



**CITY OF MORENO VALLEY  
RETIREE HEALTHCARE PLAN**

June 30, 2013 Actuarial Valuation  
Final Results

**Bartel Associates, LLC**  
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Matt Childs, Actuarial Analyst  
**June 18, 2014**

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## VALUATION RESULTS SUMMARY

### Valuation Results Summary

(Dollar Amounts in 000's)

■ Valuation Date	June 30, 2011		June 30, 2013	
■ Eligible Participants	<u>Total</u>	<u>Covered</u>	<u>Total</u>	<u>Covered</u>
• Actives	297	193 (65%)	283	175 (62%)
• Retirees	121	100 (83%)	148	119 (80%)
■ Funded Status	<u>Amount</u>	<u>Funded%</u>	<u>Amount</u>	<u>Funded%</u>
• Discount Rate	S&U		S&U	
• Actuarial Accrued Liability	\$11,670		\$12,531	
• Actuarial Value of Assets	4,428	38%	6,186	49%
• Market Value of Assets	5,006	43%	6,576	52%
■ Contribution	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
• Annual Required Contribution	\$1,018	\$1,069	\$902	\$904
• Annual Required Contribution % Pay	4.9%	5.0%	4.6%	4.5%
• Expected PayGo Benefit Payments	0	0	0	0
• Expected Prefunding Contribution	568	619	902	904

## BENEFIT SUMMARY

■ Eligibility	<ul style="list-style-type: none"> <li>• Retire directly from City under CalPERS (service or disability)</li> <li>• Full-time employees and City Council eligible</li> <li>• Part-time, temporary, seasonal, crossing guards, and grant employees not eligible</li> </ul>						
■ Retiree Healthcare Benefit	<ul style="list-style-type: none"> <li>• PEMHCA minimum amount for retirees participating in PEMHCA - \$115/month for 2013, \$119/month for 2014, \$122/month for 2015</li> <li>• Additional \$318.73 per month for medical, dental, and vision               <ul style="list-style-type: none"> <li>- Hired before 9/30/11</li> <li>- Total subsidy not greater than premium for retiree &amp; spouse</li> <li>- Coverage under any medical plan</li> </ul> <table style="margin-left: 40px; border: none;"> <tr> <td style="text-align: center;"><u>Employee Group</u></td> <td style="text-align: center;"><u>Required City Service</u></td> </tr> <tr> <td style="text-align: center;">Management</td> <td style="text-align: center;">5 years</td> </tr> <tr> <td style="text-align: center;">Non-Management</td> <td style="text-align: center;">Hired &lt; 7/1/09 - 5 years Hired ≥ 7/1/09 - 10 years</td> </tr> </table> </li> <li>• 3 PEMHCA retirees and 7 non-PEMHCA retirees are eligible for grandfathered cash subsidies greater than \$318.73</li> </ul>	<u>Employee Group</u>	<u>Required City Service</u>	Management	5 years	Non-Management	Hired < 7/1/09 - 5 years Hired ≥ 7/1/09 - 10 years
<u>Employee Group</u>	<u>Required City Service</u>						
Management	5 years						
Non-Management	Hired < 7/1/09 - 5 years Hired ≥ 7/1/09 - 10 years						

## BENEFIT SUMMARY

<ul style="list-style-type: none"> <li>■ Surviving Spouse Benefit</li> </ul>	<ul style="list-style-type: none"> <li>• Benefit continues to surviving spouse of retiree or upon death of active employee while eligible for retirement</li> <li>• PEMHCA and non-PEMHCA participants</li> </ul>
<ul style="list-style-type: none"> <li>■ PEMHCA Administration Fee</li> </ul>	<ul style="list-style-type: none"> <li>• 0.33% of retiree premium for 2013/14</li> <li>• Paid by City and included with GASB 45 costs</li> </ul>
<ul style="list-style-type: none"> <li>■ Other OPEB</li> </ul>	<ul style="list-style-type: none"> <li>• No City contribution for life insurance or Medicare Part B premium</li> </ul>

## FUNDING POLICY

<ul style="list-style-type: none"> <li>■ Funding Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute full ARC less \$450,000 with CERBT #1 for fiscal years 2011/12, 2012/13, and 2013/14</li> <li>• Contribute full ARC with CERBT #1 beginning with 2014/15</li> <li>• Unfunded Liability amortized over 24 years for 2014/15</li> </ul>																					
<ul style="list-style-type: none"> <li>■ City Contributions</li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Fiscal Year</u></th> <th style="text-align: center;"><u>City PayGo</u></th> <th style="text-align: center;"><u>CERBT Prefund<sup>1</sup></u></th> <th style="text-align: center;"><u>Total Contrib</u></th> <th style="text-align: center;"><u>CAFR Contrib</u></th> <th style="text-align: center;"><u>ARC</u></th> <th style="text-align: center;"><u>ARC -\$450</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">0</td> <td style="text-align: center;">574</td> <td style="text-align: center;">574</td> <td style="text-align: center;">568</td> <td style="text-align: center;">1,018</td> <td style="text-align: center;">568</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1,165</td> <td style="text-align: center;">1,165</td> <td style="text-align: center;">1,165</td> <td style="text-align: center;">1,615</td> <td style="text-align: center;">1,165</td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>City PayGo</u>	<u>CERBT Prefund<sup>1</sup></u>	<u>Total Contrib</u>	<u>CAFR Contrib</u>	<u>ARC</u>	<u>ARC -\$450</u>	2012/13	0	574	574	568	1,018	568	2011/12	0	1,165	1,165	1,165	1,615	1,165
<u>Fiscal Year</u>	<u>City PayGo</u>	<u>CERBT Prefund<sup>1</sup></u>	<u>Total Contrib</u>	<u>CAFR Contrib</u>	<u>ARC</u>	<u>ARC -\$450</u>																
2012/13	0	574	574	568	1,018	568																
2011/12	0	1,165	1,165	1,165	1,615	1,165																
<ul style="list-style-type: none"> <li>■ Pay-As-You-Go Cost ('000s)</li> </ul>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Fiscal Year</u></th> <th style="text-align: center;"><u>City PayGo</u></th> <th style="text-align: center;"><u>CERBT PayGo</u></th> <th style="text-align: center;"><u>Total PayGo</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">\$0</td> <td style="text-align: center;">\$464</td> <td style="text-align: center;">\$464</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">0</td> <td style="text-align: center;">438</td> <td style="text-align: center;">438</td> </tr> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">0</td> <td style="text-align: center;">421</td> <td style="text-align: center;">421</td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>City PayGo</u>	<u>CERBT PayGo</u>	<u>Total PayGo</u>	2012/13	\$0	\$464	\$464	2011/12	0	438	438	2010/11	0	421	421					
<u>Fiscal Year</u>	<u>City PayGo</u>	<u>CERBT PayGo</u>	<u>Total PayGo</u>																			
2012/13	\$0	\$464	\$464																			
2011/12	0	438	438																			
2010/11	0	421	421																			

<sup>1</sup> For 2012/13, City made contribution of \$568,000 on 8/9/12 and RDA Successor Agency funding of \$1,730.00 on 9/11/12 and \$4,461.90 on 6/19/13. Additional RDA Successor Agency funding expected but not included in valuation .

## PARTICIPANT SUMMARY

### Eligible Participants

Participants	1/1/10	6/30/11	6/30/13
<b>■ Actives</b>			
• Participating	223	193	175
• Waived Coverage	<u>117</u>	<u>104</u>	<u>108</u>
• Actives	340	297	283
• Average Age	44.4	47.0	47.9
• Average City Service	8.4	9.7	11.0
• Average Pay <sup>2</sup>	\$66,075	\$68,881	\$67,454
• Total Payroll (000's) <sup>3</sup>	22,465	20,251	18,815
<b>■ Retirees</b>			
• Participating	112	100	119
• Waived Coverage	<u>n/a</u>	<u>21</u>	<u>29</u>
• Retirees	112	121	148
• Average Age	63.4	64.5	65.2
• Average Service Retirement Age	58.9	59.0	58.8
• Average Disabled Retirement Age	48.2	48.2	46.6
<b>■ Retirees/Actives</b>	<b>33%</b>	<b>41%</b>	<b>52%</b>

<sup>2</sup> City reported average pay rather than individual pay for 1/1/10 and 6/30/11. Excludes 3 Council members for 6/30/13.

<sup>3</sup> 1/1/10 payroll is PERSable pay, 6/30/11 payroll is base pay, and 6/30/13 payroll is PERSable pay. Excludes 5 Council members for 6/30/11.

## PARTICIPANT SUMMARY

### Participant Reconciliation

Participants	Actives	Retirees			
		Service	Disabled	Survivors	Total
<b>■ June 30, 2011</b>	297	112	4	5	121
• Terminations <sup>4</sup>	(32)	-	-	-	-
• New Retirees & Survivors	(17)	17	0	0	17
• Retiree Deaths with Survivor	-	(1)	(0)	1	-
• Retiree Deaths without Survivor <sup>5</sup>	-	(2)	(0)	(0)	(2)
• New Participants	23	-	-	-	-
• Data Corrections	12	7	2	3	12
<b>■ June 30, 2013</b>	283 <sup>6</sup>	133	6	9	148

<sup>4</sup> Active employees reported for the 6/30/11 valuation and not reported for the 6/30/13 valuation were assumed to be terminations and deaths before retirement.

<sup>5</sup> Retirees reported for the 6/30/11 valuation and not reported for the 6/30/13 valuation were assumed to be deaths without covered survivors.

<sup>6</sup> 21 hired after 9/30/11.

**ASSETS**

**Market Value of Plan Assets**

(Amounts in 000's)

Market Value of Assets	2008/09	2009/10	2010/11	2011/12	2012/13
<b>■ Market Value at Beginning of Year</b>	\$ 0	\$1,580	\$2,875	\$5,006	\$5,754
• CERBT Contributions	1,580	1,068	1,564	1,165	574
• City PayGo Contributions <sup>7</sup>	206	357	0	0	0
• Investment Earnings	0	230	994	26	723
• Benefit Payments <sup>8</sup>	(206)	(357)	(421)	(438)	(464)
• Administrative Expenses	0	(2)	(6)	(6)	(10)
<b>■ Market Value at End of Year</b>	1,580	2,875	5,006	5,754	6,576
<b>■ Estimated Net Annual Return<sup>9</sup></b>	0.0%	11.3%	23.5%	0.4%	11.4%
<b>■ CERBT #1 Net Annual Return<sup>10</sup></b>	(23.0%)	15.9%	25.0%	0.15%	11.8%

<sup>7</sup> Benefit payments made directly from City assets.

<sup>8</sup> Benefit payments for 2011/12 and 2012/13 were reimbursed by CERBT in following fiscal years.

<sup>9</sup> Includes the impact of cash flow timing.

<sup>10</sup> 14.3% from 7/1/13 through 4/30/14.

**ASSETS**

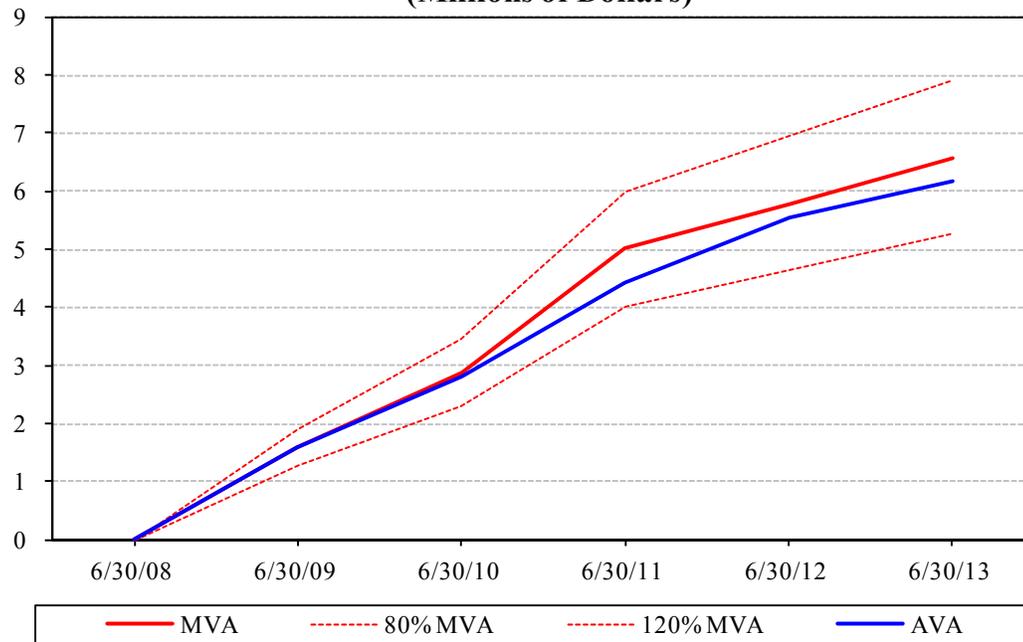
**Actuarial Value of Plan Assets**

(Amounts in 000's)

Actuarial Value of Assets	2009/10	2010/11	2011/12	2012/13
<b>■ Actuarial Value at Beginning of Year</b>	\$1,580	\$2,818	\$4,428	\$5,540
• Contributions	1,425	1,564	1,165	574
• Expected Net Earnings	156	323	331	438
• Benefit Payments	(357)	(421)	(438)	(464)
<b>■ Expected AVA at End of Year</b>	2,804	4,284	5,487	6,088
• Market Value at End of Year	2,875	5,006	5,754	6,576
• MVA - Expected AVA	71	722	267	488
• 1/5 of (MVA - Expected AVA)	14	144	53	98
• Preliminary AVA	2,818	4,428	5,540	6,186
• Minimum AVA (80% of MVA)	2,300	4,005	4,603	5,261
• Maximum AVA (120% of MVA)	3,450	6,007	6,905	7,892
<b>■ Actuarial Value at End of Year</b>	2,818	4,428	5,540	6,186
<b>■ Actuarial Value Estimated Net Return</b>	8.5%	11.2%	8.4%	8.9%
<b>■ AVA / MVA</b>	98%	88%	96%	94%

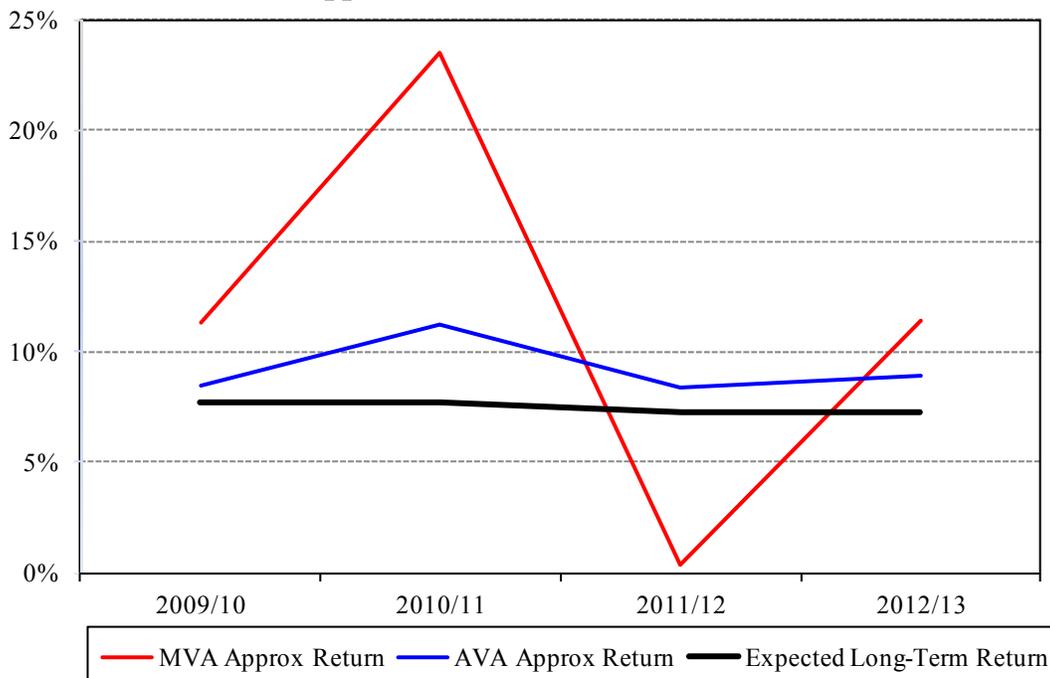
## ASSETS

### Actuarial Value of Assets (Millions of Dollars)



## ASSETS

### Approximate Return on Assets



**VALUATION RESULTS**

**Actuarial Obligations**

(Amounts in 000's)

Actuarial Obligations	<u>6/30/11 Valuation</u>		<u>6/30/13 Valuation</u>		
	Actual 6/30/11	Projected 6/30/13	Actual 6/30/13	Projected 6/30/14	Projected 6/30/15
■ <b>Discount Rate</b>	S&U	S&U	S&U	7.25%	7.25%
■ <b>Present Value of Benefits</b>					
• Actives	\$9,436	n/a	\$8,540	n/a	n/a
• Retirees	<u>6,055</u>	<u>n/a</u>	<u>6,948</u>	<u>n/a</u>	<u>n/a</u>
• Total	15,491	\$16,364	15,488	\$15,866	\$16,401
■ <b>Actuarial Accrued Liability</b>					
• Actives	5,615	n/a	5,583	n/a	n/a
• Retirees	<u>6,055</u>	<u>n/a</u>	<u>6,948</u>	<u>n/a</u>	<u>n/a</u>
• Total	11,670	13,270	12,531	13,208	14,022
■ <b>Actuarial Value of Assets</b>	<u>4,428</u>	<u>6,095</u>	<u>6,186</u>	<u>6,782</u>	<u>7,631</u>
■ <b>Unfunded AAL</b>	7,242	7,175	6,345	6,426	6,391
■ <b>Funded Percentage</b>	38%	46%	49%	51%	54%
■ <b>Normal Cost</b>	573	611	476	472	465
■ <b>Pay-As-You-Go Cost</b>	463	597	535	595	659

**VALUATION RESULTS**

**Annual Required Contribution (ARC)**

(Amounts in 000's)

Annual Required Contribution	<u>6/30/11 Valuation</u>		<u>6/30/13 Valuation</u>	
	2012/13	2013/14	2014/15	2015/16
■ <b>Discount Rate</b>	S&U	S&U	7.25%	7.25%
■ <b>ARC - \$</b>				
• Normal Cost	\$ 592	\$ 611	\$ 472	\$ 465
• UAAL Amortization	<u>426</u>	<u>457</u>	<u>430</u>	<u>439</u>
• Total ARC	1,018	1,069	902	904
■ <b>Projected Payroll<sup>11</sup></b>	20,909	21,589	19,426	20,058
■ <b>ARC - %</b>				
• Normal Cost	2.8%	2.8%	2.4%	2.3%
• UAAL Amortization	<u>2.0%</u>	<u>2.1%</u>	<u>2.2%</u>	<u>2.2%</u>
• Total ARC %	4.9%	5.0%	4.6%	4.5%
■ <b>UAAL Amortization Years</b>	26	25	24	23

<sup>11</sup> For 2014/15, reported payroll increased 1 year using the aggregate payroll increase assumption of 3.25% per year.

VALUATION RESULTS

**Estimated Actuarial Gains & Losses**

(Amounts in 000's)

Actuarial Gains & Losses	AAL	(AVA)	UAAL
■ <b>6/30/11 Actual</b>	\$11,670	\$(4,428)	\$7,242
■ <b>6/30/13 Projected</b>	13,270	(6,095)	7,175
■ <b>Experience Losses (Gains)</b>			
• Actual versus expected PEMHCA minimum	(143)	-	(143)
• Contribution loss (gain)	-	(6)	(6)
• Investment loss (gain)	-	2	2
• Demographic & other	(315)	(87)	(402)
■ <b>Assumption Changes (next slide)</b>	(281)	-	(281)
■ <b>Total Changes</b>	(739)	(91)	(830)
■ <b>6/30/13 Actual</b>	12,531	(6,186)	6,345

VALUATION RESULTS

**Estimated Actuarial Gains & Losses**

(Amounts in 000's)

Actuarial Gains & Losses	AAL	(AVA)	UAAL
■ <b>Assumption Changes</b>			
• CalPERS 2007-2011 non-mortality assumptions			
> Retirement rates	\$125	\$ -	\$125
> Disability incidence	(10)	-	(10)
> Merit pay increases	38	-	38
• CalPERS 2007-2011 mortality with MP-2014	450	-	450
• Future retiree participation	(627)	-	(627)
• Current retiree participation	(265)	-	(265)
• PEMHCA administration fee	8	-	8
■ <b>Assumption Changes</b>	(281)	-	(281)

**VALUATION RESULTS**

**Estimated Net OPEB Obligation (NOO) Projection**

(Amounts in 000's)

Estimated Net OPEB Obligation	CAFR 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
■ <b>Discount Rate</b>	S&U	S&U	7.25%	7.25%
■ <b>NOO at Beginning of Year</b>	\$ 450	\$ 900	\$1,347	\$1,354
■ <b>Annual OPEB Cost</b>				
• ARC	1,018	1,069	902	904
• Interest on NOO	27	54	98	98
• NOO Adjustment	<u>(27)</u>	<u>(57)</u>	<u>(90)</u>	<u>(93)</u>
• Annual OPEB Cost	1,018	1,065	910	909
■ <b>Contributions</b>				
• Benefit Payments Outside of Trust	0	0	0	0
• Trust Funding	<u>568</u>	<u>619</u>	<u>902</u>	<u>904</u>
• Total Contributions	568	619	902	904
■ <b>NOO at End of Year</b>	900	1,347	1,354	1,360
■ <b>NOO Amortization Years</b>	26	25	24	23
■ <b>NOO Amortization Factor</b>	16.22	15.69	14.96	14.57

**VALUATION RESULTS**

**Funding Projection**

(Amounts in 000's)

Fiscal Year End	Begin Year NOO	ARC	AOC	City Contribution			Payroll	ARC % of Pay	Begin Year UAAL	Begin Year Fund%
				Benefit Pmts	Trust	Total Contr				
2015	\$1,347	\$902	\$910	\$ 0	\$902	\$902	\$19,426	4.6%	\$6,426	51%
2016	1,354	904	909	0	904	904	20,058	4.5%	6,391	54%
2017	1,360	906	908	0	906	906	20,710	4.4%	6,354	57%
2018	1,362	908	907	0	908	908	21,383	4.2%	6,314	60%
2019	1,362	911	907	0	911	911	22,078	4.1%	6,267	62%
2020	1,358	916	908	0	916	916	22,795	4.0%	6,212	64%
2021	1,351	922	911	0	922	922	23,536	3.9%	6,147	65%
2022	1,340	928	912	0	928	928	24,301	3.8%	6,068	67%
2023	1,325	937	916	0	937	937	25,091	3.7%	5,974	69%
2024	1,304	947	921	0	947	947	25,906	3.7%	5,862	70%

## VALUATION RESULTS

### Benefit Payment Projection

(Amounts in 000's)

Fiscal Year	Current Actives	Current Retirees	Total Payment
2013/14	\$37	\$498	\$535
2014/15	93	502	595
2015/16	153	506	659
2016/17	214	516	730
2017/18	276	525	801
2018/19	336	537	873
2019/20	394	543	937
2020/21	455	550	1,005
2021/22	511	555	1,066
2022/23	566	560	1,126
2023/24	617	561	1,178



June 18, 2014

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## ACTUARIAL CERTIFICATION

This report presents the City of Moreno Valley Retiree Healthcare Plan ("Plan") June 30, 2013 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board Statement Nos. 43 and 45 June 30, 2013 Benefit Obligations,
- Determine the Plan's June 30, 2013 Funded Status, and
- Calculate the 2014/15 and 2015/16 Annual Required Contributions.

The report provides information intended for reporting under GASB 43 and 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, and asset information provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

John E. Bartel, ASA, MAAA, FCA  
President  
Bartel Associates, LLC  
June 18, 2014

Joseph R. D'Onofrio, FSA, EA, MAAA, FCA  
Assistant Vice President  
Bartel Associates, LLC  
June 18, 2014



June 18, 2014

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**EXHIBITS**

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**EXHIBITS**



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**PREMIUMS**

**2013 PEMHCA Monthly Premiums**  
**Other Southern California**

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Blue Shield Access+	\$643.93	\$1,287.86	\$1,674.22	\$261.32	\$522.64	\$783.96
Blue Shield NetValue	550.03	1,100.06	1,430.08	261.32	522.64	783.96
Kaiser	558.95	1,117.90	1,453.27	288.37	576.74	865.11
PERS Choice	611.30	1,222.60	1,589.38	325.74	651.48	977.22
PERS Select	446.49	892.98	1,160.87	325.74	651.48	977.22
PERSCare	992.61	1,985.22	2,580.79	370.43	740.86	1,111.29

**PREMIUMS**

**2014 PEMHCA Monthly Premiums**  
**Other Southern California**

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$536.99	\$1,073.98	\$1,396.17	\$341.12	\$682.24	\$1,023.36
Anthem HMO Traditional	592.20	1,184.40	1,539.72	341.12	682.24	1,023.36
Blue Shield Access+	543.21	1,086.42	1,412.35	298.21	596.42	894.63
Blue Shield NetValue	457.17	914.34	1,188.64	298.21	596.42	894.63
Health Net Salud y Más	489.82	979.64	1,273.53	261.24	522.48	783.72
Health Net SmartCare	568.51	1,137.02	1,478.13	261.24	522.48	783.72
Kaiser	602.79	1,205.58	1,567.25	294.97	589.94	884.91
Sharp	538.59	1,077.18	1,400.33	306.51	613.02	919.53
UnitedHealthcare	521.01	1,042.02	1,354.63	193.33	386.66	579.99
PERS Choice	612.25	1,224.50	1,591.85	307.23	614.46	921.69
PERS Select	586.32	1,172.64	1,524.43	307.23	614.46	921.69
PERSCare	638.22	1,276.44	1,659.37	327.36	654.72	982.08

**PARTICIPANT STATISTICS**

**Medical Plan Participation**  
**Non-Waived Participants**  
**June 30, 2011**

Medical Plan	Actives	Retirees	
		< 65	≥ 65
Blue Shield Access+	21%	10%	16%
Blue Shield Net Value	17%	27%	5%
Kaiser	53%	16%	21%
PERS Choice	9%	18%	16%
PERS Select	0%	0%	0%
PERSCare	0%	0%	11%
Non-PEMHCA Plan	n/a	29%	31%
Total	100%	100%	100%

**PARTICIPANT STATISTICS**

**Medical Plan Participation**  
**Non-Waived Participants**  
**June 30, 2013**

Medical Plan	Actives	Retirees	
		< 65	≥ 65
Blue Shield Access+	18%	4%	16%
Blue Shield Net Value	19%	24%	4%
Kaiser	55%	16%	22%
PERS Choice	6%	18%	11%
PERS Select	1%	4%	0%
PERSCare	1%	0%	9%
Non-PEMHCA Plan	n/a	34%	38%
Total	100%	100%	100%

**PARTICIPANT STATISTICS**

**Active Medical Coverage**  
**June 30, 2013**

<b>Medical Plan</b>	<b>Single</b>	<b>2-Party</b>	<b>Family</b>	<b>Waived</b>	<b>Total</b>
Blue Shield Access+	7	6	18		31
Blue Shield NetValue	15	7	12		34
Kaiser	44	21	31		96
PERS Choice	5	4	2		11
PERS Select	1		1		2
PERSCare	1				1
Waived				108	108
<b>Total</b>	<b>73</b>	<b>38</b>	<b>64</b>	<b>108</b>	<b>283</b>
<b>Election %</b>	<b>26%</b>	<b>13%</b>	<b>23%</b>	<b>38%</b>	

**PARTICIPANT STATISTICS**

**Retiree Medical Coverage**  
**June 30, 2013 - Under Age 65**

<b>Medical Plan</b>	<b>Single</b>	<b>2-Party</b>	<b>Family</b>	<b>Non PEMHCA</b>	<b>Waived</b>	<b>Total</b>
Blue Shield Access+	1	2				3
Blue Shield NetValue	11	4	3			18
Kaiser	5	5	2			12
PERS Choice	8	4	1			13
PERS Select	2	1				3
PERSCare						0
Non-PEMHCA Plan				25		25
Waived - No Contribution					10	10
<b>Total</b>	<b>27</b>	<b>16</b>	<b>6</b>	<b>25</b>	<b>10</b>	<b>84</b>
<b>Election %</b>	<b>32%</b>	<b>19%</b>	<b>7%</b>	<b>30%</b>	<b>12%</b>	

**PARTICIPANT STATISTICS**

**Retiree Medical Coverage**  
**June 30, 2013 - Age 65 & Over**

Medical Plan	Single	2-Party	Family	Non PEMHCA	Waived	Total
Blue Shield Access+	5	2				7
Blue Shield NetValue	1	1				2
Kaiser	4	6				10
PERS Choice	2	3				5
PERS Select						0
PERSCare	4					4
Non-PEMHCA Plan				17		17
Waived - No Contribution					19	19
<b>Total</b>	<b>16</b>	<b>12</b>	<b>0</b>	<b>17</b>	<b>19</b>	<b>64</b>

Election %	25%	19%	0%	26%	30%	
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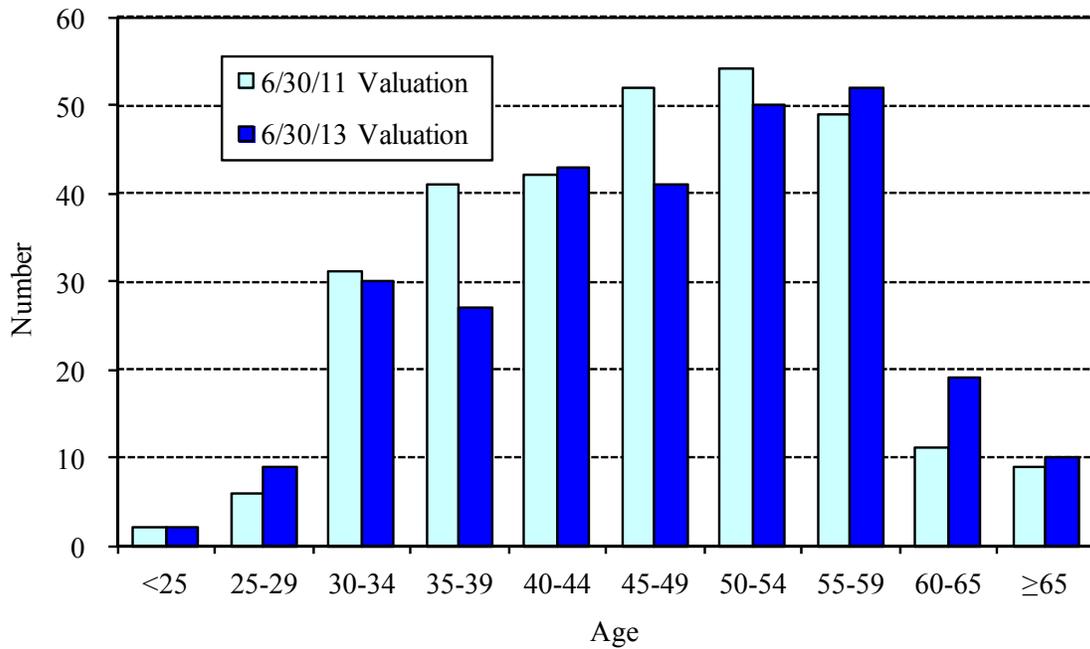
**PARTICIPANT STATISTICS**

**Actives by Age and City Service**  
**June 30, 2013**

Age	City Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	1		1					2
25-29	2	3	4					9
30-34	4	4	15	7				30
35-39			17	7	3			27
40-44	2	4	24	11	2			43
45-49	4	1	10	19	5	2		41
50-54	1	5	12	14	6	10	2	50
55-59	1	3	11	11	10	14	2	52
60-64	1	2	6	2	2	6		19
≥ 65			3	5	1	1		10
<b>Total</b>	<b>16</b>	<b>22</b>	<b>103</b>	<b>76</b>	<b>29</b>	<b>33</b>	<b>4</b>	<b>283</b>

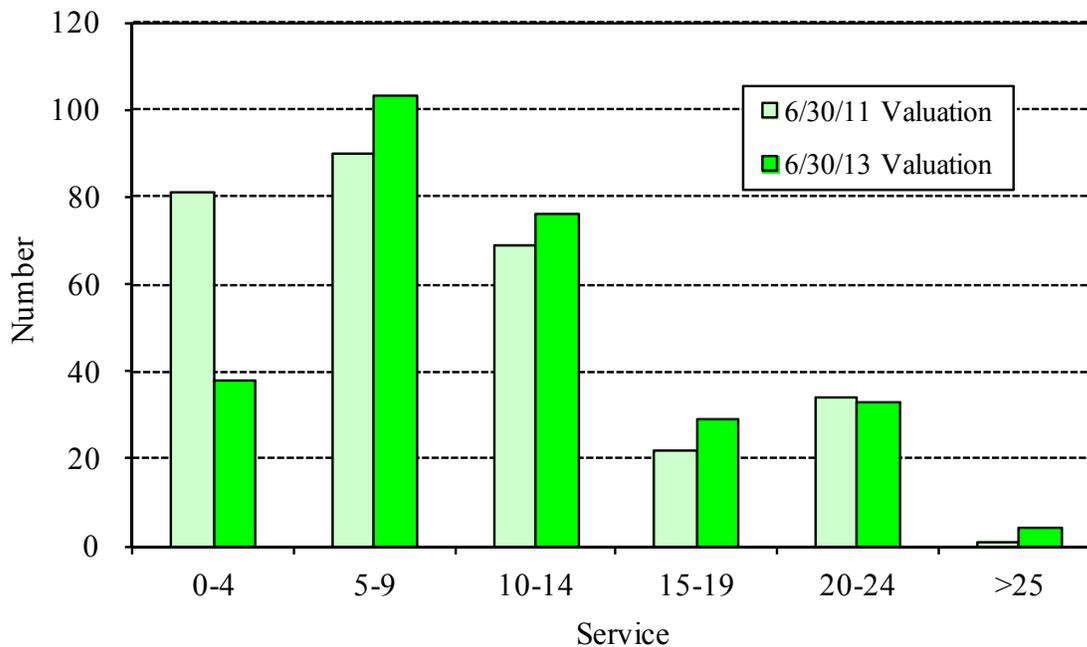
**PARTICIPANT STATISTICS**

**Active Age Distribution**



**PARTICIPANT STATISTICS**

**Active Service Distribution**



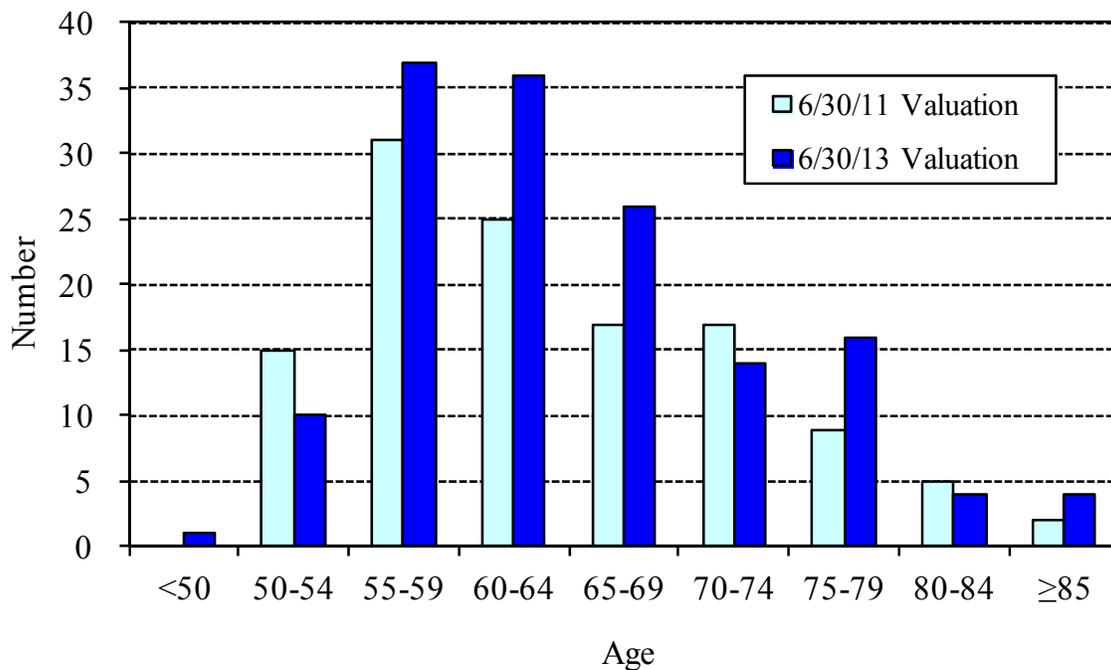
**PARTICIPANT STATISTICS**

**Retiree Medical Coverage by Age Group**

Age	Single	2-Party	Family	Non PEMHCA	Waived	Total
Under 50					1	1
50-54	4		1	5		10
55-59	12	7	3	9	6	37
60-64	11	9	2	11	3	36
65-69	5	4		11	6	26
70-74	3	3		2	6	14
75-79	4	4		3	5	16
80-84	3	1				4
85 & Over	1			1	2	4
<b>Total</b>	<b>43</b>	<b>28</b>	<b>6</b>	<b>42</b>	<b>29</b>	<b>148</b>
Average Age	65.0	66.1	59.0	63.9	68.0	65.2

**PARTICIPANT STATISTICS**

**Retiree Age Distribution**



**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>
<p>■ Valuation Date</p>	<ul style="list-style-type: none"> <li>• June 30, 2011</li> <li>• 2012/13 &amp; 2013/14 ARCs</li> <li>• ARC calculated as of beginning of the year with interest to end of year</li> <li>• 1-year lag period between valuation date and first fiscal year ARC</li> </ul>	<ul style="list-style-type: none"> <li>• June 30, 2013</li> <li>• 2014/15 &amp; 2015/16 ARCs</li> <li>• ARC calculated as of beginning of the year with interest to end of year</li> <li>• 1-year lag period between valuation date and first fiscal year ARC</li> </ul>
<p>■ Funding Policy</p>	<ul style="list-style-type: none"> <li>• Contribute full ARC less \$450,000 with CERBT #1 for 2011/12, 2012/13 &amp; 2013/14</li> <li>• Contribute full ARC with CERBT #1 beginning 2014/15</li> <li>• Benefit payments made from CERBT</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute full ARC less \$450,000 with CERBT #1 for 2013/14</li> <li>• Contribute full ARC with CERBT #1 beginning 2014/15</li> <li>• Benefit payments made from CERBT</li> </ul>

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>																				
<p>■ Discount Rate</p>	<ul style="list-style-type: none"> <li>• Select and ultimate rates <table border="1" data-bbox="462 1291 917 1491"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>6.00%</td> </tr> <tr> <td>2012/13</td> <td>6.00%</td> </tr> <tr> <td>2013/14</td> <td>6.00%</td> </tr> <tr> <td>2014/15+</td> <td>7.25%</td> </tr> </tbody> </table> </li> <li>• 7.25% ultimate discount rate - ARC prefunded with CERBT Fund #1</li> <li>• CalPERS' expected long-term net return on assets is 7.61%</li> <li>• Includes 0.36% margin for adverse deviation</li> </ul>	<u>Year</u>	<u>Rate</u>	2011/12	6.00%	2012/13	6.00%	2013/14	6.00%	2014/15+	7.25%	<ul style="list-style-type: none"> <li>• Select and ultimate rates <table border="1" data-bbox="950 1291 1404 1491"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>n/a</td> </tr> <tr> <td>2012/13</td> <td>n/a</td> </tr> <tr> <td>2013/14</td> <td>6.00%</td> </tr> <tr> <td>2014/15+</td> <td>7.25%</td> </tr> </tbody> </table> </li> <li>• 7.25% ultimate discount rate - ARC prefunded with CERBT Fund #1</li> <li>• CalPERS' expected long-term net return on assets is 7.61%</li> <li>• Includes 0.36% margin for adverse deviation</li> </ul>	<u>Year</u>	<u>Rate</u>	2011/12	n/a	2012/13	n/a	2013/14	6.00%	2014/15+	7.25%
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<p>■ General Inflation</p>	<ul style="list-style-type: none"> <li>• 3.00%</li> <li>• Basis for aggregate payroll and discount rate assumptions</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>																				

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>
<ul style="list-style-type: none"> <li>■ Aggregate Payroll Increases</li> </ul>	<ul style="list-style-type: none"> <li>• 3.25% annually</li> <li>• Inflation plus 0.25%</li> <li>• For Normal Cost calculation and UAAL amortization</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Merit Payroll Increases</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> <li>• Added to aggregate payroll increase assumption for Normal Cost calculation</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> <li>• Added to aggregate payroll increase assumption for Normal Cost calculation</li> </ul>
<ul style="list-style-type: none"> <li>■ PEMHCA Minimum Increases</li> </ul>	<ul style="list-style-type: none"> <li>• 4.5% annually</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Additional Cash Subsidy Increases</li> </ul>	<ul style="list-style-type: none"> <li>• No increases</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>		<b>June 30, 2013 Valuation</b>	
<ul style="list-style-type: none"> <li>■ Medical Trend</li> </ul>	Fiscal Year <u>Begin</u> 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021+	<u>Increase from Prior Year</u> <u>Non-Medicare</u> <u>Medicare</u> <u>All Plans</u> Premiums Premiums 9.0%            9.4% 8.5%            8.9% 8.0%            8.3% 7.5%            7.8% 7.0%            7.2% 6.5%            6.7% 6.0%            6.1% 5.5%            5.6% 5.0%            5.0%	Cal Year <u>Begin</u> 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021+	<u>Increase from Prior Year</u> <u>Non-Medicare</u> <u>Medicare</u> <u>All Plans</u> n/a n/a Premiums Premiums 8.0%            8.3% 7.5%            7.8% 7.0%            7.2% 6.5%            6.7% 6.0%            6.1% 5.5%            5.6% 5.0%            5.0%
<ul style="list-style-type: none"> <li>■ CalPERS Service</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS service</li> <li>• Used for CalPERS demographic assumptions which are based on total CalPERS service</li> </ul>		<ul style="list-style-type: none"> <li>• Same</li> </ul>	

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>																																										
<ul style="list-style-type: none"> <li>■ Mortality, Termination, Disability</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> <li>• Mortality Projection Scale AA</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> <li>• Mortality Improvement Scale MP-2014<sup>12</sup></li> </ul>																																										
<ul style="list-style-type: none"> <li>■ Service Retirement</li> </ul>	<ul style="list-style-type: none"> <li>• CalPERS 1997-2007 Experience Study</li> </ul> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>CalPERS</u></th> <th style="text-align: center;"><u>Misc</u></th> <th style="text-align: center;"><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>CalPERS Hire Age</td> <td style="text-align: center;">35</td> <td></td> </tr> <tr> <td>Hired &lt; 12/23/11</td> <td style="text-align: center;">2.7%@55</td> <td style="text-align: center;">58.1</td> </tr> <tr> <td>Hired &lt; 1/1/13</td> <td style="text-align: center;">2%@55</td> <td style="text-align: center;">59.4</td> </tr> <tr> <td>Hired ≥ 1/1/13</td> <td></td> <td></td> </tr> <tr> <td>    &gt; Classic Member</td> <td style="text-align: center;">2%@55</td> <td style="text-align: center;">59.4</td> </tr> <tr> <td>    &gt; New Member</td> <td style="text-align: center;">2%@62</td> <td style="text-align: center;">60.9</td> </tr> </tbody> </table>	<u>CalPERS</u>	<u>Misc</u>	<u>ERA</u>	CalPERS Hire Age	35		Hired < 12/23/11	2.7%@55	58.1	Hired < 1/1/13	2%@55	59.4	Hired ≥ 1/1/13			> Classic Member	2%@55	59.4	> New Member	2%@62	60.9	<ul style="list-style-type: none"> <li>• CalPERS 1997-2011 Experience Study</li> </ul> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>CalPERS</u></th> <th style="text-align: center;"><u>Misc</u></th> <th style="text-align: center;"><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>CalPERS Hire Age</td> <td style="text-align: center;">35</td> <td></td> </tr> <tr> <td>Hired &lt; 12/23/11</td> <td style="text-align: center;">2.7%@55</td> <td style="text-align: center;">58.6</td> </tr> <tr> <td>Hired &lt; 1/1/13</td> <td style="text-align: center;">2%@55</td> <td style="text-align: center;">59.8</td> </tr> <tr> <td>Hired ≥ 1/1/13</td> <td></td> <td></td> </tr> <tr> <td>    &gt; Classic Member</td> <td style="text-align: center;">2%@55</td> <td style="text-align: center;">59.8</td> </tr> <tr> <td>    &gt; New Member</td> <td style="text-align: center;">2%@62</td> <td style="text-align: center;">60.9</td> </tr> </tbody> </table>	<u>CalPERS</u>	<u>Misc</u>	<u>ERA</u>	CalPERS Hire Age	35		Hired < 12/23/11	2.7%@55	58.6	Hired < 1/1/13	2%@55	59.8	Hired ≥ 1/1/13			> Classic Member	2%@55	59.8	> New Member	2%@62	60.9
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<sup>12</sup> Released in February 2014 as an Exposure Draft by Society of Actuaries.

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>																																
<ul style="list-style-type: none"> <li>■ Participation at Retirement Current Actives</li> </ul>	<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"><u>Healthcare Plan</u></th> </tr> </thead> <tbody> <tr> <td>PEMHCA</td> <td style="text-align: center;">67%</td> </tr> <tr> <td>Non-PEMHCA</td> <td style="text-align: center;"><u>33%</u></td> </tr> <tr> <td>Participating</td> <td style="text-align: center;">100%</td> </tr> <tr> <td>Waived</td> <td style="text-align: center;"><u>0%</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Healthcare Plan</u>		PEMHCA	67%	Non-PEMHCA	<u>33%</u>	Participating	100%	Waived	<u>0%</u>	Total	100%	<ul style="list-style-type: none"> <li>• Hired &lt; 9/30/11</li> </ul> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"><u>Healthcare Plan</u></th> </tr> </thead> <tbody> <tr> <td>PEMHCA</td> <td style="text-align: center;">60%</td> </tr> <tr> <td>Non-PEMHCA</td> <td style="text-align: center;"><u>30%</u></td> </tr> <tr> <td>Participating</td> <td style="text-align: center;">90%</td> </tr> <tr> <td>Waived</td> <td style="text-align: center;"><u>10%</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Hired ≥ 9/30/11</li> </ul> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"><u>Healthcare Plan</u></th> </tr> </thead> <tbody> <tr> <td>PEMHCA</td> <td style="text-align: center;">70%</td> </tr> <tr> <td>Waived</td> <td style="text-align: center;"><u>30%</u></td> </tr> <tr> <td>Total</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Healthcare Plan</u>		PEMHCA	60%	Non-PEMHCA	<u>30%</u>	Participating	90%	Waived	<u>10%</u>	Total	100%	<u>Healthcare Plan</u>		PEMHCA	70%	Waived	<u>30%</u>	Total	100%
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**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>
<p>■ Non-PEMHCA &amp; Waived Participation Current Retirees</p>	<ul style="list-style-type: none"> <li>• Currently &lt; 65:                             <ul style="list-style-type: none"> <li>➢ Non-PEMHCA participants - 20% elect PEMHCA plan at age 65</li> <li>➢ Waived - 50% elect PEMHCA plan at age 65 and receive the maximum City contribution</li> </ul> </li> <li>• Currently ≥ 65 - Current election</li> </ul>	<ul style="list-style-type: none"> <li>• Currently &lt; 65:                             <ul style="list-style-type: none"> <li>➢ Non-PEMHCA participants - Current non-PEMHCA plan after age 65</li> <li>➢ Waived - 20% elect PEMHCA plan at age 65 and receive the maximum City contribution</li> </ul> </li> <li>• Currently ≥ 65 - Current election</li> </ul>
<p>■ Medical Plan at Retirement</p>	<ul style="list-style-type: none"> <li>• Weighted premium based on current retiree election before and after Medicare eligibility</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>

**ACTUARIAL ASSUMPTIONS**

<b>Assumption</b>	<b>June 30, 2011 Valuation</b>	<b>June 30, 2013 Valuation</b>														
<p>■ PEMHCA Administration Fee</p>	<ul style="list-style-type: none"> <li>• 0.5% load</li> </ul>	<ul style="list-style-type: none"> <li>• 0.33% of retiree premium for 2013/14</li> <li>• 0.35% of retiree premium for 2014/15 and later years - 5-year average through 2013/14:</li> </ul> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th><u>Year</u></th> <th><u>Admin Fee</u><sup>13</sup></th> </tr> </thead> <tbody> <tr> <td>2009/10</td> <td>0.43%</td> </tr> <tr> <td>2010/11</td> <td>0.37%</td> </tr> <tr> <td>2011/12</td> <td>0.36%</td> </tr> <tr> <td>2012/13</td> <td>0.25%</td> </tr> <tr> <td>2013/14</td> <td><u>0.33%</u></td> </tr> <tr> <td>5-Year Ave</td> <td>0.35%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Admin Fee</u> <sup>13</sup>	2009/10	0.43%	2010/11	0.37%	2011/12	0.36%	2012/13	0.25%	2013/14	<u>0.33%</u>	5-Year Ave	0.35%
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<sup>13</sup> CalPERS adjusts the administration fee annually in order to maintain a 3-month reserve in the Contingency Reserve Fund.

## ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
<ul style="list-style-type: none"> <li>■ Medicare Eligibility</li> </ul>	<ul style="list-style-type: none"> <li>• 100% eligible for Medicare at age 65</li> <li>• All Medicare eligibles will elect Part B coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Marital Status at Retirement</li> </ul>	<ul style="list-style-type: none"> <li>• Covered - based on current coverage election</li> <li>• Waived - 80% married</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>
<ul style="list-style-type: none"> <li>■ Spouse Age</li> </ul>	<ul style="list-style-type: none"> <li>• Actives - Males 3 years older than females</li> <li>• Retirees - Males 3 years older than females if spouse birth date not available</li> </ul>	<ul style="list-style-type: none"> <li>• Same</li> </ul>

## ACTUARIAL METHODS

Method	June 30, 2013 Valuation
<ul style="list-style-type: none"> <li>■ Cost Method</li> </ul>	<ul style="list-style-type: none"> <li>• Entry Age Normal</li> <li>• Normal Cost is a level percentage of payroll</li> <li>• City date of hire used for entry age</li> </ul>
<ul style="list-style-type: none"> <li>■ Plan Assets</li> </ul>	<ul style="list-style-type: none"> <li>• Investment gains and losses spread over a 5-year rolling period</li> <li>• Not less than 80% nor more than 120% of market value</li> </ul>
<ul style="list-style-type: none"> <li>■ Amortization Method</li> </ul>	<ul style="list-style-type: none"> <li>• Level percent of payroll</li> </ul>
<ul style="list-style-type: none"> <li>■ Amortization Period</li> </ul>	<ul style="list-style-type: none"> <li>• 30-year fixed (closed) period for 2008/09 ARC</li> <li>• 24-year fixed (closed) period for projected 6/30/14 UAAL for 2014/15 ARC</li> <li>• Amortization period decreases one year each fiscal year</li> <li>• When amortization period reaches 15 years, new gains and losses will be amortized over a rolling (open) 15-year period and plan and assumption changes will be amortized over fixed (closed) 20-year periods</li> </ul>

## ACTUARIAL METHODS

Method	June 30, 2013 Valuation
<p>■ Implied Subsidy</p>	<ul style="list-style-type: none"> <li>• Employer cost for allowing non-Medicare eligible retirees to participate at active rates</li> <li>• Community-rated plans currently not required under GASB 45 to value an implied subsidy</li> <li>• PEMHCA is a community-rated plan for most employers</li> <li>• Valuation does not include an implied subsidy</li> <li>• Implied subsidy required by Actuarial Standards of Practice for 6/30/15 actuarial valuation</li> </ul>
<p>■ Future New Hires</p>	<ul style="list-style-type: none"> <li>• Simplified open group projection</li> <li>• Total active pay increased in accordance with aggregate payroll assumption</li> <li>• New hires assumed to have estimated Tier 2 Normal Cost percentage of 0.9%</li> <li>• No additional retirees from new hires over the 10-year projection period</li> </ul>

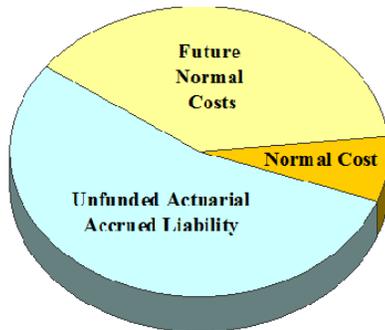
## DEFINITIONS

<p>■ GASB 45 Accrual Accounting</p>	<ul style="list-style-type: none"> <li>• Project future employer-provided benefit cash flow for current active employees and current retirees</li> <li>• Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits (PVB)</li> <li>• Discount rate is expected long-term return on plan assets</li> <li>• Allocate PVB to past, current, and future periods</li> <li>• Normal Cost (NC) is portion of PVB allocated to current fiscal year</li> <li>• Actuarial cost method used for valuation is Entry Age Normal (EAN) Cost method which determines Normal Cost as a level percent of payroll</li> <li>• Actuarial Accrued Liability (AAL) is portion of PVB allocated to prior service with the employer</li> <li>• Unfunded AAL (UAAL) is AAL less Plan Assets</li> <li>• Assets must be in segregated and restricted trust to be considered Plan Assets for GASB 45</li> </ul>
<p>■ PayGo Cost</p>	<ul style="list-style-type: none"> <li>• Cash subsidy is employer pay-as-you-go benefit payments for retirees</li> <li>• Implied subsidy is difference between actual cost of retiree benefits and retiree premiums subsidized by active employee premiums</li> </ul>

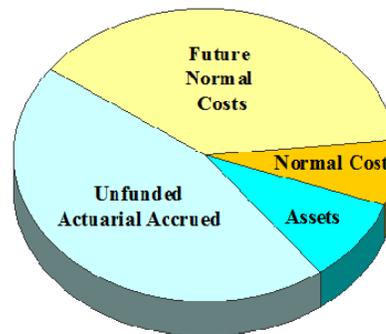
## DEFINITIONS

### Present Value of Benefits

**Present Value of Benefits  
(Without Plan Assets)**



**Present Value of Benefits  
(With Plan Assets)**



## DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> <li>● GASB 45 contribution is Normal Cost plus amortization of:                             <ul style="list-style-type: none"> <li>➢ Initial UAAL and AAL for plan, assumption, and method changes</li> <li>➢ Experience gains and losses (difference between actual experience and that expected from assumptions)</li> <li>➢ Contribution gains and losses (difference between ARC and actual contributions)</li> </ul> </li> </ul>
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> <li>● NOO is accumulated amounts expensed but not funded</li> <li>● Net OPEB Asset if amounts funded exceed those expensed</li> </ul>
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> <li>● Expense for current period including:                             <ul style="list-style-type: none"> <li>➢ ARC</li> <li>➢ Interest on NOO</li> <li>➢ Adjustment of NOO</li> </ul> </li> <li>● Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed</li> </ul>

## DEFINITIONS

■ Terminology  
Used in  
Report

- AAL - Actuarial Accrued Liability
- AOC - Annual OPEB Cost
- ARC - Annual Required Contribution
- AVA - Actuarial Value of Assets
- EAN - Entry Age Normal Cost Method
- GASB 45 - Governmental Accounting Standards Board Statement No. 45
- MVA - Market Value of Assets
- NOO - Net OPEB Obligation
- OPEB - Other (than pensions) Post Employment Benefits
- NC - Normal Cost
- PVB - Present Value of Projected Benefits
- UAAL - Unfunded Actuarial Accrued Liability

## DEFINITIONS



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