Connecticut Paid Family and Medical Leave (CT Paid Leave) Program Actuarial Results

As of June 30, 2026

August 13th, 2026

Information in this document is proprietary

Spring Consulting Group
AN ALERA GROUP COMPANY

Agenda

Fiscal Year End 2026 Results

Key Results

Actual vs. Financial Projection Results for the Period July 2025 to June 2026

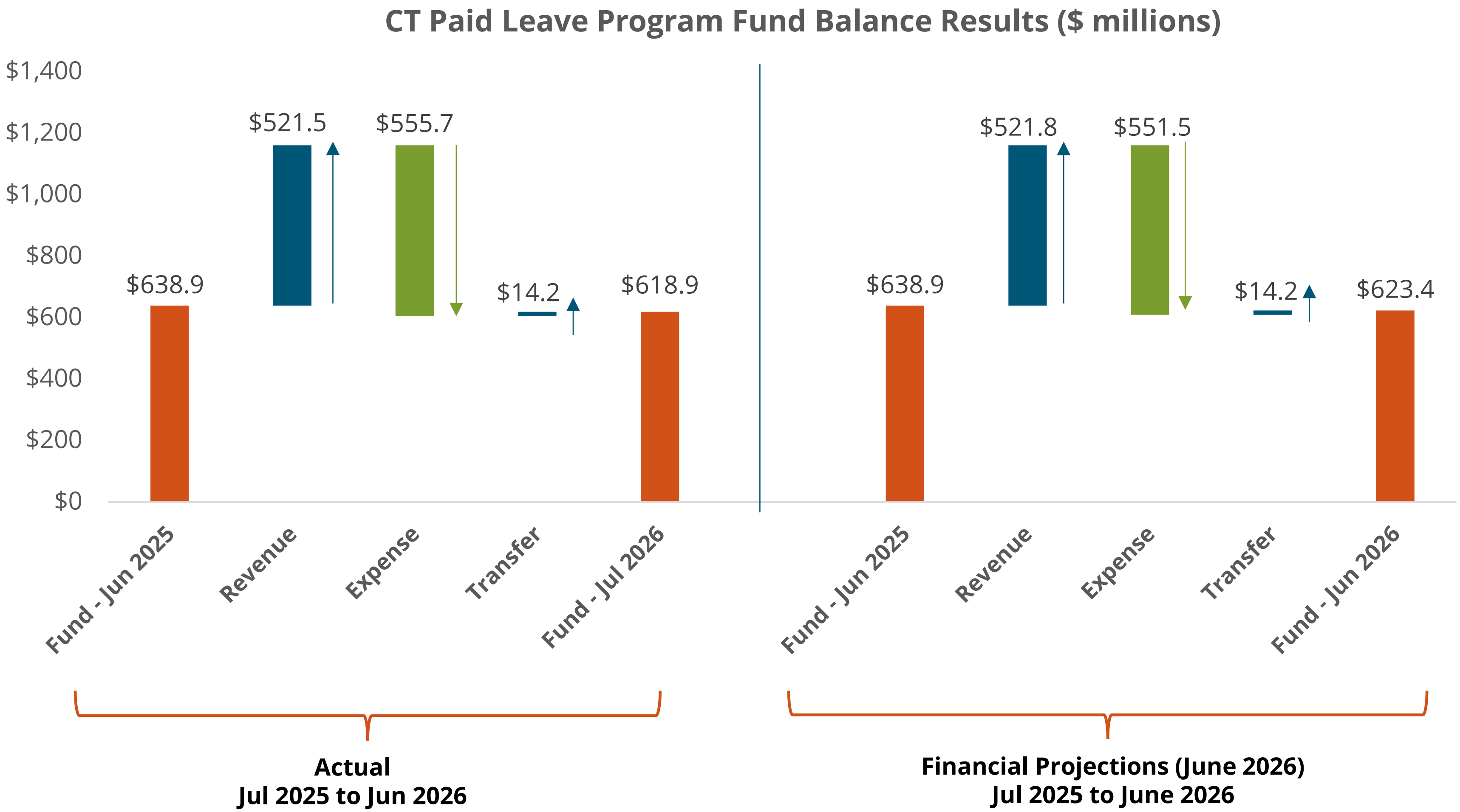
Figures in $ millions	Actual	Financial Projections (June 2026)
Period Covered	**Jul 2025 to Jun 2026 (12-month period)**	**Jul 2025 to Jun 2026 (12-month period)**
Beginning Fund Balance (net of outstanding contributions and claims payments)	**$638.9**	**$638.9**
Contributions Earned	$498.3	$498.5
Investment Income	$23.2	$23.3
Incurred Claims	($513.9)	($509.8)
Other Expenses	($41.8)	($41.7)
Transfer from Operating Reserve	$14.2	$14.2
Net Activity	**($20.0)**	**($15.5)**
Ending Fund Balance (net of outstanding contributions and claims payments)	**$618.9**	**$623.4**

Funding Metrics	Actual Metric as of Jun 30, 2026	Target	Actual vs. Target
Reserve vs. Net Fund Balance	0.1 : 1	Less than 3 : 1	**Meets target**
Contributions vs. Net Fund Balance	0.8 : 1	Less than 3 : 1	**Meets target**
Adverse Losses Over One Year vs. Net Fund Balance	0.581 : 1	Less than 0.5 : 1	**Does not meet target**

Actual fund balance is $4.5M lower than estimated, driven by higher than expected claims experience

Fund position does not meet one out of the three target metrics, based on higher projected claims in the next year

Fund Balance Results



Detailed Financial Results

Figures in $ millions	Actual Jul 2025 to Jun 2026 (12-month period)	Financial Projections Jul 2025 to Jun 2026 (12-month period)
Revenue:		
a. Payroll contributions		
Payroll contributions (paid basis) - received by end of period	$497.2	$497.4
Reserve for contributions for current period not yet received	$120.0	$120.0
Reserve for contributions due from prior periods and received in current period	($118.9)	($118.9)
Total contributions	**$498.3**	**$498.5**
b. Investment income	**$23.2**	**$23.3**
Total revenue	**$521.5**	**$521.8**
Expenses:		
a. Claims benefit payments		
Paid claims	($511.5)	($506.8)
Reserve for incurred claims not yet paid as of end of period	($68.3)	($68.9)
Reserve for incurred claims not yet paid as of start of period	$65.9	$65.9
Reported incurred claims	**($513.9)**	**($509.8)**
b. Other		
CT Paid Leave administration	($16.0)	($16.0)
Claims administration (Aflac)	($23.8)	($23.7)
Bond repayment	($2.0)	($2.0)
Seed Capital	$0.0	$0.0
Subtotal expenses	**($41.8)**	**($41.7)**
Total expenses	**($555.7)**	**($551.5)**
Transfer from operating reserve	**$14.2**	**$14.2**
Net activity	**($20.0)**	**($15.5)**
Cumulative fund balance		
Ending fund balance (prior to offsetting for outstanding contributions and claims payments)	$567.2	$572.3
Contributions for current period not yet received	$120.0	$120.0
Reserve for incurred claims not yet paid as of end of period	($68.3)	($68.9)
Ending fund balance (net of outstanding contributions and claims payments)	**$618.9**	**$623.4**
Reconciliation of net fund balance (net of outstanding contributions and claims payments)		
Net fund balance at end of prior period	$638.9	$638.9
Net activity	($20.0)	($15.5)
Ending net fund balance	**$618.9**	**$623.4**

Projections for Fiscal Years 2027 to 2029

Summary of Three-Year Projections

- The projection for Fiscal Years 2027 to 2029 is shown below
- Projections reflect updated assumptions documented in appendix, including population changes, wage increases, claims incidence and duration assumptions, and changes in expenses

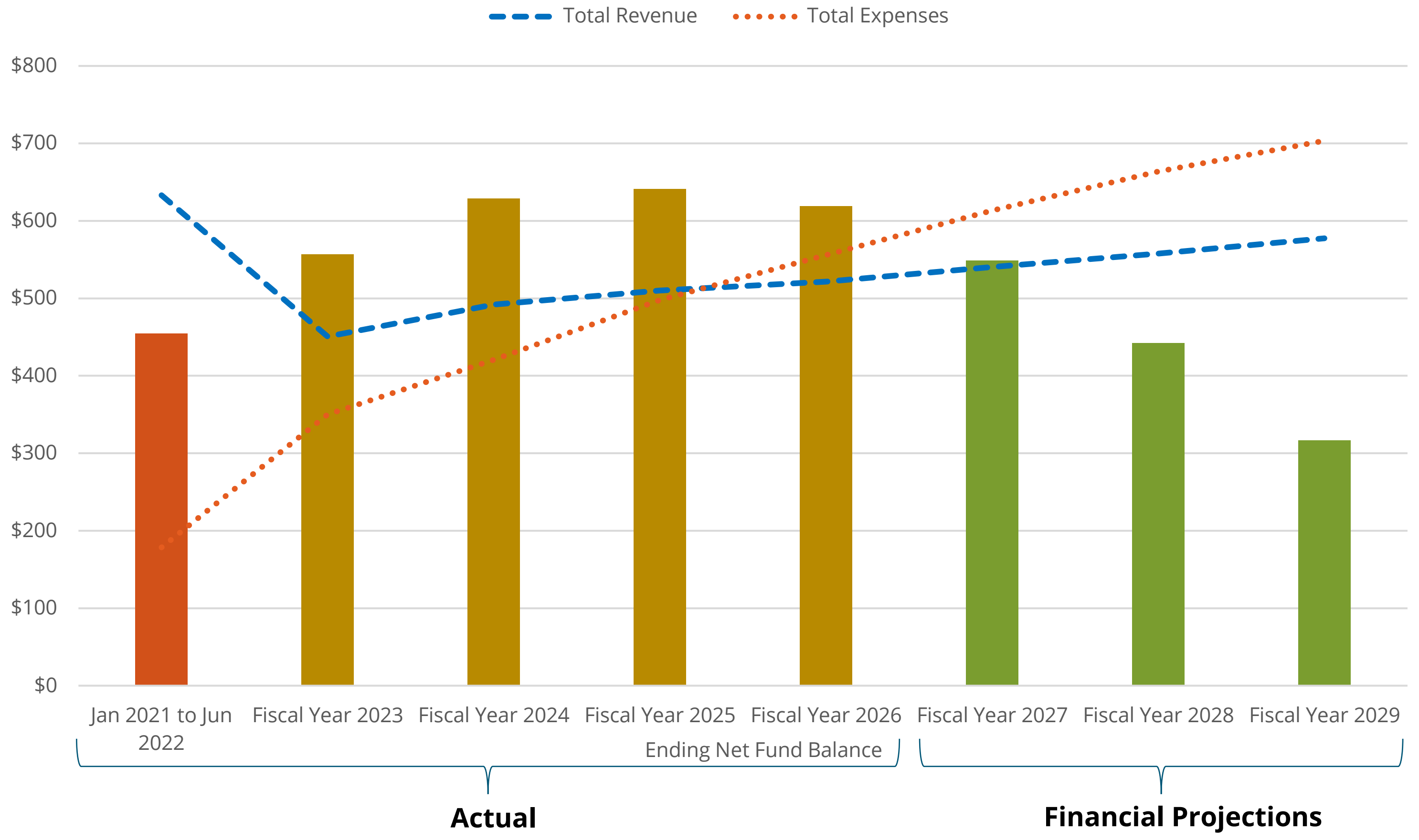
Figures in $ millions	Reported Fiscal Year 2026 Jul 2025 to Jun 2026	Projected Fiscal Year 2027 Jul 2026 to Jun 2027	Projected Fiscal Year 2028 Jul 2027 to Jun 2028	Projected Fiscal Year 2029 Jul 2028 to Jun 2029
Beginning Fund Balance (net of outstanding contributions and claims payments)	**$638.9**	**$618.9**	**$548.7**	**$442.5**
Contributions Earned	$498.3	$521.7	$543.7	$567.7
Investment Income	$23.2	$18.8	$14.0	$9.9
Incurred Claims	($513.9)	($568.6)	($617.1)	($656.0)
Other Expenses	($41.8)	($44.6)	($46.8)	($47.4)
Transfer from Operating Reserve	$14.2	$2.5	-	-
Net Activity	**($20.0)**	**($70.2)**	**($106.2)**	**($125.8)**
Ending Fund Balance (net of outstanding contributions and claims payments)	**$618.9**	**$548.7**	**$442.5**	**$316.7**

Financial Projections

	Actual	Projection	Projection	Projection
Figures in $ millions	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenue:				
a. Payroll contributions				
Payroll contributions (paid basis) - received by end of period	$497.2	$517.7	$538.5	$562.0
Contributions for current fiscal year not yet received	$120.0	$124.0	$129.2	$134.9
Contributions due from prior fiscal year and received in current fiscal year	($118.9)	($120.0)	($124.0)	($129.2)
Total contributions	**$498.3**	**$521.7**	**$543.7**	**$567.7**
b. Investment income	**$23.2**	**$18.8**	**$14.0**	**$9.9**
Total revenue	**$521.5**	**$540.5**	**$557.7**	**$577.6**
Expenses:				
a. Claims benefit payments				
Paid claims	($511.5)	($565.9)	($614.1)	($653.0)
Reserve for incurred claims not yet paid as of end of fiscal year	($68.3)	($71.0)	($74.0)	($77.0)
Reserve for incurred claims not yet paid as of start of fiscal year	$65.9	$68.3	$71.0	$74.0
Reported incurred claims	**($513.9)**	**($568.6)**	**($617.1)**	**($656.0)**
b. Other				
CT Paid Leave administration	($16.0)	($16.9)	($17.6)	($18.3)
Claims administration (Aflac)	($23.8)	($25.8)	($27.3)	($27.3)
Bond repayment	($2.0)	($1.9)	($1.9)	($1.8)
Subtotal expenses	**($41.8)**	**($44.6)**	**($46.8)**	**($47.4)**
Total expenses	**($555.7)**	**($613.2)**	**($663.9)**	**($703.4)**
Transfer from operating reserve	**$14.2**	**$2.5**		
Net activity	**($20.0)**	**($70.2)**	**($106.2)**	**($125.8)**
Cumulative fund balance				
Ending fund balance (prior to offsetting for outstanding contributions and claims payments)	$567.2	$495.7	$387.3	$258.8
Contributions for current fiscal year not yet received	$120.0	$124.0	$129.2	$134.9
Reserve for incurred claims not yet paid as of end of fiscal year	($68.3)	($71.0)	($74.0)	($77.0)
Ending fund balance (net of outstanding contributions and claims payments)	**$618.9**	**$548.7**	**$442.5**	**$316.7**
Reconciliation of net fund balance (net of outstanding contributions and claims payments)				
Net fund balance at end of prior period	$638.9	$618.9	$548.7	$442.5
Net activity	($20.0)	($70.2)	($106.2)	($125.8)
Ending net fund balance	**$618.9**	**$548.7**	**$442.5**	**$316.7**

For full table, see report dated July 23, 2026

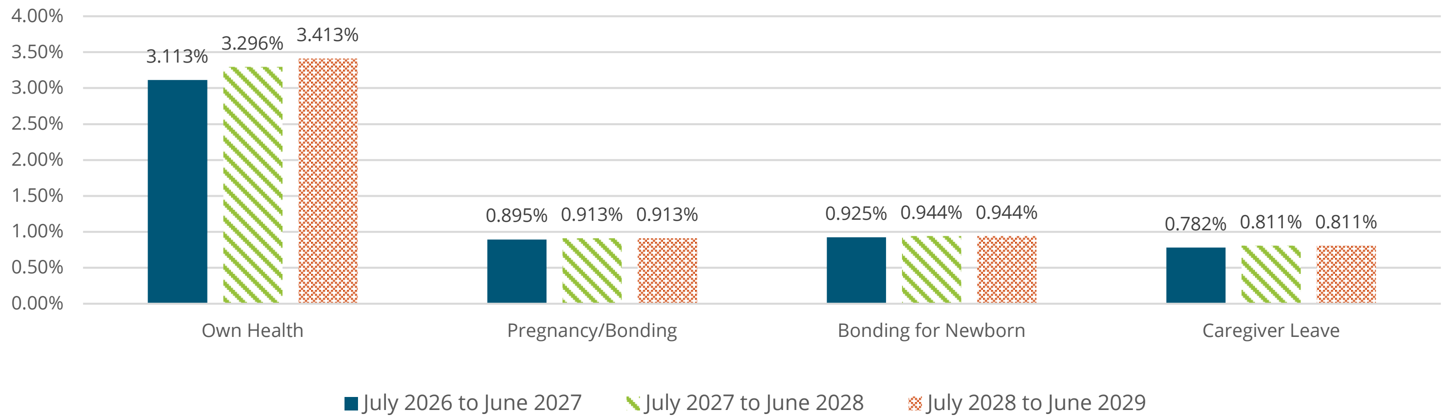
Illustration of Financial Projections



Claims Incidence Assumption

- Over the last three years, claims increased at a higher rate compared to expected
- Detailed analyses conducted in 2026 based on claims experience for the period January 2023 to May 2026. Key findings included the following:
    - Own health claims drive claims incidence levels
    - Own health claims continue to increase, with a projected incidence rate maturity year of 2030
    - Incidence of pregnancy, bonding and caregiver claims are projected to stabilize in 2028
- All assumptions (including claims incidence) are documented in the appendix

Incidence Assumption – Top Claims Incidence Drivers



Summary

Summary

- Net activity (revenue minus expenses) for the period July 1, 2025, to June 30, 2026, was a loss of $20.0M
    - As a result, the net fund balance as of June 30, 2026, is $618.9M on an accrual basis
- A review of the net fund balance as of June 30, 2026, indicates that the net fund balance does not meet one out of the three target metrics, based on higher projected claims in the next year
- The net fund balance is expected to decrease over the next three years, as projected expenses are higher than anticipated revenue

Questions

Appendix

Appendix — Key Assumptions and Methods (1)

Item	Assumption	Comments
Fund Investment Rate of Return	3.61% per year in fiscal year 2027 3.24% per year in fiscal year 2028 3.13% per year thereafter	Initial rate of return consistent with CT Paid Leave budget assumption Rate of return thereafter based on projections provided by the State of Connecticut Office of Policy and Management ("OPM") for the Short-Term Investment Fund (STIF)
Salary Growth	4.00% per year	Based on data provided by the State of Connecticut Department of Labor
Incidence Rate	Refer to table A	Based on review of CT data. Reflects increases to move to ultimate incidence rate assumptions in future years
Duration	Refer to table B	Based on review of CT data
Initial Average Weekly Benefit Amount (AWBA)	Refer to table C	Based on review of CT data, with adjustments to reflect increases in CT minimum wage and salary increases
CT Paid Leave Administration Expenses	July 2026 to June 2027: $16.85M, 4.0% per year increase	The 2026-2027 fiscal year budget, as approved by the CT Paid Leave Board of Directors Annual increase in administration expenses reflects projected wage growth and expense growth each year, as directed by CT Paid Leave Authority
Claims Administration Expense (Aflac)	July 2026 to December 2026: $2,018,643, monthly January 2027 to December 2029: $2,278,620, monthly Capped at 6.0% increase every January	Provided by the CT Paid Leave Authority based on contract with Aflac
Bond Repayment	Refer to table D	Per letter dated June 14, 2023, from OPM
Eligible Population Covered	1,661,830 (before excluding private plan enrollment)	Based on December 2025 employment count provided by Connecticut Department of Labor Office of Research, excluding estimated count of employee with annual earnings less than $2,325
Proportion of Eligible Population Covered Under Private Plans	4% of covered population	Assumed based on CT Paid Leave Authority historical reporting
Unemployment Rate	Refer to table E	Based on projections provided by OPM
Likelihood of pending claims approval	70%	Based on review of pending claims as of 12/31/2025, number of claims approved as of 6/30/2026
Redesignation Amount	$2,504,578 from operating to Contribution Account	As provided by the CT Paid Leave Authority

Appendix — Key Assumptions and Methods (2)

Table A: Incidence Rate Assumption (Incidence Rate per Year)

Leave Type	July 2026 to June 2027	July 2027 to June 2028	July 2028 to June 2029
Own Health	3.1125%	3.2955%	3.4133%
Pregnancy/Bonding	0.8951%	0.9130%	0.9130%
Bonding for Newborn	0.9251%	0.9436%	0.9436%
Caregiver Leave	0.7824%	0.8105%	0.8105%
Bonding for Adoption/Foster Care	0.0130%	0.0133%	0.0133%
Bone Marrow Donation	0.0020%	0.0020%	0.0020%
Military Family Leave	0.0020%	0.0020%	0.0020%
Organ Donation	0.0020%	0.0020%	0.0020%
Personal Protected Leave	0.0080%	0.0080%	0.0080%
Total	**5.7421%**	**5.9901%**	**6.1079%**

Appendix — Key Assumptions and Methods (3)

Table B: Duration Assumption

Leave Type	Proposed Assumption (# of Weeks)
Own Health	7.0
Pregnancy	11.3
Bonding for Newborn	7.3
Caregiver Leave	6.1
Bonding for Adoption/Foster Care	7.3
Bone Marrow Donation	2.0
Military Family Leave	6.5
Organ Donation	7.0
Personal Protected Leave	2.4

Table C: Average Weekly Benefit

Leave Type	Proposed Assumption ($ Per Week) July 2026 to December 2026	Proposed Assumption ($ Per Week) January 2027 to June 2027
Own Health	$797	$829
Pregnancy	$767	$797
Bonding for Newborn	$850	$884
Caregiver Leave	$821	$854
Bonding for Adoption/Foster Care	$826	$859
Bone Marrow Donation	$803	$835
Military Family Leave	$803	$835
Organ Donation	$803	$835
Personal Protected Leave	$803	$835

Appendix — Key Assumptions and Methods (4)

Table D: Bond Repayment Schedule

Date	Payment Total
June 30, 2027	$1,938,388
June 30, 2028	$1,882,319
June 30, 2029	$1,826,250
June 30, 2030	$1,770,181
June 30, 2031	$1,714,112
June 30, 2032	$1,658,043

Table E: Unemployment Rate Assumptions

Fiscal Year	Rate (per 100)
2027	5.07
2028	4.86
2029	4.48

Appendix — Key Assumptions and Methods (5)

- **Contribution projections** – based on contributions received in prior quarters, factoring in estimated population changes and wage growth.
    - As contributions are permitted to be received up to one month after the end of the calendar quarter, the projection includes estimated contributions received during the one-month grace period, but receive in the following fiscal year
- **Investment income** – assumed to be 3.61% per year in fiscal year 2027, 3.24% per year in fiscal year 2028, 3.13% per year thereafter
    - Applied to estimate cash over the course of the year, including beginning of year fund balance, and assuming contributions are received, and expenses are incurred during the year
- **Claims projections** – based on review of CT Paid Leave emerging claims experience and claims experience for similar programs in other states
    - Reflects developed incidence rate and duration assumptions to estimate number of approved leaves each year and average length of each type of leave
    - Includes estimated reserve for claims that have already been incurred, but are not yet paid as of the end of the fiscal year
- **Expense Projections** - based on the CT Paid Leave budget for future years and anticipated increases in budget expense

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 assumes losses generated with a 50% increase in incidence for following fiscal year.
  - 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, 2026, dated July 23rd, 2026, 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