



Finance, Affordability, Asset Management, and Efficiency Committee

7/14/2026 Committee Meeting

6a

Subject

Metropolitan Other Post Employment Benefits (OPEB) Actuarial Valuation Report as of July 1, 2025

Executive Summary

Presentation by the actuary of Metropolitan's latest OPEB Actuarial Valuation Report explaining the components that caused the increase in actuarial liability and actuarially determined contribution (ADC).

Fiscal Impact

ADC for fiscal years 2027 and 2028 are \$33.9 million and \$34.9 million, respectively.

Applicable Policy

Government Accounting Standards Board (GASB) requires government entities to recognize the full unfunded OPEB liability in the financial statements and to obtain an actuarial valuation at least every two years for plans with more than 200 members in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Related Board Action(s)/Future Action(s)

Not applicable

Details and Background

Background


Metropolitan offers OPEB to its employees. Benefit provisions are established through negotiations between Metropolitan and its various bargaining units. Actuarial valuations are performed every two years to estimate the ADC and the actuarial liability which are used to calculate the total OPEB liability. Metropolitan contributes the full ADC on an annual basis.

The presentation material will cover the following:

1. Valuation Results
 - a. The ADC in fiscal year 2027 increased by \$10.2 million compared to fiscal year 2026.
 - b. The unfunded actuarial liability increased from \$122.1 million to \$207.0 million.
2. Premium Rates History

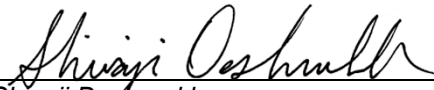
Project Milestone

In July 2026, Metropolitan will contribute the projected fiscal year 2027 ADC to the CalPERS CERBT to fund the plan.



Adam Benson
Group Manager, Finance & Administration

6/17/2026
Date



Shivaji Deshmukh
General Manager

6/17/2026
Date

Attachment 1 – Actuarial Valuation Report

Ref# cfo12714754



Classic Values, Innovative Advice



Metropolitan Water District of Southern California Retiree Healthcare Plan

Actuarial Valuation Report as of July 1, 2025

Produced by Cheiron

April 2026

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April 23, 2026

Ms. Katano Kasaine, Assistant General Manager/CFO
Metropolitan Water District of Southern California
Finance & Administration
Post Office Box 54153
Los Angeles, California 90054-0153

Re: Postretirement Health Insurance Plan July 1, 2025 Actuarial Valuation Results

Dear Katano:

As requested by the District, we have performed an actuarial valuation of the postretirement benefits provided by the Metropolitan Water District of Southern California Postretirement Health Insurance Plan (Plan). This report is for the use of the Metropolitan Water District of Southern California and its auditors in setting its contributions and preparing financial reports in accordance with applicable law and accounting requirements. The results of this report are only applicable to the District's contribution for the plan year ending June 30, 2027, and rely on future Plan experience conforming to the underlying assumptions. To the extent that actual Plan experience deviates from the underlying assumptions, the results would vary accordingly. Actuarial computations are calculated based on our understanding of the Plan in effect as of June 30, 2025.

For this Plan, valuations are conducted every other year, and each valuation is used as the basis for two years of reporting and disclosure of the Total OPEB Liability under GASB 74 and 75. Additional accounting disclosures for the fiscal year ending June 30, 2026, related to GASB Statements 74 and 75 will be provided in a separate report after the close of the fiscal year end. However, this report contains financial disclosures to be included in the District's Annual Comprehensive Financial Report (ACFR) in order to receive recognition for excellence in financial reporting. Please see Section V for this information.

Appendix A describes the participant data, assumptions, and methods used in calculating the figures throughout the report. In preparing our report, we relied on information (some oral and some written) supplied by the Plan's staff. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Appendix B contains our understanding of the substantive Plan provisions based on the information provided by your office.

Future results may differ significantly from the current results presented in this valuation report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

Ms. Katano Kasaine
Metropolitan Water District of Southern California
April 23, 2026

This actuarial valuation reflects a full valuation of the updated census, claims, and premiums. This report reflects several changes as highlighted below:

- The claim cost curves were updated based on the experience of the entire CalPERS population participating in the Public Employees' Medical & Hospital Care Act (PEMHCA), using data provided by CalPERS. This data can be found on the CalPERS website in the file entitled "pemhca-implicit-subsidy-data.xls." The data provided claims experience for all covered members (employees/retirees, covered spouses, and covered children) by age, PEMHCA rating area, and benefit plan.
- Economic assumptions were based on the CERBT Strategy 1, and the discount rate used for the valuation was based on the past actuarial valuation assumption of 6.75%.
- Medical Trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was originally released in December 2007, and version 2026_1b was used for this valuation.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Health care trends for this valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

We have relied on the Society of Actuaries as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model, and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect this valuation. This report does not contain any adjustment for the long-term potential impact of COVID-19.

This actuarial valuation report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations, including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

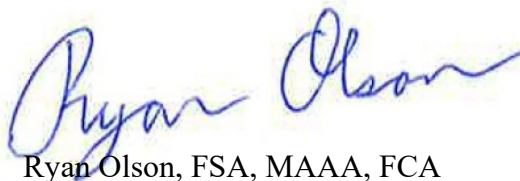
Ms. Katano Kasaine
Metropolitan Water District of Southern California
April 23, 2026

This actuarial valuation report was prepared exclusively for the Metropolitan Water District of Southern California for the purpose described herein. Other users of this valuation report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

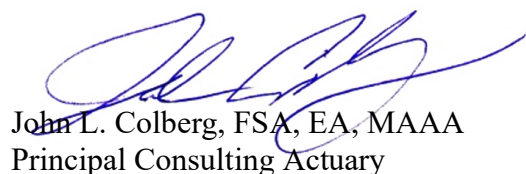
Sincerely,
Cheiron, Inc.



Kathleen Weaver, FSA, EA, MAAA, FCA
Principal Consulting Actuary



Ryan Olson, FSA, MAAA, FCA
Consulting Actuary



John L. Colberg, FSA, EA, MAAA
Principal Consulting Actuary

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION I – SUMMARY

The Metropolitan Water District of Southern California (the District) engaged Cheiron to provide an analysis of the Retiree Healthcare Plan's liabilities as of July 1, 2025. The primary purposes of performing this actuarial valuation are to:

- **Estimate** the Actuarially Determined Contribution (ADC) and the Actuarial Liability (AL) to be used to calculate the Total OPEB Liability (TOL) using GASB 74/75 methodology under the current funding strategy,
- **Provide projections** for the actuarial liabilities, the ADC, and the assets,
- **Reconciliation** of the Assets and Actuarial Liability from the prior to the current valuation,
- **Provide sensitivities** for the actuarial liabilities and the ADC, and
- **Provide disclosures** for financial statements.

We have determined costs, liabilities, and trends for the substantive Plan using actuarial assumptions and methods that we consider reasonable.

GASB's OPEB Requirements

GASB's Statement 74 refers to the financial reporting for postemployment benefit plans other than pension plans and Statement 75 refers to the employer accounting for these plans. Statement 74 is generally applicable where an entity has a separate trust or fund for OPEB benefits. We understand that the District has a trust used to fund future OPEB obligations. Statement 75, which was adopted in the fiscal year ending (FYE) June 30, 2018, requires the plan sponsor to book the Net OPEB Liability on the balance sheet. The employer's OPEB Expense is based upon the change in the Net OPEB Liability adjusted for unrecognized portions of gains and losses. Additional disclosures include a description of the substantive plan, a summary of significant accounting policies (not included in this report), contributions, and a statement of funding progress, along with the methods and assumptions used for those disclosures. Additional accounting disclosures for the fiscal year ending June 30, 2026, related to GASB Statements 74 and 75 will be provided in a separate report after the close of the fiscal year end.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION I – SUMMARY

Funding Policy

Contribution requirements are established by Memorandum of Understandings negotiated between the District and its various bargaining units. During fiscal years 2025 and 2024, the District contributed up to 100 percent of the Anthem HMO Traditional Region 2 basic plan rate for all employees and retirees. During fiscal years 2025 and 2024, the District contributed the full actuarially determined contribution rate. During the valuation process, it is assumed that the District will contribute the ADC into the future. Should the funding not occur as assumed, the District's discount rate may be adjusted downwards towards the 20-year Bond Buyer rates.

Valuation Results

The table below presents the key results of the July 1, 2025, valuation compared to those of the last actuarial valuation as of July 1, 2023.

Table I-1		
Summary of Key Valuation Results		
	June 30, 2023	June 30, 2025
Actuarial Liability (AL)	\$ 493,593,000	\$ 626,347,000
Actuarial Value of Assets	<u>371,530,000</u>	<u>419,360,000</u>
Unfunded Actuarial Liability (UAL)	\$ 122,063,000	\$ 206,987,000
Fiscal Year Ending	June 30, 2025	June 30, 2027
Actuarially Determined Contribution	\$ 23,000,000	\$ 33,898,000
Actual / <i>Expected</i> Contribution	\$ 23,000,000	\$ 33,898,000
Expected Net Explicit Benefit Payments	\$ 23,041,000	\$ 28,358,000
Expected Net Implicit Benefit Payments	<u>8,211,000</u>	<u>7,719,000</u>
Expected Net Total Benefit Payments	\$ 31,252,000	\$ 36,077,000
Discount Rate	6.75%	6.75%

This report reflects claims, premiums, and expenses determined as of July 1, 2025. There was an increase in the active and Medicare retiree populations since the last valuation, generating a loss of \$6.2 million. The large increases in the CalPERS premiums resulted in higher claim curves and higher initial medical trends. These assumption changes resulted in an additional increase in actuarial liability of approximately \$103.0 million compared to the expected liability. Changes in demographic assumptions due to the most recent CalPERS experience study lowered the liability by approximately \$11.1 million. The total increase in the actuarial liability above expected was \$98.1 million. More detail on the causes of these changes can be found in the valuation results section of this report.

The figures provided in this report are highly sensitive to the assumptions used.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION II – ASSETS

The Plan's preceding valuation of liabilities was performed as of July 1, 2023. Table II-1 below shows the reconciliation of assets for the fiscal year ending July 1, 2025, that were used to develop the FYE 2027 Actuarially Determined Contribution (ADC).

The District invests the Plan's OPEB assets through the CERBT Strategy I. The Plan's market value of assets returned 10.8% during the fiscal year ending June 30, 2024 and 12.2% during the fiscal year ending June 30, 2025. Explicit benefit payments are net of the retiree contributions payable for coverage, which are initially paid outside of the District's OPEB Trust and later reimbursed by the OPEB Trust in July. The projected June 30, 2026 assets assume a 6.75% return on assets over the year.

Table II-1				
Reconciliation of Assets				
	2023 / 2024		2024 / 2025	2025 / 2026
	Projected 6/30/23 Val	Actual	Actual	Projected*
Market Value of Assets (Beginning of Year)	\$ 345,288,000	\$ 345,288,000	\$ 378,663,000	\$ 427,719,000
Contributions - to CERBT	15,349,000	15,349,000	23,000,000	23,691,000
Net Explicit Benefit Payments	(21,204,000)	(20,735,000)	(22,808,000)	(26,242,000)
Investment Earnings	24,474,000	39,077,000	49,175,000	30,808,000
Administrative Expenses	(176,000)	(183,000)	(137,000)	(141,000)
Investment Expenses	(131,000)	(133,000)	(174,000)	(197,000)
Market Value of Assets (End of Year)	\$ 363,600,000	\$ 378,663,000	\$ 427,719,000	\$ 455,638,000
Approximate Annual Return	6.75%	10.8%	12.2%	6.75%

*estimated

Table II-2			
Development of Actuarial Value of Plan Assets (AVA)			
Fiscal Year Ending	June 30, 2024	June 30, 2025	June 30, 2026
Actuarial Value at Beginning of Year (AVA)	\$ 371,530,000	\$ 389,425,000	\$ 419,360,000
Contributions BOY	15,349,000	23,000,000	23,691,000
Explicit Benefit Payments EOY	(20,735,000)	(22,808,000)	(26,242,000)
Investment Expenses BOY	(133,000)	(174,000)	(197,000)
Expected Earnings (Net of Expenses)	26,105,000	27,827,000	29,893,000
Expected AVA at End of Year	\$ 392,116,000	\$ 417,270,000	\$ 446,505,000
Market Value of Assets at End of Year (MVA)	378,663,000	427,719,000	455,638,000
MVA - Expected AVA	\$ (13,453,000)	\$ 10,449,000	\$ 9,133,000
1/5 of [MVA - Expected AVA]	(2,691,000)	2,090,000	1,827,000
Preliminary AVA (Exp AVA + 1/5 of [MVA - Exp AVA])	\$ 389,425,000	\$ 419,360,000	\$ 448,332,000
Minimum AVA (80% of MVA)	\$ 302,930,000	\$ 342,175,000	\$ 364,510,000
Maximum AVA (120% of MVA)	\$ 454,396,000	\$ 513,263,000	\$ 546,766,000
Actuarial Value at End of Year (AVA)	\$ 389,425,000	\$ 419,360,000	\$ 448,332,000
Approximate Annual Return	6.1%	7.3%	7.2%

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION III – VALUATION RESULTS

This section of the report calculates the current and expected future contribution requirements under the District’s funding policy. Table III-1 below shows the actuarial liabilities for the Plan as of July 1, 2023 and July 1, 2025, as well as projected amounts as of July 1, 2026. The projected results were calculated using standard roll-forward techniques. Asset projections were calculated based on an assumed 6.75% rate of return and assuming expected benefits will continue to be paid from the fund.

Table III-1				
Unfunded Actuarial Liability				
	June 30, 2023 Valuation		June 30, 2025 Valuation	
	June 30, 2023	<i>Projected to June 30, 2024</i>	June 30, 2025	<i>Projected to June 30, 2026</i>
Present Value of Future Benefits				
Active Employees	\$ 325,576,000	\$ 347,552,000	\$ 406,807,000	\$ 434,266,000
Retirees and Beneficiaries	294,370,000	285,476,000	379,585,000	370,289,000
Total	<u>\$ 619,946,000</u>	<u>\$ 633,028,000</u>	<u>\$ 786,392,000</u>	<u>\$ 804,555,000</u>
Actuarial Liability				
Active Employees	\$ 199,223,000	\$ 225,578,000	\$ 246,762,000	\$ 279,593,000
Retirees and Beneficiaries	294,370,000	285,476,000	379,585,000	370,289,000
Total	<u>\$ 493,593,000</u>	<u>\$ 511,054,000</u>	<u>\$ 626,347,000</u>	<u>\$ 649,882,000</u>
Actuarial Value of Assets	<u>371,530,000</u>	<u>386,039,000</u>	<u>419,360,000</u>	<u>448,332,000</u>
Unfunded Actuarial Liability (UAL)	\$ 122,063,000	\$ 125,015,000	\$ 206,987,000	\$ 201,550,000
Pay-As-You-Go	\$ 27,840,000	\$ 30,105,000	\$ 33,796,000	\$ 36,077,000
Funded Ratio	75.3%	75.5%	67.0%	69.0%
Discount Rate	6.75%	6.75%	6.75%	6.75%
Covered Payroll	\$ 249,812,000	\$ 257,306,000	\$ 292,295,000	\$ 303,987,000
UAL as percentage of Covered Payroll	49%	49%	71%	66%

The above liability is shown for funding purposes only; the GASB 74/75 liability will be a roll forward of the June 30, 2025 liability to June 30, 2026 using actual benefit payments and actual assets as of that date and will be provided in a separate report.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION III – VALUATION RESULTS

Reconciliation

Table III-2 provides an estimate of the major factors contributing to the change in liability since the last actuarial valuation.

Table III-2	
Reconciliation of Actuarial Liability	
Actuarial Liability at June 30, 2023	\$ 493,593,000
Normal Cost	12,493,000
Expected Benefit Payments paid throughout the year	(27,840,000)
Interest	32,808,000
Expected Actuarial Liability at June 30, 2024	\$ 511,054,000
Normal Cost	13,336,000
Expected Benefit Payments paid throughout the year	(30,105,000)
Interest	33,939,000
Expected Actuarial Liability at June 30, 2025	\$ 528,224,000
Actuarial Liability at June 30, 2025	626,347,000
Gain or (Loss)	\$ (98,123,000)
Gain or (Loss) due to:	
Census changes	\$ (6,194,000)
Change in demographic assumptions	11,053,000
Reflect Inflation Reduction Act (per last GASB)	(58,245,000)
Change in claims and trend assumptions	(44,737,000)
Total changes	\$ (98,123,000)

Below is a brief description of each of the above components:

- *Expected Values* refer to the change that would have occurred had experience matched all the assumptions between July 1, 2023 and July 1, 2025.
- *Census Changes* refer to the impact of population changes between July 1, 2023 and July 1, 2025. There was an increase in the active and Medicare retiree populations over this period.
- *Change in demographic assumptions* refers to the update in demographic assumptions related to the CalPERS experience study adopted in November 2025. The retirement, termination, disability, mortality, and salary increase rates were all updated.
- *Reflect Inflation Reduction Act (per last GASB)* refers to the large increases in Medicare premiums for 2025 due to the Inflation Reduction Act (IRA). This change matches the assumption change disclosed in the FYE June 30, 2025 GASB 74/75 Report.
- *Change in Claims and Trend Assumptions* refers to the change in expected current and future healthcare claims and expense costs. The claim curves were updated to reflect the current market experience as well as the 2026 premiums. This resulted in higher claims than previously used. The medical trends were updated as well. These trends were higher for the period 2025-2026 for Medicare claims and premiums due to the large increase in premiums for calendar year 2026 under PEMHCA as well as higher expected short-term trends due to changes in federal policy.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION III – VALUATION RESULTS

Table III-3 below shows the actuarial gains and losses used to develop the amortization bases for the unfunded liability payment.

Table III-3			
Actuarial Gains and Losses			
	AL	AVA	UAL
06/30/2023 Actual	\$ 493,593,000	\$ (371,530,000)	\$ 122,063,000
06/30/2024 Projected	\$ 511,054,000	\$ (386,039,000)	\$ 125,015,000
06/30/2026 Expected	\$ 545,356,000	\$ (420,563,000)	\$ 124,793,000
Experience (Gain)/Loss			
Demographic & Other	8,076,000		8,076,000
Asset (Gain)/Loss		(27,769,000)	(27,769,000)
Assumption (Gain)/Loss			
Changes in Future Medical Plans	96,450,000		96,450,000
Total (Gain)/Loss	\$ 104,526,000	\$ (27,769,000)	\$ 76,757,000
07/01/2026 Projected	\$ 649,882,000	\$ (448,332,000)	\$ 201,550,000

Table III-4 below shows the schedule of amortization bases and payments for the unfunded liability payments. Every valuation will produce a new liability base. The initial base was set to be amortized over a 23-year period and has 11 years remaining. All new bases will be amortized over a 15-year period as a percentage of pay.

Table III-4							
Unfunded Actuarial Liability Balances							
(\$ In Thousands)							
Amortization Bases	Original Amortization Bases			Balance on 07/01/2026		Amortization Payments	
	Date	Years	Amount	Years	Balance	2026/27	2027/28
6/30/14 Initial	6/30/2014	23	\$ 290,903	11	\$ 242,251	\$ 27,933	\$ 28,771
(Gains)/Losses							
6/30/15 AVR	6/30/2016	15	(30,548)	5	(16,253)	(3,722)	(3,834)
6/30/17 AVR	6/30/2018	15	(34,723)	7	(23,463)	(3,973)	(4,092)
6/30/19 AVR	6/30/2020	15	(67,441)	9	(53,378)	(7,274)	(7,492)
6/30/21 AVR	6/30/2022	15	(86,147)	11	(75,954)	(8,758)	(9,021)
6/30/23 AVR	6/30/2024	15	63,099	13	59,950	6,047	6,228
6/30/25 AVR	6/30/2026	15	76,757	15	76,757	6,933	7,141
Total					\$ 209,909	\$ 17,186	\$ 17,701

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION III – VALUATION RESULTS

In Table III-5 below, we show the FYE 2025, FYE 2026, FYE 2027, and the expected FYE 2028 Actuarially Determined Contribution (ADC) under the District's funding policy. The ADC consists of two parts: (1) the *normal cost*, which represents the annual cost attributable to service earned in a given year and (2) the layered amortization of the UAL as a level percentage of payroll.

Table III-5 ADC				
Fiscal Year Ending	June 30, 2023 Valuation		June 30, 2025 Valuation	
	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028
Normal Cost	\$ 13,336,000	\$ 13,736,000	\$ 16,712,000	\$ 17,213,000
UAL Amortization	9,664,000	9,955,000	17,186,000	17,701,000
Total ADC	\$ 23,000,000	\$ 23,691,000	\$ 33,898,000	\$ 34,914,000

Table III-6 shows the expected benefit payments through the fiscal year ending June 30, 2035. In calculating the liabilities, we project these figures for the life of each existing participant. This projects the anticipated eligible retirees and the change in both claims and premiums. These benefit payments include the explicit and implicit benefit payments and exclude payments made by retiree contributions towards their premiums, if applicable.

Table III-6			
Fiscal Year Ending June 30,	Expected Net Implicit Benefit Payments	Expected Net Explicit Benefit Payments	Total Expected Net Benefit Payments
2026	\$ 7,554,000	\$ 26,242,000	\$ 33,796,000
2027	7,719,000	28,358,000	36,077,000
2028	7,704,000	30,217,000	37,921,000
2029	8,023,000	32,106,000	40,129,000
2030	8,123,000	33,707,000	41,830,000
2031	8,380,000	35,414,000	43,794,000
2032	8,744,000	37,196,000	45,940,000
2033	8,906,000	38,874,000	47,780,000
2034	9,113,000	40,577,000	49,690,000
2035	9,467,000	42,333,000	51,800,000

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION IV – SENSITIVITY

The liabilities and ADC produced in this report are sensitive to the assumptions used. The tables below show the impact of lowering the discount rate from 6.75% to either 6.50% or 5.50% on the actuarial liability and the ADC to provide some measure of sensitivity.

Table IV-1			
Sensitivity to Discount Rates - Unfunded Actuarial Liability			
Discount Rate	6.75%	6.50%	5.50%
Actuarial Liability at June 30, 2025			
Active Employees	\$ 246,762,000	\$ 255,648,000	\$ 295,948,000
Retirees and Beneficiaries	<u>379,585,000</u>	<u>388,431,000</u>	<u>427,762,000</u>
Total	\$ 626,347,000	\$ 644,079,000	\$ 723,710,000
Actuarial Value of Assets	<u>419,360,000</u>	<u>419,360,000</u>	<u>419,360,000</u>
Unfunded Actuarial Liability	\$ 206,987,000	\$ 224,719,000	\$ 304,350,000

Table IV-2									
Unfunded Actuarial Liability Balances at Discount Sensitivities									
(\$ In Thousands)									
Amortization Bases	Bases at 6.75%			Bases at 6.5%			Bases at 5.5%		
	Original Amortization Bases			Balance on 07/01/2026		Payment	Balance on 07/01/2026		Payment
	Date	Years	Amount	Years	Balance	2026/27	Years	Balance	2026/27
6/30/14 Initial	6/30/2014	23	\$ 290,903	11	\$ 242,251	\$ 27,565	11	\$ 242,251	\$ 26,119
(Gains)/Losses									
6/30/15 AVR	6/30/2016	15	\$ (30,548)	5	\$ (16,253)	\$ (3,697)	5	\$ (16,253)	\$ (3,596)
6/30/17 AVR	6/30/2018	15	\$ (34,723)	7	\$ (23,463)	\$ (3,937)	7	\$ (23,463)	\$ (3,796)
6/30/19 AVR	6/30/2020	15	\$ (67,441)	9	\$ (53,378)	\$ (7,193)	9	\$ (53,378)	\$ (6,874)
6/30/21 AVR	6/30/2022	15	\$ (86,147)	11	\$ (75,954)	\$ (8,643)	11	\$ (75,954)	\$ (8,189)
6/30/23 AVR	6/30/2024	15	\$ 63,099	13	\$ 59,950	\$ 5,955	13	\$ 59,950	\$ 5,596
6/30/25 AVR	6/30/2026	15	\$ 76,757	15	<u>96,148</u>	<u>8,536</u>	15	<u>178,299</u>	<u>14,753</u>
Total					\$ 229,300	\$ 18,586		\$ 311,451	\$ 24,013

Table IV-3			
Sensitivity to Discount Rates - ADC for FYE 2027			
Discount Rate	6.75%	6.50%	5.50%
Normal Cost	\$ 16,712,000	\$ 18,789,000	\$ 23,237,000
UAL Amortization	<u>17,186,000</u>	<u>18,586,000</u>	<u>24,013,000</u>
Total ADC	\$ 33,898,000	\$ 37,375,000	\$ 47,250,000

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION V – PROJECTIONS

Table V-1 below shows the projection of the actuarial liability, including implicit and explicit expected benefit payments and the actuarial value of assets, assuming both implicit and explicit expected benefit payments are paid from the Trust. The market value of assets is projected assuming the District contributes the expected ADC with an expected return of 6.75% net of investment expenses. The projected ADC is recalculated by setting up additional 15-year amortization bases. Under this scenario, the unfunded liability is expected to reduce to zero by the end of 2038 if all assumptions are met.

Projection Year	Table V-1 Projected Liability and Assets			ADC YEAR + 2		
	AL	AVA	UAL	NC	UAL PMT	ADC
06/30/2027 Projected	\$ 673,741	\$ (476,268)	\$ 197,473	\$ 17,891	\$ 16,905	\$ 34,796
06/30/2028 Projected	697,823	(508,851)	188,972	18,596	16,980	35,576
06/30/2029 Projected	721,950	(541,918)	180,032	19,329	17,072	36,401
06/30/2030 Projected	746,677	(576,101)	170,576	20,091	21,490	41,581
06/30/2031 Projected	771,801	(611,297)	160,504	20,883	21,705	42,588
06/30/2032 Projected	797,190	(652,072)	145,118	21,706	26,820	48,526
06/30/2033 Projected	823,211	(694,680)	128,531	22,561	27,176	49,737
06/30/2034 Projected	849,865	(744,461)	105,404	23,450	37,057	60,507
06/30/2035 Projected	877,020	(796,669)	80,351	24,374	37,698	62,072
06/30/2036 Projected	905,091	(862,025)	43,066	25,334	11,827	37,161
06/30/2037 Projected	933,763	(931,199)	2,564	26,332	11,894	38,226
06/30/2038 Projected	963,489	(976,562)	-	27,369	3,189	30,558
06/30/2039 Projected	994,096	(1,023,985)	-	28,447	3,072	31,519
06/30/2040 Projected	1,025,721	(1,064,328)	-	29,568	(7,838)	21,730
06/30/2041 Projected	1,058,572	(1,106,428)	-	30,733	(6,890)	23,843
06/30/2042 Projected	1,092,796	(1,138,954)	-	31,944	(6,536)	25,408
06/30/2043 Projected	1,128,918	(1,174,347)	-	33,203	(9,436)	23,767

All values are in \$ thousands.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION V – PROJECTIONS

Table V-2 below shows the projection of the actuarial liability, including implicit and explicit expected benefit payments and the actuarial value of assets, assuming only the explicit expected benefit payments are paid from the Trust (which is the current method used by the District), and the expected implicit benefit payments are paid from the general account. The market value of assets is projected assuming the District contributes the expected ADC with an expected return of 6.75% net of investment expenses. The projected ADC is recalculated by setting up additional 15-year amortization bases. Under this scenario, the unfunded liability is expected to reduce to zero by the end of 2036 if all assumptions are met.

	Table V-2 Projected Liability and Assets			ADC YEAR + 2		
	AL	AVA	UAL	NC	UAL PMT	ADC
07/01/2027 Projected	\$ 673,741	\$ (484,508)	\$ 189,233	\$ 17,891	\$ 15,457	\$ 33,348
06/30/2028 Projected	697,823	(524,443)	173,380	18,596	14,782	33,378
06/30/2029 Projected	721,950	(564,938)	157,012	19,329	14,095	33,424
07/01/2030 Projected	746,677	(606,363)	140,314	20,091	17,692	37,783
07/01/2031 Projected	771,801	(648,726)	123,075	20,883	17,034	37,917
06/30/2032 Projected	797,190	(696,649)	100,541	21,706	21,239	42,945
06/30/2033 Projected	823,211	(746,124)	77,087	22,561	20,644	43,205
07/01/2034 Projected	849,865	(802,479)	47,386	23,450	29,529	52,979
07/01/2035 Projected	877,020	(861,051)	15,969	24,374	29,162	53,536
06/30/2036 Projected	905,091	(932,267)	-	25,334	2,247	27,581
06/30/2037 Projected	933,763	(1,007,048)	-	26,332	1,246	27,578
07/01/2038 Projected	963,489	(1,057,536)	-	27,369	(8,664)	18,705
07/01/2039 Projected	994,096	(1,109,674)	-	28,447	(9,934)	18,513
06/30/2040 Projected	1,025,721	(1,154,169)	-	29,568	(22,034)	7,534
06/30/2041 Projected	1,058,572	(1,199,849)	-	30,733	(21,147)	9,586
07/01/2042 Projected	1,092,796	(1,235,286)	-	31,944	(20,942)	11,002
07/01/2043 Projected	1,128,918	(1,273,899)	-	33,203	(24,144)	9,059

All values are in \$ thousands.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
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SECTION V – PROJECTIONS

Table V-3 below shows the projection of the actuarial liability, including implicit and explicit expected benefit payments, the actuarial value of assets assuming no expected benefit payments are paid from the Trust, and the expected implicit benefit payments are paid from the general account. The market value of assets is projected assuming the District contributes the expected ADC with an expected return of 6.75% net of investment expenses. The projected ADC is recalculated by setting up additional 15-year amortization bases. Under this scenario, the unfunded liability is expected to reduce to zero by the end of 2031 if all assumptions are met.

	Table V-3 Projected Liability and Assets			ADC YEAR + 2		
	AL	AVA	UAL	NC	UAL PMT	ADC
07/01/2027 Projected	\$ 673,741	\$ (514,781)	\$ 158,960	\$ 17,891	\$ 9,965	\$ 27,856
06/30/2028 Projected	697,823	(583,637)	114,186	18,596	6,291	24,887
06/30/2029 Projected	721,950	(654,002)	67,948	19,329	2,386	21,715
07/01/2030 Projected	746,677	(725,755)	20,922	20,091	2,530	22,621
07/01/2031 Projected	771,801	(798,803)	-	20,883	(1,827)	19,056
06/30/2032 Projected	797,190	(877,612)	-	21,706	(1,566)	20,140
06/30/2033 Projected	823,211	(957,818)	-	22,561	(6,355)	16,206
07/01/2034 Projected	849,865	(1,044,495)	-	23,450	(1,815)	21,635
07/01/2035 Projected	877,020	(1,132,738)	-	24,374	(6,674)	17,700
06/30/2036 Projected	905,091	(1,232,662)	-	25,334	(38,240)	-
06/30/2037 Projected	933,763	(1,335,067)	-	26,332	(44,027)	-
07/01/2038 Projected	963,489	(1,411,660)	-	27,369	(58,870)	-
07/01/2039 Projected	994,096	(1,488,280)	-	28,447	(64,331)	-
06/30/2040 Projected	1,025,721	(1,555,309)	-	29,568	(82,603)	-
06/30/2041 Projected	1,058,572	(1,622,169)	-	30,733	(82,799)	-
07/01/2042 Projected	1,092,796	(1,675,221)	-	31,944	(83,799)	-
07/01/2043 Projected	1,128,918	(1,732,886)	-	33,203	(87,989)	-

All values are in \$ thousands.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

SECTION VI – ACCOUNTING DISCLOSURES

The Government Finance Officers Association (GFOA) maintains a checklist of items to be included in the Annual Comprehensive Financial Report (ACFR) in order to receive recognition for excellence in financial reporting. In accordance with those statements, we have prepared the following disclosure. Relevant disclosures under GASB 74/75 will be provided in a separate report.

Schedule of Funding Progress

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the Plan is funded and how this status has changed over the past several years. The actuarial liability is compared to the actuarial value of assets to determine the funding ratio. The actuarial liability is determined assuming that the Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

Table VI-1 Schedule of Funding Progress * (\$ In Thousands)							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (b)	Unfunded Actuarial Liability (UAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAL as Percentage of Covered Payroll ((b-a)/c)	
6/30/2025	\$ 419,360	\$ 626,347	\$ 206,987	67%	\$ 292,295	70.8%	
6/30/2023	371,530	493,593	122,063	75%	249,812	48.9%	
6/30/2021	335,254	429,603	94,349	78%	235,294	40.1%	
6/30/2019	270,457	434,759	164,302	62%	218,935	75.0%	
6/30/2017	212,612	448,095	235,483	47%	187,185	125.8%	
6/30/2015	164,669	423,420	258,751	39%	186,009	139.1%	
6/30/2013	0	315,326	315,326	0%	182,937	172.4%	
6/30/2011	0	367,719	367,719	0%	179,242	205.2%	
1/1/2011	0	545,476	545,476	0%	187,368	291.1%	
1/1/2009	0	404,172	404,172	0%	192,816	209.6%	

* Figures prior to June 30, 2019 calculated by prior actuary

Methods and Assumptions used to set ADC

Actuarial Cost Method	Entry Age Normal, level percent of payroll
Amortization Method / Period	Level percentage of payroll over 23-year closed period from 6/30/2014 plus 15-year closed layers of future gains/losses/assumption changes/plan changes
Asset Valuation Method	Gains/losses on the AVA spread over five-year rolling periods with corridor of 80% and 120% of market value
Discount Rate	6.75%
Inflation	2.50%
Mortality, Disability, Termination, Retirement	CalPERS Assumptions set in 2025
Medical Trend	Pre-Medicare: 6.75% in 2025, grading to 3.94% in 2045 Medicare: 7.85% in 2025, grading to 3.94% in 2045
Mortality Improvement	80% of MP 2021

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Member Data

Valuation Date	June 30, 2023	June 30, 2025	% Change
Active Employees			
Active Employees	1,824	1,877	2.9%
Average Age	48.0	47.9	-0.1%
Average Employer Service	12.6	12.1	-3.7%
Covered Payroll	\$ 249,812	\$ 292,295	17.0%
Inactive with Medical Coverage			
Retired participants & Surviving Spouses	1,996	1,940	-2.8%
Spouses	1,044	1,053	0.9%
Total	3,040	2,993	-1.5%

Eligible Active Employees as of June 30, 2025									
Age Group	Years of Service								Total
	< 5	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 +	
Under 25	7	0	0	0	0	0	0	0	7
25 to 30	37	14	0	0	0	0	0	0	51
30 to 35	55	74	21	0	0	0	0	0	150
35 to 40	70	129	76	17	0	0	0	0	292
40 to 45	47	104	76	51	17	0	0	0	295
45 to 50	44	78	64	64	40	7	3	0	300
50 to 55	34	51	37	56	39	26	20	1	264
55 to 60	17	33	40	39	41	19	41	8	238
60 to 65	9	19	25	22	34	16	25	29	179
Over 65	8	5	8	11	14	13	24	18	101
Total	328	507	347	260	185	81	113	56	1,877

	Status Reconciliation				Total
	Active	Retired	Disabled	Survivor	
Members on June 30, 2023	1,824	1,499	95	290	3,708
New Hires	230				230
Retired	(131)	131	0	0	0
Terminated	(41)	0	0	0	(41)
Became Disabled	(1)	0	1	0	0
Death	(4)	(38)	(3)	45	0
Dropped Coverage	0	(93)	(6)	(36)	(135)
Show ups		42	2	11	55
Members on June 30, 2025	1,877	1,541	89	310	3,817

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JULY 1, 2025 RETIREE HEALTHCARE PLAN VALUATION

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Current Active Medical Coverage					
Medical Plan	Region	Single	2-Party	Family	Total
Anthem Select	Region 1	0	0	0	0
Anthem Select	Region 2	0	0	0	0
Anthem Select	Region 3	1	1	4	6
Anthem Traditional	Region 2	6	10	12	28
Anthem Traditional	Region 3	36	37	105	178
Blue Shield	Region 1	1	0	2	3
Blue Shield	Region 2	4	9	35	48
Blue Shield	Region 3	38	48	129	215
Blue Shield Trio	Region 1	0	0	1	1
Blue Shield Trio	Region 3	1	0	2	3
Kaiser	Region 1	2	1	5	8
Kaiser	Region 2	9	10	33	52
Kaiser	Region 3	110	118	323	551
Kaiser	Out of State	0	1	0	1
PERS Gold	Region 1	0	1	2	3
PERS Gold	Region 2	12	9	17	38
PERS Gold	Region 3	47	48	133	228
PERS Platinum	Region 1	1	0	2	3
PERS Platinum	Region 2	7	16	10	33
PERS Platinum	Region 3	69	74	149	292
PERS Platinum	Out of State	17	19	44	80
Sharp	Region 2	1	0	1	2
UnitedHealthcare	Region 1	1	0	3	4
UnitedHealthcare	Region 2	0	0	1	1
UnitedHealthcare	Region 3	3	4	2	9
Waived		0	0	0	96
Total		366	406	1,015	1,883
<i>Prior Valuation Total</i>					<i>1,830</i>

6 active members were dropped by the valuation software due to data issues

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Current Retiree Medical Coverage - Pre 65					
Medical Plan	Region	Single	2-Party	Family	Total
Anthem Traditional	Region 1	0	0	0	0
Anthem Traditional	Region 2	0	0	1	1
Anthem Traditional	Region 3	2	11	4	17
Blue Shield	Region 1	1	1	0	2
Blue Shield	Region 2	3	4	2	9
Blue Shield	Region 3	18	35	16	69
Blue Shield	Out of State	0	0	0	0
Blue Shield Trio	Region 1	0	0	1	1
Blue Shield Trio	Region 3	0	0	1	1
Kaiser	Region 1	1	2	3	6
Kaiser	Region 2	4	16	7	27
Kaiser	Region 3	43	60	23	126
Kaiser	Georgia	0	0	0	0
Kaiser	Hawaii	0	2	0	2
Kaiser	Northwest	0	1	0	1
PERS Gold	Region 1	0	0	1	1
PERS Gold	Region 2	0	1	6	7
PERS Gold	Region 3	3	10	3	16
PERS Platinum	Region 1	0	2	1	3
PERS Platinum	Region 2	8	17	7	32
PERS Platinum	Region 3	30	82	25	137
PERS Platinum	Out of State	48	93	20	161
Sharp	Region 2	1	0	0	1
UnitedHealthcare	Region 1	0	0	0	0
UnitedHealthcare	Region 2	0	1	0	1
UnitedHealthcare	Region 3	1	3	1	5
UnitedHealthcare	Out of State	0	0	0	0
Waived		0	0	0	173
Total		163	341	122	799
<i>Prior Valuation Total</i>					837

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Current Retiree Medical Coverage - Post 65					
Medical Plan	Region	Single	2-Party	Family	Total
Anthem Traditional	Region 1	0	2	0	2
Anthem Traditional	Region 2	2	3	0	5
Anthem Traditional	Region 3	4	11	0	15
Blue Shield	Region 1	1	0	0	1
Blue Shield	Region 2	0	2	0	2
Blue Shield	Region 3	14	14	0	28
Blue Shield	Out of State	2	3	0	5
Blue Shield Trio	Region 1	0	0	0	0
Blue Shield Trio	Region 3	0	0	0	0
Kaiser	Region 1	5	5	0	10
Kaiser	Region 2	28	25	0	53
Kaiser	Region 3	150	132	0	282
Kaiser	Georgia	0	1	0	1
Kaiser	Hawaii	1	2	0	3
Kaiser	Northwest	4	2	0	6
PERS Gold	Region 1	0	0	0	0
PERS Gold	Region 2	0	0	0	0
PERS Gold	Region 3	7	2	0	9
PERS Platinum	Region 1	13	8	0	21
PERS Platinum	Region 2	49	46	0	95
PERS Platinum	Region 3	152	172	0	324
PERS Platinum	Out of State	198	165	0	363
Sharp	Region 2	0	0	0	0
UnitedHealthcare	Region 1	1	2	0	3
UnitedHealthcare	Region 2	6	5	0	11
UnitedHealthcare	Region 3	30	31	0	61
UnitedHealthcare	Out of State	8	6	0	14
Waived		0	0	0	0
Total		675	639	0	1,314
<i>Prior Valuation Total</i>					<i>1,208</i>

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Economic Assumptions

1. **Measurement Date:** July 1, 2025
2. **Expected Return on Plan Assets:** 6.40% per year for funds invested with the CERBT Strategy 1
3. **Expected Return on District Assets (Liability Discount Rate):** 6.75% per year
4. **Consumer Price Index (CPI):** 2.50%
5. **CERBT Administrative Fee:** Actual 2025 set to \$137,000 with 3.0% annual growth
6. **PEMHCA Administrative Fee:** Included in claim curves
7. **Investment Expenses:** Actual 2025 set to \$174,000 with proportional increase based on MV
8. **Annual Rate of Payroll Growth:** For purposes of amortizing the Unfunded Actuarial Liability as a level percent of payroll, a 3.00% annual rate of pay growth is assumed. For purposes of disclosing the covered employee payroll, 4.00% is used for the first two years at the direction of the District.
9. **Salary Increase:** From the most recent CalPERS experience study, representative values of the assumed annual salary increases are shown below. All agencies are assumed to have an underlying 3.00% annual rate of pay growth in addition to the service rates below.

Public Agency Miscellaneous	
Service	Salary Increase Rates
0	7.155%
1	6.407%
2	5.738%
3	5.138%
4	4.601%
5	4.120%
10	2.373%
15	1.659%
20	1.255%
25	0.950%
30	0.718%

10. **Changes Since Prior Valuation:** The expected return on Plan assets was updated from 6.0% to 6.4% based on the expected return for CERBT Strategy 1. The CERBT Administrative fees and Investment fees were updated based on the most recent amounts. The CPI and salary

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

increase assumptions were updated based on the CalPERS experience study adopted in November 2025.

- 11. Rationale for Economic Actuarial Assumptions:** The salary increase rates and CPI assumption are the assumptions used for participants in CalPERS and are based on the most recent CalPERS Experience Study completed in 2025 and approved by the CalPERS Board in November 2025. The expected return for CERBT Strategy 1 was provided in CERBT informational packets. The liability discount rate was previously selected by the District and is still considered reasonable using a review of the CERBT Strategy 1 target allocations and the 2025 Horizon Capital Market Assumptions Survey. The other economic assumptions are based on our review of the current economic environment.

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Demographic Assumptions

Metropolitan Water District of Southern California employees participate in the California Public Employers' Retirement System (CalPERS). CalPERS determined the assumed rates of retirement, withdrawal, disabled retirement, and mortality for use in their actuarial valuations. Periodically, CalPERS will review these assumptions through an experience study, the most recent of which was completed in 2025 and adopted by the CalPERS Board in November 2025. These assumptions will also be used by the Metropolitan Water District of Southern California in relation to when their employees will receive benefits under their pension plan.

- 1. Rates of Retirement:** Rate of eligible active members retiring within the next year, based on CalPERS assumptions adopted in November 2025.

Attained Age	Public Agency Miscellaneous 2% @ 55 Misc Sample Retirement Rates at each Service						
	5	10	15	20	25	30	35
50	0.0070	0.0140	0.0170	0.0230	0.0280	0.0280	0.0280
51	0.0150	0.0160	0.0180	0.0210	0.0240	0.0240	0.0240
52	0.0100	0.0150	0.0170	0.0220	0.0250	0.0250	0.0250
53	0.0100	0.0160	0.0190	0.0260	0.0300	0.0300	0.0300
54	0.0140	0.0190	0.0230	0.0330	0.0410	0.0410	0.0410
55	0.0160	0.0310	0.0460	0.0830	0.1160	0.1160	0.1160
56	0.0230	0.0340	0.0490	0.0810	0.1070	0.1070	0.1070
57	0.0250	0.0390	0.0530	0.0830	0.1090	0.1090	0.1090
58	0.0320	0.0400	0.0530	0.0850	0.1120	0.1120	0.1120
59	0.0340	0.0500	0.0640	0.0950	0.1260	0.1260	0.1260
60	0.0560	0.0650	0.0830	0.1180	0.1450	0.1730	0.1980
61	0.0460	0.0660	0.0880	0.1130	0.1400	0.1700	0.1880
62	0.0950	0.1290	0.1550	0.1860	0.2160	0.2320	0.2420
63	0.1150	0.1490	0.1710	0.2040	0.2260	0.2560	0.2860
64	0.1010	0.1370	0.1510	0.1870	0.2160	0.2330	0.2430
65	0.1490	0.1950	0.2230	0.2650	0.2930	0.3070	0.3110
66	0.2120	0.2680	0.2820	0.3150	0.3290	0.3230	0.3240
67	0.1880	0.2490	0.2600	0.2790	0.2790	0.2790	0.2790
68	0.2030	0.2430	0.2450	0.2640	0.2640	0.2640	0.2640
69	0.1610	0.2110	0.2210	0.2380	0.2380	0.2380	0.2380
70	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750	0.2750
71	0.2540	0.2540	0.2540	0.2540	0.2540	0.2540	0.2540
72	0.2270	0.2270	0.2270	0.2270	0.2270	0.2270	0.2270
73	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
74	0.2110	0.2110	0.2110	0.2110	0.2110	0.2110	0.2110
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Retirement (continued):

Public Agency Miscellaneous 2% @ 62 PEPR Misc							
Attained	Sample Retirement Rates at each Service						
Age	5	10	15	20	25	30	35
52	0.0080	0.0130	0.0150	0.0190	0.0230	0.0230	0.0230
53	0.0090	0.0140	0.0160	0.0230	0.0260	0.0260	0.0260
54	0.0120	0.0150	0.0190	0.0260	0.0330	0.0330	0.0330
55	0.0130	0.0250	0.0370	0.0660	0.0920	0.0920	0.0920
56	0.0160	0.0250	0.0360	0.0600	0.0800	0.0800	0.0800
57	0.0180	0.0270	0.0370	0.0590	0.0770	0.0770	0.0770
58	0.0230	0.0280	0.0360	0.0590	0.0770	0.0770	0.0770
59	0.0230	0.0330	0.0420	0.0630	0.0830	0.0830	0.0830
60	0.0350	0.0410	0.0500	0.0740	0.0900	0.1070	0.1230
61	0.0370	0.0530	0.0700	0.0900	0.1130	0.1370	0.1510
62	0.0550	0.0760	0.0910	0.1090	0.1270	0.1360	0.1420
63	0.0710	0.0910	0.1050	0.1260	0.1400	0.1580	0.1760
64	0.0700	0.0970	0.1070	0.1320	0.1530	0.1650	0.1730
65	0.1020	0.1330	0.1530	0.1810	0.2010	0.2100	0.2120
66	0.1390	0.1760	0.1850	0.2070	0.2150	0.2120	0.2120
67	0.1450	0.1920	0.2010	0.2160	0.2160	0.2160	0.2160
68	0.1580	0.1910	0.1920	0.2070	0.2070	0.2070	0.2070
69	0.1380	0.1800	0.1890	0.2030	0.2030	0.2030	0.2030
70	0.2120	0.2120	0.2120	0.2120	0.2120	0.2120	0.2120
71	0.1960	0.1960	0.1960	0.1960	0.1960	0.1960	0.1960
72	0.1760	0.1760	0.1760	0.1760	0.1760	0.1760	0.1760
73	0.1550	0.1550	0.1550	0.1550	0.1550	0.1550	0.1550
74	0.1630	0.1630	0.1630	0.1630	0.1630	0.1630	0.1630
75	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

- 2. Rates of Withdrawal:** Rate of eligible active members terminating employment (not due to retirement, death, or disability) within the next year, based on CalPERS assumptions adopted in November 2025.

Attained Age	Public Agency Miscellaneous - Males Sample Termination Rates at each Service							
	0	5	10	15	20	25	30	35
20	0.17569	0.08254						
21	0.17569	0.08254						
22	0.17569	0.08254						
23	0.17373	0.08254						
24	0.17177	0.08254						
25	0.16981	0.08254	0.03663					
26	0.16784	0.08254	0.03663					
27	0.16588	0.08254	0.03663					
28	0.16392	0.08148	0.03663					
29	0.16196	0.08041	0.03663					
30	0.16000	0.07935	0.03663	0.01866				
31	0.15804	0.07794	0.03663	0.01866				
32	0.15608	0.07653	0.03663	0.01866				
33	0.15412	0.07513	0.03635	0.01866				
34	0.15216	0.07372	0.03608	0.01866				
35	0.15020	0.07231	0.03580	0.01866	0.01466			
36	0.14824	0.07090	0.03525	0.01866	0.01466			
37	0.14628	0.06949	0.03469	0.01866	0.01466			
38	0.14432	0.06809	0.03414	0.01866	0.01466			
39	0.14236	0.06668	0.03358	0.01866	0.01466			
40	0.14040	0.06527	0.03303	0.01866	0.01466	0.00856		
41	0.14098	0.06336	0.03247	0.01836	0.01466	0.00856		
42	0.14157	0.06145	0.03191	0.01806	0.01466	0.00856		
43	0.14216	0.05954	0.03136	0.01776	0.01466	0.00856		
44	0.14275	0.05762	0.03080	0.01746	0.01466	0.00856		
45	0.14333	0.05571	0.03025	0.01716	0.01466	0.00856	0.00543	
46	0.14392	0.05504	0.02911	0.01686	0.01402	0.00856	0.00543	
47	0.14451	0.05436	0.02798	0.01656	0.01338	0.00856	0.00543	
48	0.14510	0.05369	0.02685	0.01625	0.01275	0.00856	0.00543	
49	0.14568	0.05301	0.02572	0.01595	0.01211	0.00856	0.00543	
50	0.14627	0.05234	0.02459	0.01565	0.01147	0.00856	0.00543	0.00351
51	0.14686	0.05201	0.02367	0.01502	0.01083	0.00822	0.00543	0.00351
52	0.14744	0.05169	0.02276	0.01438	0.01019	0.00789	0.00543	0.00351
53	0.14803	0.05136	0.02184	0.01375	0.00955	0.00755	0.00543	0.00351
54	0.14862	0.05104	0.02093	0.01312	0.00892	0.00721	0.00543	0.00351

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Attained Age	Public Agency Miscellaneous - Females Sample Termination Rates at each Service							
	0	5	10	15	20	25	30	35
20	0.18090	0.10000						
21	0.18090	0.10000						
22	0.18090	0.10000						
23	0.17989	0.10000						
24	0.17889	0.10000						
25	0.17788	0.10000	0.04684					
26	0.17688	0.10000	0.04684					
27	0.17587	0.10000	0.04684					
28	0.17487	0.09907	0.04684					
29	0.17387	0.09815	0.04684					
30	0.17286	0.09722	0.04684	0.02511				
31	0.17186	0.09514	0.04684	0.02511				
32	0.17085	0.09305	0.04684	0.02511				
33	0.16985	0.09096	0.04657	0.02511				
34	0.16884	0.08887	0.04630	0.02511				
35	0.16784	0.08678	0.04604	0.02511	0.01834			
36	0.16683	0.08469	0.04532	0.02511	0.01834			
37	0.16583	0.08260	0.04460	0.02511	0.01834			
38	0.16482	0.08051	0.04389	0.02511	0.01834			
39	0.16382	0.07842	0.04317	0.02511	0.01834			
40	0.16282	0.07633	0.04245	0.02511	0.01834	0.01121		
41	0.16356	0.07514	0.04174	0.02443	0.01834	0.01121		
42	0.16430	0.07395	0.04102	0.02374	0.01834	0.01121		
43	0.16504	0.07276	0.04030	0.02305	0.01834	0.01121		
44	0.16579	0.07157	0.03959	0.02237	0.01834	0.01121		
45	0.16653	0.07038	0.03887	0.02168	0.01834	0.01121	0.00595	
46	0.16727	0.06996	0.03733	0.02100	0.01743	0.01121	0.00595	
47	0.16801	0.06954	0.03579	0.02031	0.01652	0.01121	0.00595	
48	0.16876	0.06912	0.03424	0.01963	0.01561	0.01121	0.00595	
49	0.16950	0.06870	0.03270	0.01894	0.01469	0.01121	0.00595	
50	0.17024	0.06828	0.03116	0.01826	0.01378	0.01121	0.00595	0.00478
51	0.17098	0.06721	0.02977	0.01740	0.01287	0.01058	0.00595	0.00478
52	0.17173	0.06613	0.02838	0.01655	0.01196	0.00995	0.00595	0.00478
53	0.17247	0.06506	0.02700	0.01569	0.01105	0.00932	0.00595	0.00478
54	0.17321	0.06399	0.02561	0.01483	0.01013	0.00869	0.00595	0.00478

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

- 3. Rates of Disability Retirement:** Rate of eligible active members becoming disabled within the next year, based on CalPERS assumptions adopted in November 2025.

Attained Age	Public Agency Miscellaneous			
	Non-Duty		Duty Related	
	Male	Female	Male	Female
20	0.00005	0.00005	0.0000	0.0000
25	0.00005	0.00005	0.0000	0.0000
30	0.00029	0.00029	0.0000	0.0000
35	0.00050	0.00050	0.0000	0.0000
40	0.00097	0.00097	0.0000	0.0000
45	0.00182	0.00182	0.0000	0.0000
50	0.00250	0.00250	0.0000	0.0000
55	0.00188	0.00188	0.0000	0.0000
60	0.00171	0.00171	0.0000	0.0000
65	0.00170	0.00170	0.0000	0.0000
70	0.00170	0.00170	0.0000	0.0000
75	0.00170	0.00170	0.0000	0.0000

- 4. Rates of Mortality:** Based on CalPERS assumptions adopted in 2025.

Pre-Retirement: CalPERS 2025 Public Agency Miscellaneous Mortality Table projected generationally with 80% of MP 2021 improvement scale, base year 2017

Healthy Annuitants: CalPERS 2025 Public Agency Miscellaneous Mortality Table projected generationally with 80% of MP 2021 improvement scale, base year 2017

Disabled Annuitants: CalPERS 2021 Public Agency Miscellaneous Non Industrial Disabled Mortality Table projected generationally with 80% of MP 2021 improvement scale, base year 2017

- 5. Participation at Retirement:** Currently covered: 100%; Currently waived: 90%

- 6. Plan Election at Retirement:**

Plan	Pre 65	Post 65
Blue Shield	15%	5%
UnitedHealthcare	0%	5%
Kaiser	30%	30%
PERS Gold	0%	0%
PERS Platinum	55%	60%

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Plan	HMO	PPO
Region 2	15%	10%
Region 3	85%	75%
Out of State	0%	15%

7. Medicare Eligible Rate:

	Pre 4/1/1986 Hires	Post 4/1/1986 Hires
Medicare Election	90%	100%

- 8. Family Composition:** Actives who currently cover a spouse are assumed to continue covering their spouse in the future. Actives who have not enrolled in coverage, 80% are assumed to cover a spouse in the future. Retirees who currently cover a spouse are assumed to continue covering their spouse in the future.
- 9. Dependents:** 20% will elect family coverage at retirement until age 65.
- 10. Medical Coverage for Children:** Retirees who have children coverage are assumed to cover their children until the youngest child is 26.
- 11. Dependent Age:** For current active employees, males are assumed to be three-years older than their spouses. For current retirees, actual spouse date of birth was used, if known.
- 12. Surviving Spouse Participation:** 100%
- 13. Waived Retiree Re-Election:** 20% of Pre-65 retirees are assumed to re-elect at age 65.
- 14. Data Assumption:** Active annual pay was estimated based on age and service criteria. All region 1 participants were grouped with the out of state medical plans.
- 15. Changes since Prior Valuation:** None
- 16. Rationale for Demographic Actuarial Assumptions:** The rates of retirement, withdrawal, disability retirement, and mortality are the assumptions used for participants in CalPERS and are based on the most recent CalPERS Experience Study completed 2025 and approved by the CalPERS Board in November 2025. Plan election was reviewed and updated with this report based on CalPERS plans available. The other demographic assumptions are from the prior actuary's July 1, 2019, report and are believed to be reasonable based on our review.

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

- 1. Average Annual Claims and Expense Assumptions:** The following claim and expense assumptions are applicable from July 1, 2025 to June 30, 2026 for Retirees and Spouses. Active employees assumed to retire will use a blended curve based on the plan elections shown in the demographic section. Subsequent years' costs are based on the first year's cost adjusted with trend.

2025-26 Active Annual Claim Curves Non-Medicare		
Age	Male	Female
20	\$ 5,026	\$ 7,312
25	5,144	8,868
30	5,396	10,094
35	6,053	10,416
40	7,254	10,993
45	9,251	12,373
50	12,335	14,334
55	16,266	16,654
60	20,829	19,406
64	25,230	21,968
65	28,431	24,340
70	28,431	24,340
75	28,431	24,340
Medicare		
Age	Male	Female
65	5,273	4,886
70	6,009	5,391
75	6,732	5,949
80	7,517	6,473
85	8,001	6,775
90	8,220	6,954

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2025-26 Region 3 Annual Claim Curves											
Age	Blue Shield Non-Medicare		Kaiser Non-Medicare		PERS Select/Gold Non-Medicare		PERS Care/Platinum Non-Medicare		United Healthcare Non-Medicare		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
20	\$ 4,141	\$ 6,024	\$ 4,278	\$ 6,224	\$ 3,844	\$ 5,593	\$ 5,668	\$ 8,246	\$ 3,672	\$ 5,342	
25	4,238	7,307	4,378	7,549	3,934	6,783	5,801	10,001	3,758	6,479	
30	4,446	8,317	4,593	8,592	4,127	7,721	6,085	11,384	3,942	7,375	
35	4,987	8,582	5,152	8,866	4,630	7,967	6,826	11,747	4,422	7,610	
40	5,977	9,058	6,175	9,358	5,549	8,409	8,181	12,398	5,300	8,032	
45	7,622	10,195	7,875	10,532	7,076	9,464	10,433	13,954	6,759	9,040	
50	10,163	11,810	10,500	12,202	9,435	10,964	13,911	16,166	9,012	10,473	
55	13,402	13,722	13,845	14,176	12,441	12,739	18,344	18,782	11,884	12,168	
60	17,161	15,989	17,730	16,519	15,931	14,843	23,490	21,885	15,218	14,179	
64	20,788	18,100	21,476	18,700	19,298	16,803	28,454	24,775	18,434	16,051	
65	23,498	20,117	24,276	20,783	21,705	18,582	32,002	27,398	20,837	17,839	
70	23,498	20,117	24,276	20,783	21,705	18,582	32,002	27,398	20,837	17,839	
75	23,498	20,117	24,276	20,783	21,705	18,582	32,002	27,398	20,837	17,839	
2025-26 Region 3 Annual Claim Curves											
Age	Blue Shield Medicare		Kaiser Medicare		PERS Select/Gold Medicare		PERS Care/Platinum Medicare		United Healthcare Medicare		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
65	5,011	4,643	3,551	3,290	5,677	5,260	6,205	5,749	4,686	4,342	
70	5,711	5,124	4,047	3,631	6,469	5,804	7,071	6,344	5,340	4,791	
75	6,398	5,654	4,534	4,006	7,247	6,404	7,922	7,001	5,982	5,286	
80	7,144	6,152	5,062	4,359	8,092	6,968	8,846	7,617	6,680	5,752	
85	7,604	6,439	5,388	4,563	8,613	7,294	9,415	7,973	7,110	6,021	
90	7,811	6,608	5,535	4,683	8,849	7,486	9,672	8,183	7,304	6,179	

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2025-26 Region 2 Annual Claim Curves											
Age	Blue Shield		Kaiser		PERS Select/Gold		PERS Care/Platinum		United Healthcare		
	Non-Medicare		Non-Medicare		Non-Medicare		Non-Medicare		Non-Medicare		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
20	\$ 4,517	\$ 6,572	\$ 4,361	\$ 6,344	\$ 3,829	\$ 5,571	\$ 5,646	\$ 8,214	\$ 4,157	\$ 6,047	
25	4,623	7,970	4,463	7,694	3,919	6,757	5,778	9,962	4,254	7,334	
30	4,849	9,072	4,681	8,758	4,111	7,691	6,061	11,340	4,462	8,348	
35	5,440	9,361	5,252	9,037	4,612	7,936	6,800	11,701	5,006	8,614	
40	6,520	9,880	6,294	9,538	5,527	8,376	8,149	12,350	5,999	9,092	
45	8,314	11,120	8,026	10,735	7,049	9,427	10,393	13,900	7,651	10,233	
50	11,086	12,883	10,702	12,436	9,398	10,921	13,857	16,103	10,201	11,855	
55	14,619	14,968	14,112	14,449	12,393	12,689	18,272	18,709	13,452	13,773	
60	18,720	17,441	18,071	16,836	15,869	14,785	23,398	21,800	17,225	16,049	
64	22,675	19,744	21,889	19,059	19,222	16,737	28,342	24,679	20,865	18,168	
65	25,632	21,944	24,743	21,183	21,619	18,509	31,877	27,291	23,586	20,192	
70	25,632	21,944	24,743	21,183	21,619	18,509	31,877	27,291	23,586	20,192	
75	25,632	21,944	24,743	21,183	21,619	18,509	31,877	27,291	23,586	20,192	
2025-26 Region 2 Annual Claim Curves											
Age	Blue Shield		Kaiser		PERS Select/Gold		PERS Care/Platinum		United Healthcare		
	Medicare		Medicare		Medicare		Medicare		Medicare		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
65	5,011	4,643	3,551	3,290	5,677	5,260	6,205	5,749	4,686	4,342	
70	5,711	5,124	4,047	3,631	6,469	5,804	7,071	6,344	5,340	4,791	
75	6,398	5,654	4,534	4,006	7,247	6,404	7,922	7,001	5,982	5,286	
80	7,144	6,152	5,062	4,359	8,092	6,968	8,846	7,617	6,680	5,752	
85	7,604	6,439	5,388	4,563	8,613	7,294	9,415	7,973	7,110	6,021	
90	7,811	6,608	5,535	4,683	8,849	7,486	9,672	8,183	7,304	6,179	

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2025-26 Out of State Annual Claim Curves				
Age	Kaiser		PERS Care/Platinum	
	Non-Medicare		Non-Medicare	
	Male	Female	Male	Female
20	\$ 6,368	\$ 9,263	\$ 5,583	\$ 8,122
25	6,516	11,235	5,713	9,850
30	6,836	12,788	5,993	11,212
35	7,668	13,196	6,723	11,569
40	9,191	13,927	8,058	12,211
45	11,720	15,676	10,276	13,744
50	15,627	18,160	13,701	15,922
55	20,607	21,099	18,067	18,498
60	26,388	24,585	23,135	21,555
64	31,963	27,831	28,024	24,401
65	36,131	30,933	31,518	26,984
70	36,131	30,933	31,518	26,984
75	36,131	30,933	31,518	26,984
2025-26 Out of State Annual Claim Curves				
Age	Kaiser		PERS Care/Platinum	
	Medicare		Medicare	
	Male	Female	Male	Female
65	3,485	3,229	6,205	5,749
70	3,971	3,563	7,071	6,344
75	4,449	3,932	7,922	7,001
80	4,968	4,278	8,846	7,617
85	5,288	4,478	9,415	7,973
90	5,432	4,596	9,672	8,183

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- 2. Annual Trend:** Medical Trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2026_1b was used for this valuation. The following assumptions were used as input variables into this model:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.50%
Rate of Growth in Real Income/GDP per capita 2035+	1.40%
Extra Trend due to Taste/Technology 2035+	0.90%
Expected Health Share of GDP 2035	20.00%
Health Share of GDP Resistance Point	18.50%
Year for Limiting Cost Growth to GDP Growth	2046

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The table below presents the trends used in this valuation. The values shown are used to project the claim costs from the fiscal year beginning as indicated in the table to the next following fiscal year.

Beginning July 1,	Pre- Medicare Trend	Medicare Eligible Trend	Beginning July 1,	Pre- Medicare Trend	Medicare Eligible Trend
2025	6.75%	7.85%	2036	4.37%	4.37%
2026	6.25%	7.25%	2037	4.26%	4.26%
2027	5.75%	6.60%	2038	4.19%	4.19%
2028	5.25%	6.00%	2039	4.15%	4.15%
2029	5.19%	5.81%	2040	4.12%	4.12%
2030	5.12%	5.62%	2041	4.09%	4.09%
2031	5.06%	5.44%	2042	4.08%	4.08%
2032	5.00%	5.25%	2043	4.06%	4.06%
2033	4.93%	5.06%	2044	4.00%	4.00%
2034	4.87%	4.87%	2045	3.94%	3.94%
2035	4.60%	4.60%			

- 3. Annual Limits:** Assumed to increase at the same rate as medical trend.
- 4. Lifetime Maximums:** Unlimited.
- 5. Medicare:** Participants are assumed to enroll in Medicare at age 65 according to the Medicare Eligible Rate assumption.

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

6. **Geography:** Implicitly assumed to remain the same as current retirees.
7. **Changes since Last Valuation:** The annual claim curves were updated to reflect the most recent claim experience; medical trends were updated to reflect current expectations.

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APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS AND METHODS

Methodology

Actuarial Cost Method: The Entry Age Normal Actuarial Cost method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active plan member and then summed to produce the total normal cost for the District.

The actuarial liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

The portion of the actuarial liability in excess of OPEB Trust's assets is amortized to develop an additional cost or saving which is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability. A closed 23-year amortization period as of the June 30, 2014 unfunded liability plus 15-year closed layers of future gains/losses, assumption changes, or plan changes was used under the Actuarial funding scenario. The amortization method is a level percent of expected pay amortization method, assuming a 3.0% annual increase in pay due to inflation.

Asset Valuation Method: For purposes of determining the Plan's contribution requirement, we use an Actuarial Value of Assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

In developing the actuarial value using the discrete recognition method, we first develop the expected Actuarial Value of Assets by rolling forward the prior year's actuarial value with contributions made, benefits paid out and interest that would have been earned had the 6.75% assumption been met. The expected value is compared to the actual market value, and the difference reflects a one-year gain or loss on investments. To make the adjustment from the expected actuarial value to the actual actuarial value in this method, each year's gain/loss element is recognized in five equal installments. The actuarial value is subject to a corridor of 80% to 120% of market value.

Claims Method: The claim cost curves were developed based on the experience of the entire CalPERS population, using data provided by CalPERS. This data can be found on the CalPERS website in the file entitled "pemhca-implicit-subsidy-data.xls." The data provided claim experience for all covered members (employees/retirees, covered spouses, and covered children) by age, PEMHCA rating area, and benefit plan. We used this data to develop the expected cost by age for the covered membership for the specific benefit plans and PEMHCA rating areas used by the covered Metropolitan Water District of Southern California population.

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We have reflected the “true” cost of coverage for retirees. The “true” cost of coverage for retirees age 55-64 is greater than the cost of the same coverage for the typical group of active employees. Employers who treat the cost as being the same often are providing implicit subsidies for retirees. The cost difference, known as the implicit subsidy, is equal to the “true” cost of providing retiree medical coverage minus the average active/retiree cost.

Getzen Model: Health care trends for this valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. We have relied on the Society of Actuaries as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in the assumptions or output of the Model that would affect this valuation.

Changes since Last Valuation: There were no changes to actuarial methods since the prior valuation.

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APPENDIX B – SUBSTANTIVE PLAN PROVISIONS

A summary of the Post-Retirement Health Plan benefits and contribution provisions are as follows.

Eligibility

Full-time active employees are automatically eligible to receive postretirement medical coverage with CalPERS after retiring directly from the District.

The following summarizes eligibility for a pension benefit from the Metropolitan Water District of Southern California:

Miscellaneous

- Classic Formula 2% @ age 55
 - Employees are eligible to retire at age 50
- PEPRA Formula 2% @ age 62
 - Employees are eligible to retire at age 52
- *Disability*: At least five years of service for non-duty disability, and no requirement for duty disability
- *Death*: At least five years of service for non-duty death, and no requirement for duty death

Active members are vested after five years of service, however, must retire directly from the District to be eligible for a post-retirement health benefit.

An employee who becomes disabled outside of work and has completed five years of CalPERS credited service will be provided health insurance coverage upon disablement.

Spouse and Dependent Coverage

If a retiree is eligible for health insurance coverage, the Plan will also provide health coverage for the retiree's spouse and/or dependent children. This coverage will continue for as long as the spouse is alive.

If an active employee who has met the requirements to retire with health insurance coverage dies before retiring, the Plan will provide health coverage for the spouse and/or dependent children for as long as the spouse is alive.

Benefits

The Metropolitan Water District of Southern California Plan is a single employer plan that provides retirees and dependents the same medical benefits that are available to active employees for participants under age 65. Once a participant turns age 65, the Plan provides benefits that coordinate with Medicare. Participants that are eligible for premium free Medicare Part A must sign up for Medicare Part B as soon as they become eligible or CalPERS coverage will be cancelled. The District participates in the CalPERS health program, referred to as PEMHCA (Public Employees' Medical and Hospital Care Act).

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Participant Cost Sharing Contributions

The District pays the PEMHCA medical premiums for retirees and eligible dependents up to 100% of the highest cost HMO basic rate in either Region 2 or Region 3.

2025 Cap: 100% of Anthem Traditional Basic – Region 2

2026 Cap: 100% of Anthem Traditional Basic – Region 2

2025 and 2026 Monthly Caps		
Medical Coverage	2025	2026
Single	\$ 1,110.97	\$ 1,158.26
2-Party	2,221.94	2,316.52
Family	2,888.52	3,011.48

State Vesting Schedule Government Code Section 22893:

Applies to employees hired on or after January 1, 2012, or to employees who were hired prior to January 1, 2012, and elect to be covered by the 10/20 State Vesting Schedule. Vesting applies to the maximum of the District Cap or State 100/90 premiums, but not more than 100% of the premiums for the plan elected by the retiree.

To qualify for District-paid retiree medical under the vesting schedule, an employee must meet the following eligibility criteria:

- A minimum of 10 years of CalPERS service credit,
- A minimum of five of those 10 years of CalPERS service credit must be performed at Metropolitan, and
- Must retire from Metropolitan within 120 days from the date of separation.

Exceptions to the vesting requirements for those who are eligible for the full employer contribution are:

- An employee who retires on disability retirement.
- An employee who performs 20 or more years of CalPERS service credit solely with Metropolitan, even if they do not retire directly from the District.

2025 and 2026 Monthly 100/90 Premiums		
Medical Coverage	2025	2026
Single	\$ 1,060	\$ 1,084
2-Party	2,039	2,057
Family	2,551	2,638

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Vesting schedule percentage is based on CalPERS service, with a minimum of five years of District service. Members are 100% vested for disability retirements or with 20 years of District service.

CalPERS Service	Vesting %	CalPERS Service	Vesting %
<10	0%	15	75%
10	50%	16	80%
11	55%	17	85%
12	60%	18	90%
13	65%	19	95%
14	70%	20+	100%

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APPENDIX B – SUBSTANTIVE PLAN PROVISIONS

Medical Premiums: Initial premiums for this valuation as of July 1, 2025 are based on blended 2025 and 2026 PEMHCA premium rates shown below:

2025 Premiums							
Medical Plan	Region	Non Medicare Eligible			Medicare Eligible		
		Single	2-Party	Family	Single	2-Party	Family
Anthem Select	Region 1	\$1,256.65	\$2,513.30	\$3,267.29	\$487.56	\$975.12	\$1,462.68
Anthem Select	Region 2	919.00	1,838.00	2,389.40	487.56	975.12	1,462.68
Anthem Select	Region 3	916.88	1,833.76	2,383.89	487.56	975.12	1,462.68
Anthem Traditional	Region 2	1,110.97	2,221.94	2,888.52	487.56	975.12	1,462.68
Anthem Traditional	Region 3	1,065.46	2,130.92	2,770.20	487.56	975.12	1,462.68
Blue Shield	Region 1	1,170.17	2,340.34	3,042.44	448.28	896.56	1,344.84
Blue Shield	Region 2	948.53	1,897.06	2,466.18	448.28	896.56	1,344.84
Blue Shield	Region 3	916.88	1,833.76	2,383.89	448.28	896.56	1,344.84
Blue Shield Trio	Region 1	1,170.17	2,340.34	3,042.44	448.28	896.56	1,344.84
Blue Shield Trio	Region 3	738.11	1,476.22	1,919.09	448.28	896.56	1,344.84
Kaiser	Region 1	1,112.90	2,225.80	2,893.54	343.08	686.16	1,029.24
Kaiser	Region 2	944.34	1,888.68	2,455.28	343.08	686.16	1,029.24
Kaiser	Region 3	926.52	1,853.04	2,408.95	343.08	686.16	1,029.24
Kaiser	Out of State	1,422.26	2,844.52	3,697.88	336.72	673.44	1,010.16
PERS Gold	Region 1	1,013.70	2,027.40	2,635.62	546.13	1,092.26	1,638.39
PERS Gold	Region 2	864.75	1,729.50	2,248.35	546.13	1,092.26	1,638.39
PERS Gold	Region 3	868.15	1,736.30	2,257.19	546.13	1,092.26	1,638.39
PERS Platinum	Region 1	1,476.10	2,952.20	3,837.86	584.70	1,169.40	1,754.10
PERS Platinum	Region 2	1,258.76	2,517.52	3,272.78	584.70	1,169.40	1,754.10
PERS Platinum	Region 3	1,263.73	2,527.46	3,285.70	584.70	1,169.40	1,754.10
PERS Platinum	Out of State	1,244.55	2,489.10	3,235.83	584.70	1,169.40	1,754.10
Sharp	Region 2	868.45	1,736.90	2,257.97	272.44	544.88	817.32
UnitedHealthcare	Region 1	1,184.58	2,369.16	3,079.91	442.25	884.50	1,326.75
UnitedHealthcare	Region 2	890.66	1,781.32	2,315.72	442.25	884.50	1,326.75
UnitedHealthcare	Region 3	866.40	1,732.80	2,252.64	442.25	884.50	1,326.75

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Medical Plan	Region	2026 Premiums					
		Non Medicare Eligible			Medicare Eligible		
		Single	2-Party	Family	Single	2-Party	Family
Anthem Select	Region 1	\$1,336.29	\$2,672.58	\$3,474.35	\$571.70	\$1,143.40	\$1,715.10
Anthem Select	Region 2	1,016.32	2,032.64	2,642.43	571.70	1,143.40	1,715.10
Anthem Select	Region 3	962.68	1,925.36	2,502.97	571.70	1,143.40	1,715.10
Anthem Traditional	Region 2	1,158.26	2,316.52	3,011.48	571.70	1,143.40	1,715.10
Anthem Traditional	Region 3	1,128.53	2,257.06	2,934.18	571.70	1,143.40	1,715.10
Blue Shield	Region 1	1,301.95	2,603.90	3,385.07	539.43	1,078.86	1,618.29
Blue Shield	Region 2	1,052.89	2,105.78	2,737.51	539.43	1,078.86	1,618.29
Blue Shield	Region 3	917.91	1,835.82	2,386.57	539.43	1,078.86	1,618.29
Blue Shield Trio	Region 1	1,301.95	2,603.90	3,385.07	539.43	1,078.86	1,618.29
Blue Shield Trio	Region 3	852.56	1,705.12	2,216.66	539.43	1,078.86	1,618.29
Kaiser	Region 1	1,168.86	2,337.72	3,039.04	356.83	713.66	1,070.49
Kaiser	Region 2	987.69	1,975.38	2,567.99	356.83	713.66	1,070.49
Kaiser	Region 3	969.05	1,938.10	2,519.53	356.83	713.66	1,070.49
Kaiser	Out of State	1,398.96	2,797.92	3,637.30	350.16	700.32	1,050.48
PERS Gold	Region 1	1,120.58	2,241.16	2,913.51	597.57	1,195.14	1,792.71
PERS Gold	Region 2	956.28	1,912.56	2,486.33	597.57	1,195.14	1,792.71
PERS Gold	Region 3	960.03	1,920.06	2,496.08	597.57	1,195.14	1,792.71
PERS Platinum	Region 1	1,670.14	3,340.28	4,342.36	665.50	1,331.00	1,996.50
PERS Platinum	Region 2	1,426.24	2,852.48	3,708.22	665.50	1,331.00	1,996.50
PERS Platinum	Region 3	1,431.81	2,863.62	3,722.71	665.50	1,331.00	1,996.50
PERS Platinum	Out of State	1,410.29	2,820.58	3,666.75	665.50	1,331.00	1,996.50
Sharp	Region 2	916.20	1,832.40	2,382.12	291.38	582.76	874.14
UnitedHealthcare	Region 1	1,290.06	2,580.12	3,354.16	481.29	962.58	1,443.87
UnitedHealthcare	Region 2	950.99	1,901.98	2,472.57	481.29	962.58	1,443.87
UnitedHealthcare	Region 3	870.76	1,741.52	2,263.98	481.29	962.58	1,443.87

Changes since Last Valuation

Premiums and Cap Amounts were updated to reflect current CalPERS premiums.

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APPENDIX C – GLOSSARY OF TERMS

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government-provided benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

2. Actuarial Cost Method

A procedure for determining the Actuarial Present Value of Plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Liability.

3. Actuarial Gain (Loss) (Called Actuarial Experience Gain and Loss)

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

4. Actuarial Liability

That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of projected benefits which will not be paid by future Normal Costs.

5. Actuarial Present Value (Present Value)

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.),
- b. multiplied by the probability of the occurrence of the event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

As a simple example: assume you owe \$100 to a friend one year from now. Also, assume there is a 1% probability of your friend dying over the next year, in which case you will not be obligated to pay him. If the assumed investment return is 10%, the actuarial present value is:

Amount		Probability of Payment		$\frac{1}{(1+\text{Discount Rate})}$	
\$100	x	(1 - .01)	x	1/(1+.1)	= \$90

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APPENDIX C – GLOSSARY OF TERMS

6. Actuarial Valuation

The determination as of a valuation date of the Normal Cost, Actuarial Liability, Actuarial Value of Assets, and related Actuarial Present Values for the Plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a Plan, as used by the actuary for the purpose of an Actuarial Valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values. This way, long-term costs are not distorted by short-term fluctuations in the market.

8. Amortization

The portion of the Plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Liability.

9. Discount Rate

The estimated long-term interest yield on the investments that are expected to be used to finance the payment of benefits, with consideration given to the nature and mix of current and expected investments and the basis used to determine the Actuarial Value of Assets.

10. Funded Ratio

The Actuarial Value of Assets expressed as a percentage of the Actuarial Liability.

11. Normal Cost

That portion of the Actuarial Present Value of the Plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

12. Per Person Cost Trend, i.e., Healthcare Cost Trend Rate

The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

13. Projected Unit Credit Actuarial Cost Method

A method under which the benefits (projected or unprojected) of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

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APPENDIX D – ABBREVIATION LIST

Actuarial Liability (AL)
Actuarial Valuation Report (AVR)
Actuarially Determined Contribution (ADC)
Coordination of Benefits (COB)
Deductible and Coinsurance (DC)
Durable Medical Equipment (DME)
Employee Assistance Program (EAP)
Employee Benefits Division (EBD)
Fiscal Year Ending (FYE)
Governmental Accounting Standards Board (GASB)
Hospital Emergency Room (ER)
In-Network (INN)
Inpatient (IP)
Line of Duty Act (LODA)
Medicare Eligible (ME)
Net Other Postemployment Benefit (NOO)
Non-Medicare Eligible (NME)
Not Applicable (NA)
Office Visit (OV)
Other Postemployment Benefit (OPEB)
Out-of-Network (OON)
Out-of-Pocket (OOP)
Outpatient (OP)
Pay-as-you-go (PAYGo)
Per Person Per Month (PPPM)
Pharmacy (Rx)
Preferred Provider Organization (PPO)
Primary Care Physician (PCP)
Specialist Care Provider (SCP)
Summary Plan Description (SPD)
Unfunded Actuarial Liability (UAL)
Urgent Care (UC)

