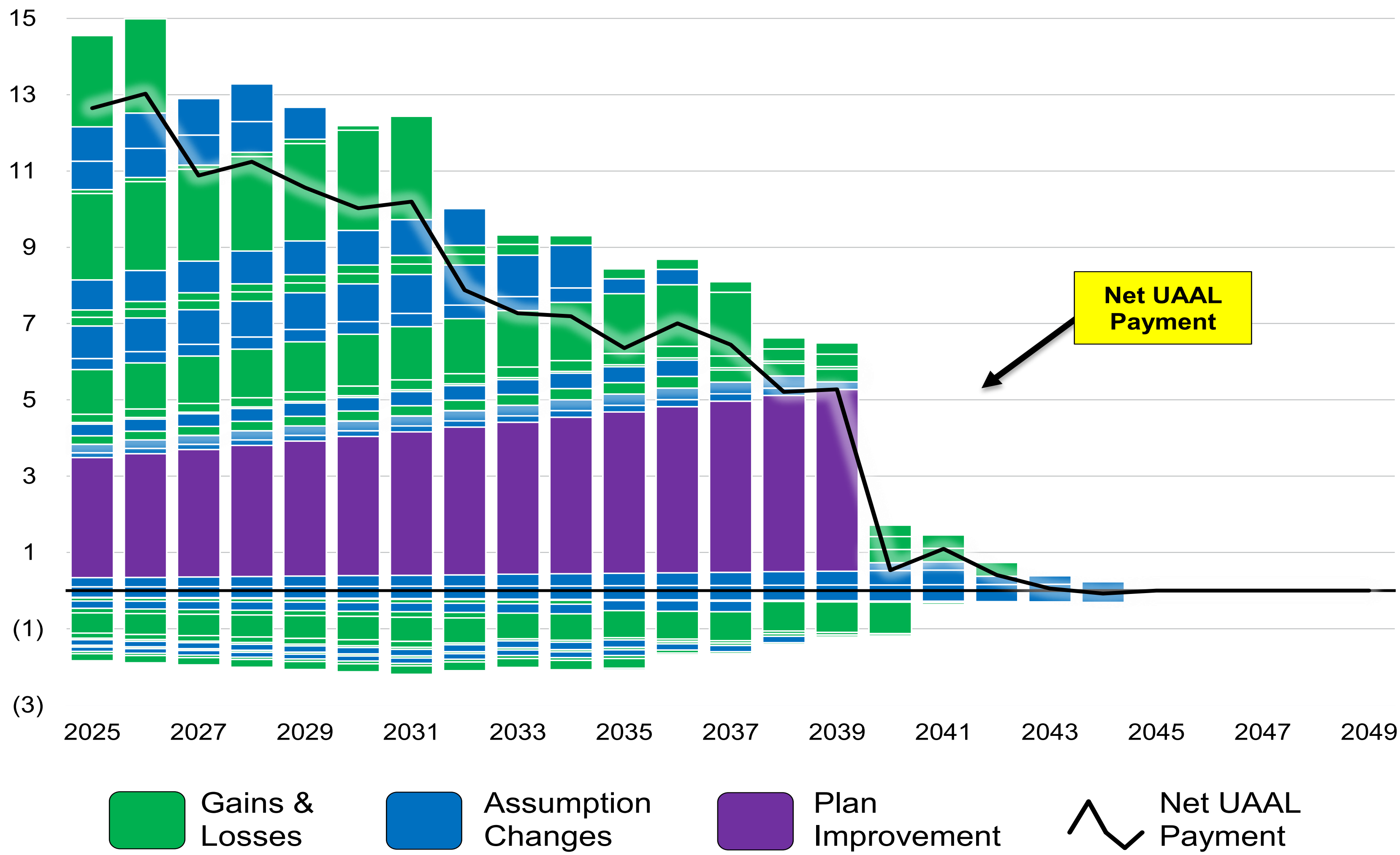
Outstanding Balance of $93.9 Million in Net UAAL as of June 30, 2025

($ in Millions)



Annual Payments Required to Amortize $93.9 Million in Net UAAL as of June 30, 2025

($ in Millions)



Section 3: Supplemental Information

Exhibit A: Summary of participant data

Participants	June 30, 2025	June 30, 2024
Retired Members		
• Number	1,733	1,693
• Average age	72.0	71.6
Surviving Spouses		
• Number	224	222
• Average age	79.4	79.1
Eligible for Deferred Benefit		
• Number[11]	424	407
• Average age	48.1	48.0
Active Participants		
• Number	2,001	1,974
• Average age	46.8	46.9
• Average years of service	10.8	10.9
• Average expected retirement age	63.5	63.4

[11] Includes inactive members due a refund of Pension Plan member contributions.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial assumptions and methods

Rationale for assumptions and methods

The information and analysis used in selecting each assumption and method that has a significant effect on this actuarial valuation is shown in the July 1, 2020 through June 30, 2024 Actuarial Experience Study report dated November 13, 2024, the Retiree Health assumptions letter dated January 21, 2026, and the Actuarial Funding Policy review letter dated September 14, 2022. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both tiers.

Economic assumptions

Net investment return

6.75%, net of investment and administrative expenses.

Inflation

2.50% per year

Across the board salary increases

0.50% per year

Payroll growth

Inflation of 2.50% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.

Salary increases

The annual rate of compensation Increase includes inflation at 2.50% per year, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotional increases:

Years of Service	1955/1980 Plan Rates (%)	2013 Tier Rates (%)
Less than 1	6.25	6.50
1–2	6.00	6.25
2–3	5.00	5.25
3–4	3.75	4.25
4–5	2.50	2.75
5–6	1.50	1.75
6–7	1.25	1.25
7–8	1.25	1.25
8–9	1.25	1.25
9–10	1.25	1.25
10–11	1.00	1.00
11–12	1.00	1.00
12–13	0.75	0.75
13–14	0.75	0.75
14–15	0.75	0.75
15 and over	0.75	0.75

Demographic assumptions

Mortality

- **Pre-Retirement:**
  - Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Post-Retirement Healthy Members:**
  - Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Post-Retirement Disabled Members:**
  - Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables (separate tables for males and females) with rates increased by 5% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries:**
  - In pay status at time of valuation: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
  - If not in pay status at time of valuation: same tables as for Post-retirement Healthy Members.

The Pub-2010 mortality tables and adjustments as shown above, with generational projection to the ages of members as of the measurement date, reasonably reflect the mortality experience of the Plan as of the measurement date. The additional generational projection is a provision made to reflect future mortality improvement.

Retirement

Age	1955/1980 Plan Unreduced Pension[12] Rates (%)	1955/1980 Plan Reduced Pension Rates (%)	2013 Tier Rates (%)
52	0.00	0.00	2.00
53	0.00	0.00	2.00
54	50.00	7.00	2.00
55	16.00	7.00	3.00
56	16.00	7.00	3.00
57	16.00	8.00	4.00
58	16.00	8.00	4.00
59	16.00	8.00	6.00
60	16.00	10.00	6.00
61	16.00	10.00	6.00
62	20.00	N/A[13]	10.00
63	20.00	N/A	10.00
64	20.00	N/A	10.00
65	20.00	N/A	20.00
66	24.00	N/A	20.00
67	24.00	N/A	20.00
68	24.00	N/A	20.00
69	24.00	N/A	20.00
70	40.00	N/A	35.00
71	40.00	N/A	35.00
72	40.00	N/A	35.00
73	40.00	N/A	35.00
74	40.00	N/A	35.00
75 and over	100.00	N/A	100.00

[12] For example, a 1955/1980 Plan member age 54 with 30 or more years of service would be eligible for an unreduced pension benefit.
[13] For ages 62 and over, all 1955/1980 Plan members who are eligible for retirement are eligible for an unreduced pension benefit.

Disability Incidence

Disability rates are applicable after eight years of service.

Age	Rate (%)
25	0.000
30	0.006
35	0.016
40	0.080
45	0.126
50	0.136
55	0.146
60	0.156
65	0.166
70	0.170

Termination

Years of Service	1955/1980 Plan Rates (%)	2013 Tier Rates (%)
Less than 1	11.30	8.00
1–2	6.00	4.00
2–3	6.00	3.75
3–4	3.00	3.25
4–5	3.00	3.00
5–6	2.50	2.70
6–7	2.50	2.60
7–8	2.50	2.50
8–9	2.50	2.30
9–10	1.80	2.20
10–11	1.80	2.10
11–12	1.80	2.00
12–13	1.80	1.90
13–14	1.80	1.80
14–15	1.60	1.70
15 and over	1.60	1.60

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is assumed). Vested employees who terminate service prior to retirement are assumed to leave their employee HIB contributions with the plan (no refund of employee HIB contributions was assumed).

Unknown data for participants

Same as those exhibited by members are similar known characteristics. If not specified, members are assumed to be male.

Retirement age for inactive vested participants

59

Percent married/domestic partnership

For all active and inactive vested participants: 75% of male members and 50% of female members are assumed to have a spouse with eligible HIB health care coverage expenses.

For retired participants: Actual data included in census.

Based on past practice this is not necessarily the same as the percent married/domestic partnership assumption used in the pension valuation. Some of those members may not elect HIB spouse/domestic partner coverage upon retirement due to the additional cost to the member.

Age of spouse/domestic partner

For all active and inactive vested participants, male participants are assumed to have a female spouse who is 2 years younger than the participant and female participants are assumed to have a male spouse who is 2 years older than the participant.

Future benefit accruals

1.0 year of service per year.

We have not applied the 0.040 years of additional service for each year of employment, applied in the pension valuation to anticipate conversion of unused sick leave, based on our understanding of the HIB plan provisions.

Actuarial funding policy

Actuarial cost method

Entry Age Cost Method. Entry Age is the age at the member’s hire date. Actuarial Accrued Liability is calculated on an individual basis and is based on costs allocated as a level percentage of compensation. The Normal Cost is calculated on an individual basis where the Entry Age Normal Cost is calculated as the sum of the individual Normal Costs. The individual Normal Costs for the 2013 Tier are calculated using salaries that are not constrained by the cap on Pensionable compensation imposed by PEPRA on the Pension Plan.

Section 4: Actuarial Valuation Basis

Actuarial Value of Assets

Market Value of Assets (MVA) less unrecognized returns in each of the last five years. Unrecognized returns are equal to the difference between the actual market returns and the expected returns on the market value, and are recognized over a five-year period. The Actuarial Value of Assets (AVA) is limited by a 30% corridor; the AVA cannot be less than 70% of MVA, nor greater than 130% of MVA.

Valuation Value of Assets

The proportion of the Actuarial Value of Assets allocated to the HIB plan, based on the proportion of the MVA attributable to the HIB plan.

Amortization method

Level percent of payroll

Remaining amortization period

Plan changes, assumption changes, and experience gains/losses prior to July 1, 2011 are amortized over separate decreasing 30-year amortization periods. On or after July 1, 2011, through June 30, 2021, plan changes are amortized over separate decreasing 15-year periods; assumption changes are amortized over separate decreasing 25-year periods; and experience gains/losses and retiree health assumption changes are amortized over separate decreasing 20-year periods. On or after July 1, 2021, assumption changes from the experience study or interim review of the economic assumptions are amortized over 20 years. In addition, the effect of plan improvements are amortized over 15 years.

Member contribution improvements rate

The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028. The 0.55% employee contribution rate used for fiscal year 2026-2027 is based on the average of the 0.40% rate effective January 1, 2026 and the 0.70% rate effective January 1, 2027.

Retiree health assumptions

Participation

95% of future eligible retirees are assumed to enroll in the HIB plan.

70% of future retirees are assumed to enroll in the EBMUD medical insurance plans.

All current pensioners and beneficiaries with a retiree health insurance cash subsidy were valued.

For deferred vested members, we assume an election equal to 65% of the future retiree election percent.

Average HIB subsidy – Employees who retired or terminated prior to July 8, 2025

The enrollment percent of 70% is used to estimate the proportion of future retirees expected to participate in the EBMUD medical insurance plans (Kaiser, Blue Cross, Sutter Health Plus<65, and UHC Medicare Advantage PPO 65+). The difference between the 95% of all future retirees expected to be provided with an HIB subsidy and 70% (i.e. 25%) is what we used to anticipate future retirees who receive reimbursement for medical expenses through the HIB plan without being enrolled in an EBMUD medical insurance plan. The HIB subsidy may be used to defray any other allowed health benefits (e.g., Medicare Part B premiums, dental costs) in addition to medical premiums.

For current retirees, we have used the HIB on record. For the expected 95% future retirees who received an HIB, we have assumed, based on the greater of the average HIB on record for current retirees at 100% vesting level in either the current or prior year census data, that:

- Retirees at 100% vesting level under age 65 with single HIB coverage will receive an average $439 monthly benefit as of July 1, 2025,
- Retirees at 100% vesting level under age 65 with spouse HIB coverage will receive an average $520 monthly benefit as of July 1, 2025,
- Retirees at 100% vesting level age 65 and over with single HIB coverage will receive an average $441 monthly benefit as of July 1, 2025, and
- Retirees at 100% vesting level age 65 and over with spouse HIB coverage will receive an average $543 monthly benefit as of July 1, 2025.

The maximum (100% vesting level) monthly HIB subsidy is $450 for a retiree with single coverage and $550 for a retiree with spouse/domestic partner coverage.

Average HIB subsidy – Employees who retire or terminate on or after July 8, 2025

Effective January 1, 2026, for employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage ($615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. A 3.00% annual increase to the maximum subsidy will be assumed in the valuation, which is consistent with the underlying Medicare trend assumptions. The same maximum subsidy will apply regardless of family tier of medical coverage elected.

For the expected 95% future retirees who receive an HIB, we have assumed, based on the greater of the average HIB on record for current retirees at 100% vesting level in either the current or prior year census data, that:

- Retirees at 100% vesting level under age 65, regardless of marital status, will receive the maximum monthly HIB subsidy of $615.58 as of January 1, 2026.
- Retirees at 100% vesting level age 65 and over with single HIB coverage will receive an average $571.25 monthly benefit as of January 1, 2026, to increase annually with the assumed medical trend until the maximum HIB subsidy is reached. The $571.25 assumption is equal to the sum of the 2026 KSA High Option premium of $364.75 and the assumed 2026 Medicare Part B premium of $206.50.
- Retirees at 100% vesting level age 65 and over with spouse HIB coverage will receive the maximum monthly HIB subsidy of $615.58 as of January 1, 2026.

Projected HIB subsidy increase

We have projected the HIB medical benefit to increase with medical trend until it reaches the limits described in the Summary of Plan Provisions. The benefit limits are projected to remain unchanged at the current levels of $450/$550. For employees who retire or terminate service before July 8, 2025, the benefit limits are projected to remain unchanged at the current levels of $450/$550. For employees who retire or terminate service on or after July 8, 2025, the benefit limit is assumed to increase by 3.0% per year.

Health care cost trend rates

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2025 through June 30, 2026):

Plan	Kaiser HMO Under 65	Anthem Blue Cross PPO Under 65	Sutter Health Plus HMO, Under 65	Kaiser Senior Advantage	UHC Medicare Advantage PPO
Trend rate to be applied to 2025–2026 Fiscal Year premium	4.88%	8.69%	12.79%	7.38%	7.94%

The fiscal year trend rates are based on the following calendar year trend rates:

Approximate Trends for Fiscal Year	Fiscal Year Non-Medicare Trend Rates (%)	Fiscal Year Medicare Trend Rates (%)	Trend Rates Applied to Premium for Calendar Year	Calendar Year Non-Medicare Trend Rates (%)	Calendar Year Medicare Trend Rates (%)
2026–2027	7.375	7.125	2026	7.50	7.25
2027–2028	7.125	6.875	2027	7.25	7.00
2028–2029	6.875	6.625	2028	7.00	6.75
2029–2030	6.625	6.375	2029	6.75	6.50
2030–2031	6.375	6.125	2030	6.50	6.25
2031–2032	6.125	5.875	2031	6.25	6.00
2032–2033	5.875	5.625	2032	6.00	5.75
2033–2034	5.625	5.375	2033	5.75	5.50
2034–2035	5.375	5.125	2034	5.50	5.25
2035–2036	5.125	4.875	2035	5.25	5.00
2036–2037	4.875	4.625	2036	5.00	4.75
2037–2038	4.625	4.500	2037	4.75	4.50
2038 and later	4.500	4.500	2038	4.50	4.50

Section 4: Actuarial Valuation Basis

Medical carrier election

Medical Carrier	Election (%)
Non-Medicare Medical Carrier	
• Kaiser HMO	70
• Anthem Blue Cross PPO	25
• Sutter Health Plus HMO	5
Medicare Medical Carrier	
• Kaiser Senior Advantage HMO (High Option)	65
• UHC Medicare Advantage PPO	35

Assumption changes since prior valuation

The following assumptions were changed since the prior valuation:

- Starting year average HIB subsidy amounts, premiums, and future trend assumptions were updated. These changes had a very minor impact on the valuation results

Per the plan's funding policy, the impact of the year-to-year retiree healthcare assumption changes (such as updates to the average HIB subsidy, Medicare medical election percentage, and future trend assumptions) are amortized as part of the annual experience gain/loss.

Exhibit 2: Summary of plan

This exhibit summarizes the major benefit provisions as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Normal or unreduced retirement eligibility

- **1955/1980 Plan**
  - Age 65;
  - Age 62 with 5 years of service;
  - Age 59 with 20 years of service;
  - Age 54 with 30 years of service;
  - Other combinations of age and service between ages 54 and 59.
- **2013 Tier**
  - Age 67 with 5 years of service (for unreduced benefit)

Early retirement eligibility

- **1955/1980 Plan**
  - Age 54 with 5 years of service.
- **2013 Tier**
  - Age 52 with 5 years of service.

Covered members

All members with at least 5 years of service.

Benefit formula

For members entering the System prior to July 1, 1996, a monthly allowance of up to $450 ($550 for married retirees and retirees with EBMUD domestic partners) is paid to retirees with at least five years of full-time service to reimburse member-paid medical expenses.

For members entering the System after June 30, 1996, the members shall receive the full monthly allowance multiplied by the applicable percentage below based on years of full-time service.

Effective January 1, 1999, retired members who had separated from the District prior to their retirement and who had at least five years of service also become eligible for the post-employment healthcare benefits based on the same vesting schedule.

Years of Full-time Service	Percent of HIB
Less than 5	0%
5–9	25%
10–14	50%
15–19	75%
20 or more	100%

For employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage ($615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. The same maximum subsidy will apply regardless of family tier of medical coverage elected. In addition, 2013 Tier employees who retire or terminate service after July 8, 2025 are 100% vested after 15 years of service.

Years of Full-time Service	Percent of HIB for 1955/1980 Plan Future Retirees	Percent of HIB for 2013 Tier Future Retirees
Less than 5	0%	0%
5–9	25%	25%
10–14	50%	50%
15–19	75%	100%
20 or more	100%	100%

Surviving spouse benefits

An eligible surviving spouse or domestic partner may receive a Health Insurance Benefit equal to the amount the member was entitled to.

Member contribution rate

The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

Vested employees who terminate service prior to retirement can elect a refund of their HIB employee contributions in lieu of a future HIB benefit. In such cases, the refund of employee contributions is paid by the District, not the Plan.

Employer contribution rate

100% of total cost net of the rate paid by the employee.

Changes in plan provisions

- For employees who retire or terminate service after July 8, 2025, the maximum HIB subsidy will increase to the Kaiser Senior Advantage (KSA) Low Option Plan premium for two-person coverage ($615.58 per month in calendar year 2026). Annual increases of the maximum HIB subsidy will be based on changes to the KSA Low Option premiums, limited to between 0.00% and 3.00%. Changes above 3.00% or below 0.00% will be added to a carryforward balance and used to adjust future subsidy increases up to 3.00%. The same maximum subsidy will apply regardless of family tier of medical coverage elected.
- For employees who retire or terminate service after July 8, 2025, vesting was updated from 75% to 100% for 2013 Tier retirees with at least 15 years of service.
- The HIB employee contribution rate will increase incrementally from 0.09% to 1.00% over a three-year period, as follows: 0.40% effective January 1, 2026, 0.70% effective January 1, 2027, and 1.00% effective January 1, 2028.

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