Finance, Affordability, Asset Management, and Efficiency Committee

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

Item 6a

July 14, 2026

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Classic Values, Innovative Advice

Metropolitan Water District of Southern California Retiree Healthcare Plan

Actuarial Valuation Results
July 1, 2025

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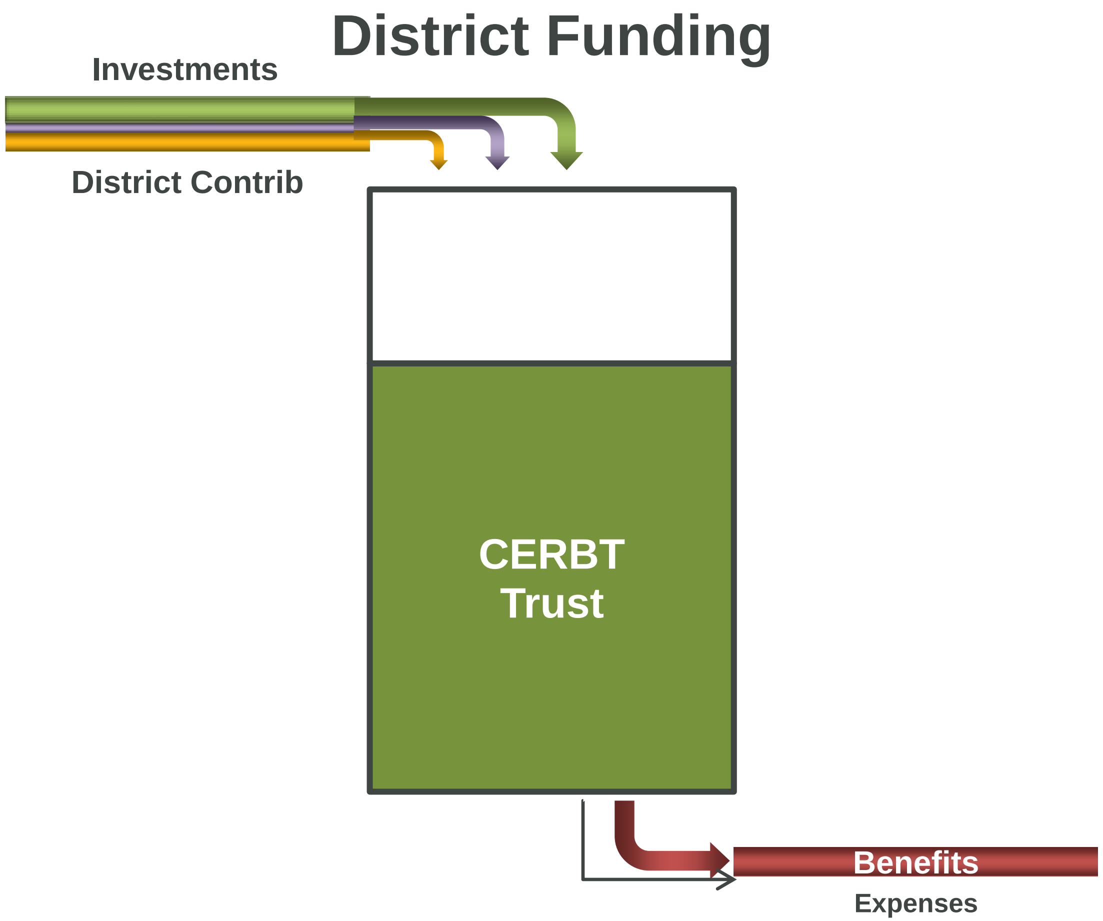
July 14, 2026

Agenda

- Background
- Valuation Results
  - Membership
  - Funded Status
  - Changes in UAL
  - Contributions
  - Projections
- Premium Rates History

A Dynamic System



The Actuarial Valuation is used to

- Set District contributions
  - 2025 valuation develops contributions for FYE 2027 and FYE 2028
- Project future benefit payments
- Determine funding target
  - Actuarial liability

Membership

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 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%**

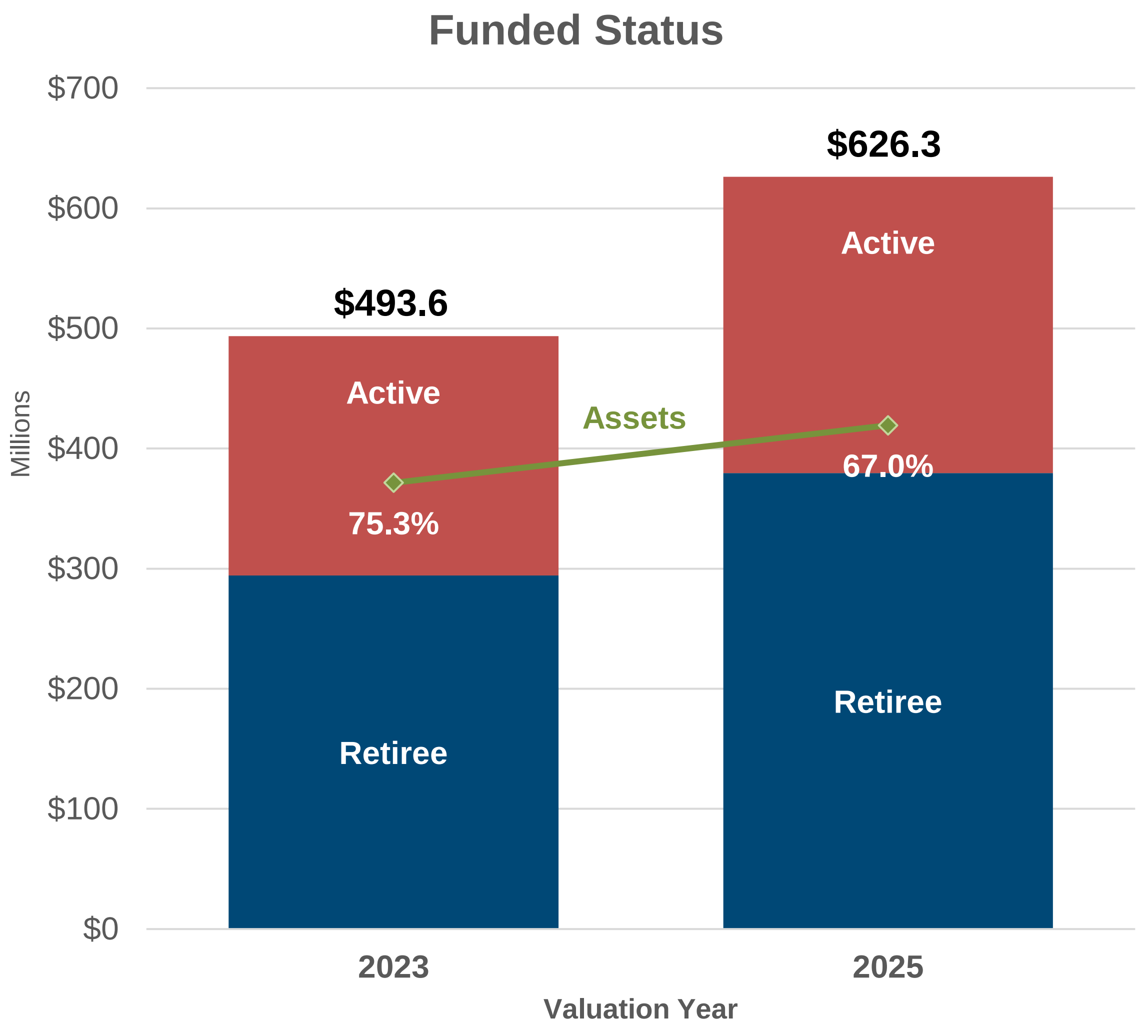
- Active population increased by 2.9%
- Retired population decreased by 1.5%
  - Retirees and surviving spouses decreased by 2.8%
  - Covered spouses increased by 0.9%

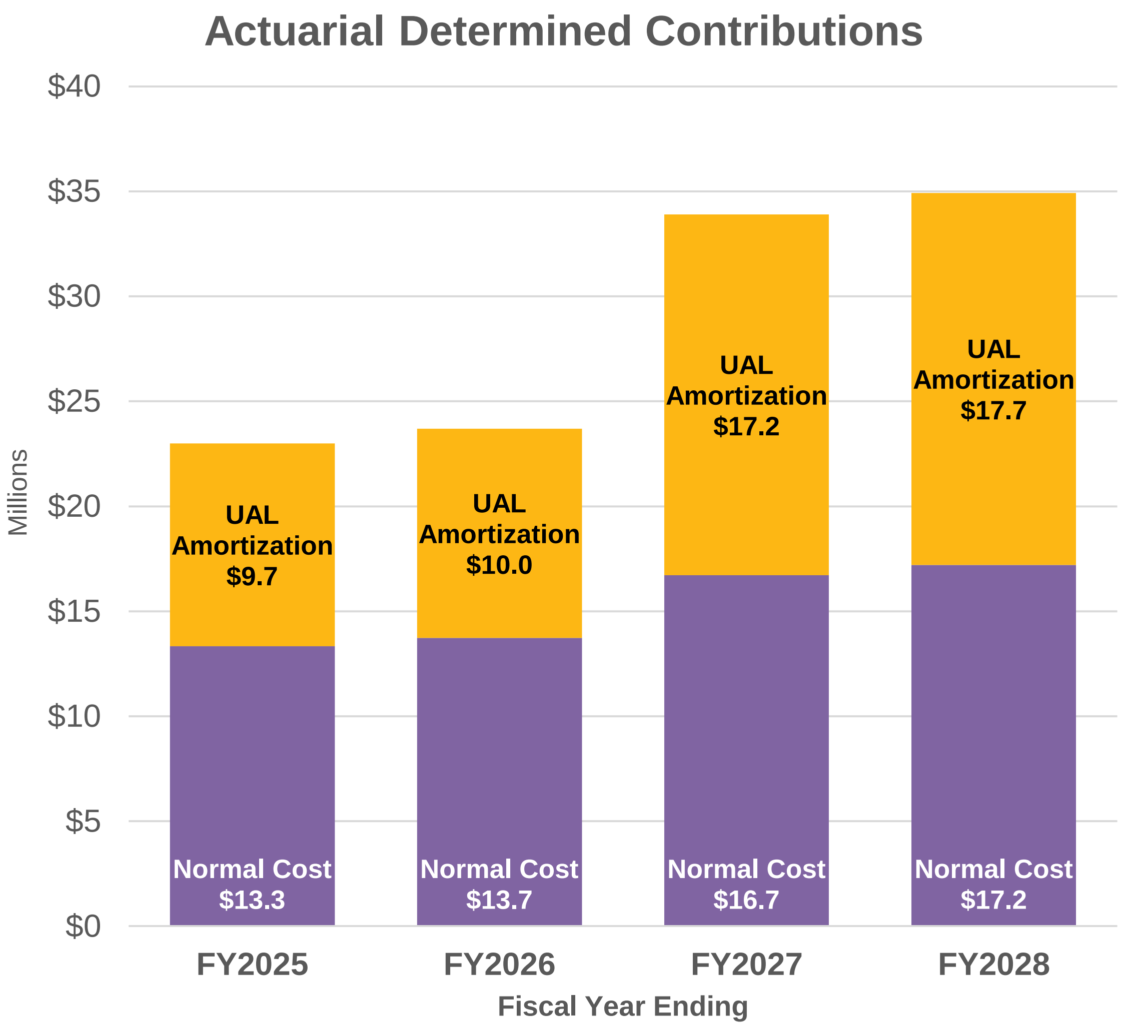
Funded Status

Unfundeded Actuarial Liability (UAL)		
	June 30, 2023	**June 30, 2025**
Actuarial Liability (AL)	$493,593,000	$626,347,000
Actuarial Value of Assets	371,530,000	419,360,000
Unfunded Actuarial Liability (UAL)	$122,063,000	$206,987,000
% Funded	75.27%	66.95%
Market Value of Assets	$345,288,000	$427,719,000
% Funded	69.95%	68.29%

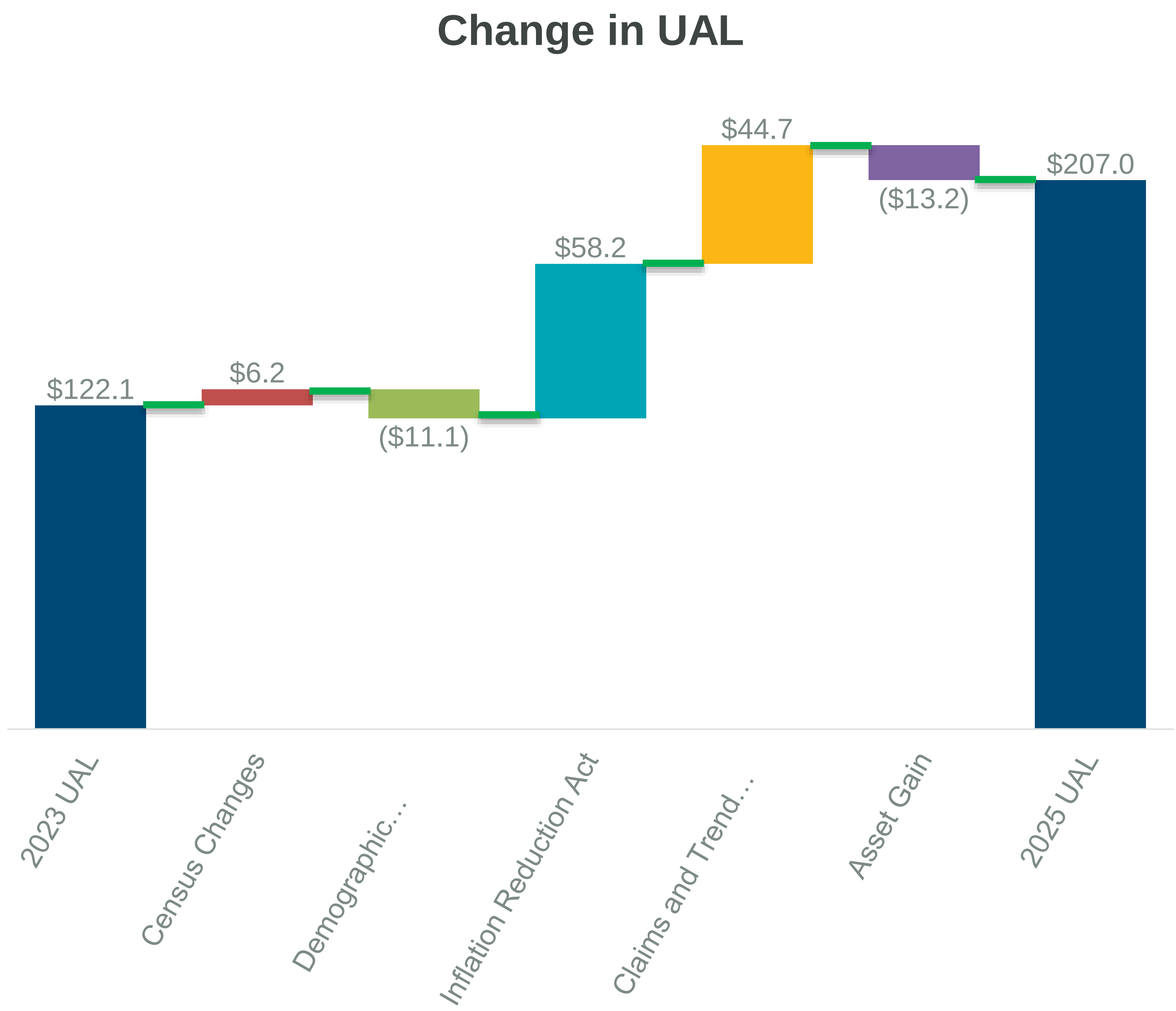
- Liability grew more than the assets, decreasing the funded status from 75% to 67%
- Market Value of Assets (MVA) returned10.8% in FYE24 and 12.2% in FYE25
- Actuarial Value of Assets (AVA) smooths market volatility by recognizing 1/5th of the difference between expected AVA and actual MVA
  - – Returned 6.1% in FYE24 and 7.3% in FYE25
  - – Calculation included 1/5th of the large asset loss in FYE22

Valuation Results





Changes in UAL



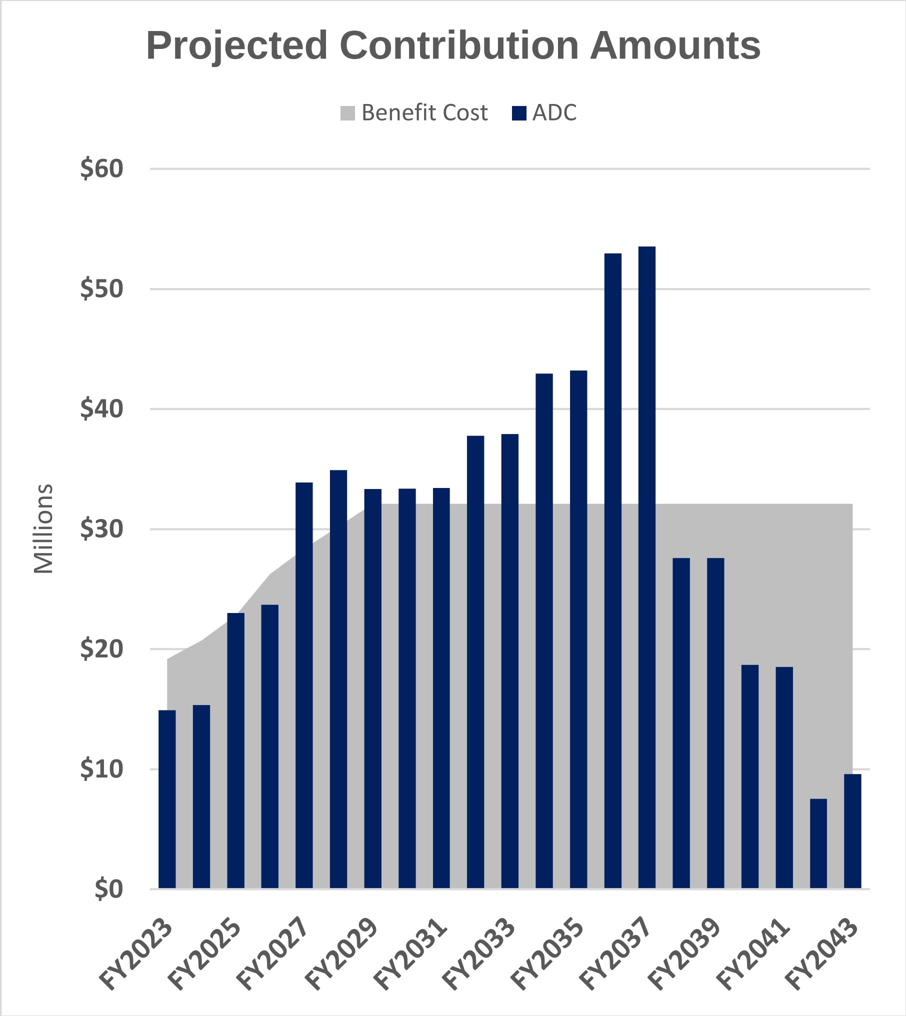
- UAL increased $84.9 million
- Increases
  - – $6.2 million due to census changes
  - – $58.2 million due to the Inflation Reduction Act resulting in higher-than-expected premiums for the retiree Medicare Supplement Plans
  - – $44.7 million due to claims experience and trend assumptions
- Decreases
  - – $11.1 million due to demographic assumptions from CALPERS experience study
  - – $13.2 million due to investment gains and losses factored into the AVA

Contributions

Actuarial Determined Contribution				
	FY2025	FY2026	FY2027	FY2028
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	**$23,000,000**	**$23,691,000**	**$33,898,000**	**$34,914,000**

- District's FY2025 and FY 2026 contributions had increased due to loss on investments in 2021 to 2022
- District's FY2027 and FY 2028 contributions increase due to large increases in the CALPERS Plan premiums
- The normal cost portion has increased due to the increase in the CALPERS premiums

Projections show plan becoming fully funded in 2035-2036

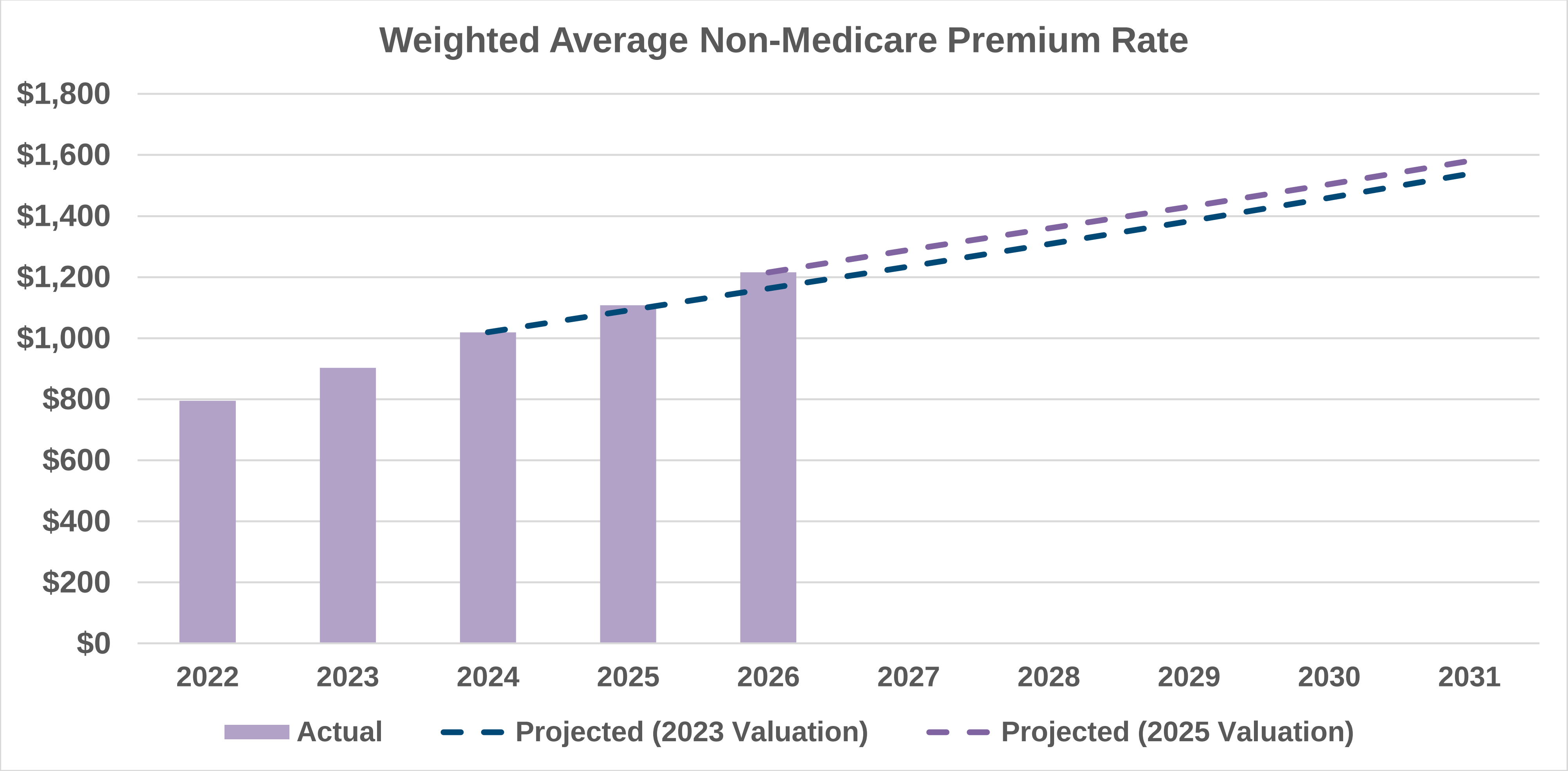


Assumes emerging experience matches all valuation assumptions and that explicit benefit payments (but not implicit benefit payments) are paid out of the trust. Alternative scenarios available upon request.

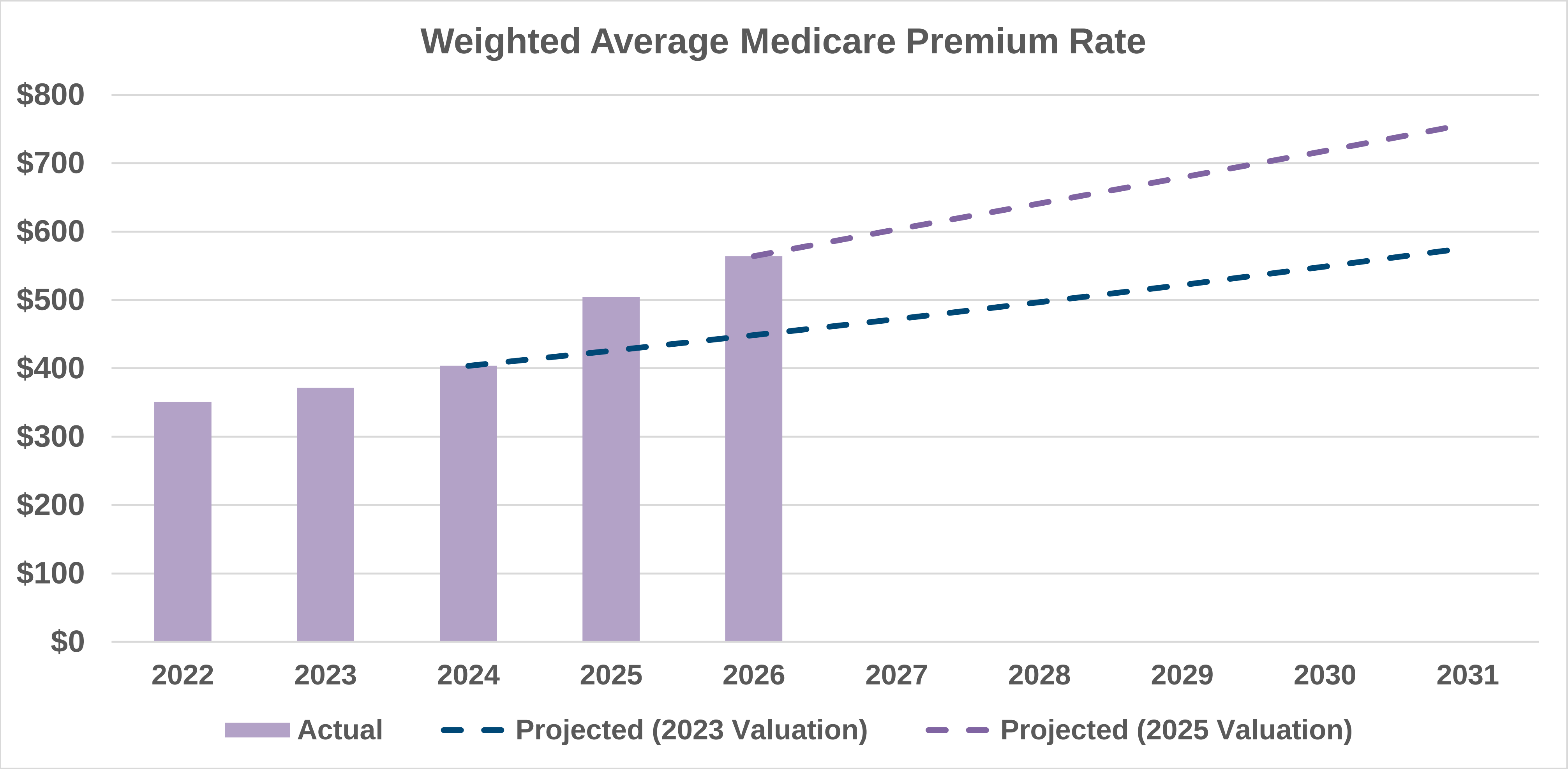
Valuation Assumptions

- Discount rate of 6.75%
- Future Plan Election rates are based on actual retiree experience
- Claims and Demographic Assumptions are based on CALPERS plans and assumptions
- Medical trends
  - Short-term trends are similar to those used in the State of California Retiree Health Benefits Program GASB report for 6/30/2024 (issued August 2025)
  - Long-term trends are projected using the Society of Actuaries Getzen Trend Model (an industry standard model)

Non-Medicare Weighted Average Premium Rates are projected to only be about 3% higher than previously projected



Medicare Weighted Average Premium Rates are projected to be 31% higher than previous projections



Questions/Comments

Certification

The purpose of this presentation is to present the results of the June 30, 2025, Actuarial Valuation for the Metropolitan Water District of Southern California Retiree Healthcare Plan (the District).

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

In preparing our presentation, we relied on information (some oral and some written) supplied by the Plan. 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.

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.

Certification (continued)

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 presentation has 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. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

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