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April 8, 2026

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

RE: City of Ladue Police & Fire 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 2.0% to 2.33% for first 20 years and 2.33% for years 20 to 30, effectively raising the maximum benefit from 60% of Final Average Salary (FAS) to 70%. The vesting period is to be reduced from 10 years to 7 years, increase the maximum COLA for future retirees from 20% to 30%, and reduce the Final Average Earnings (FAE) calculation from 5 years of highest pay to 3 years of highest pay. Also, the employee contribution is to be reduced from 6% to 4% and all employees hired after January 1, 2013 will receive the same benefit as those hired prior to that date.

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 \$986,873 or 15.7% of active payroll.
2. Amortization of Unfunded Actuarial Accrued Liability is \$0 or N/A% of active payroll.
3. The total employer contribution rate from items one and two above, with interest to expected time of payment is \$849,540 or 13.5% 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 \$53,063,853; the market value of assets is \$55,928,622; the actuarial accrued liability is \$50,194,517; the funded ratio is 105.7%.
6. The estimated actuarially determined employer post-change contribution rate is \$1,370,799 or 21.8% 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 exceed 100% funded.
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.



April 8, 2026
Nic Wigglesworth
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Sincerely,

A handwritten signature in black ink, appearing to read "William D. Winningham".

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

WDW\jcr

Enclosures: Exhibit 1
Exhibit 2
Assumptions and Methods

The City of Ladue Police & Fire Pension Plan Proposed Plan Change Study

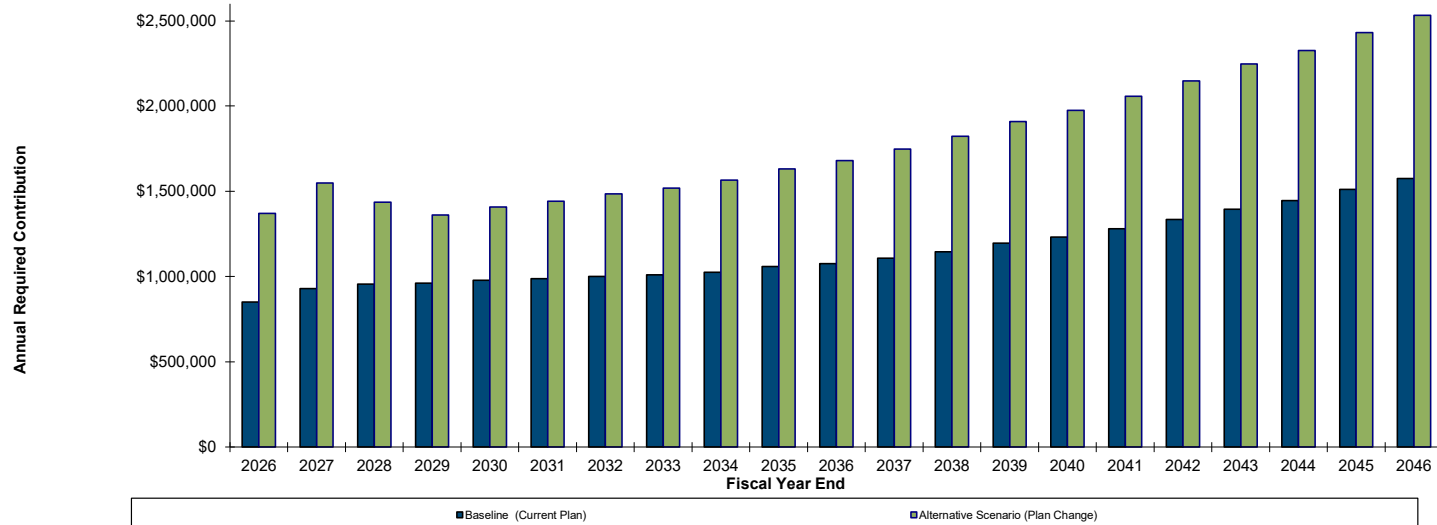
Development of Funding Policy Contribution

	January 1, 2026 Valuation	Proposed Plan Changes
1. Entry Age Accrued Liability	50,194,517	55,209,177
2. Actuarial Value of Assets	53,063,853	53,063,852
3. Funded Ratio: (2) / (1)	105.7%	96.1%
4. Entry Age Unfunded Accrued Liability: (1) - (2)	(2,869,336)	2,145,325
5. Entry Age Normal Cost:	986,873	1,337,146
6. Expected Employee Contributions:*	188,828	251,771
7. Assumed Expenses at Beginning of Year (\$20,000 at mid year)	24,197	24,197
8. Normal Cost Including Expenses: (5) - (6) + (7)	822,242	1,109,572
9. Covered Payroll	6,294,264	6,294,264
10. Amortization of Unfunded Actuarial Accrued Liability**	0	217,180
11. Funding Policy Contribution at Beginning of Year: (8) + (10)	822,242	1,326,752
12. Funding Policy Contribution, with Interest to Expected Payment Date	849,540	1,370,799
13. Funding Policy Contribution as a Percentage of Payroll	13.5%	21.8%

*Reflects first 3% of employee contributions

**Amortization not allowed to be less than zero

The City of Ladue Police & Fire Pension Plan January 1, 2026 Projections



	Baseline (Current Plan)										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
City DB Contributions	\$850,000	\$930,000	\$956,000	\$960,000	\$978,000	\$987,000	\$1,001,000	\$1,010,000	\$1,025,000	\$1,058,000	\$1,075,000
Accrued Liability	\$50,195,000	\$51,727,000	\$53,281,000	\$54,878,000	\$56,437,000	\$57,989,000	\$59,491,000	\$60,943,000	\$62,308,000	\$63,631,000	\$64,950,000
Actuarial Value of Assets	\$53,064,000	\$54,581,000	\$58,087,000	\$61,377,000	\$64,426,000	\$66,874,000	\$69,299,000	\$71,700,000	\$74,054,000	\$76,432,000	\$78,879,000
Unfunded Accrued Liability	(\$2,869,000)	(\$2,853,000)	(\$4,806,000)	(\$6,499,000)	(\$7,990,000)	(\$8,885,000)	(\$9,808,000)	(\$10,757,000)	(\$11,747,000)	(\$12,801,000)	(\$13,929,000)
Funded Percentage	105.7%	105.5%	109.0%	111.8%	114.2%	115.3%	116.5%	117.7%	118.9%	120.1%	121.4%
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%
	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	
City DB Contributions	\$1,107,000	\$1,146,000	\$1,195,000	\$1,231,000	\$1,280,000	\$1,335,000	\$1,395,000	\$1,445,000	\$1,510,000	\$1,575,000	
Accrued Liability	\$66,213,000	\$67,472,000	\$68,823,000	\$70,252,000	\$71,682,000	\$73,187,000	\$74,872,000	\$76,738,000	\$78,766,000	\$80,991,000	
Actuarial Value of Assets	\$81,351,000	\$83,630,000	\$86,073,000	\$88,659,000	\$91,327,000	\$94,158,000	\$97,260,000	\$100,632,000	\$104,274,000	\$108,216,000	
Unfunded Accrued Liability	(\$15,138,000)	(\$16,158,000)	(\$17,251,000)	(\$18,407,000)	(\$19,645,000)	(\$20,970,000)	(\$22,388,000)	(\$23,894,000)	(\$25,508,000)	(\$27,225,000)	
Funded Percentage	122.9%	123.9%	125.1%	126.2%	127.4%	128.7%	129.9%	131.1%	132.4%	133.6%	
Actual Asset Return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	
	Alternative Scenario (Plan Change)										
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
City DB Contributions	\$1,371,000	\$1,549,000	\$1,437,000	\$1,362,000	\$1,408,000	\$1,441,000	\$1,484,000	\$1,519,000	\$1,565,000	\$1,631,000	\$1,680,000
Accrued Liability	\$55,209,000	\$57,380,000	\$59,658,000	\$62,033,000	\$64,413,000	\$66,843,000	\$69,273,000	\$71,712,000	\$74,119,000	\$76,552,000	\$79,059,000
Actuarial Value of Assets	\$53,064,000	\$54,973,000	\$58,897,000	\$62,462,000	\$65,687,000	\$68,316,000	\$70,922,000	\$73,505,000	\$76,038,000	\$78,598,000	\$81,231,000
Unfunded Accrued Liability	\$2,145,000	\$2,407,000	\$761,000	(\$429,000)	(\$1,274,000)	(\$1,474,000)	(\$1,649,000)	(\$1,794,000)	(\$1,918,000)	(\$2,045,000)	(\$2,172,000)
Funded Percentage	96.1%	95.8%	98.7%	100.7%	102.0%	102.2%	102.4%	102.5%	102.6%	102.7%	102.7%
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%
	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	
City DB Contributions	\$1,747,000	\$1,823,000	\$1,909,000	\$1,975,000	\$2,057,000	\$2,148,000	\$2,246,000	\$2,325,000	\$2,430,000	\$2,533,000	
Accrued Liability	\$81,582,000	\$84,178,000	\$86,969,000	\$89,929,000	\$92,938,000	\$96,070,000	\$99,460,000	\$103,112,000	\$106,975,000	\$111,122,000	
Actuarial Value of Assets	\$83,887,000	\$86,635,000	\$89,592,000	\$92,713,000	\$95,898,000	\$99,224,000	\$102,828,000	\$106,694,000	\$110,798,000	\$115,194,000	
Unfunded Accrued Liability	(\$2,305,000)	(\$2,457,000)	(\$2,624,000)	(\$2,784,000)	(\$2,960,000)	(\$3,154,000)	(\$3,368,000)	(\$3,581,000)	(\$3,823,000)	(\$4,072,000)	
Funded Percentage	102.8%	102.9%	103.0%	103.1%	103.2%	103.3%	103.4%	103.5%	103.6%	103.7%	
Actual Asset Return	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	

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.

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 Public Safety Employee, Health Annuitant, and Contingent Survivor Mortality Tables projected Generationally using Scale MP-2021

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

Withdrawal

Rates vary by age. Rates at selected ages are:

Age	Percent Withdrawing
20	10.0%
25	8.0%
30	5.5%
35	3.4%
40	1.4%
45	0.2%
50	0.0%

Retirement (adopted 01/01/2017)

Rates vary by age as follows:

Age	Percent Retiring
55	50%
56-58	20%
59	50%
60	100%

Terminated vested participants are assumed to retire at age 55.

Actuarial Methods and Assumptions

Disability 1985 Pension Disability Table – Class 3. Disabilities are assumed to be 75% duty related. Rates at selected ages are:

Age	Percent Becoming Disabled
20	0.14%
25	0.20%
30	0.30%
35	0.42%
40	0.59%
45	0.82%
50	1.22%
55	2.09%
60	3.10%

Administrative Expenses \$25,000 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

Children of Active Employees

Active members are assumed to have one child. Each child is assumed to be born at a member's age 28.

Form of Payment All members are assumed to elect the Life Annuity with a 50% postretirement death benefit payable to a spouse and eligible children, with the exception that those who terminate prior to retirement are assumed to elect a return of contributions.

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 1932, as amended by Ordinances 2032 and 2056

Effective Date	Originally effective May 1, 1947; most recently restated effective November 19, 2007 and most recently amended December 17, 2012.
Eligibility	Any salaried uniformed employee of the Fire Department or Police Department of the City of Ladue becomes eligible after his first hour of employment.
Employee Contributions	Each Employee shall contribute 6.0% of salary to the Pension Fund in 2014 and thereafter. Contributions accumulate at an interest rate of 4% as established by the Board of Trustees.
Salary	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 Salary (FAS)	Average monthly salary during the last 60 months of employment, or average monthly salary during an employee's entire employment if employed less than 60 months. The FAS for a disabled participant is determined as of the Date of Disability.
Career Average Salary (CAS)	Average monthly salary during an employee's entire employment. The CAS for a disabled participant is determined as of the Date of Disability.
Years of Service	Sum of continuous periods of service from date of hire to date of termination, including periods on LTD, Family and Medical Leave, and absences without pay lasting less than 31 consecutive days. Does not include partial years of service.

Summary of Plan Provisions

Normal Retirement

Eligibility:	Age 55 with 10 Years of Service.
Benefit:	<u>Employees hired prior to January 1, 2013:</u> Less than 20 Years of Service: 2% of CAS multiplied by Years of Service. At least 20 Years of Service: 40% of FAS + 2.5% of FAS multiplied by Years of Service in excess of 20 up to a maximum of 10. <u>Employees hired on or after January 1, 2013:</u> Less than 30 Years of Service: 2% of CAS multiplied by Years of Service. At least 30 Years of Service: 60% of FAS.

Disability Benefit

Eligibility:	10 years of Credited Service including period of Disability.
Benefit:	Disability Benefits are 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 FAS at Date of Disability and Credited Service including the period while on LTD.

Early Retirement

Eligibility:	Age 50 with 10 Years of Service.
Benefit:	Accrued Benefit based on FAS or CAS and Years of Service at retirement actuarially reduced for early commencement.

Deferred Retirement A member may defer his pension after age 55 upon discretion of the City Council.

Summary of Plan Provisions

Vested Termination Benefit

Less than 10 Years of Service: Refund of contributions with interest.

At least 10 Years of Service: Either refund of contributions with interest or the participant's Accrued Benefit based on FAS or CAS and Credited Service at termination actuarially adjusted for date of retirement.

Death Benefit

Active Duty: 50% of FAS plus 10% of FAS for each Dependent Child to a maximum of three.

Active Non-Duty: 5% of FAS multiplied by Years of Service up to a maximum of 24% of FAS plus 2% of FAS multiplied by Years of Service up to a maximum of 10% of FAS for each Dependent Child to a maximum of three.

Duty Disability (Disabled prior to January 1, 2008):

40% of FAS plus 10% of FAS for each Dependent Child to a maximum of three.

Non-Duty Disability (Disabled prior to January 1, 2008):

Two thirds of the benefit the disabled retiree was receiving plus one third of the benefit the disabled retiree was receiving for each Dependent Child to a maximum of three.

Cost-of-Living Adjustment (COLA)

Benefits commencing on or after April 17, 1972 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 and disabled members (who became disabled prior to January 1, 2008) first become eligible for the COLA on the second January 1st following retirement.

Normal Form of Payment Life Annuity with a 50% post retirement death benefit payable to a spouse (who has attained age 50) and eligible children (single and below age 18).