



# Connecticut Paid Family and Medical Leave (CTPL) Program

Quarterly Experience Report - July 2023 to March 2024

May 24, 2024

# Agenda

<b>Key Results</b>	<b>3</b>
<b>Fund Balance Results</b>	<b>4</b>
<b>Detailed Financial Results</b>	<b>5</b>
<b>Financial Projection for Fiscal Year 2024</b>	<b>6</b>
<b>Questions</b>	<b>7</b>
<b>Appendix:</b>	<b>8</b>
<b>Solvency Metrics</b>	<b>9</b>
<b>Reliances and Limitations</b>	<b>10</b>
<b>Contact Information</b>	<b>11</b>

# Key Results

## Actual vs. Financial Projection Results for the Period July 2023 to March 2024

<i>Figures in \$ millions</i>	Actual	Financial Projections (Feb 2024)
Period Covered	Jul 2023 to Mar 2024 (9-month period)	Jul 2023 to Mar 2024 (9-month period)
Beginning Fund Balance (Net of Outstanding Contributions and Claims Payments)	\$557.2	\$557.2
Contributions Earned	\$345.8	\$341.8
Investment Income	\$21.6	\$19.4
Incurred Claims	(\$275.7)	(\$271.8)
Other Expenses	(\$27.1)	(\$27.6)
Net Activity	\$64.6	\$61.8
Ending Fund Balance (Net of Outstanding Contributions and Claims Payments)	\$621.8	\$619.0

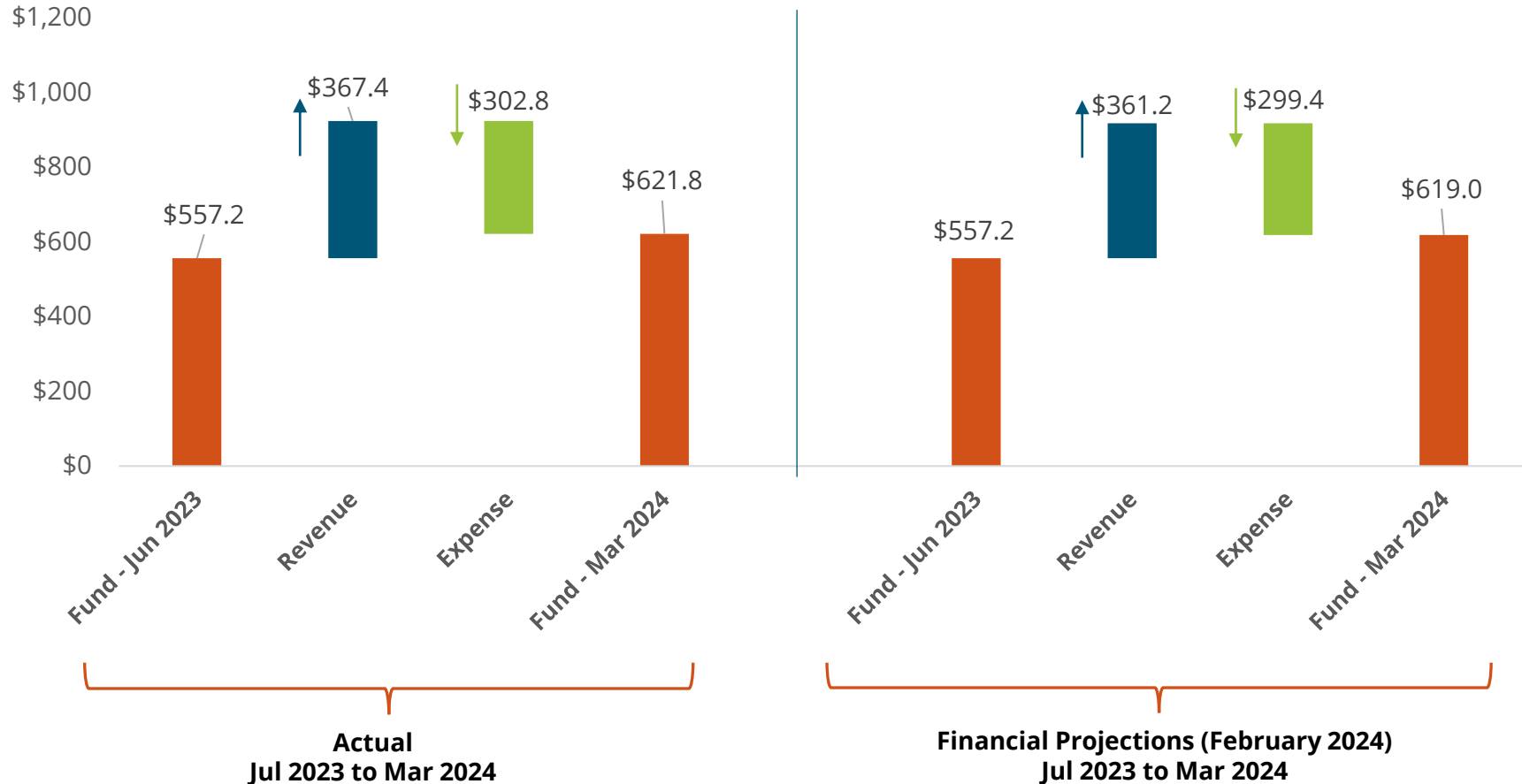
Actual fund balance is higher than previous projection (+\$2.8M), driven by higher contributions and higher investment income, offset in part by higher claims compared to previously projected

Fund position remains strong, with funding metrics within target levels

Funding Metrics	Actual Metric as of Mar 31, 2024	Target	Actual vs. Target
Reserve vs. Net Fund Balance	0.1 : 1	Less than 3 : 1	Meets target
Contributions vs. Net Fund Balance	0.7 : 1	Less than 3 : 1	Meets target
Adverse Losses Over One Year vs. Net Fund Balance	0.2 : 1	Less than 0.5 : 1	Meets target

# Fund Balance Results

CTPL Program Fund Balance Results (\$ millions)



# Detailed Financial Results

Figures in \$ millions

	Actual Jul 2023 to Mar 2024 (9-month period)	Financial Projections Jul 2023 to Mar 2024 (9-month period)
<b>Revenue:</b>		
<b>a. Payroll contributions</b>		
Payroll contributions (paid basis) - received by end of period	\$318.2	\$318.2
Reserve for contributions for current period not yet received	\$138.3	\$134.3
Reserve for contributions due from prior periods and received in current period	(\$110.7)	(\$110.7)
<b>Total contributions</b>	<b>\$345.8</b>	<b>\$341.8</b>
<b>b. Investment income</b>	<b>\$21.6</b>	<b>\$19.4</b>
<b>Total revenue</b>	<b>\$367.4</b>	<b>\$361.2</b>
<b>Expenses:</b>		
<b>a. Claims benefit payments</b>		
Paid claims	(\$278.2)	(\$270.3)
Reserve for incurred claims not yet paid as of end of period	(\$49.5)	(\$53.5)
Reserve for incurred claims not yet paid as of start of period	\$52.0	\$52.0
<b>Reported incurred claims</b>	<b>(\$275.7)</b>	<b>(\$271.8)</b>
<b>b. Other</b>		
CTPL administration	(\$10.0)	(\$10.0)
Claims administration (Aflac)	(\$17.1)	(\$17.6)
Seed capital repayment	\$0.0	\$0.0
Bond repayment	\$0.0	\$0.0
<b>Subtotal expenses</b>	<b>(\$27.1)</b>	<b>(\$27.6)</b>
<b>Total expenses</b>	<b>(\$302.8)</b>	<b>(\$299.4)</b>
<b>Net activity</b>	<b>\$64.6</b>	<b>\$61.8</b>
<b>Cumulative fund balance</b>		
Ending fund balance (prior to offsetting for outstanding contributions and claims payments)	\$533.0	\$538.2
Contributions for current period not yet received	\$138.3	\$134.3
Reserve for incurred claims not yet paid as of end of period	(\$49.5)	(\$53.5)
<b>Ending fund balance (net of outstanding contributions and claims payments)</b>	<b>\$621.8</b>	<b>\$619.0</b>
<b>Reconciliation of net fund balance (net of outstanding contributions and claims payments)</b>		
Net fund balance at end of prior period	\$557.2	\$557.2
Net Activity	\$64.6	\$61.8
<b>Ending net fund balance</b>	<b>\$621.8</b>	<b>\$619.0</b>

# Financial Projection for Fiscal Year 2024

	Updated this Quarter (Based on July to Mar 2024 Actual Results)	Presented in Feb 2024 (Based on Q2 Experience)
<i>Figures in \$ millions</i>	Jul 2023 to Jun 2024	Jul 2023 to Jun 2024
Beginning Fund Balance (net of outstanding contributions and claims payments)	\$557.2	\$557.2
Contributions Earned	\$460.3	\$456.3
Investment Income	\$27.2	\$25.0
Incurred Claims	(\$370.7)	(\$364.9)
Other Expenses	(\$40.5)	(\$41.0)
Net Activity	\$76.3	\$75.4
Ending Fund Balance (net of outstanding contributions and claims payments)	\$633.5	\$632.6

- Updated financial projections for fiscal year 2024 to reflect most recent financials for the period July 2023 to March 2024
- Compared to update from prior quarter:
  - Updated contributions projection to reflect higher net contributions received
  - Updated investment income to reflect actual earnings year to date
  - Updated claims projection to reflect recent claim experience
  - Updated expenses to reflect lower expenses during Q3

# Questions

# Appendix



# Fund Solvency Metrics


- **Reserve vs. Net Fund Balance (net of outstanding contributions and claims payments):**
  - The reserve represents the funds required to be set aside in respect of the expected cost of claims for events that have already been incurred, but for which corresponding benefits have not yet been paid.
  - The target recommends the net fund balance should be at least one third of the reserve as a measure of the capacity of the funds to cover additional incurred claims not yet paid.
- **Contributions vs. Net Fund Balance (net of outstanding contributions and claims payments):**
  - This measure is an assessment of adequacy of net fund balance to cover inadequate contributions during the year should claims run higher than expected.
  - The target recommends the net fund balance should at least cover one third of next year's contributions.
- **Adverse Losses Over One Year vs. Net Fund Balance (net of outstanding contributions and claims payments):**
  - This measure is an assessment of adequacy of net fund balance to cover adverse losses.
  - Adverse losses were determined based on a stress-test analysis of claims against changes in duration and incidence levels. The specific adverse scenario selected reflects losses generated with a 50% increase in incidence for FY 2025.
  - The target recommends that the financial net activity in a year with adverse losses is less than half of the net fund balance (i.e., net fund balance should cover at least two years of adverse losses)


# Reliances and Limitations

- Spring's analysis and projections are based on a number of assumptions and information from the Connecticut Paid Leave Authority (the "Authority") and Aflac. Other than a general review for reasonableness, Spring has not independently verified any of the information received from the Authority or its service providers. Where data was unavailable or incomplete for certain plans, Spring used industry experience to estimate missing values
- The accuracy of these projections depends on how well future experience conforms to assumptions. Actual experience may be more or less favorable than the assumptions underlying the projections. To the extent that actual experience differs from the assumptions underlying these projections, so will the actual results differ from the results in these projections
- Spring is not a tax, legal or accounting firm – the Authority's advisors should review these areas in light of the Authority's unique facts and circumstances
- Please refer to the Annual Actuarial Report as of June 30, 2023, dated July 24, 2023, for additional information on data, assumptions and methods. This document is incomplete without the accompanying discussion
- Exhibit numbers may not add due to rounding




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## **Why Spring?**

- Deep industry expertise
- End-to-end experience from strategy development through implementation
- Thought leadership
- Alternate funding
- Health and wealth convergence
- Benefit integration
- Flexibility to partner with clients and other preferred advisors
- Objectivity and independence — ownership structure removes potential conflicts of interest
- Award-winning project team
- Complete confidentiality
- Innovation — 8 patents
- Dedication to honesty, transparency and independence
- Strong project and multidisciplinary team management and communication