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April 8, 2026

Nic Wigglesworth
City of Ladue
9345 Clayton Road
Ladue, MO 63124

RE: City of Ladue Non-Uniform Pension Plan – Section 105.665 Cost Statement

Dear Mr. Wigglesworth:

The purpose of this letter is to provide The City of Ladue with a cost statement that is required under the Missouri Revised Statute Section 105.665 in connection with the proposed plan changes.

A summary of the proposed “changes in plan benefits” that are subject to this statement are as follows:

The proposed change is to increase the benefit multiplier from 1.50% to 1.60%, reduce the vesting period from 10 years to 7 years, and increase the maximum COLA for future retirees from 20% to 30%.

This cost statement is based upon the January 1, 2026 valuation results using the actuarial methods and assumptions employed in that report as required by 105.665.2 except as specifically noted above. For the purpose of this cost statement, we have assumed that the benefit provision changes were effective as of the 1/1/2026 valuation date.

Our cost statement, numbered to correspond with Section 105.665, follows below:

1. The level percent of pay normal cost of plan benefits currently in effect is \$214,435 or 9.7% of active payroll.

2. Amortization of Unfunded Actuarial Accrued Liability is \$73,265 or 3.3% of active payroll.
3. The total employer contribution rate from items one and two above, with interest to expected time of payment is \$317,251 or 14.3% of active payroll.
4. The City is paying the total contribution rate.
5. As of the January 1, 2026 Actuarial Valuation, the plan's actuarial value of assets is \$7,799,785; the market value of assets is \$8,203,199; the actuarial accrued liability is \$8,523,504; the funded ratio is 91.5%.
6. The estimated actuarially determined employer post-change contribution rate is \$399,311 or 18.0% of active payroll.
7. A twenty-year projection of annual plan costs and funded ratios for both: i) the current plan and ii) the current plan as modified by the proposed legislation is presented in Exhibit 2. The funded ratio under the proposed plan decreased initially, and by the end of the projection period the proposed plan is projected to have essentially the same funded percentage as the current plan.
8. The proposed change does not directly mandate such additional contributions. However, the City has shown a history of contributing the actuarially determined contribution.
9. The proposed change is not projected to impair the ability of the plan to meet the obligations.
10. The actuarial assumptions used in the January 1, 2026 actuarial valuation are contained in the attached pages from the January 1, 2026 Actuarial Valuation Report.
11. Section 105.665 requires that:
 - a. all assumptions used in this cost study be those used in the most recent actuarial valuation, and
 - b. the actuary certify that the assumptions used in the cost study produce results which in aggregate, are reasonable

Modifications to the assumptions are allowed to be modified if the nature of the proposed plan changes warrant alternate assumptions.
12. The actuarial funding method used in preparing the valuation is described in the attached pages from the January 1, 2026 Actuarial Valuation Report.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the City. This information includes, but is not limited to, Plan documents and

provisions, employee data, and financial information. Since the results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Actuarial computations included in this report are for the exclusive purposes cited in this report. Determinations for purposes other than those specifically referenced in this report may be significantly different. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security on a settlement basis.

These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging costs may vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

We have not explored any legal issues with respect to the proposed plan changes. We are not attorneys and cannot give legal advice on such issues.

This report has been prepared for the internal use of and is only to be relied upon by the City; it is not for the use or benefit of any third party for any purpose. No portion of this report may be disclosed to any other party (other than Missouri State legislative and regulatory personnel) without Milliman's prior written consent. In the event such consent is given, the report must be provided in its entirety, unless prior written consent is obtained from Milliman. We recommend that any such party have its own actuary or other qualified professional review this report to ensure that the party understands the assumptions and uncertainties inherent in our estimates. We respectfully submit the following exhibits, and we look forward to discussing them with you.

We are available to address any questions that you may have.

Sincerely,



William D. Winningham, EA, MAAA, FCA
Consulting Actuary

WDW\jcr

Enclosures: Exhibit 1
Exhibit 2
Assumptions and Methods

The City of Ladue Non-Uniform's Pension Plan Proposed Plan Change Study

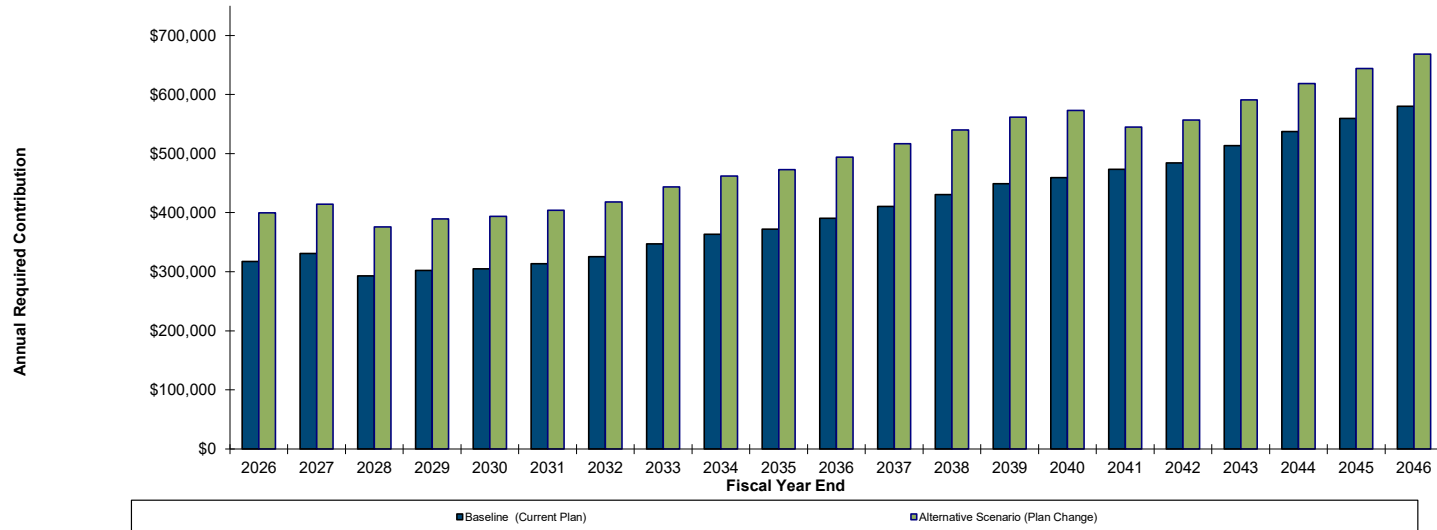
Development of Funding Policy Contribution

	January 1, 2026 Valuation	Proposed Plan Changes
1. Entry Age Accrued Liability	8,523,504	8,978,944
2. Actuarial Value of Assets	7,799,785	7,799,785
3. Funded Ratio: (2) / (1)	91.5%	86.9%
4. Entry Age Unfunded Accrued Liability: (1) - (2)	723,719	1,179,159
5. Entry Age Normal Cost:	214,435	247,752
6. Assumed Expenses at Beginning of Year (\$20,000 at mid year)	19,357	19,357
7. Normal Cost Including Expenses: (5) + (6)	233,792	267,109
8. Covered Payroll	2,221,788	2,221,788
9. Amortization of Unfunded Actuarial Accrued Liability	73,265	119,371
10. Funding Policy Contribution at Beginning of Year: (7) + (9)	307,057	386,480
11. Funding Policy Contribution, with Interest to Expected Payment Date	317,251	399,311
12. Funding Policy Contribution as a Percentage of Payroll	14.3%	18.0%

Section 105.665 Plan Change Study January 1, 2026
City of Ladue Non-Uniform Pension Plan

This work product was prepared solely for the City of Ladue for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

The City of Ladue Non-Uniform's Pension Plan January 1, 2026 Projections



Baseline (Current Plan)											
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>
City DB Contributions	\$317,000	\$331,000	\$293,000	\$302,000	\$305,000	\$313,000	\$325,000	\$347,000	\$363,000	\$372,000	\$390,000
Accrued Liability	\$8,524,000	\$8,915,000	\$9,342,000	\$9,775,000	\$10,218,000	\$10,705,000	\$11,238,000	\$11,753,000	\$12,316,000	\$12,896,000	\$13,513,000
Actuarial Value of Assets	\$7,800,000	\$8,174,000	\$8,857,000	\$9,482,000	\$10,065,000	\$10,591,000	\$11,157,000	\$11,700,000	\$12,289,000	\$12,892,000	\$13,535,000
Unfunded Accrued Liability	\$724,000	\$742,000	\$485,000	\$293,000	\$152,000	\$114,000	\$81,000	\$52,000	\$27,000	\$3,000	(\$22,000)
Funded Percentage	91.5%	91.7%	94.8%	97.0%	98.5%	98.9%	99.3%	99.5%	99.8%	100.0%	100.2%
Actual Asset Return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	
City DB Contributions	\$410,000	\$430,000	\$449,000	\$459,000	\$473,000	\$484,000	\$513,000	\$537,000	\$559,000	\$580,000	\$580,000
Accrued Liability	\$14,127,000	\$14,688,000	\$15,290,000	\$15,861,000	\$16,415,000	\$17,041,000	\$17,679,000	\$18,365,000	\$19,119,000	\$19,946,000	\$19,946,000
Actuarial Value of Assets	\$14,176,000	\$14,765,000	\$15,397,000	\$16,000,000	\$16,588,000	\$17,229,000	\$17,883,000	\$18,586,000	\$19,358,000	\$20,205,000	\$20,205,000
Unfunded Accrued Liability	(\$49,000)	(\$77,000)	(\$107,000)	(\$139,000)	(\$173,000)	(\$187,000)	(\$203,000)	(\$220,000)	(\$239,000)	(\$258,000)	(\$258,000)
Funded Percentage	100.3%	100.5%	100.7%	100.9%	101.1%	101.1%	101.2%	101.2%	101.3%	101.3%	101.3%
Actual Asset Return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Alternative Scenario (Plan Change)											
	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>
City DB Contributions	\$399,000	\$414,000	\$376,000	\$389,000	\$394,000	\$404,000	\$418,000	\$443,000	\$462,000	\$473,000	\$494,000
Accrued Liability	\$8,979,000	\$9,435,000	\$9,931,000	\$10,432,000	\$10,949,000	\$11,515,000	\$12,130,000	\$12,729,000	\$13,383,000	\$14,058,000	\$14,775,000
Actuarial Value of Assets	\$7,800,000	\$8,257,000	\$9,028,000	\$9,743,000	\$10,423,000	\$11,052,000	\$11,726,000	\$12,380,000	\$13,089,000	\$13,819,000	\$14,594,000
Unfunded Accrued Liability	\$1,179,000	\$1,178,000	\$902,000	\$689,000	\$526,000	\$464,000	\$404,000	\$349,000	\$294,000	\$239,000	\$180,000
Funded Percentage	86.9%	87.5%	90.9%	93.4%	95.2%	96.0%	96.7%	97.3%	97.8%	98.3%	98.8%
Actual Asset Return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
	<u>2037</u>	<u>2038</u>	<u>2039</u>	<u>2040</u>	<u>2041</u>	<u>2042</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	
City DB Contributions	\$517,000	\$540,000	\$562,000	\$573,000	\$545,000	\$557,000	\$591,000	\$618,000	\$644,000	\$668,000	\$668,000
Accrued Liability	\$15,494,000	\$16,164,000	\$16,881,000	\$17,574,000	\$18,250,000	\$19,006,000	\$19,776,000	\$20,601,000	\$21,501,000	\$22,480,000	\$22,480,000
Actuarial Value of Assets	\$15,376,000	\$16,112,000	\$16,900,000	\$17,668,000	\$18,424,000	\$19,195,000	\$19,981,000	\$20,824,000	\$21,742,000	\$22,742,000	\$22,742,000
Unfunded Accrued Liability	\$118,000	\$52,000	(\$19,000)	(\$94,000)	(\$174,000)	(\$189,000)	(\$205,000)	(\$223,000)	(\$242,000)	(\$262,000)	(\$262,000)
Funded Percentage	99.2%	99.7%	100.1%	100.5%	101.0%	101.0%	101.0%	101.1%	101.1%	101.2%	101.2%
Actual Asset Return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%

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Actuarial Methods and Assumptions

Interest (adopted 01/01/2022)

6.75% per annum, compounded annually

Salary Increases (adopted 01/01/2013)

4.50% per annum, compounded annually

Inflation (adopted 01/01/2013)

2.50% per annum

Mortality (adopted 01/01/2022)

Healthy Lives: Pub-2010 General Employee, Health Annuitant, and Contingent Survivor Mortality Tables projected Generationally using Scale MP-2021

Disabled Lives: Pub-2010 Disabled Mortality Tables projected Generationally using Scale MP-2021

Withdrawal

Rates vary by age and gender. Rates at selected ages are:

Age	Male Percent Withdrawing	Female Percent Withdrawing
20	20.0%	22.5%
25	15.0%	17.5%
30	10.0%	12.5%
35	7.5%	9.0%
40	5.0%	6.5%
45	3.4%	4.5%
50	2.0%	3.0%
55	1.0%	1.5%
60	0.0%	0.0%

Actuarial Methods and Assumptions

Retirement (adopted 01/01/2020)

Rates vary by age as follows:

Age	Percent Retiring
60	20%
61	10%
62	30%
63	20%
64	10%
65	100%

Terminated vested participants are assumed to retire at Normal Retirement Age.

Disability

Rates vary by age and gender. Rates at selected ages are:

Age	Male Percent Becoming Disabled	Female Percent Becoming Disabled
35	0.00%	0.00%
40	0.05%	0.10%
45	0.10%	0.20%
50	0.20%	0.30%
55	0.31%	0.45%
60	0.45%	0.63%
65	0.00%	0.00%

Administrative Expenses \$20,000 per year

Marriage

80% of members are assumed to be married at the time of withdrawal, retirement, death or disability. Males are assumed to be 4 years older than their

Actuarial Cost Method (adopted 01/01/2026)

The Entry Age Normal Cost Method on a closed group basis was used. Normal costs are computed as a level percent of pay. The Entry Age Normal Unfunded Accrued Liability (UAL) is amortized on a level dollar basis over a closed 15 year period with future changes in UAL resulting in separate 15-year amortization bases.

Actuarial Methods and Assumptions

Asset Valuation Method An asset valuation method is used to help smooth short term fluctuations in market value. The actuarial value of assets is equal to the prior year's actuarial value of assets adjusted as follows:

1. increased with actual contributions for the year;
2. reduced by actual benefit payments and expenses for the year;
3. increased by expected investment income calculated using the assumed rate of return
4. increased by phased in investment gains/(losses)
5. limited to no less than 80% of market value and no more than 120% of market value

Each year, the amount of investment gain/(loss) to be phased in is equal to the excess of the plan's market value over the sum of the expected asset value and the unrecognized balances of investment gains/(losses) for the previous five years. 20% of this amount plus 20% of the similar amounts calculated in each of the four preceding years are summed and recognized as the amount of phased-in gains recognized in the current year.

Summary of Plan Provisions

A summary of the current primary provisions of the Plan is presented below. A complete description of the provisions can be found in Ordinance 1931, as amended.

Effective Date	Originally effective January 1, 1968; most recently restated effective November 19, 2007 and amended August 26, 2019.
Eligibility	Any regular, full-time, permanent employee of the City of Ladue who is not covered by the City of Ladue Firemen and Policemen's Pension Plan becomes eligible the first day of the month following hire date.
Employee Contributions	Employees are no longer required to contribute to the Pension Fund. Contributions accumulate at an interest rate of 4% as established by the Retirement Committee.
Compensation	Calendar year compensation paid to an employee by the City of Ladue, including LTD premiums, temporary disability payments, and employee contributions to an eligible deferred compensation plan, cafeteria plan, or transportation expense program.
Final Average Compensation (FAC)	Average monthly salary during the highest 36 consecutive months of salary within the last 120 months of employment, or average monthly salary during an employee's entire employment if employed less than 36 months. The FAC for a disabled participant is determined as of the Date of Disability.
Credited Service	Completed months of continuous service from date of hire to date of termination, including periods on disability and Family and Medical Leave.
Normal Retirement (adopted 01/01/2020)	
Eligibility:	Age 62
Benefit:	1.50% of FAC multiplied by Credited Service not in excess of 35 years.
	Members who terminated on or after January 1, 2000 are also entitled to a refund of any accumulated employee contributions with interest.

Summary of Plan Provisions

Disability Benefit

Eligibility:	10 years of Credited Service including period of Disability.
Benefit:	The Disability Benefit is paid outside the Plan by the City's Long-Term Disability Plan for disabilities that occur after January 1, 2008. Upon attaining Early or Normal Retirement eligibility, a disabled member is entitled to the Early or Normal Retirement Benefit based on FAC at Date of Disability and Credited Service including the period while on LTD.

Early Retirement (adopted 01/01/2020)

Eligibility:	Age 55 with 10 years of Credited Service.
Benefit:	Accrued Benefit based on FAC and Credited Service at retirement actuarially reduced for early commencement. Members who terminated on or after January 1, 2000 are also entitled to a refund of any accumulated employee contributions with interest.

In addition, employees who terminated on or after September 1, 2019:

Eligibility:	Age 60 with 5 years of Credited Service
Benefit:	Accrued Benefit based on FAC and Credited Service at retirement unreduced for early commencement plus a refund of any accumulated employee contributions with interest.

Summary of Plan Provisions

Termination Benefit (adopted 01/01/2020) All members who terminated on or after January 1, 2000 are entitled to a refund of any accumulated employee contributions with interest.

Employees terminated before September 1, 2019:

A member with at least 10 years of Credited Service is also entitled to his Accrued Benefit based on FAC and Credited Service at termination actuarially adjusted for date of retirement.

Employees terminated on or after September 1, 2019:

A member with at least 10 years of Credited Service is also entitled to his Accrued Benefit based on FAC and Credited Service at termination actuarially adjusted for date of retirement.

Or, a member aged 60 or older with at least 5 years of Credited Service is also entitled to his Accrued Benefit based on FAC and Credited Service at termination actuarially adjusted for date of retirement.

Late Retirement Benefit

Accrued Benefit based on FAC and Credited Service at retirement.

Members who terminated on or after January 1, 2000 are also entitled to a refund of any accumulated employee contributions with interest.

Pre-Retirement Death Benefit

The spouse of a member who has completed 10 years of Credited Service or attained age 62 is entitled to the amount the spouse would have received had the member retired any time after attaining age 55 and elected the 100% Joint and Survivor Annuity, based on FAC and Credited Service at the time of death.

Normal Form of Payment

Joint & 50% Survivor Annuity for married members, Single Life Annuity for single members.

Summary of Plan Provisions

Cost-of-Living Adjustment (COLA) (adopted 01/01/2020)

Benefits commencing on or after September 1, 2019 are adjusted each January 1 for an annual COLA based on the Consumer Price Index on September 30 prior to the adjustment date. COLAs are limited to a maximum annual increase of 2% and a lifetime maximum of 20%. If the CPI is less than 1% during a year, there shall be no adjustment, and if the CPI is negative, there shall be no adjustment unless the decrease is 2% or more. Retirees first become eligible for the COLA on the second January 1st following retirement.