



BARTEL
ASSOCIATES, LLC

**CITY OF MISSION VIEJO
RETIREE HEALTHCARE PLAN**

June 30, 2013 Actuarial Valuation
Final Results

Bartel Associates, LLC
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November 22, 2013

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BENEFIT SUMMARY

■ RIP Eligibility

Retiree Insurances Program

- Full-time and part-time employees (≥ 20 hrs/wk) eligible for healthcare coverage prior to 1/1/07
 - Council members, hourly, seasonal, and temporary employees not eligible
- Retire directly from City under CalPERS
- Service retirement - Age 50 & 12 years of continuous City service
 - Service as former hourly, seasonal, or temporary employee not included for continuous years of service
- Disability retirement - 12 years of continuous City service
- Participate at retirement enrollment level for at least one year before retirement
- Waivers after retirement only eligible for PEMHCA minimum after re-election



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BENEFIT SUMMARY

■ RIP Benefit

- City pays up to the following frozen monthly amounts toward medical, dental, and vision premiums:

<u>Average Full-Time %</u>	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
0.875 - 1.000 FTE	\$825.00	\$912.00
0.701 - 0.874 FTE	618.75	684.00
0.500 - 0.700 FTE	412.50	456.00

- Average Full-Time % is highest 12-year average
- City payment includes PEMHCA minimum and PEMHCA administration fee
- Surviving spouse and surviving registered domestic partner benefit same as retiree benefit
- Retirees, surviving spouses, and registered domestic partners can continue child coverage by paying full additional premium
- Retirees must enroll in Medicare when eligible



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BENEFIT SUMMARY

<p>■ SHARE Eligibility</p>	<p>Supplemental Health Account for Retired Employees</p> <ul style="list-style-type: none"> • Full-time and part-time employees first eligible for health insurance on or after 1/1/07 as new or rehired employees • City Council members appointed to a term after 1/1/07 eligible • Hourly, temporary, and seasonal employees not eligible 								
<p>■ SHARE Benefit</p>	<ul style="list-style-type: none"> • One-year waiting period for employee and City contributions • Employee contribution is 1.5% of pay • City contribution (not included in OPEB cost): <table border="0" data-bbox="613 499 1203 646"> <tr> <td align="center"><u>Average Full-Time %</u></td> <td align="center"><u>City Contribution</u></td> </tr> <tr> <td align="center">1.000 FTE</td> <td align="center">\$100/month</td> </tr> <tr> <td align="center">0.750 - 0.999 FTE</td> <td align="center">75/month</td> </tr> <tr> <td align="center">0.500 - 0.749 FTE</td> <td align="center">50/month</td> </tr> </table> <ul style="list-style-type: none"> • Employee and City accounts used for reimbursement of eligible medical, dental, and vision expenses if separation from service after age 55 with 15 years of City service • Employer account forfeited if separation from service before age 55 with 15 years of City service • Surviving spouse, surviving registered domestic partner, and dependents eligible to use remaining account after retiree's death 	<u>Average Full-Time %</u>	<u>City Contribution</u>	1.000 FTE	\$100/month	0.750 - 0.999 FTE	75/month	0.500 - 0.749 FTE	50/month
<u>Average Full-Time %</u>	<u>City Contribution</u>								
1.000 FTE	\$100/month								
0.750 - 0.999 FTE	75/month								
0.500 - 0.749 FTE	50/month								



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BENEFIT SUMMARY

<p>■ PEMHCA Minimum</p>	<ul style="list-style-type: none"> • City uses 5% unequal method and joined PEMHCA in 1997 <table border="0" data-bbox="565 1255 1317 1556"> <thead> <tr> <th></th> <th align="center">PEMHCA</th> <th align="center">Years In</th> <th align="center">Unequal</th> <th align="center">City</th> </tr> <tr> <th align="center"><u>Year</u></th> <th align="center"><u>Minimum</u></th> <th align="center"><u>PEMHCA</u></th> <th align="center"><u>Method</u></th> <th align="center"><u>Retiree</u></th> </tr> <tr> <th></th> <th></th> <th></th> <th align="center"><u>Percent</u></th> <th align="center"><u>Contribution</u></th> </tr> </thead> <tbody> <tr> <td align="center">2013</td> <td align="center">\$115.00</td> <td align="center">16</td> <td align="center">80%</td> <td align="center">92.00</td> </tr> <tr> <td align="center">2014</td> <td align="center">119.00</td> <td align="center">17</td> <td align="center">85%</td> <td align="center">101.15</td> </tr> <tr> <td align="center">2015</td> <td align="center">124.36</td> <td align="center">18</td> <td align="center">90%</td> <td align="center">111.92</td> </tr> <tr> <td align="center">2016</td> <td align="center">129.95</td> <td align="center">19</td> <td align="center">95%</td> <td align="center">123.45</td> </tr> <tr> <td align="center">2017</td> <td align="center">135.80</td> <td align="center">20</td> <td align="center">100%</td> <td align="center">135.80</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • PEMHCA minimum after 2014 determined by CalPERS based on increase in the medical component of CPI-U, assumed to increase 4.5% per year for valuation • All employees retiring directly from City under CalPERS, including RIP retirees with less than 12 years of continuous City service and SHARE retirees, are eligible for PEMHCA minimum 		PEMHCA	Years In	Unequal	City	<u>Year</u>	<u>Minimum</u>	<u>PEMHCA</u>	<u>Method</u>	<u>Retiree</u>				<u>Percent</u>	<u>Contribution</u>	2013	\$115.00	16	80%	92.00	2014	119.00	17	85%	101.15	2015	124.36	18	90%	111.92	2016	129.95	19	95%	123.45	2017	135.80	20	100%	135.80
	PEMHCA	Years In	Unequal	City																																					
<u>Year</u>	<u>Minimum</u>	<u>PEMHCA</u>	<u>Method</u>	<u>Retiree</u>																																					
			<u>Percent</u>	<u>Contribution</u>																																					
2013	\$115.00	16	80%	92.00																																					
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2016	129.95	19	95%	123.45																																					
2017	135.80	20	100%	135.80																																					
<p>■ Other OPEB</p>	<ul style="list-style-type: none"> • No City contribution for life insurance or Medicare Part B 																																								
<p>■ Implied Subsidy</p>	<ul style="list-style-type: none"> • PEMHCA considered a community-rated plan for City • Implied subsidy not included in valuation 																																								



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DATA SUMMARY

Eligible Participants - June 30, 2013¹

Participants	RIP	SHARE	Total
■ Actives	93	48	141
• Average Age	52.6	40.6	48.5
• Average City Service	13.7	4.4	10.5
• Average Pay	\$78,129	\$54,326	\$70,026
• Total Payroll (000's)	7,266	2,608	9,874
■ Retirees			
• Count ²			
➤ Service Retirees	40	0	40
➤ Disabled Retirees	0	0	0
➤ Survivors	<u>3</u>	<u>0</u>	<u>3</u>
➤ Total	43	0	43
• Average Age	64.9	n/a	64.9
• Average Retirement Age	58.1	n/a	58.1

¹ Excludes 3 active Council members who are not eligible for the City's retiree healthcare plan. The other 2 Council members are eligible for and included in SHARE.

² Includes 8 retirees and 1 survivor omitted in the 6/30/10 data. All 9 have currently waived medical coverage.



DATA SUMMARY

Eligible Participants - June 30, 2010

(Used for 6/30/11 Valuation)

Participants	RIP ³	SHARE	Total
■ Actives	113	33	146
• Average Age	49.6	37.7	46.9
• Average City Service	11.0	2.1	9.0
• Average Pay	\$72,246	\$48,697	\$66,923
• Total Payroll (000's)	8,164	1,607	9,771
■ Retirees			
• Count			
➤ Service Retirees	21	0	21
➤ Disabled Retirees	0	0	0
➤ Survivors	<u>1</u>	<u>0</u>	<u>1</u>
➤ Total	22	0	22
• Average Age	61.7	n/a	61.7
• Average Retirement Age	58.1	n/a	58.1

³ Excludes 3 active Council members who are not eligible for the City's retiree healthcare plan. Includes 2 active employees receiving retiree healthcare benefits from other agencies and assumed not to participate in the City's retiree healthcare plan.



DATA SUMMARY

Historical Active Participants

Participants	6/30/06	6/30/08	6/30/10 ⁴	6/30/13
■ RIP Count <ul style="list-style-type: none"> • Average Age • Average City Service • Average Pay • Total Payroll (000's) 	140 46.3 7.5 \$54,134 7,579	132 48.5 9.4 \$68,082 8,987	113 49.6 11.0 \$72,246 8,164	93 52.6 13.7 \$78,129 7,266
■ SHARE Count <ul style="list-style-type: none"> • Average Age • Average City Service • Average Pay • Total Payroll (000's) 	0 n/a n/a n/a n/a	24 38.2 0.8 \$43,943 1,054	33 37.7 2.1 \$48,697 1,607	48 40.6 4.4 \$54,326 2,608
■ Total Count <ul style="list-style-type: none"> • Total Payroll (000's) 	140 \$7,579	156 \$10,041	146 \$9,771	141 \$9,874
■ Waived Coverage ■ Total Participating ■ Percent Participating	55 85 61%	54 102 65%	41 105 72%	51 90 64%

⁴ 6/30/10 census data used for the 6/30/10 and 6/30/11 valuations.



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DATA SUMMARY

Historical Retired Participants

Participants	6/30/06	6/30/08	6/30/10	6/30/13
■ RIP <ul style="list-style-type: none"> • Count • Average Age • Average Retirement Age 	8 59.0 56.6	11 62.8 58.1	22 61.7 58.1	43 64.9 58.1
■ SHARE <ul style="list-style-type: none"> • Count • Average Age • Average Retirement Age 	0 n/a n/a	0 n/a n/a	0 n/a n/a	0 n/a n/a
■ Total Count ■ Waived Coverage ■ Total Participating ■ Percent Participating	8 0 8 n/a	11 0 11 n/a	22 0 22 n/a	43 10 33 77%



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ASSETS

Market Value of Plan Assets

(Amounts in 000's)

Market Value of Assets	2008/09	2009/10	2010/11	2011/12 ⁵	2012/13 ⁶
■ Market Value at Beginning of Year	\$1,396	\$1,448	\$2,073	\$2,956	\$3,521
• CERBT Contributions	452	530	519	718	736
• Investment Earnings	(309)	227	554	29	427
• Benefit Payments from Trust	(90)	(131)	(186)	(178)	(320)
• Administrative Expenses	(1)	(2)	(3)	(4)	(6)
■ Market Value at End of Year	1,448	2,073	2,956	3,521	4,358
■ CERBT Net Annual Return	(23.0%)	15.9%	25.0%	0.15%	11.8%

⁵ Market value of assets on June 30, 2012 not reflecting \$63,098 in accrued benefit payments made on July 9, 2012.

⁶ Includes \$63,098 in accrued benefit payments made on July 9, 2012 and \$62,732 in accrued benefit payments as of 6/30/13.



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ASSETS

Actuarial Value of Plan Assets

(Amounts in 000's)

Actuarial Value of Assets	2008/09	2009/10	2010/11	2011/12	2012/13
■ Actuarial Value at Begin of Year	\$1,462	\$1,738	\$2,247	\$2,805	\$3,558
• Contributions	452	530	519	718	736
• Expected Net Earnings	129	153	187	223	273
• Benefit Payments	(90)	(131)	(186)	(178)	(320)
■ Expected AVA at End of Year	1,953	2,290	2,767	3,568	4,247
■ Market Value at End of Year	1,448	2,073	2,956	3,521	4,358
■ MVA - Expected AVA	(505)	(217)	189	(47)	111
■ 1/5 of (MVA - Exp AVA)	(101)	(43)	38	(10)	22
■ Preliminary AVA	1,852	2,247	2,805	3,558	4,269
■ Minimum AVA (80% of MVA)	1,159	1,658	2,365	2,817	3,486
■ Maximum AVA (120% of MVA)	1,738	2,488	3,547	4,226	5,229
■ Actuarial Value at End of Year	1,738	2,247	2,805	3,558	4,269
■ AVA Estimated Net Return	(5.2%)	5.7%	9.3%	6.9%	7.8%
■ AVA / MVA	120%	108%	95%	101%	98%

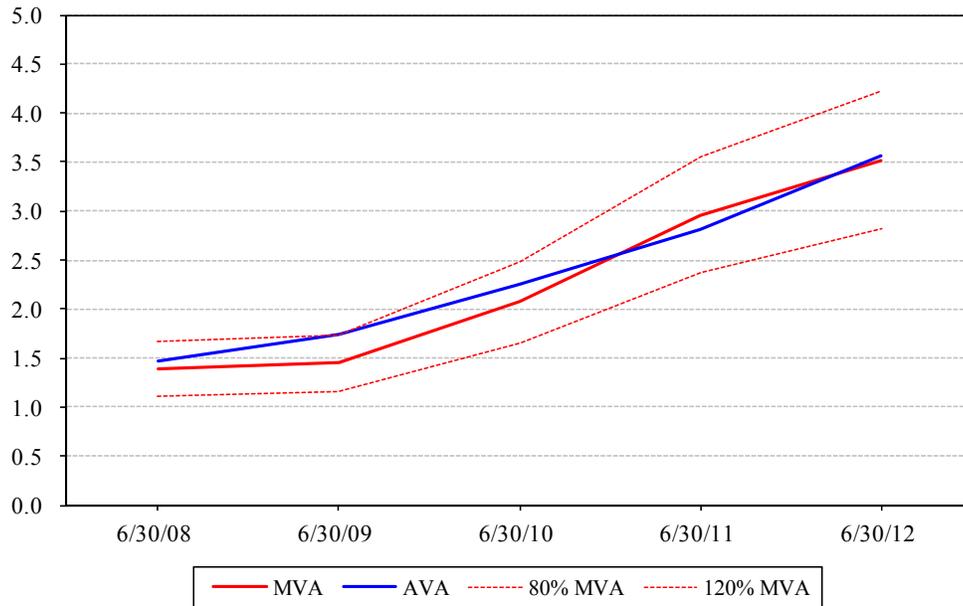


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Historical Value of Plan Assets

Actuarial Value of Assets
(Millions of Dollars)



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RESULTS

Actuarial Obligations

Obligations (Amounts in 000's)	<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
■ Discount Rate	7.25%	7.25%	7.25%	7.25%	7.25%
■ PVB					
• Actives	\$7,482	\$ n/a	\$5,772	\$ n/a	\$ n/a
• Retirees	<u>1,996</u>	<u>n/a</u>	<u>3,190</u>	<u>n/a</u>	<u>n/a</u>
• Total	9,478	10,452	8,962	9,317	9,649
■ AAL					
• Actives	5,366	n/a	4,328	n/a	n/a
• Retirees	<u>1,996</u>	<u>n/a</u>	<u>3,190</u>	<u>n/a</u>	<u>n/a</u>
• Total	7,362	8,694	7,518	8,018	8,500
■ Assets	<u>2,805</u>	<u>4,332</u>	<u>4,269</u>	<u>5,086</u>	<u>5,732</u>
■ Unfunded AAL	4,557	4,362	3,249	2,932	2,768
■ Funded Percent	38%	50%	57%	63%	67%
■ Normal Cost	330	311	250	243	235
■ NC %Pay	3.2%	2.8%	2.5%	2.3%	2.2%
■ Pay-As-You-Go	190	276	285	331	383



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Estimated Actuarial Gains & Losses

(Amounts in 000's)

Actuarial Gains & Losses	AAL	(AVA)	UAAL
■ 6/30/11 Actual	\$7,362	\$(2,805)	\$4,557
■ 6/30/13 Expected	8,694	(4,332)	4,362
■ Experience Losses (Gains)			
• Actual versus expected premiums	(159)	-	(159)
• Actual versus expected cap	(248)	-	(248)
• Investment and benefit payments	-	63	63
• Demographic & other	37	-	37
■ Assumption Changes			
• Benefit cap increase before retirement	(806)	-	(806)
■ Total Changes	(1,176)	63	(1,113)
■ 6/30/13 Actual	7,518	(4,269)	3,249



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Annual Required Contribution (ARC)

(Amounts in 000's)

Annual Required Contribution	6/30/11 Valuation		6/30/13 Valuation	
	2013/14	2014/15	2015/16	
■ Discount Rate	7.25%	7.25%	7.25%	
■ ARC - \$				
• Normal Cost	\$311	\$243	\$235	
• UAAL Amortization	<u>445</u>	<u>340</u>	<u>347</u>	
• Total ARC	756	583	582	
■ Projected Payroll⁷	10,928	10,359	10,696	
■ ARC - %				
• Normal Cost	2.8%	2.3%	2.2%	
• UAAL Amortization	<u>4.1%</u>	<u>3.3%</u>	<u>3.2%</u>	
• Total ARC	6.9%	5.6%	5.4%	

⁷ For 2014/15, reported June 2013 payroll projected 1.5 years to 1/1/14, the middle of the 2014/15 fiscal year using the aggregate pay increase assumption of 3.25%. Subsequent years projected using 3.25% pay increase assumption.



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Benefit Payment Projection

(Amounts in 000's)

Fiscal Year	Current Actives	Current Retirees	Total Payments
2013/14	\$ 23	\$262	\$285
2014/15	72	259	331
2015/16	122	261	383
2016/17	174	259	433
2017/18	229	259	488
2018/19	286	261	547
2019/20	345	257	602
2020/21	396	258	654
2021/22	442	259	701
2022/23	486	259	745
2023/24	527	260	787



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RESULTS

Unfunded AAL Amortization Bases

(Amounts in 000's)

Amortization Balances	Initial Amort Years	6/30/11 Valuation	6/30/13 Valuation	
		6/30/13	6/30/14	6/30/15
■ Initial 6/30/11 UAAL	15	\$4,160	\$4,035	\$3,887
■ Projected 6/30/12 (Gain)/Loss	15	(52)	(50)	(49)
■ Projected 6/30/13 (Gain)/Loss	15	254	248	242
■ Projected 6/30/14 (Gain)/Loss	15	-	(1,301)	(1,275)
■ Projected 6/30/15 (Gain)/Loss	15	—	—	(37)
■ Total		4,362	2,932	2,768
■ Average Remaining Years		13.1	11.1	10.1
■ Average Amortization Factor		9.81	8.63	7.97



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RESULTS

Unfunded AAL Amortization Bases

(Amounts in 000's)

Amortization Payments	6/30/11 Valuation	Years Left	6/30/13 Valuation		
	Amort Payment 2013/14		Amort Payment 2014/15	Years Left 2015/16	Amort Payment 2015/16
■ Initial 6/30/11 UAAL	\$427	12	\$441	11	\$455
■ Proj 6/30/12 (Gain)/Loss	(5)	13	(5)	12	(5)
■ Proj 6/30/13 (Gain)/Loss	23	14	24	13	25
■ Proj 6/30/14 (Gain)/Loss	-	15	(120)	14	(124)
■ Proj 6/30/15 (Gain)/Loss	—	n/a	—	15	(3)
■ Total	445		340		347



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RESULTS

Estimated Net OPEB Obligation (NOO)

Estimated Net OPEB Obligation (Amounts in 000's)	Est 2012/13	Est 2013/14	Est 2014/15	Est 2015/16
■ Discount Rate	7.75%	7.25%	7.25%	7.25%
■ NOO (Asset) at Begin of Year	\$(885)	\$(865)	\$(839)	\$(802)
■ Annual OPEB Cost				
• Annual Required Contribution	736	756	583	582
• Interest on NOO	(69)	(63)	(61)	(58)
• NOO Adjustment	<u>89</u>	<u>89</u>	<u>97</u>	<u>101</u>
• Annual OPEB Cost	756	782	619	625
■ Contributions				
• Benefit Payments Outside Trust	0	0	0	0
• Trust Funding	<u>(736)</u>	<u>(756)</u>	<u>(583)</u>	<u>(582)</u>
• Total Contributions	(736)	(756)	(583)	(582)
■ NOO (Asset) at End of Year	(865)	(839)	(802)	(760)
■ NOO Amortization Years	14.0	13.0	11.1	10.1
■ NOO Amortization Factor	9.99	9.75	8.63	7.97



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Full ARC Funding Projection

7.25% Discount Rate

(Amounts in 000's)

Fiscal Year End	Begin Year NOO (Asset)	ARC	Annual OPEB Cost (AOC)	City Contrib	Payroll	ARC % of Pay	BOY UAAL	BOY AVA Fund%
2015	\$(839)	\$583	\$619	\$583	\$10,359	5.6%	\$2,932	63%
2016	(802)	582	625	582	10,696	5.4%	2,768	67%
2017	(760)	584	633	584	11,043	5.3%	2,587	71%
2018	(710)	585	642	585	11,402	5.1%	2,385	75%
2019	(653)	588	653	588	11,773	5.0%	2,163	78%
2020	(588)	590	665	590	12,155	4.9%	1,917	81%
2021	(513)	591	676	591	12,550	4.7%	1,644	84%
2022	(428)	595	692	595	12,958	4.6%	1,344	87%
2023	(331)	599	710	599	13,379	4.5%	1,012	91%
2024	(220)	606	734	606	13,814	4.4%	646	94%



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RESULTS

Restart Amortization Period

7.25% Discount Rate

(Amounts in 000's)

Amortization Period	Current	Restart
■ Projected Funded Status 6/30/14 <ul style="list-style-type: none"> ● Actuarial Accrued Liability ● Actuarial Value of Assets ● Unfunded AAL 	\$8,018 <u>5,086</u> 2,932	\$8,018 <u>5,086</u> 2,932
■ Projected Payroll 2014/15	10,359	10,359
■ ARC 2014/15 <ul style="list-style-type: none"> ● Normal Cost ● UAAL Amortization ● Total ARC ● ARC % of Payroll 	243 <u>340</u> 583 5.6%	243 <u>502</u> 745 7.2%
■ Remaining Amortization Years 2014/15 <ul style="list-style-type: none"> ● Initial Unfunded AAL on 6/30/11 ● Average Remaining Amortization Years on 6/30/14 ● Restart Unfunded AAL on 6/30/14 	12.0 11.1 n/a	n/a n/a 7.0



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RESULTS

Restart Amortization Period

7.25% Discount Rate

(Amounts in 000's)

Annual Required Contribution	Valuation Results		Restart Amortization	
	2014/15	2015/16	2014/15	2015/16
■ ARC - \$ <ul style="list-style-type: none"> ● Normal Cost ● UAAL Amortization ● Total ARC 	\$243 <u>340</u> 583	\$235 <u>347</u> 582	\$243 <u>502</u> 745	\$235 <u>514</u> 749
■ Projected Payroll	10,359	10,696	10,359	10,696
■ ARC - % <ul style="list-style-type: none"> ● Normal Cost ● UAAL Amortization ● Total ARC 	2.3% <u>3.3%</u> 5.6%	2.2% <u>3.2%</u> 5.4%	2.3% <u>4.9%</u> 7.2%	2.2% <u>4.8%</u> 7.0%



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RESULTS

Restart Amortization Period - Full ARC Funding Projection

7.25% Discount Rate

(Amounts in 000's)

Fiscal Year End	Begin Year NOO (Asset)	ARC	Annual OPEB Cost (AOC)	City Contrib	Payroll	ARC % of Pay	BOY UAAL	BOY AVA Fund%
2015	\$(839)	\$745	\$828	\$745	\$10,359	7.2%	\$2,932	63%
2016	(756)	749	844	749	10,696	7.0%	2,600	69%
2017	(661)	755	863	755	11,043	6.8%	2,234	75%
2018	(553)	762	885	762	11,402	6.7%	1,829	81%
2019	(429)	770	911	770	11,773	6.5%	1,383	86%
2020	(288)	777	940	777	12,155	6.4%	892	91%
2021	(125)	784	983	784	12,550	6.2%	352	97%
2022	74	165	162	165	12,958	1.3%	(242)	102%
2023	71	158	155	158	13,379	1.2%	(244)	102%
2024	68	152	149	152	13,814	1.1%	(244)	102%



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RESULTS



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RESULTS

Additional \$853,000 Funding on February 1, 2014

7.25% Discount Rate

(Amounts in 000's)

Additional Funding	Current	\$853,000
■ Projected Funded Status 6/30/14 <ul style="list-style-type: none"> ● Actuarial Accrued Liability ● Actuarial Value of Assets ● Unfunded AAL 	\$8,018 <u>5,086</u> 2,932	\$8,018 <u>5,964</u> 2,054
■ Projected Payroll 2014/15	10,359	10,359
■ ARC 2014/15 <ul style="list-style-type: none"> ● Normal Cost ● UAAL Amortization⁸ ● Total ARC ● ARC % of Payroll 	243 <u>340</u> 583 5.6%	243 <u>259</u> 502 4.8%
■ Remaining Amortization Years 2014/15 <ul style="list-style-type: none"> ● Initial Unfunded AAL on 6/30/11 ● Average Remaining Amortization Years on 6/30/14 ● Restart Unfunded AAL on 6/30/14 	12.0 11.1 n/a	12.0 10.0 n/a

⁸ Reduction in UAAL amortized over 15 years and included with existing amortization bases per current amortization policy.



RESULTS

Additional \$853,000 Funding on February 1, 2014

7.25% Discount Rate

(Amounts in 000's)

Annual Required Contribution	Valuation Results		\$853,000 Funding	
	2014/15	2015/16	2014/15	2015/16
■ ARC - \$ <ul style="list-style-type: none"> ● Normal Cost ● UAAL Amortization ● Total ARC 	\$243 <u>340</u> 583	\$235 <u>347</u> 582	\$243 <u>259</u> 502	\$235 <u>264</u> 499
■ Projected Payroll	10,359	10,696	10,359	10,696
■ ARC - % <ul style="list-style-type: none"> ● Normal Cost ● UAAL Amortization ● Total ARC 	2.3% <u>3.3%</u> 5.6%	2.2% <u>3.2%</u> 5.4%	2.3% <u>2.5%</u> 4.8%	2.2% <u>2.5%</u> 4.7%



RESULTS

Additional Funding \$853,000 Funding - Full ARC Funding Projection **7.25% Discount Rate** (Amounts in 000's)

Fiscal Year End	Begin Year NOO (Asset)	ARC	Annual OPEB Cost (AOC)	City Contrib	Payroll	ARC % of Pay	BOY UAAL	BOY AVA Fund%
2015	\$(1,692)	\$502	\$593	\$502	\$10,359	4.8%	\$2,054	74%
2016	(1,601)	499	604	499	10,696	4.7%	1,910	78%
2017	(1,496)	498	620	498	11,043	4.5%	1,752	80%
2018	(1,374)	497	637	497	11,402	4.4%	1,580	83%
2019	(1,233)	497	658	497	11,773	4.2%	1,390	86%
2020	(1,072)	496	681	496	12,155	4.1%	1,183	88%
2021	(888)	495	706	495	12,550	3.9%	954	91%
2022	(676)	496	739	496	12,958	3.8%	703	93%
2023	(433)	498	783	498	13,379	3.7%	427	96%
2024	(148)	501	874	501	13,814	3.6%	124	99%



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ACTUARIAL CERTIFICATION

This report presents the City of Mission Viejo 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
 November 22, 2013

Joseph R. D'Onofrio, FSA, EA, MAAA, FCA
 Assistant Vice President
 Bartel Associates, LLC
 November 22, 2013



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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



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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 Smart Care	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	614.46	921.69
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



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PREMIUMS

PEMHCA Monthly Premium Increases
Other Southern California - 2013 to 2014

Medical Plan	Actual Increases		Assumed Increases	
	Non-Medicare	Medicare	Non-Medicare	Medicare
Blue Shield Access +	(15.6%)	14.1%	8.5%	8.9%
Blue Shield NetValue	(16.9%)	14.1%	8.5%	8.9%
Kaiser	7.8%	2.3%	8.5%	8.9%
PERS Choice	0.2%	(5.7%)	8.5%	8.9%
PERS Select	31.3%	(5.7%)	8.5%	8.9%
PERSCare	(35.7%)	(11.6%)	8.5%	8.9%



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PREMIUMS

Dental & Vision Monthly Premiums

2012 Monthly Premiums

Healthcare Plan	Single	2-Party	Family
Delta Preferred	\$72.79	\$129.27	\$212.65
Delta Care	18.53	33.25	49.52
VSP	23.05	36.00	61.42

2013 Monthly Premiums

Healthcare Plan	Single	2-Party	Family
Delta Preferred	\$75.68	\$134.42	\$221.15
Delta Care	19.66	35.28	52.54
VSP	24.17	37.94	64.52

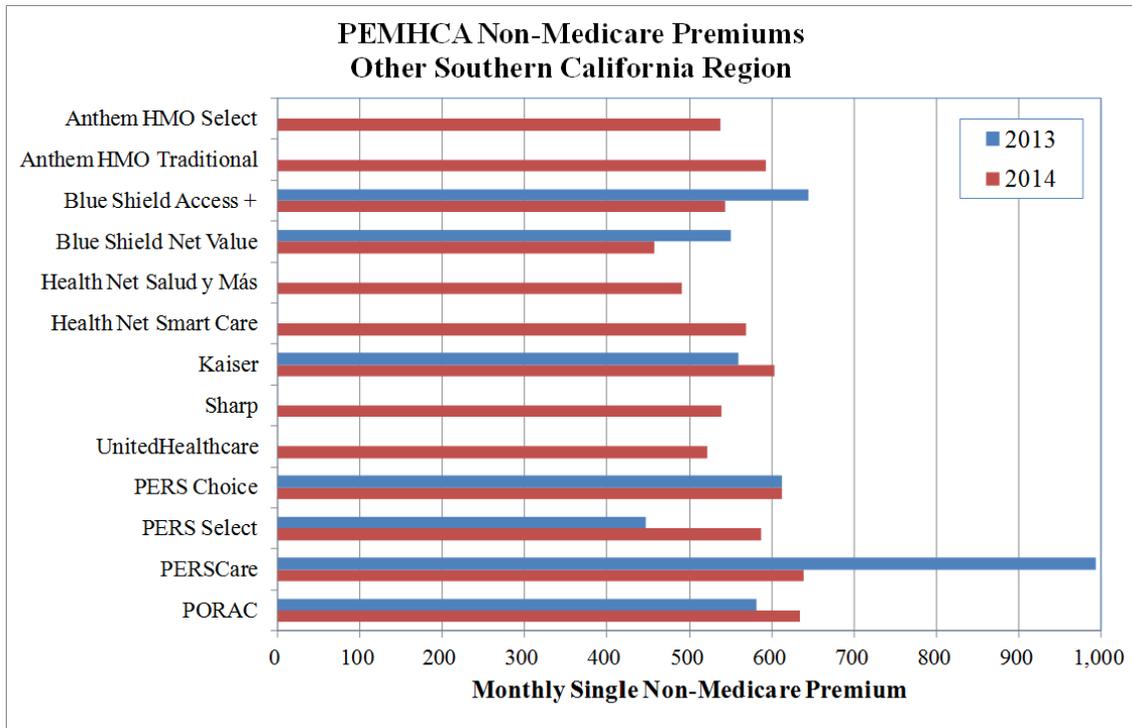


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PREMIUMS

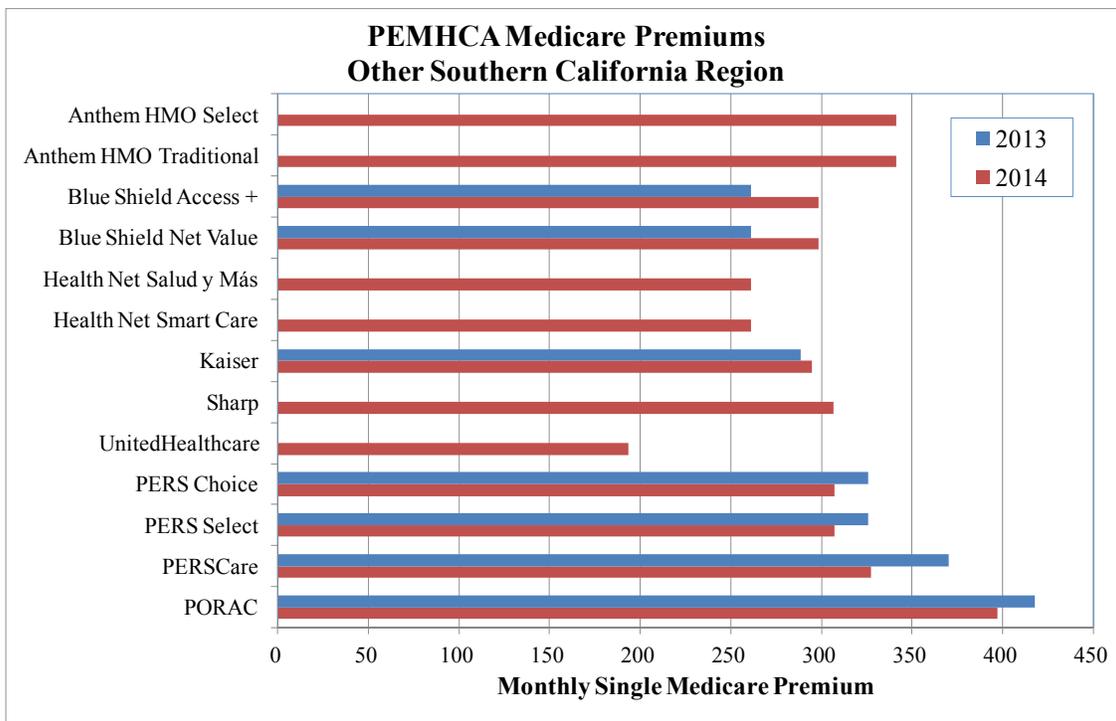


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PREMIUMS



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PARTICIPANT STATISTICS

Medical Plan Participation - June 30, 2013

Non-Waived Participants

Medical Plan	All Actives	RIP Retirees	
		< 65	≥ 65
Blue Shield Access+	8%	14%	18%
Blue Shield NetValue	6%	4%	0%
Kaiser	30%	9%	0%
PERS Choice	29%	73%	64%
PERS Select	24%	0%	0%
PERSCare	3%	0%	18%
Total	100%	100%	100%



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PARTICIPANT STATISTICS

Medical Plan Participation – June 30, 2010

Non-Waived Participants

Medical Plan	All Actives	RIP Retirees	
		< 65	≥ 65
Blue Shield	26%	24%	20%
Blue Shield Net Value	6%	0%	0%
Kaiser	25%	0%	0%
PERS Choice	35%	76%	60%
PERS Select	5%	0%	0%
PERSCare	4%	0%	20%
Total	100%	100%	100%



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PARTICIPANT STATISTICS

Dental Plan Participation - June 30, 2013
Non-Waived Participants

Dental Plan	Actives	RIP Retirees	
		< 65	≥ 65
Delta Preferred	57%	78%	100%
Delta Care	43%	22%	0%
Total	100%	100%	100%



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PARTICIPANT STATISTICS

Dental Plan Participation – June 30, 2010
Non-Waived Participants

Dental Plan	Actives	RIP Retirees	
		< 65	≥ 65
Delta Preferred	59%	92%	100%
Delta Care	41%	8%	0%
Total	100%	100%	100%



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PARTICIPANT STATISTICS

Active Medical Coverage - June 30, 2013

RIP Eligible

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+		3	3		6
Blue Shield NetValue	2		1		3
Kaiser	9	2	5		16
PERS Choice	11	5	3		19
PERS Select	2	2	4		8
PERSCare	2				2
Waived				39	39
Total	26	12	16	39	93

Election %	48%	22%	30%		
Waived %				42%	



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PARTICIPANT STATISTICS

Active Medical Coverage - June 30, 2013

SHARE Eligible

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+	1				1
Blue Shield NetValue	1	1			2
Kaiser	3	5	3		11
PERS Choice	6	1			7
PERS Select	9		5		14
PERSCare	1				1
Waived				12	12
Total	21	7	8	12	48

Election %	58%	20%	22%		
Waived %				25%	



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PARTICIPANT STATISTICS

Active Dental and Vision Coverage - June 30, 2013

RIP Eligible

Dental Plan	Single	2-Party	Family	Waived	Total
Delta Preferred	16	9	10		35
Delta Care	4	6	10		20
Waived				38	38
Total	20	15	20	38	93

Election %	36%	27%	36%		
Waived %				41%	

Vision Plan	Single	2-Party	Family	Waived	Total
VSP	17	11	12		40
Waived				53	53
Total	17	11	12	53	93

Election %	43%	27%	30%		
Waived %				57%	



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PARTICIPANT STATISTICS

Active Dental and Vision Coverage - June 30, 2013

SHARE Eligible

Dental Plan	Single	2-Party	Family	Waived	Total
Delta Preferred	10	3	3		16
Delta Care	11	5	3		19
Waived				13	13
Total	21	8	6	13	48

Election %	60%	23%	17%		
Waived %				27%	

Vision Plan	Single	2-Party	Family	Waived	Total
VSP	15	4	2		21
Waived				27	27
Total	15	4	2	27	48

Election %	71%	19%	10%		
Waived %				56%	



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PARTICIPANT STATISTICS

Retiree Medical Coverage - June 30, 2013

**RIP Participants
Under Age 65**

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+	3				3
Blue Shield NetValue		1			1
Kaiser		2			2
PERS Choice	7	6	3		16
PERS Care					0
Waived				3	3
Total	10	9	3	3	25
Election %	45%	41%	14%		
Waived %				12%	



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PARTICIPANT STATISTICS

Retiree Medical Coverage - June 30, 2013

**RIP Participants
Age 65 & Over**

Medical Plan	Single	2-Party	Family	Waived	Total
Blue Shield Access+	1	1			2
Blue Shield NetValue					0
Kaiser					0
PERS Choice	3	4			7
PERS Care	1	1			2
Waived				7	7
Total	5	6	0	7	18
Election %	45%	55%	0%		
Waived %				39%	



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PARTICIPANT STATISTICS

Retiree Dental and Vision Coverage - June 30, 2013

RIP Participants Under Age 65

Dental Plan	Single	2-Party	Family	Waived	Ineligible	Total
Delta Preferred	8	4	2			14
Delta Care		3	1			4
Waived				3	4	7
Total	8	7	3	3	4	25

Election %	44%	39%	17%			
Waived %				12%	16%	

Vision Plan	Single	2-Party	Family	Waived	Ineligible	Total
VSP	7	3	3			13
Waived				8	4	12
Total	7	3	3	8	4	25

Election %	54%	23%	23%			
Waived %				32%	16%	



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PARTICIPANT STATISTICS

Retiree Dental and Vision Coverage - June 30, 2013

RIP Participants Age 65 and Older

Dental Plan	Single	2-Party	Family	Waived	Ineligible	Total
Delta Preferred	4	2				6
Delta Care						0
Waived				3	9	12
Total	4	2	0	3	9	18

Election %	67%	33%	0%			
Waived %				17%	50%	

Vision Plan	Single	2-Party	Family	Waived	Ineligible	Total
VSP	4	3				7
Waived				2	9	11
Total	4	3	0	2	9	18

Election %	57%	43%	0%			
Waived %				11%	50%	



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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	2	1						3
25-29	2	4	5	1				12
30-34		3	7					10
35-39	1	1	1	5				8
40-44	2	3	4	4	1			14
45-49		2	7	9	7	3		28
50-54		3	6	4	6	3		22
55-59	1	1	3	3	5	5		18
60-64			8	5	1	4		18
≥ 65		1	5	1		1		8
Total	8	19	46	32	20	16	0	141



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PARTICIPANT STATISTICS

Retiree Medical Coverage by Age Group - June 30, 2013

Age	Single	2-Party	Family	Waived	Total
Under 50					0
50-54	1		1		2
55-59	4	4			8
60-64	5	5	2	3	15
65-69	5	3		2	10
70-74		2			2
75-79		1		4	5
80-84				1	1
Over 85					0
Total	15	15	3	10	43
Average Age	62.1	64.3	59.7	71.7	64.9



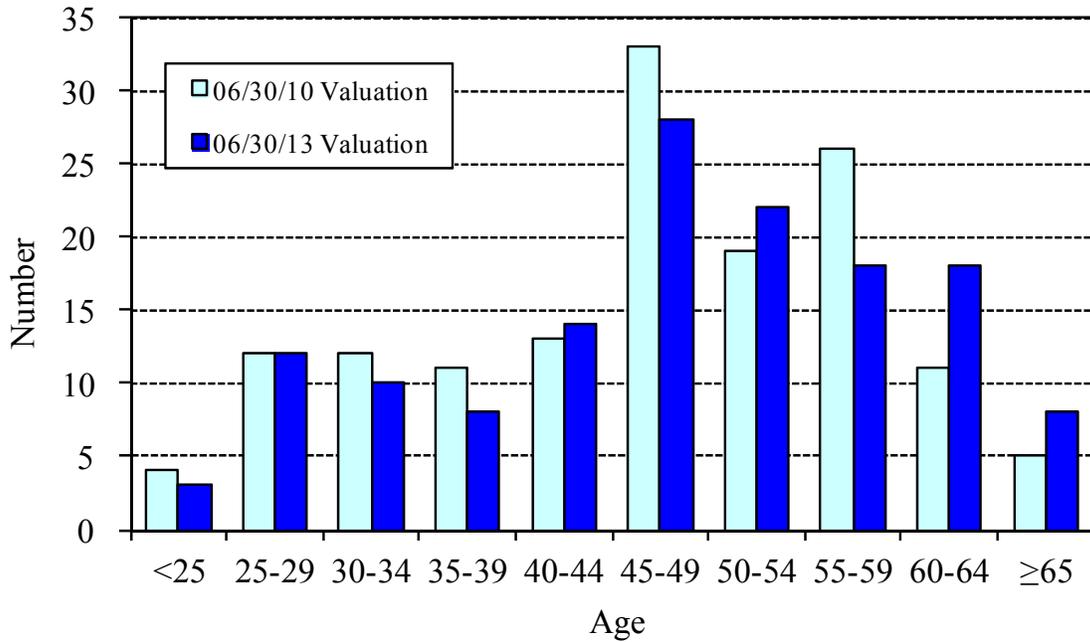
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PARTICIPANT STATISTICS

Active Age Distribution



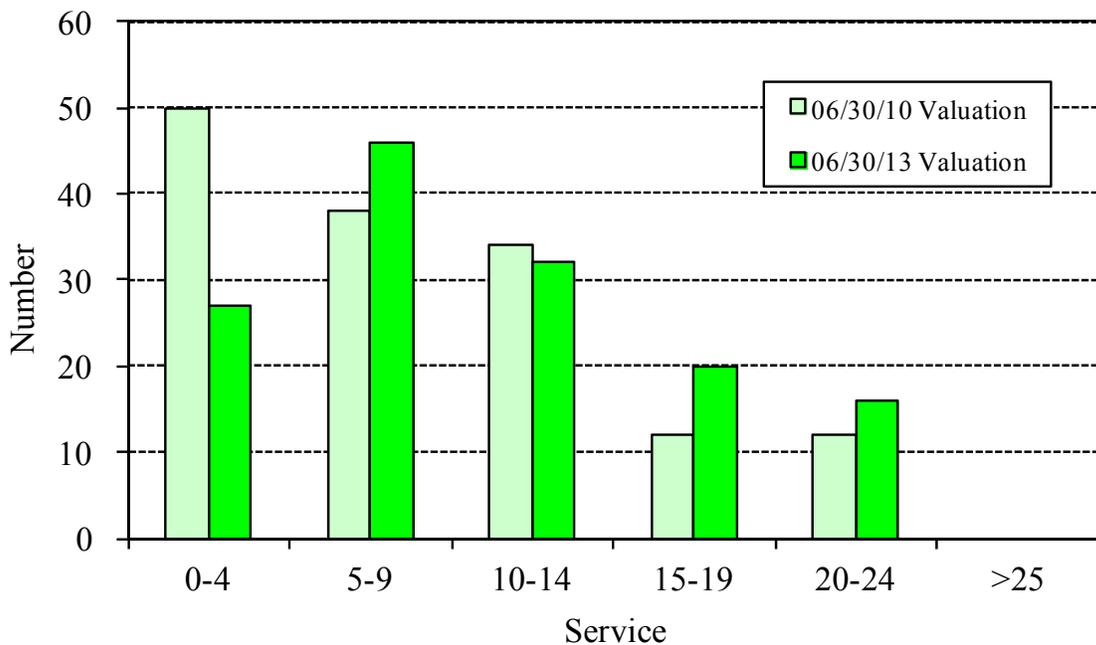
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PARTICIPANT STATISTICS

Active Service Distribution



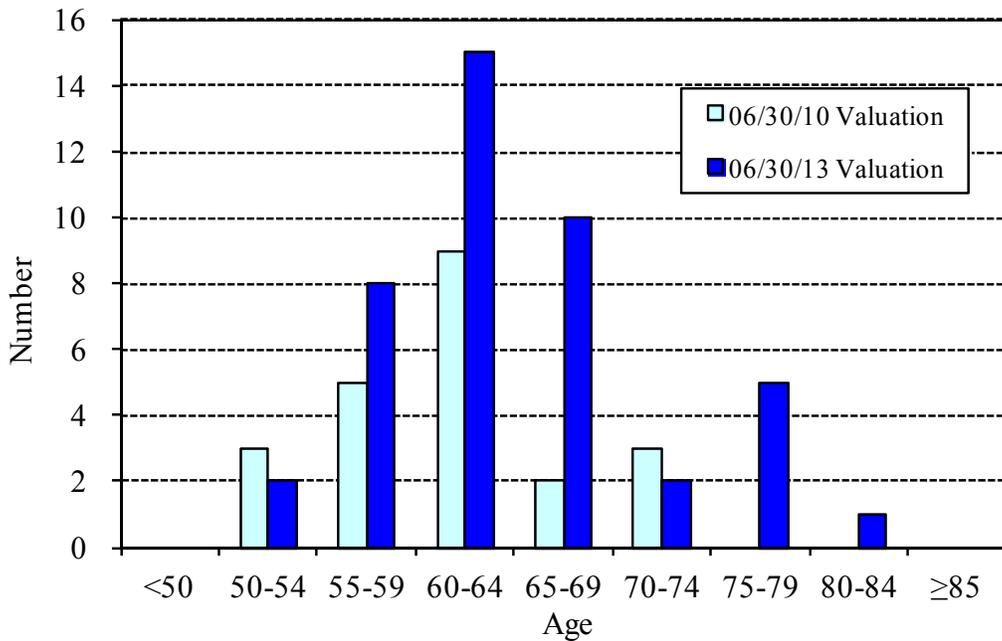
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PARTICIPANT STATISTICS

Retiree Age Distribution



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
<p>■ Valuation Date</p>	<ul style="list-style-type: none"> • June 30, 2011 • 2013/14 and 2014/15 ARCs • June 30, 2013 valuation will be used for 2014/15 ARC • ARC calculated as of beginning of the year with interest to end of year • 2-year lag period between valuation date and first fiscal year ARC 	<ul style="list-style-type: none"> • June 30, 2013 • 2014/15 and 2015/16 ARCs • June 30, 2013 valuation will be used for 2014/15 ARC • ARC calculated as of beginning of the year with interest to end of year • 1-year lag period between valuation date and first fiscal year ARC
<p>■ Funding Policy</p>	<ul style="list-style-type: none"> • Prefund full ARC with CERBT #1 • Benefit payments made from CERBT 	<ul style="list-style-type: none"> • Same



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
■ Discount Rate	<ul style="list-style-type: none"> • 7.25% - Full ARC funding with CERBT #1 • CalPERS' expected long-term net return on assets is 7.61% • Includes 0.36% margin for adverse deviation 	<ul style="list-style-type: none"> • Same
■ General Inflation	<ul style="list-style-type: none"> • 3.00% annually • Basis for aggregate payroll and discount rate assumptions 	<ul style="list-style-type: none"> • Same
■ Aggregate Payroll Increases	<ul style="list-style-type: none"> • 3.25% annually • Inflation plus 0.25% • For Normal Cost calculation and UAAL amortization 	<ul style="list-style-type: none"> • Same



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
■ Merit Payroll Increases	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Added to aggregate payroll increase assumption for Normal Cost calculation 	<ul style="list-style-type: none"> • Same
■ City Benefit Cap Increase	<ul style="list-style-type: none"> • Pre-retirement - 3% annually • Post-retirement - 0% annually 	<ul style="list-style-type: none"> • No increases
■ PEMHCA Minimum Increases	<ul style="list-style-type: none"> • 4.50% annually 	<ul style="list-style-type: none"> • Same



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
■ Medical Trend	<u>Increase from Prior Year</u>	
	Calendar Year	<u>Non-Medicare</u> <u>Medicare</u>
		<u>All Plans</u>
	2011	Premiums
	2012	Premiums
	2013	Premiums
	2014	8.5% 8.9%
	2015	8.0% 8.3%
	2016	7.5% 7.8%
	2017	7.0% 7.2%
	2018	6.5% 6.7%
	2019	6.0% 6.1%
2020	5.5% 5.6%	
2021+	5.0% 5.0%	
■ Dental Trend	• 4.00% annually	• Same
■ Vision Trend	• 3.00% annually	• Same



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation															
■ CalPERS Service	<ul style="list-style-type: none"> • CalPERS service • Used for CalPERS demographic tables which are based on total CalPERS service 	• Same															
■ Mortality, Termination, Disability	<ul style="list-style-type: none"> • CalPERS 1997-2007 Experience Study • Mortality improvement projection Scale AA. Sample annual longevity increases: <table align="center"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr> <td>50</td> <td>1.8%</td> <td>1.7%</td> </tr> <tr> <td>60</td> <td>1.6%</td> <td>0.5%</td> </tr> <tr> <td>70</td> <td>1.5%</td> <td>0.5%</td> </tr> <tr> <td>80</td> <td>1.0%</td> <td>0.7%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	50	1.8%	1.7%	60	1.6%	0.5%	70	1.5%	0.5%	80	1.0%	0.7%	• Same
<u>Age</u>	<u>Male</u>	<u>Female</u>															
50	1.8%	1.7%															
60	1.6%	0.5%															
70	1.5%	0.5%															
80	1.0%	0.7%															



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ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation																												
■ Service Retirement	<ul style="list-style-type: none"> CalPERS 1997-2007 Experience Study CalPERS Benefit 2.7%@55 CalPERS Hire Age 35 Expected Retire Age 58.1 	<ul style="list-style-type: none"> CalPERS 1997-2007 Experience Study⁹ <table border="0"> <thead> <tr> <th></th> <th><u>CalPERS</u></th> <th><u>Misc</u></th> <th><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>CalPERS Hire Age</td> <td>35</td> <td></td> <td></td> </tr> <tr> <td>Hired < 7/9/11</td> <td>2.7%@55</td> <td>58.1</td> <td></td> </tr> <tr> <td>Hired ≥ 7/9/11</td> <td>2%@60</td> <td>60.8</td> <td></td> </tr> <tr> <td>Hired ≥ 1/1/13</td> <td></td> <td></td> <td></td> </tr> <tr> <td>➤ Classic Member</td> <td>2%@60</td> <td>60.8</td> <td></td> </tr> <tr> <td>➤ New Member</td> <td>2.5%@67</td> <td>60.9</td> <td></td> </tr> </tbody> </table>		<u>CalPERS</u>	<u>Misc</u>	<u>ERA</u>	CalPERS Hire Age	35			Hired < 7/9/11	2.7%@55	58.1		Hired ≥ 7/9/11	2%@60	60.8		Hired ≥ 1/1/13				➤ Classic Member	2%@60	60.8		➤ New Member	2.5%@67	60.9	
	<u>CalPERS</u>	<u>Misc</u>	<u>ERA</u>																											
CalPERS Hire Age	35																													
Hired < 7/9/11	2.7%@55	58.1																												
Hired ≥ 7/9/11	2%@60	60.8																												
Hired ≥ 1/1/13																														
➤ Classic Member	2%@60	60.8																												
➤ New Member	2.5%@67	60.9																												

⁹ Expected Retirement Ages (ERA) for new member formula based on CalPERS retirement assumptions for its AB 340 (PEPRA) actuarial cost analysis. Miscellaneous 2%@62 is same as PEPRA 2.5%@67.



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation														
■ PEMHCA Administration Fee	<ul style="list-style-type: none"> 0.36% of retiree premium 2011/12 administration fee 	<ul style="list-style-type: none"> 0.35% of retiree premium for 2014/15 and later years - 5-year average through 2013/14: <table border="0"> <thead> <tr> <th><u>Year</u></th> <th><u>Admin Fee</u></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>	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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5-Year Ave	0.35%															
■ Participation at Retirement (Medical, Dental, Vision)	<ul style="list-style-type: none"> Actives & surviving spouses: <ul style="list-style-type: none"> ➤ RIP eligible - 100% ➤ PEMHCA minimum - 50% Retirees & surviving spouses: <ul style="list-style-type: none"> ➤ Covered - 100% ➤ Waived < 65 - n/a ➤ Waived ≥ 65 - n/a 	<ul style="list-style-type: none"> Actives & surviving spouses: <ul style="list-style-type: none"> ➤ RIP eligible - 100% ➤ PEMHCA minimum - 50% Retirees & surviving spouses: <ul style="list-style-type: none"> ➤ Covered - 100% ➤ Waived - 20% elect at 65 for PEMHCA minimum 														



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
<p>■ Medical Plan at Retirement</p>	<ul style="list-style-type: none"> • Actives: <ul style="list-style-type: none"> ➢ Coverage < 65 - Based on current retiree < 65 plan elections ➢ Coverage ≥ 65 - Based on current retiree ≥ 65 plan elections • Retirees currently < 65: <ul style="list-style-type: none"> ➢ Coverage < 65 - Same as current plan election ➢ Coverage ≥ 65 - Based on current retiree ≥ 65 plan elections • Retirees currently ≥ 65 - Same as current plan election 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
<p>■ Marital Status at Retirement</p>	<ul style="list-style-type: none"> • Actives <ul style="list-style-type: none"> ➢ Married if currently elect 2-party or family coverage ➢ Waived - 80% married • Retirees - based on spouse information if provided 	<ul style="list-style-type: none"> • Same
<p>■ Spouse & Dependent Coverage at Retirement</p>	<ul style="list-style-type: none"> • Spouse coverage: <ul style="list-style-type: none"> ➢ 100% elect CalPERS joint and survivor annuity ➢ Coverage assumption same as retiree assumption • Family coverage: <ul style="list-style-type: none"> ➢ Current actives -10% until age 65 ➢ Current retirees - current coverage until age 65 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2011 Valuation	June 30, 2013 Valuation
<ul style="list-style-type: none"> ■ Medicare Eligibility 	<ul style="list-style-type: none"> • 100% eligible for Medicare at age 65 • All Medicare eligible will elect Part B coverage 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> • Actives - males 3 years older than females • Retirees - males 3 years older than females if spouse birth date not provided 	<ul style="list-style-type: none"> • Same



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ACTUARIAL METHODS

Method	June 30, 2011 Valuation
<ul style="list-style-type: none"> ■ Cost Method 	<ul style="list-style-type: none"> • Entry Age Normal • Normal Cost is a level percentage of payroll • City date of hire used for entry age
<ul style="list-style-type: none"> ■ Actuarial Value of Assets 	<ul style="list-style-type: none"> • Investment gains and losses spread over a 5-year rolling period • Not less than 80% nor more than 120% of market value
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> • Level percent of payroll
<ul style="list-style-type: none"> ■ Amortization Period for ARC & NOO 	<ul style="list-style-type: none"> • 15-year fixed (closed) period for projected 6/30/11 UAAL for 2011/12 ARC • 12-year fixed (closed) period for projected 6/30/14 UAAL for 2014/15 ARC • 15-year fixed (closed) periods for experience gains and losses • 15-year fixed (closed) periods for assumption changes • Average amortization period for NOO adjustment



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ACTUARIAL METHODS

Method	June 30, 2011 Valuation
<p>■ Implied Subsidy</p>	<ul style="list-style-type: none"> ● Employer cost for allowing non-Medicare eligible retirees to participate at active rates ● Community-rated plans are not required under GASB 45 to value an implied subsidy ● PEMHCA is a community-rated plan for most employers ● Valuation does not include an implied subsidy
<p>■ Future New Entrants</p>	<ul style="list-style-type: none"> ● Valuation Results - Closed group, no new hires for first year ARC ● Projections and second year ARC: <ul style="list-style-type: none"> ➢ Simplified open group projection ➢ Total active pay increased in accordance with aggregate payroll assumption ➢ New hires assumed in SHARE ➢ No additional retirees from new hires over the 10-year projection period



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DEFINITIONS

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



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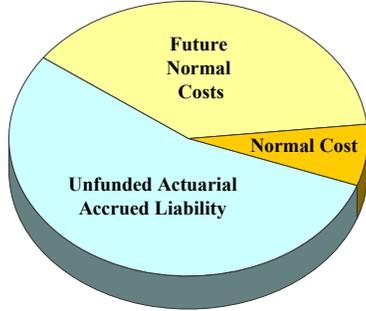
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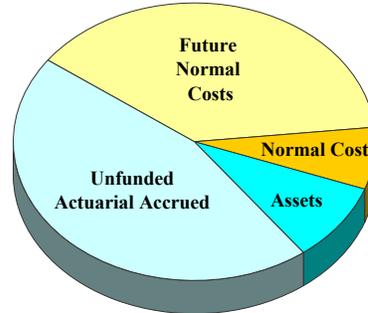
DEFINITIONS

Present Value of Benefits

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



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



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DEFINITIONS

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



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