

EXHIBIT A



October 6, 2026

Jose Gomez
Director of Finance & Administrative Services
City of Lakewood
5050 Clark Avenue
Lakewood, CA 90712

Re: Actuarial Impact of Changes to the City of Lakewood's Retiree Health Benefit Plan in Accordance with California Government Code §7507 as of June 30, 2025

California Government Code §7507 requires the City to obtain a statement of actuarial opinion regarding the cost impact of changes to the City's other postemployment benefits (OPEB).

This report sets forth the results of our actuarial valuation of the City of Lakewood (City)'s OPEB plan as of June 30, 2025. Results are provided for both the current plan design and the alternative plan design provided by the City.

The results set forth in this report are based on census, benefit provisions, employee agreements, premiums, contributions, and trust documents, if applicable, provided by the City. Certain assumptions were made regarding rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. A complete list of the actuarial assumptions can be found at the end of the report.

We appreciate the opportunity to work on this report with the City. We are available to answer any questions the City may have regarding this report.

Sincerely,


Molly McGee, ASA, EA, FCA, MAAA
Consulting Actuary

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Plan Provisions

Current Plan Design

The City offers PEMHCA coverage to its eligible retirees and provides the minimum employer contribution.

The City provides additional contributions, for certain eligible retirees, for a given number of months after retirement equal to the employees' months of service with the City before retirement. This program is known as the "Career Medical Benefit" and is also available to non-PEMHCA retirees in the form of monthly reimbursements upon proper verification of authorized healthcare costs.

Retirees are eligible for the Career Medical Benefit at the later of age 55 with 20 years of service, at least 10 years of which are immediately prior to retirement with the City as a regular full-time employee, or age 60 with 15 years of service, at least 10 years of which are immediately prior to retirement with the City as a regular full-time employee.

City Career Medical Benefit contributions are based on the CalPERS Kaiser retiree only medical rate in region 3. Beginning January 1, 2013, benefits in pay status are indexed (increased) by the lesser of 2% per year or the increase in the Kaiser premium for region 3. Retirees who retire prior to age 65 will follow the post-65 Kaiser Senior Advantage premium from the year in which they reach age 65 (rather than the year of retirement).

Dental, vision, spousal and dependent child coverage are available to retirees provided the retiree pays the required additional premium(s) over and above the applicable City maximum contribution.

The City pays the CalPERS administrative fees.

Alternative Plan Design

The Current plan design above would apply with the following adjustments for the Executive Management group:

Executive Management retirees, including the City Manager, are eligible for the Career Medical Benefit upon attainment of age 55 with 15 years of CalPERS service, at least 5 years of which are immediately prior to retirement with the City as a regular full-time employee. Executive Management retirees, including the City Manager, receive City paid benefits for a duration equal to the greater of the employees' months of service with the City before retirement or 25 years.

Executive Management retirees, including the City Manager, receive Career Medical Benefit contributions based on the CalPERS Platinum or comparable medical rate in region 3 for retirees only. Beginning January 1, 2013, benefits in pay status are indexed (increased) by the lesser of 2% per year or the increase in the CalPERS Platinum premium for region 3. Retirees who retire prior to age 65 will follow the post-65 CalPERS Platinum or comparable premium from the year in which they reach age 65 (rather than the year of retirement).



Results

Valuation date	June 30, 2025
Discount rate	6.00%

Employees covered by benefit terms	
Actives	191
Retirees	99
Total	<u>290</u>

	<u>Current Plan Design</u>	<u>Alternative Plan Design</u>
Present value of projected benefit payments		
Actives	\$16,181,678	\$16,886,040
Retirees	<u>4,340,412</u>	<u>4,340,412</u>
Total	<u>\$20,522,090</u>	<u>\$21,226,452</u>
Total OPEB liability		
Actives	\$9,582,492	\$9,954,157
Retirees	<u>4,340,412</u>	<u>4,340,412</u>
Total	<u>\$13,922,904</u>	<u>\$14,294,570</u>



Projected Benefits

Year Beginning	Current Plan Design	Alternative Plan Design
2025	\$597,675	\$598,975
2026	651,671	655,955
2027	679,657	688,599
2028	756,498	771,972
2029	813,124	835,756
2030	860,387	890,606
2031	945,702	984,585
2032	989,068	1,020,835
2033	992,831	1,028,933
2034	921,334	962,492
2035	923,661	973,028
2036	980,813	1,037,722
2037	1,024,507	1,079,603
2038	1,083,264	1,145,265
2039	1,178,378	1,247,557
2040	1,315,144	1,390,556
2041	1,313,865	1,390,531
2042	1,451,937	1,530,864
2043	1,509,956	1,590,778
2044	1,578,480	1,662,891
2045	1,801,051	1,885,197
2046	1,874,857	1,959,881
2047	1,997,584	2,080,633
2048	2,285,883	2,368,149
2049	2,356,041	2,437,047
2050	2,179,176	2,259,066
2051	2,362,456	2,440,323
2052	2,288,739	2,363,404
2053	2,135,064	2,207,364
2054	2,241,411	2,309,536
2055	2,304,758	2,369,164
2060	2,089,732	2,136,526
2065	1,843,534	1,872,211
2070	1,401,266	1,408,568
2075	1,259,671	1,260,797
2080	978,430	978,505



Actuarial Certification

The results presented in this report are in accordance with generally accepted actuarial principles and practices. The actuarial assumptions and methodologies used in these calculations are believed to be reasonable under the requirements set forth in GASB 75 and the Actuarial Standards of Practice (ASOP).

Supporting documentation provided by the City was relied upon without audit. This information includes, but is not limited to, census data, premiums, OPEB plan provisions, contributions, payroll, and any applicable asset statements. The data was reviewed in accordance with ASOP 23. The results presented depend on the integrity of the provided information.

The results in this report were calculated with the assistance of ProVal actuarial valuation software. The model was developed in 1994 and is maintained by Winklevoss Technologies (WinTech). Through ProVal, WinTech provides valuation and projection software for both pension and other postemployment benefit plans. We utilize ProVal in accordance with its intended purpose and have not identified any material inconsistencies in the ProVal assumptions or outputs that would affect this valuation.

The undersigned actuary is a member of the American Academy of Actuaries and meets the qualification standards to render the actuarial opinion contained in this report.

Certified by:


Molly McGee, ASA, EA, FCA, MAAA
Consulting Actuary



Census Data

The following table shows the age distribution of retirees included in the valuation:

Age	Total
Under 55	0
55-59	1
60-64	16
65-69	22
70-74	25
75-79	26
80-84	5
85+	4
All Ages	99

Average Age: 73.2

The following table shows the age and service distribution of active employees included in the valuation:

Age	Years of Service								Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	
<25	3	1	0	0	0	0	0	0	4
25-29	11	5	0	0	0	0	0	0	16
30-34	13	1	6	2	0	0	0	0	22
35-39	7	5	9	5	0	0	0	0	26
40-44	6	6	5	4	4	2	0	0	27
45-49	12	2	2	1	4	2	2	0	25
50-54	3	2	3	4	1	0	1	0	14
55-59	0	7	2	4	5	4	2	3	27
60-64	3	1	4	3	6	1	3	4	25
65+	0	1	1	0	2	1	0	0	5
All Ages	58	31	32	23	22	10	8	7	191

Average Age: 45.8

Average Service: 12.9



Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date: June 30, 2025

Actuarial Cost Method: Entry Age, Level Percent of Pay

Discount Rate: 6.00%

Salary Increases: 2.80%

Inflation Rate: 2.30%

Withdrawal:

CalPERS Miscellaneous: CalPERS Public Agency Miscellaneous (2021 CalPERS Experience Study)
Sample Rates:

Service	Male Entry Age			Female Entry Age		
	20	30	40	20	30	40
0	18.5%	16.3%	14.9%	19.4%	18.2%	17.3%
5	4.6	3.6	2.6	5.5	4.6	3.5
10	1.1	0.8	0.5	1.3	1.1	0.7
15	0.0	0.0	0.0	0.0	0.0	0.0

Pre-retirement Mortality:

CalPERS: CalPERS Public Agency Miscellaneous and Schools Pre-Retirement Mortality, with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)

Post-retirement Mortality:

CalPERS: CalPERS Public Agency Post-Retirement Mortality with fully generational mortality improvement using 80% of MP-2020 (2021 CalPERS Experience Study)

Retirement:

Age	Rate
55	4%
56	4%
57	4%
58	7%
59	9%
60	15%
61	20%
62	25%
63	30%
64	40%
65	100%



Assumptions (cont.)

Medical Claim Cost: Annual Per Retiree or Spouse

<u>Age</u>	<u>Medical</u>
50	\$12,240
55	15,324
60	18,972
64	22,740
65	5,304
70	5,100
75	5,460

Medical Trend: Sample Rates:

<u>Year</u>	<u>Pre-Medicare</u>	<u>Medicare</u>
2023 – 2034	5.50%	4.00%
2035 – 2074	4.50%	4.00%
2075 +	4.00%	4.00%

Increase in CalPERS Minimum: 3.00%

Percent Electing Coverage: 100%

Spouse Coverage: Future retirees: 60%
Current retirees: Actual dependent data used.
Female spouses are assumed to be three years younger than male spouses.

