

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

Rate Review Analysis

September 10th, 2026

Information in this document is proprietary

Spring Consulting Group
AN ALERA GROUP COMPANY

Agenda

CT Paid Leave Responsibilities 3

Policy: Annual Review of the Contribution Rate 4

Claim Payments Quarterly Trend from Inception 5

Elements of Rate/Target Fund Balance Review 6

Modeling of Rate/Target Fund Balance for 2027 7

Supplementary Information 9

Questions 10

Appendix: 11

- Reliances and Limitations 12

CT Paid Leave Responsibilities

- Provide income-replacement benefits to covered workers [31-49g(a)]
- Collect contributions such that:
  - the CT Paid Leave Trust Fund balance is sufficient to ensure the ongoing ability of the fund to pay the income-replacement benefits, and
  - limit the need for contribution rate increases or benefit reductions due to changing economic conditions [31-49g(b)(2)]
- Conduct a public education campaign to inform individuals and employers about the CT Paid Leave program [31-49n]

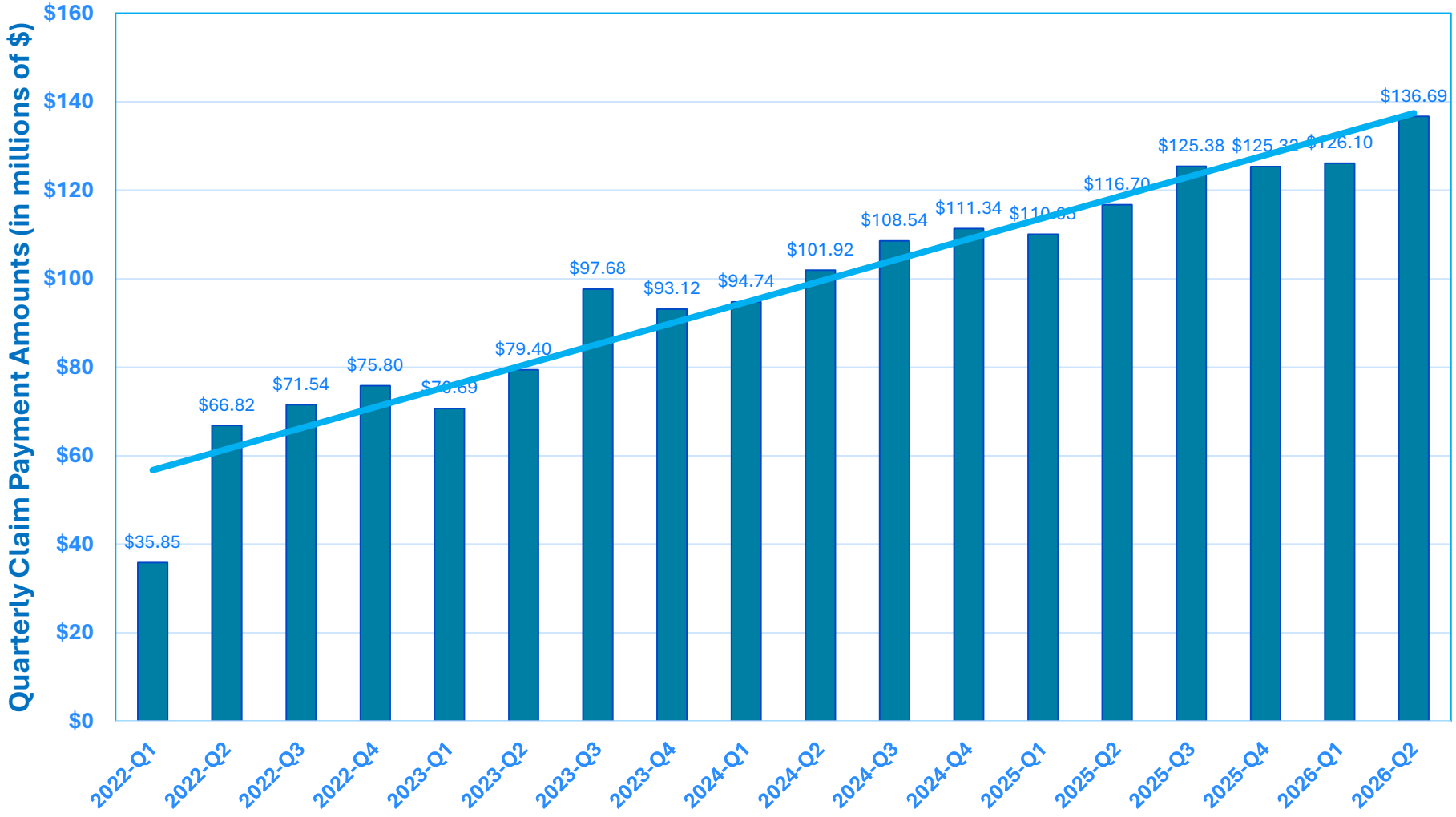
Policy: Annual Review of the Contribution Rate

Each year, the Authority shall review the current contribution rate established in accordance with Conn. Gen. Stat. §31-49g(b). If the Authority decides to change the contribution rate for the following calendar year, the Authority must announce such change no later than November first of the preceding calendar year. The Authority anticipates beginning consideration of the need for a change in the contribution rate no later than June of each year.

In determining the appropriate contribution rate for the upcoming year, the Authority shall review the following considerations:

- The ability of the Authority to continue to provide income-replacement benefits to Connecticut workers in both the short term and the long term;
- The sufficiency of funds to provide income-replacement benefits in a variety of economic conditions;
- The statutory obligation to limit contribution rate increases and reductions to the income replacement benefit calculation due to changing economic conditions;
- An evaluation of trends in the receipt of contributions over the course of the year; and
- Any other factors the Authority determines are relevant to the solvency of the paid leave trust fund and the ongoing operation of the paid leave program.

Claim Payments Quarterly Trend from Inception (in millions of $)



Elements of Rate/Target Fund Balance Review

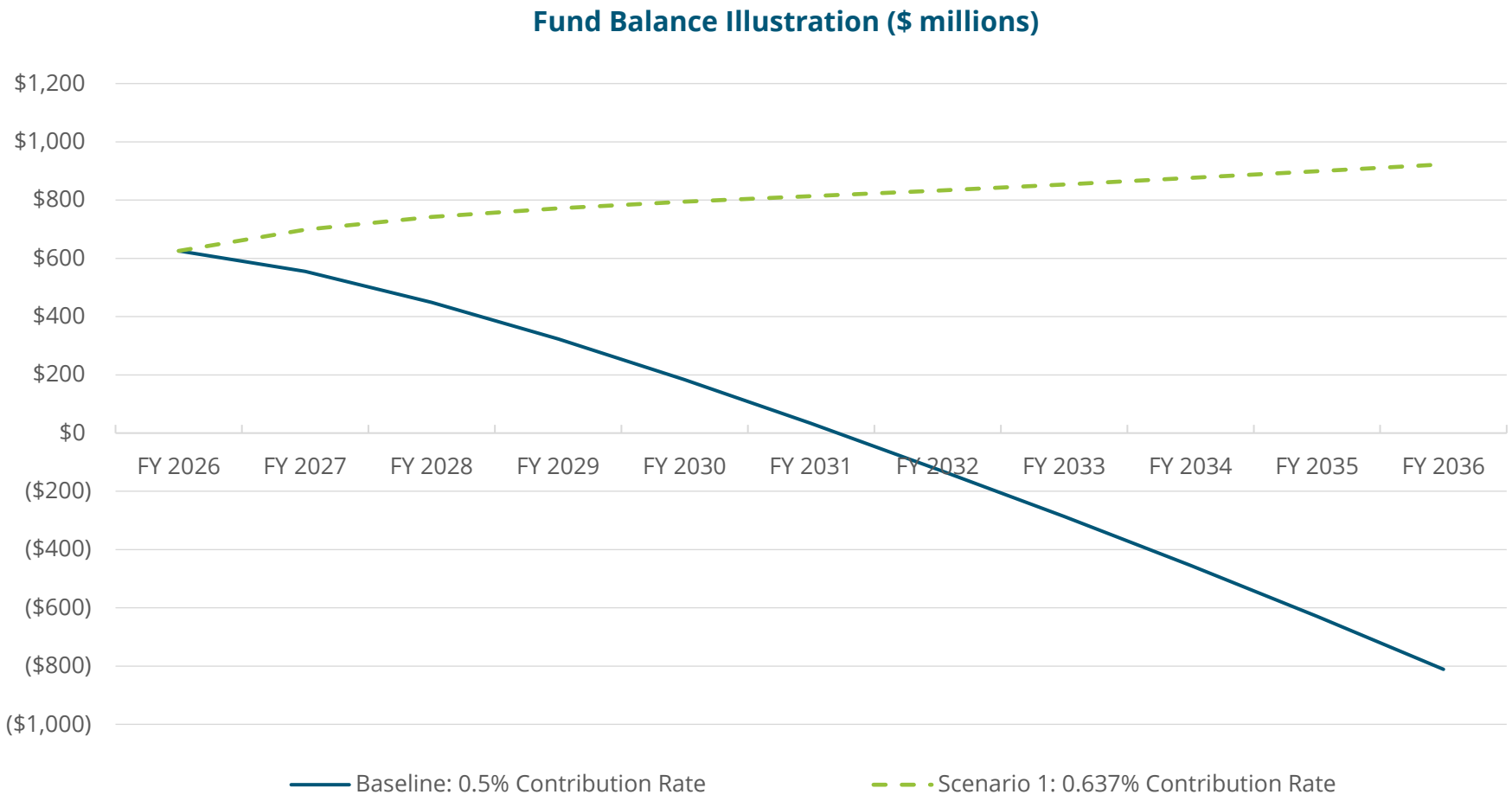
Element	Proposed Formula
Long-term view	• Use 10-year cost and benefit projection
Level of fund balance at the end of 10 years	• Determine projected net fund balance (net of reserves) at the end of 10 years based on current fund balance plus projected net activity over next 10 years • Set minimum fund balance based on: – Target balance was set to cover for a 10% reduction in contributions over three years, plus – 25% increase in claims and expenses over three years
Determine minimum contribution level over 10-year period	• Determine total contributions required to cover program costs and maintain sufficient fund balance at the end of 10 years • Develop contribution rate based on minimum contribution level required

Modeling of Rate/Target Fund Balance for 2027

Item (financials shown in $ millions)	Result
A. Current fund balance (end of FY 2026)	**$625.5**
B. 10-year cost and benefit projection (based on current rates, 0.5%)	
a. Incurred contributions	$6,307.3
b. Investment income	$49.4
c. Incurred claims	($7,284.0)
d. Other expenses	($511.8)
e. Transfer from operating reserve	$2.5
f. Net activity	**($1,436.6)**
C. Projected fund balance at the end of 10 years under current 0.5% contribution rate (A + B)	**($811.1)**
D. Estimated target fund balance at the end of 10 years necessary to support rate change	
a. 10% of FY 2036 contributions at 0.5% (contribution rate) x 3 years	$224.6
b. 25% of FY 2036 incurred claims plus other expenses x 3 years	$698.1
c. Target fund balance at the end of 10 years	**$922.7**
E. Surplus/(deficit) (projected fund balance at the end of 10 years minus target fund balance) (C – D.c.)	**($1,733.8)**
F. Calculated rate action (E / B.a.)	**27.5%**
G. Current rate	0.500%
H. Rate necessary to achieve target (G * (1+F))	0.637%

Proprietary & Confidential

Modeling of Rate/Target Fund Balance for 2027



Supplementary Information

Items Included in Other Expenses

- Total projected 10-year expenses are estimated to be $511.8M
- Components of this expense projection are as follows:
  - CTPL administration: $203M
  - Claims administration: $298M
  - Bond repayment: $10.8M
  - Total: $511.8M

Estimated target fund balance at the end of 10 years necessary to support rate reduction

- The estimated target fund balance at the end of 10 years required to support rate reduction is based on review of adverse scenarios impacting the program funding
- Key components include:
  - Ensuring sufficient funding to cover a 10% reduction in premium over a 3-year period
  - Ensuring sufficient funding to cover a 25% increase in claims and expenses over a 3-year period

Questions

Appendix

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