

San José Police and Fire Postemployment Healthcare Plan



Final Actuarial Valuation Results June 30, 2025

February 18, 2026

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Jacqui King, FSA, EA, MAAA

Agenda



Schedule

Summary of Valuation Results

Changes in UAL

Membership Trends

Baseline Projections

Appendix



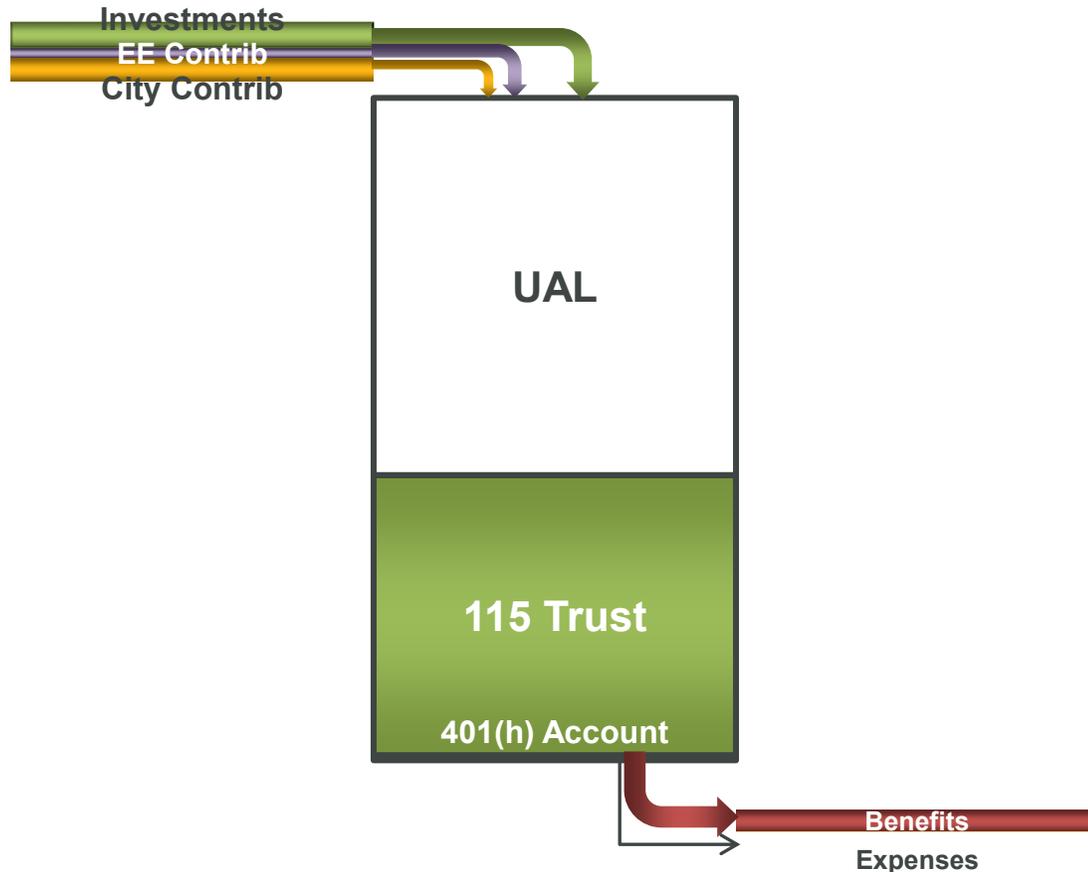
- October Board Meeting
 - Pension Economic Assumption Review
- November Board Meeting
 - Preliminary Pension Valuation Results
 - Demographic Experience Study
 - OPEB Assumptions Review
- December Board Meeting
 - Final Pension Valuation Presentation
 - Final Pension Valuation Report
 - Preliminary OPEB Valuation Results
- January Board Meeting
 - No Presentation
- **February Board Meeting**
 - **Final OPEB Valuation Presentation**
 - **Final OPEB Valuation Report**
 - **5-Year City Contribution Projections**

Final Results





Explicit Subsidy Funding

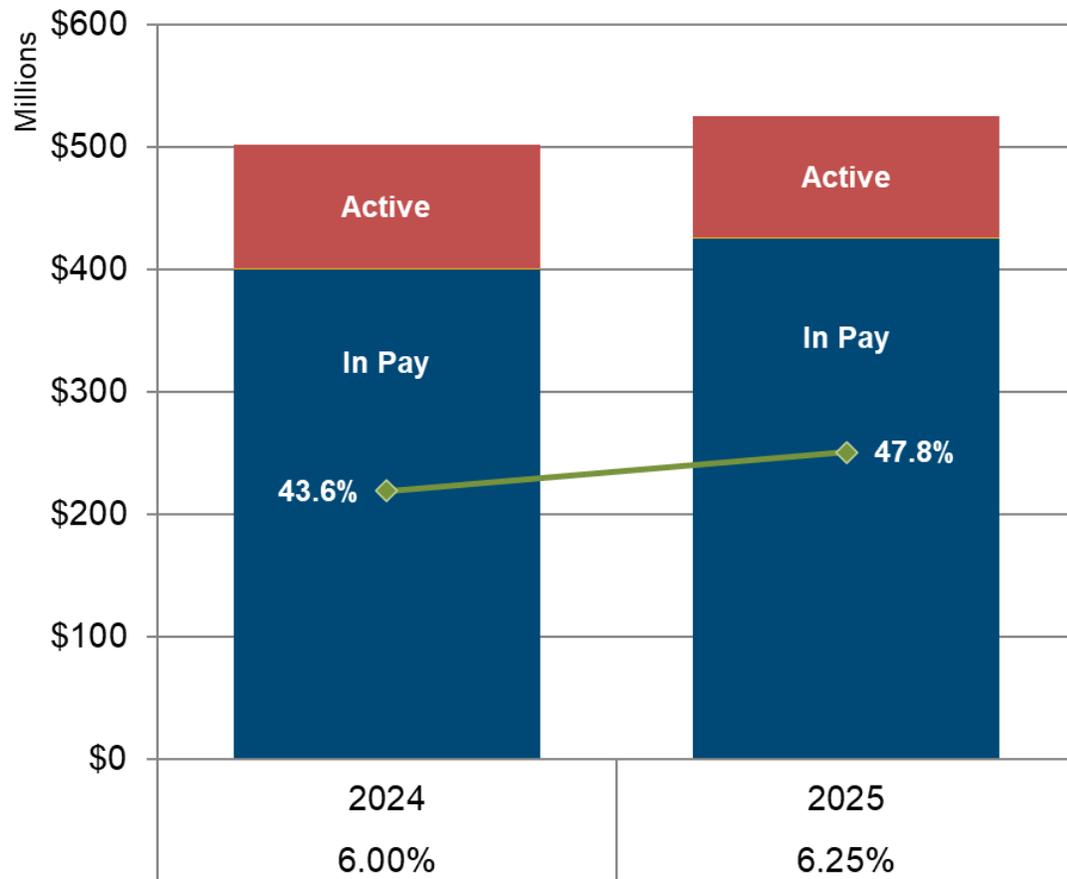


- Primary purpose of valuation is to set City contributions
 - 2025 valuation develops contributions for FYE 2027
- Project future benefit payments
 - Plan provisions, census data, and actuarial assumptions
- Determine funding target
 - Actuarial cost method and assumptions
- Set City contributions
 - Plan provisions, actuarial methods, and discount rate
 - Member contributions are fixed at 8.0% of pay
 - Implicit subsidy is paid through active member health premiums

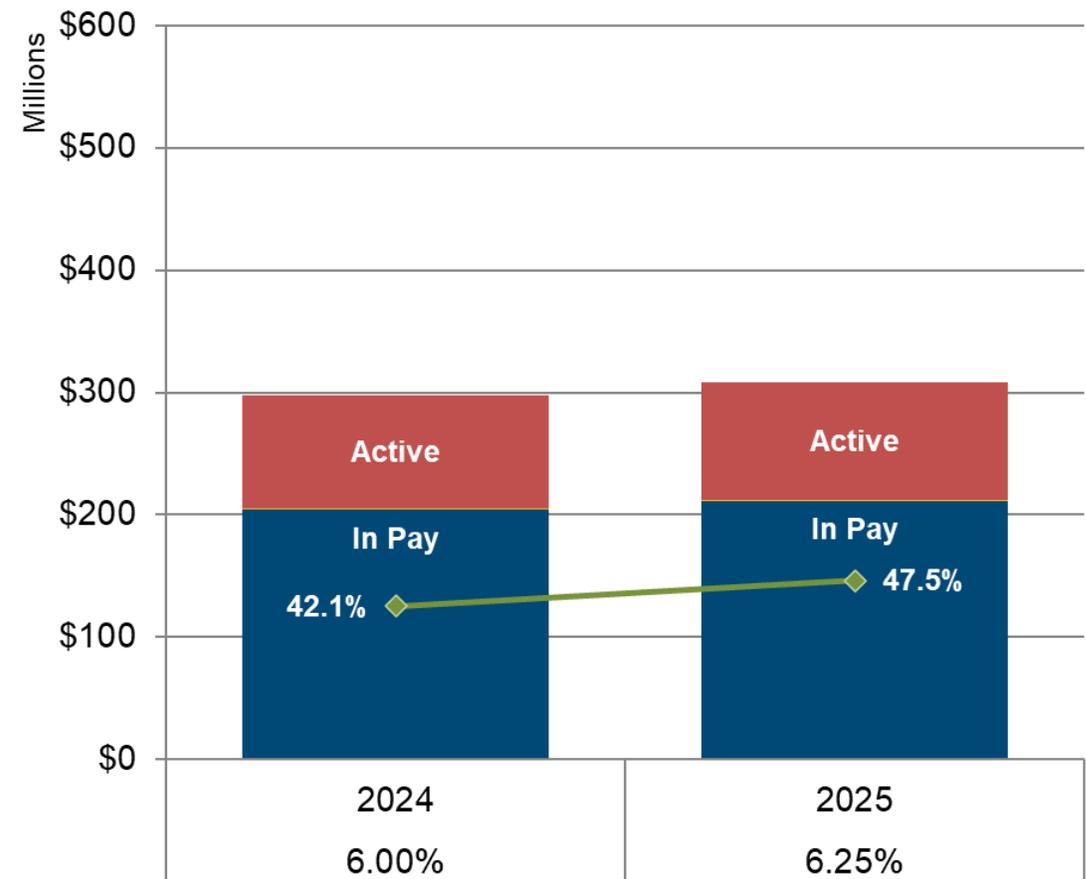
Final Valuation Results – Explicit Subsidy



Police Explicit Subsidy Funded Status



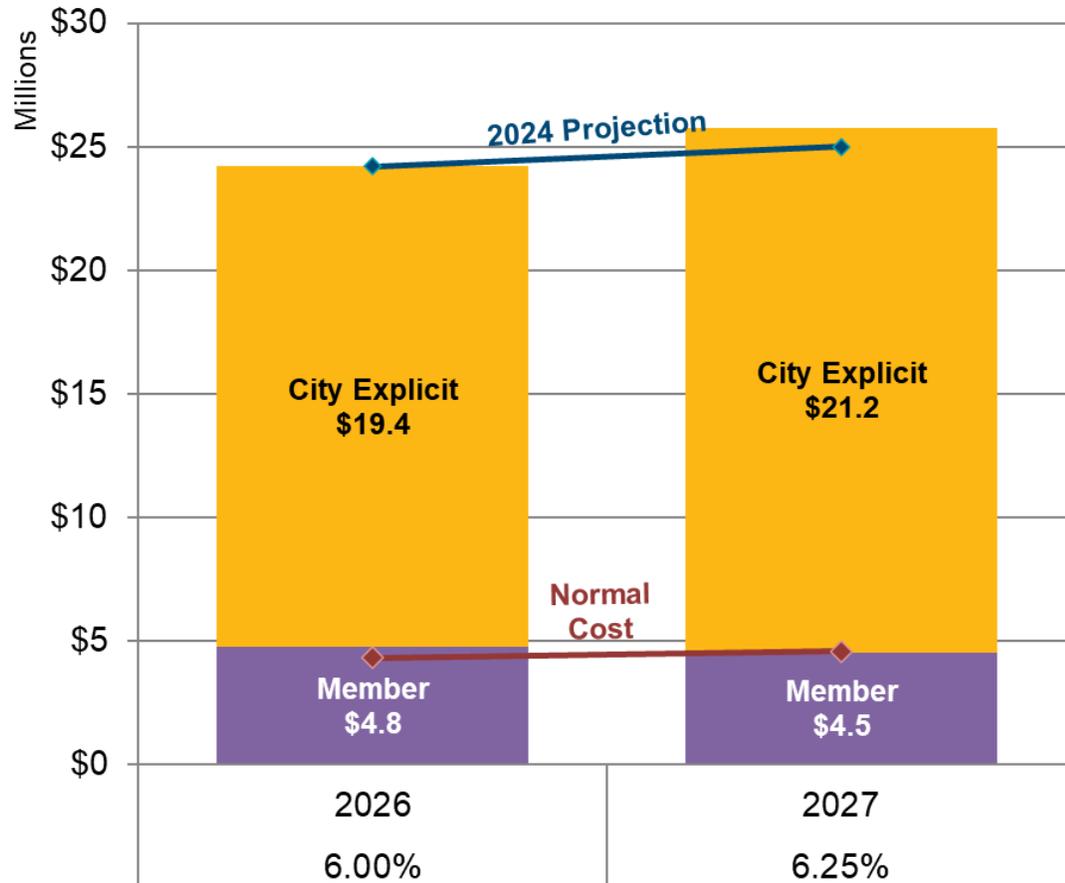
Fire Explicit Subsidy Funded Status



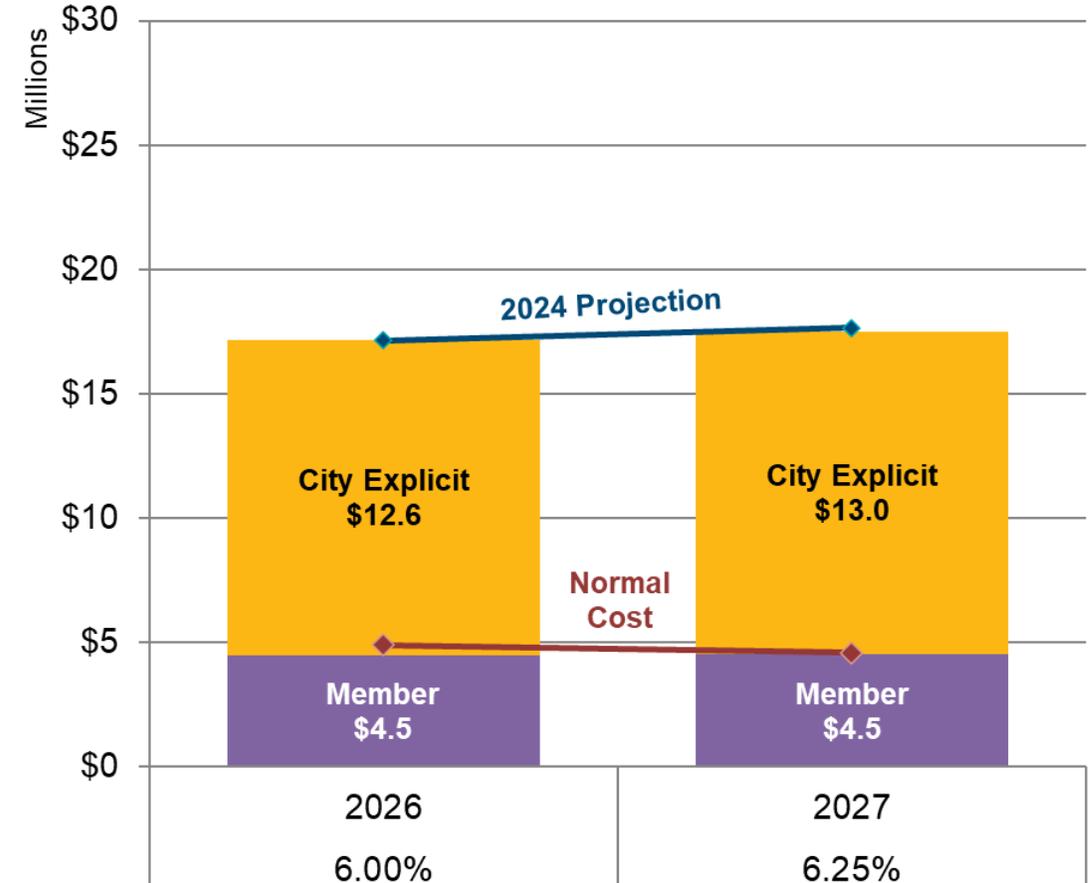
Final Valuation Results – Explicit Subsidy



Police Contributions



Fire Contributions

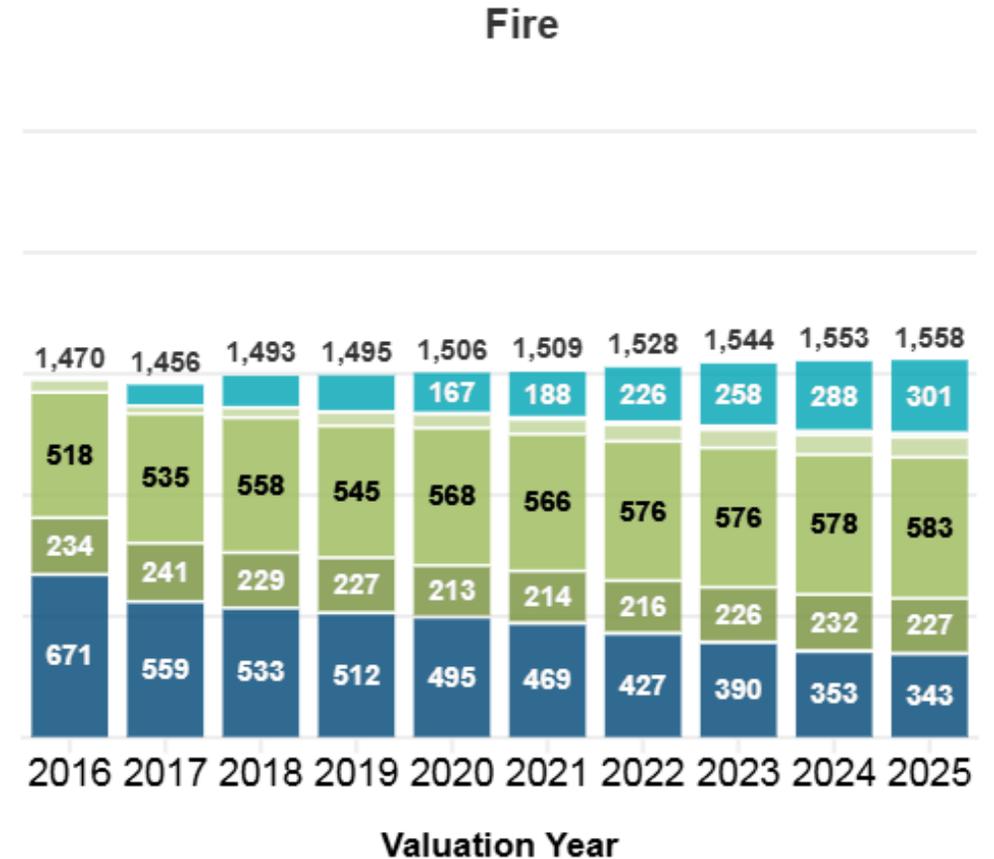
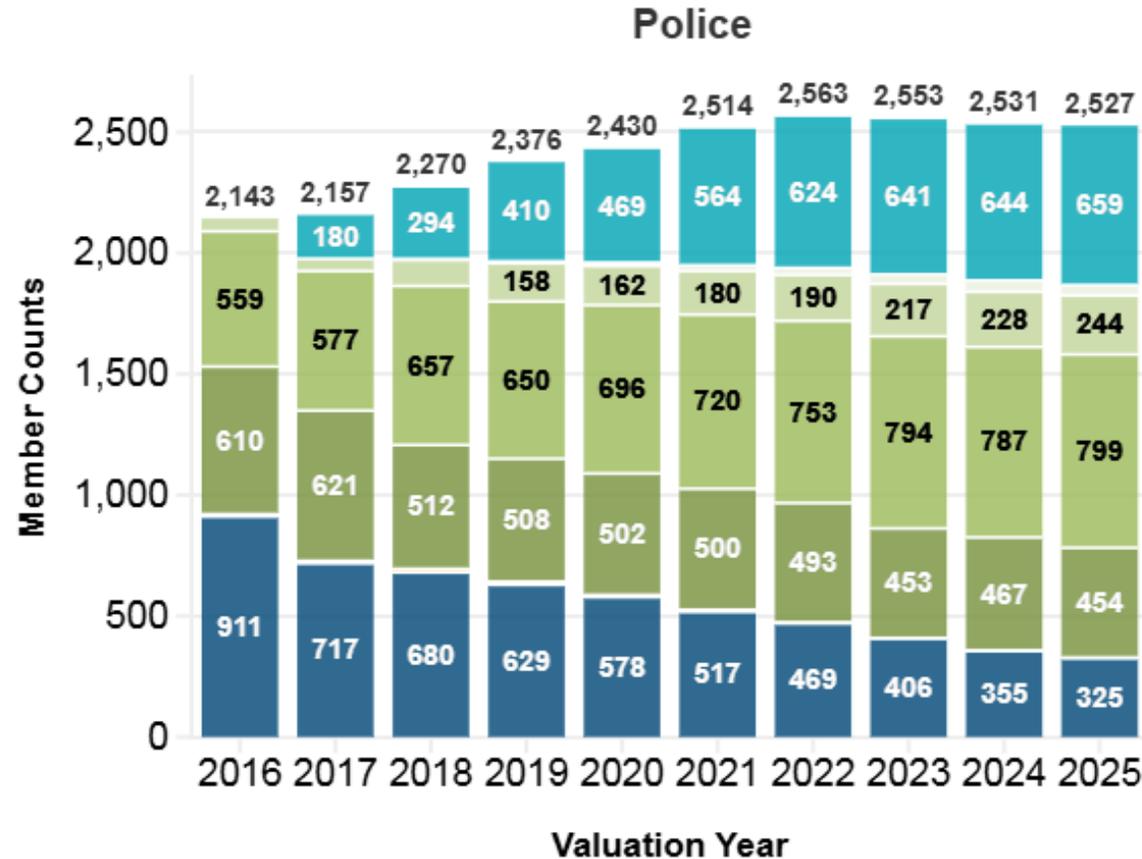


Membership Trends



Membership Trends

■ Full Active
 ■ Deferred Vested
 ■ Pre-Medicare
 ■ Medicare
 ■ Dental Only
 ■ In Lieu Only
 ■ Catastrophic

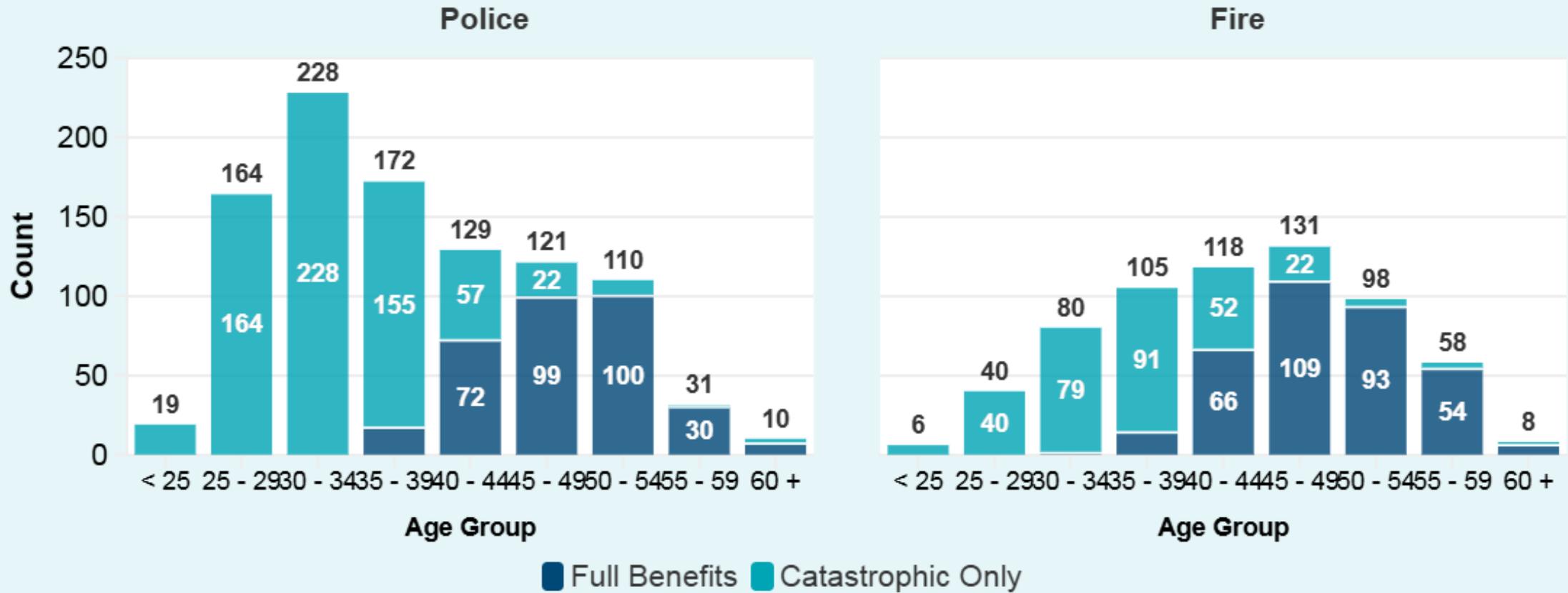


Active Member Distributions



Active Count Distribution

Valuation Year ► ● 2025

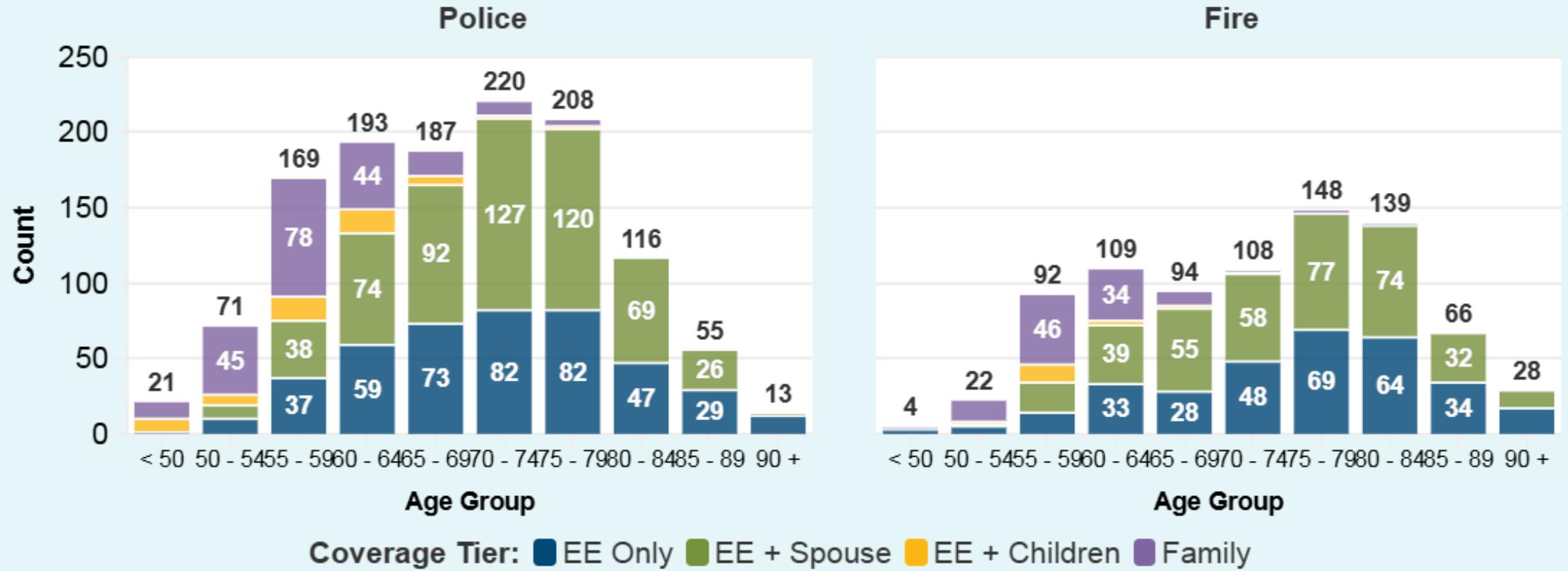


Retired Member Distributions



Retiree Count Distribution

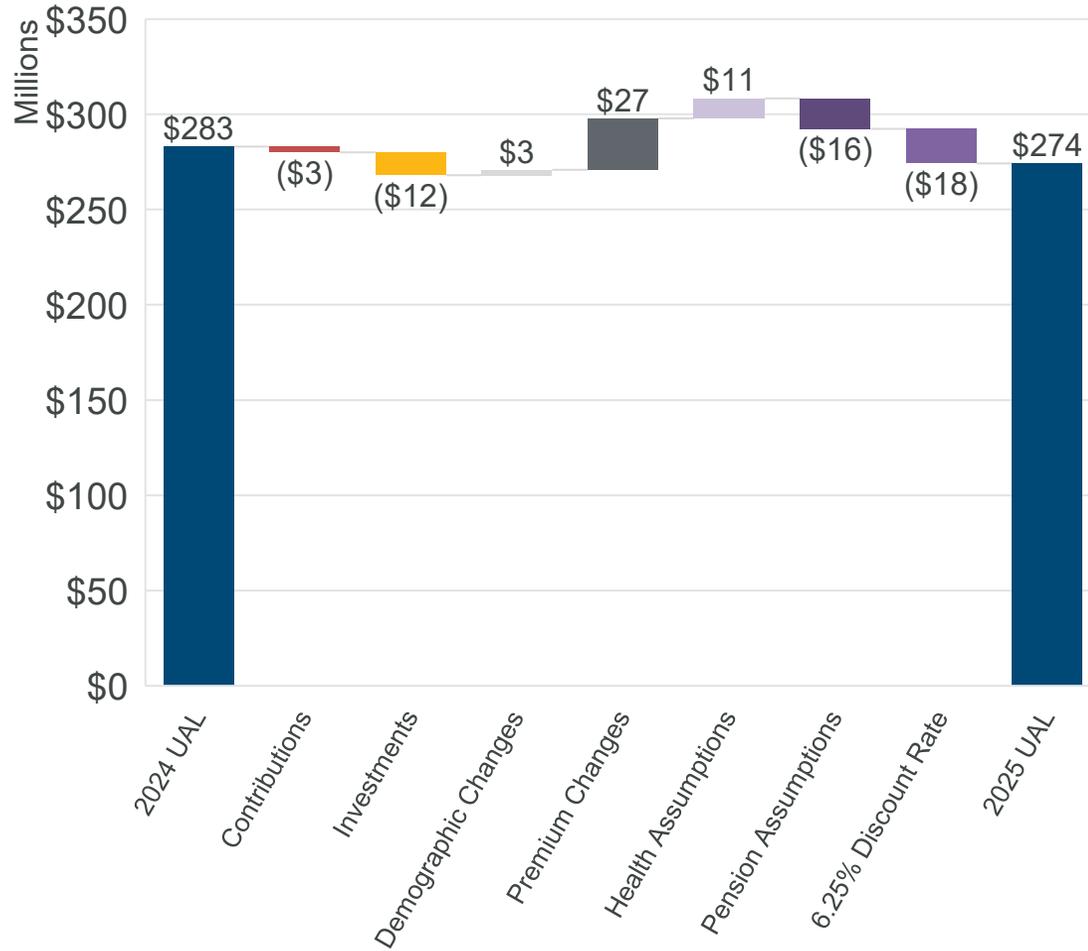
Valuation Year ► ● 2025



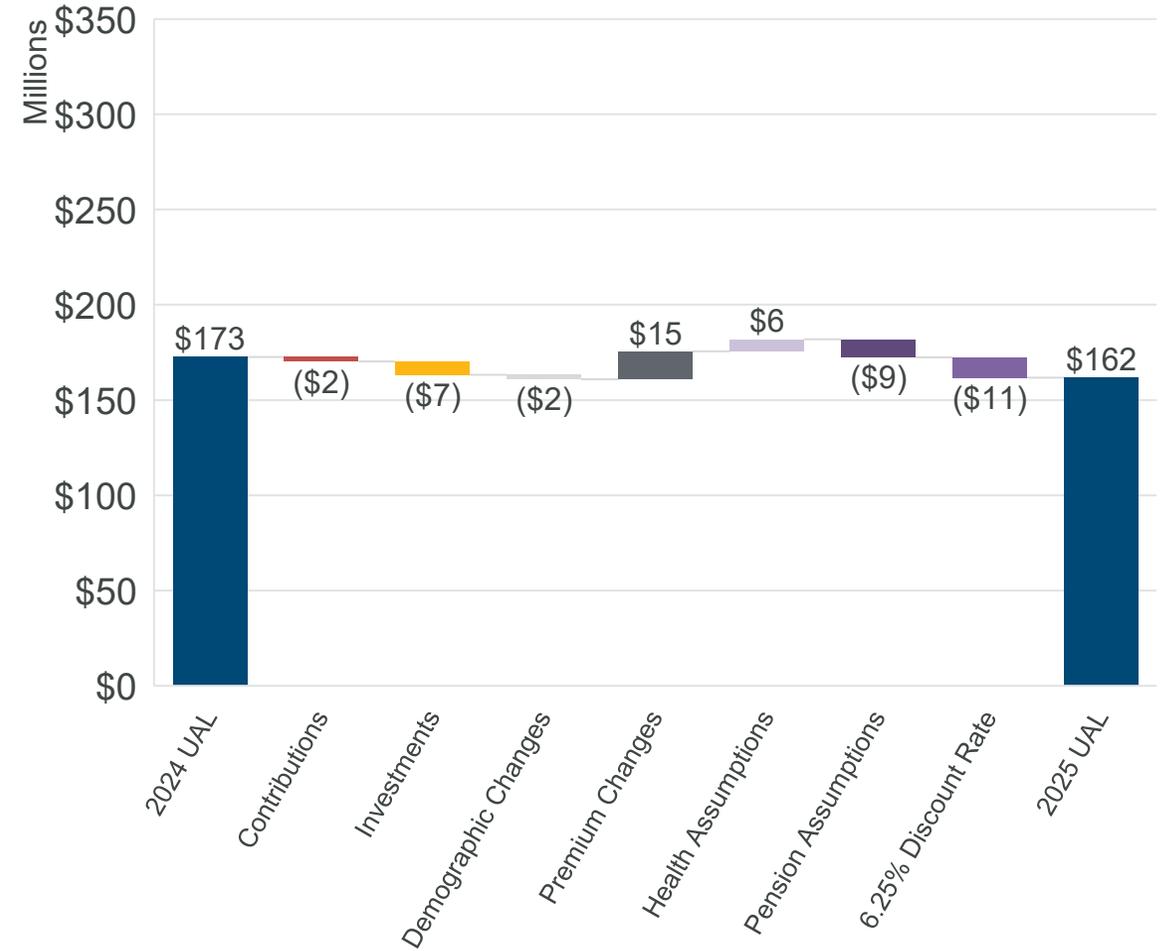
Changes in UAL – Explicit Subsidy



Change in Police Explicit Subsidy UAL



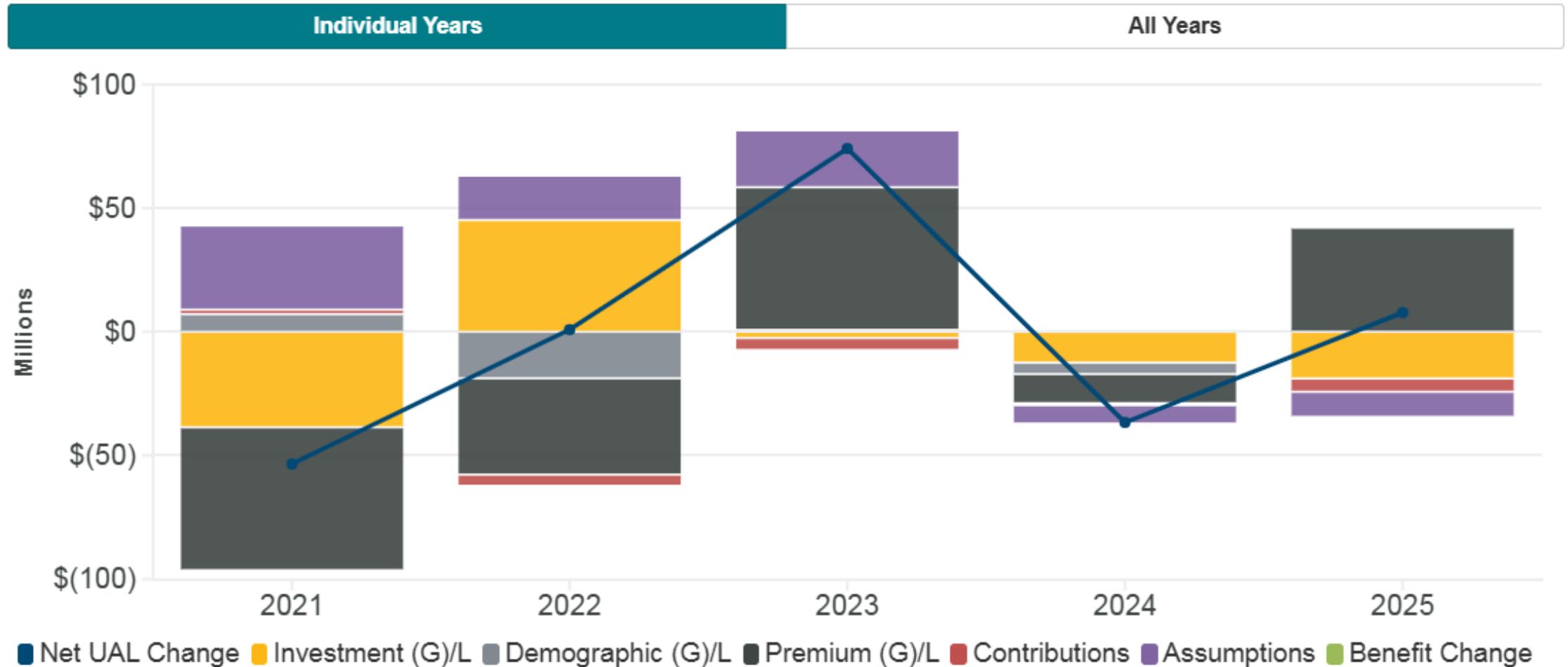
Change in Fire Explicit Subsidy UAL



Historical Changes in UAL – Explicit Subsidy



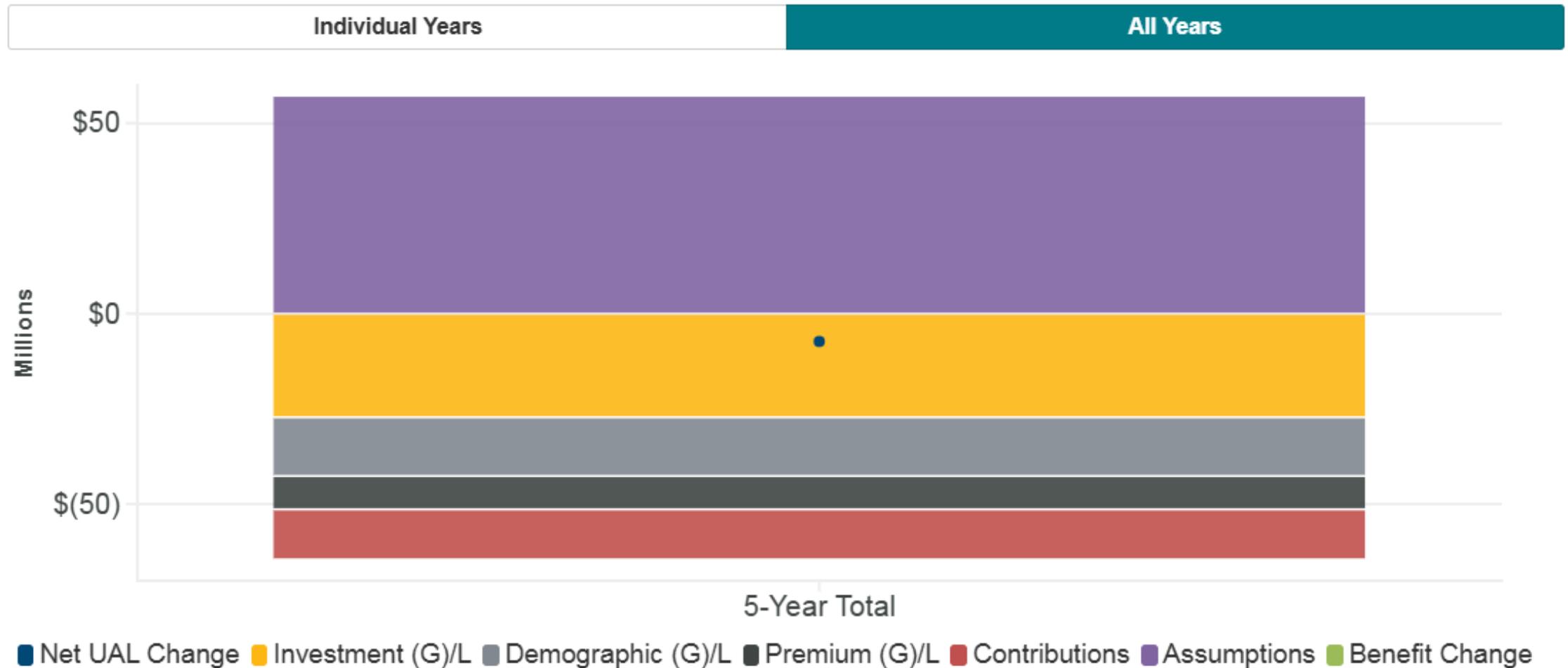
Changes in UAL



Historical Changes in UAL – Explicit Subsidy



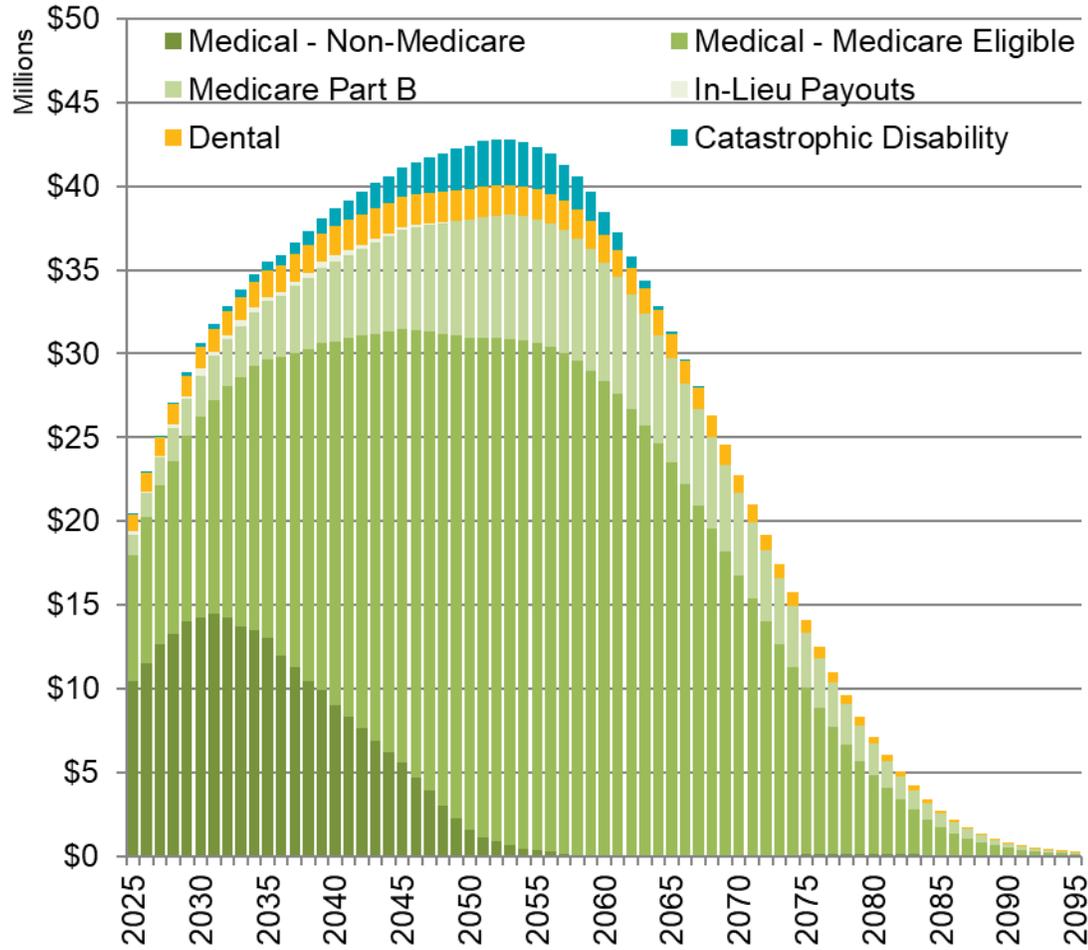
Changes in UAL



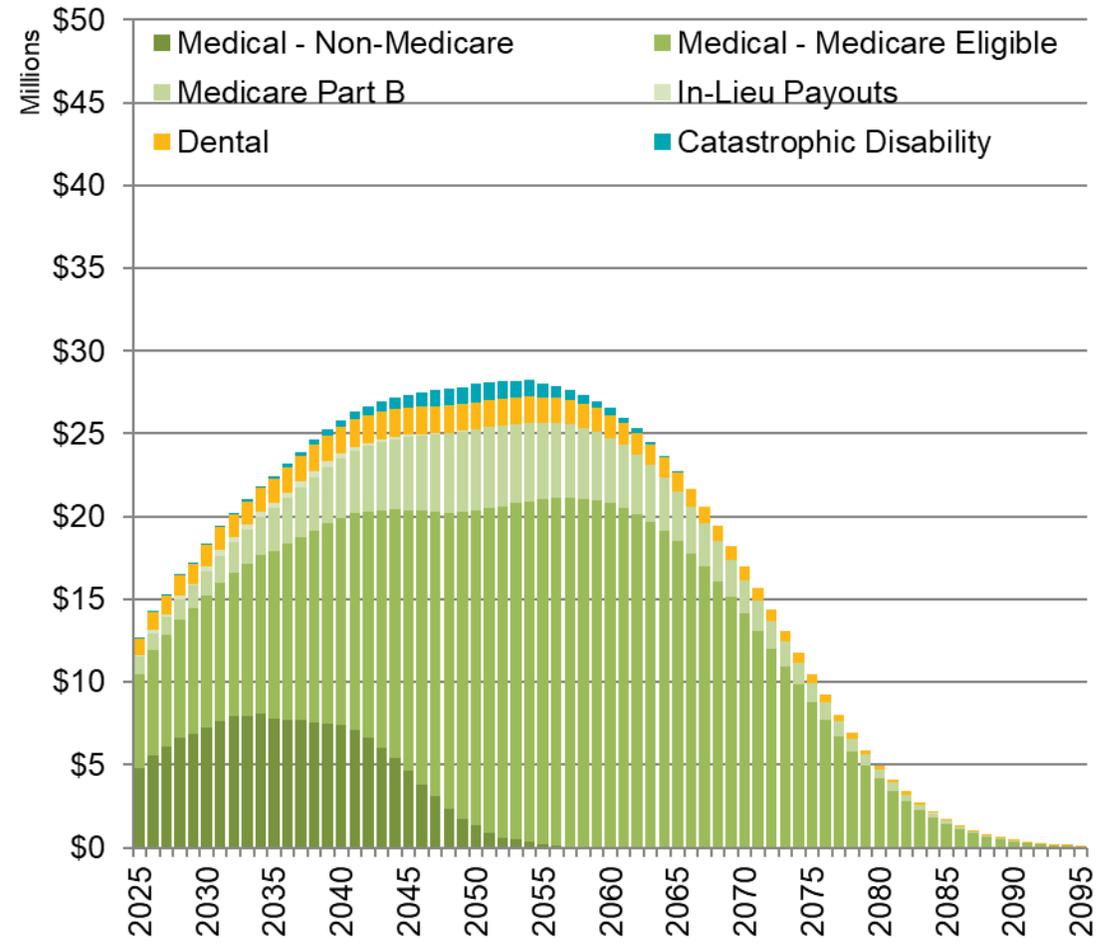
Projected Benefit Payments (Closed Group)



Projected Explicit Subsidy Payments - Police



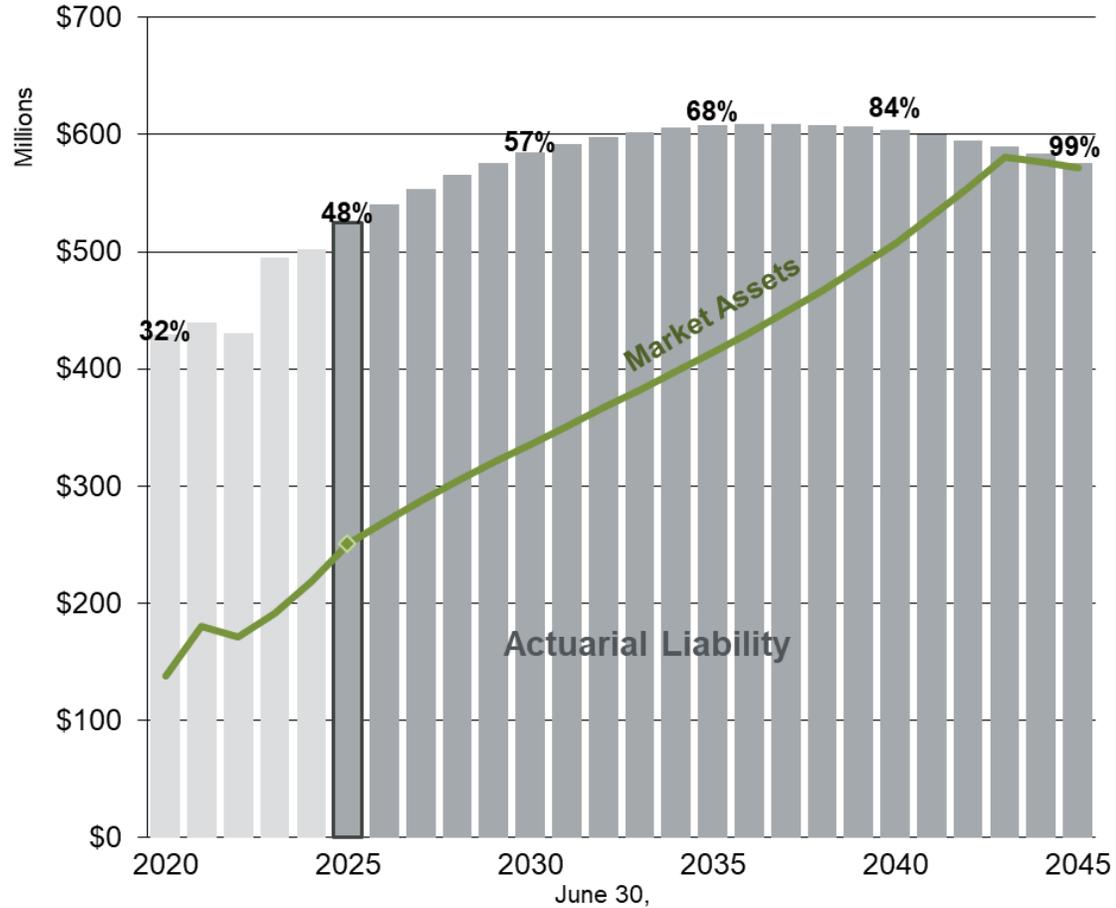
Projected Explicit Subsidy Payments - Fire



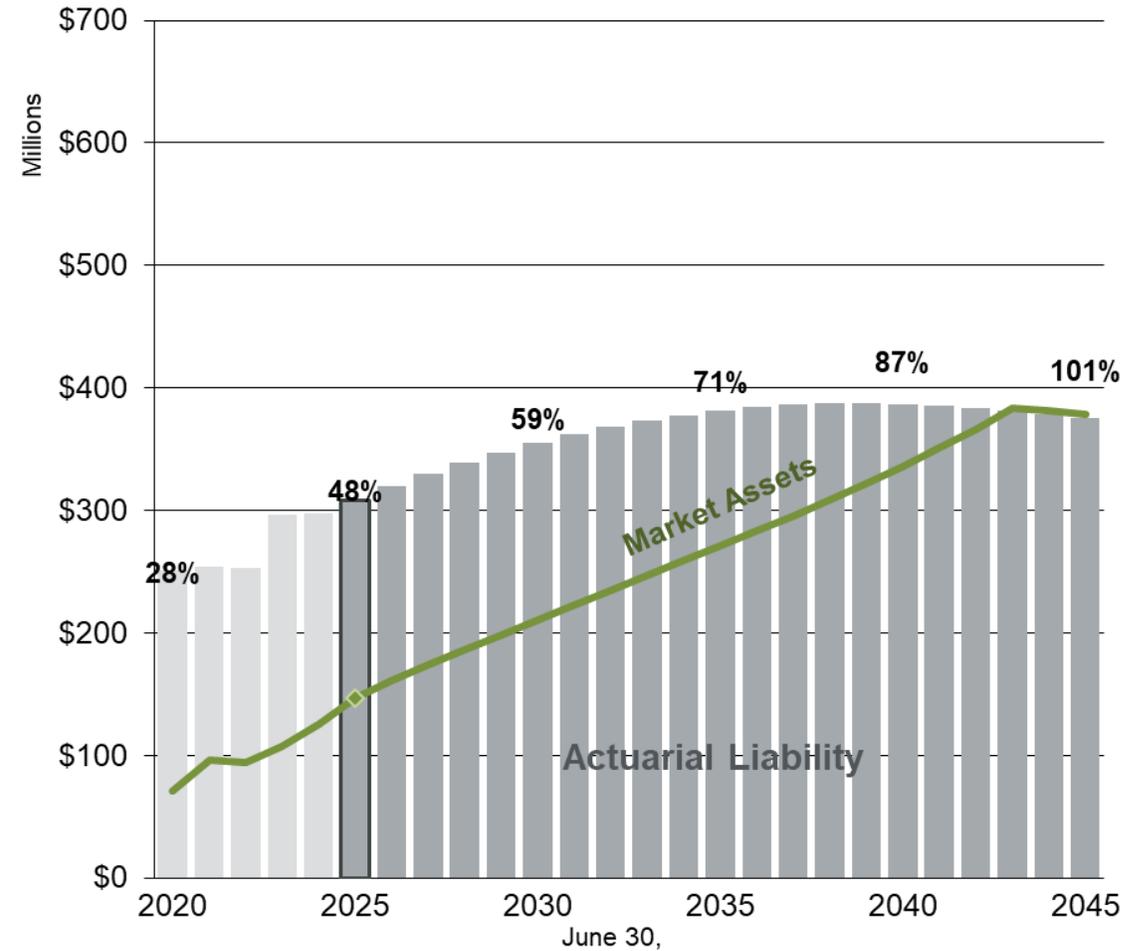
Projected Assets and Liabilities



Police Assets and Liabilities



Fire Assets and Liabilities

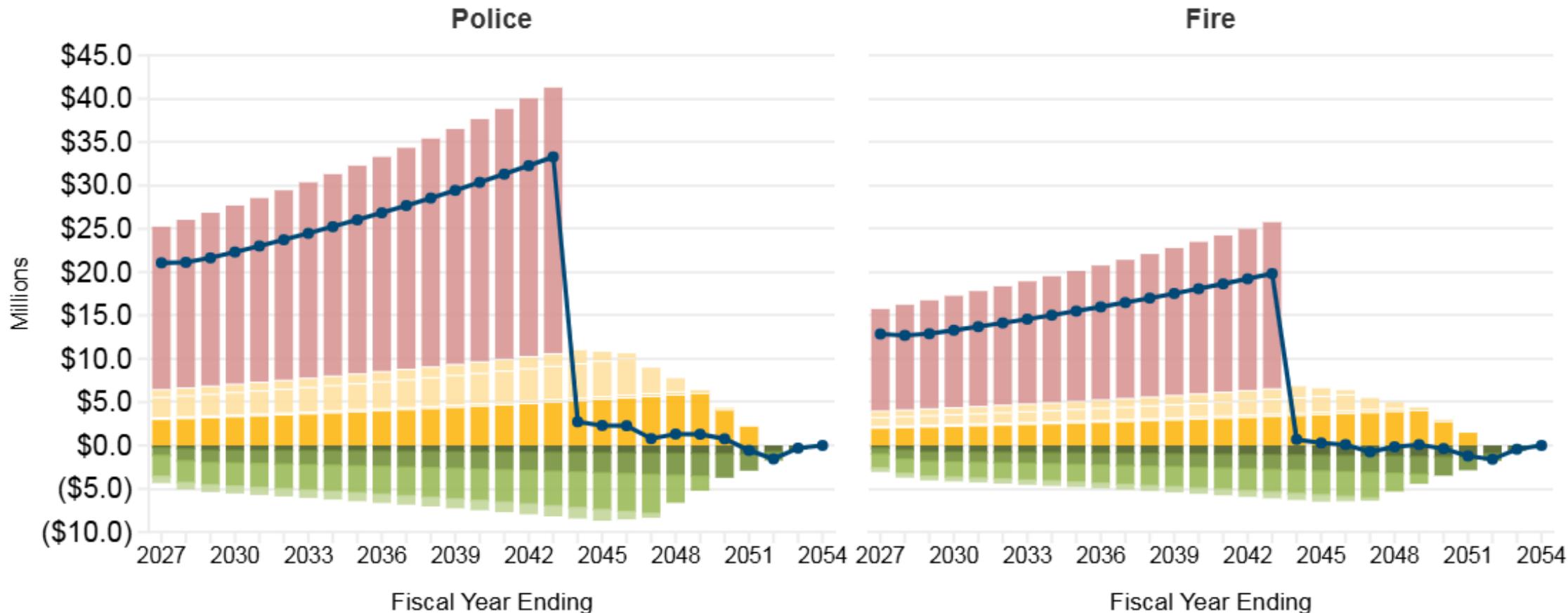


UAL Amortization Schedule



2025 Amortization Payment Layers

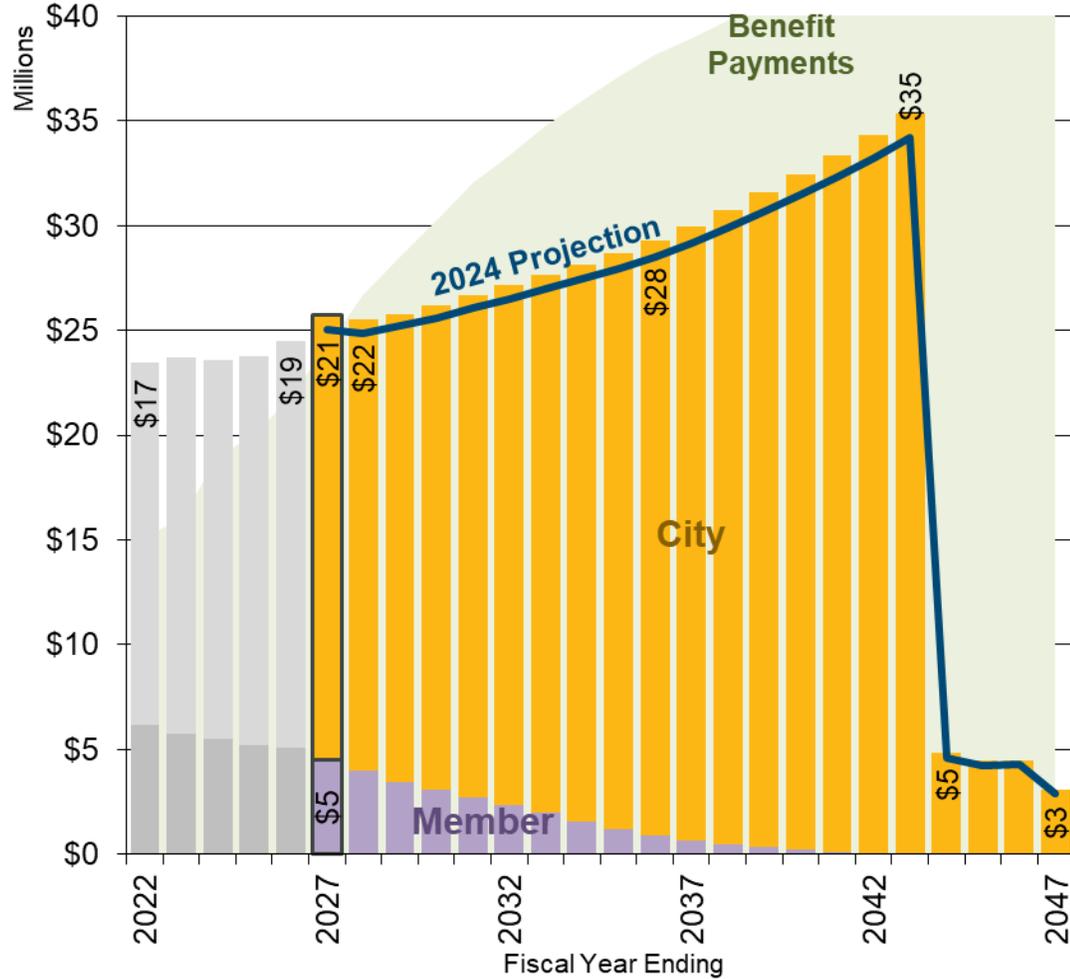
■ Net Payment
 ■ 2025
 ■ 2024
 ■ 2023
 ■ 2022
 ■ 2021
 ■ 2020
 ■ 2019
 ■ 2018
 ■ 2017



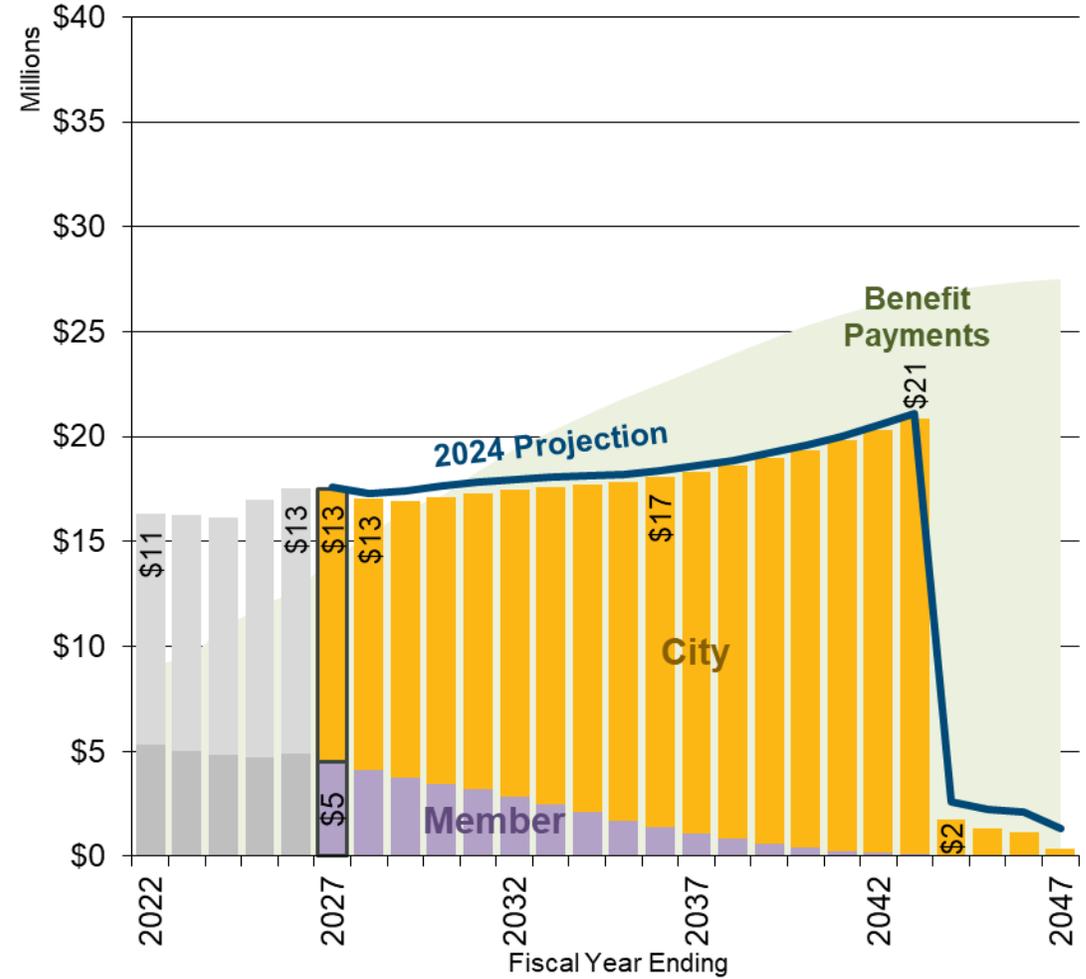
Projected Contributions



Police Contribution Amounts



Fire Contribution Amounts







- The purpose of this presentation is to present the results of the June 30, 2025 Actuarial Valuation for the City of San José's Police and Fire Postemployment Healthcare Plan.
- This presentation was prepared exclusively for the Board of Administration 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 collectively 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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Consulting Actuary

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Principal Consulting Actuary

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Principal Consulting Actuary

Appendix – Contributions



Summary of Contribution Amounts Payments Throughout the Year

Police Department

2026 2027 % Change

	2026	2027	% Change
Explicit Subsidy			
Members	\$ 4,783	\$ 4,526	-5.4%
City's ADC	19,415	21,217	9.3%
Estimated City Cap	20,031	21,264	6.2%
Implicit Subsidy	\$ 4,098	\$ 4,414	7.7%

Fire Department

2026 2027 % Change

	2026	2027	% Change
Explicit Subsidy			
Members	\$ 4,500	\$ 4,511	0.2%
City's ADC	12,638	12,981	2.7%
Estimated City Cap	12,299	13,043	6.0%
Implicit Subsidy	\$ 1,771	\$ 2,070	16.8%

Dollar amounts in thousands

Five-Year Projection of City Contributions Throughout the Year

FYE	Police	Fire	Total	City Cap
2026	\$ 19,415	\$ 12,638	\$ 32,053	\$ 33,268
2027	21,217	12,981	34,198	34,307
2028	21,534	12,907	34,441	35,379
2029	22,301	13,175	35,476	36,485
2030	23,156	13,643	36,799	37,625
2031	23,984	14,120	38,104	38,801

Amounts in thousands

Five-Year Projection of City Contributions Beginning of the Year*

FYE	Police	Fire	Total	City Cap
2026	\$ 18,835	\$ 12,261	\$ 31,096	\$ 33,268
2027	20,584	12,593	33,177	34,307
2028	20,891	12,522	33,413	35,379
2029	21,635	12,782	34,417	36,485
2030	22,465	13,236	35,701	37,625
2031	23,268	13,698	36,966	38,801

* Assumes full discount rate

Amounts in thousands