Gabriel Roeder Smith & Company
Consultants & Actuaries

ILLINOIS STATE EMPLOYEES GROUP INSURANCE PROGRAM

GASB NO. 45 ACTUARIAL VALUATION REPORT

AS OF JUNE 30, 2009

GRS

Gabriel Roeder Smith & Company
Consultants & Actuaries

20 North Clark Street
Suite 2400
Chicago, IL 60602-5111

312.456.9800 phone
312.456.9801 fax
www.gabrielroeder.com

January 8, 2010

Department of Healthcare and Family Services
201 S. Grand Ave. East
Springfield, IL 62763

Subject: GASB No. 45 Actuarial Valuation as of June 30, 2009, for Illinois SEGIP

Submitted in this report are the results of the actuarial valuation of the liabilities associated with the employer financed postemployment benefits provided through the Illinois State Employees Group Insurance Program (SEGIP). This program provides group insurance benefits to eligible active state employees, and postemployment benefits to eligible retired members receiving pension benefits under the:

- State Employees' Retirement System of Illinois (SERS),
- State Universities Retirement System of Illinois (SURS) but not receiving retiree healthcare benefits through the College Insurance Program (CIP),
- Teachers' Retirement System of Illinois (TRS) but not receiving retiree healthcare benefits through the Teachers' Retirement Insurance Program (TRIP),
- Judges' Retirement System of Illinois (JRS), and
- General Assembly Retirement System (GARS).

This report was prepared at the request of the Department of Healthcare and Family Services.

The actuarial valuation as of June 30, 2009, was prepared for purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the State's financial reporting requirements of SEGIP may produce significantly different results. The valuation was based upon:

- Census information as of June 30, 2009, provided by SERS, SURS, TRS, JRS, and GARS
- Healthcare data provided by the Department of Health and Family Services (DHFS)
- Substantive plan information provided by each respective retirement system – SERS, SURS, TRS, JRS, and GARS – and DHFS
- Demographic assumptions consistent with the actuarial valuation as of June 30, 2009, for each respective retirement system
- Economic assumptions approved by the State, including a discount rate of 4.5 percent, wage inflation of 4.5 percent, and an ultimate trend rate assumption of 5.0 percent
- Healthcare-related assumptions recommended by Gabriel, Roeder, Smith & Company and approved by the State

Data was checked for internal consistency but was not otherwise audited. Authorization of the assumptions and methods applicable to this valuation was granted by the State, and they are disclosed in the assumptions and methods section of this report.

To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Respectfully submitted,

Alex Rivera

Alex Rivera, FSA, MAAA
Senior Consultant

Amy Williams

Amy Williams, ASA, MAAA
Consultant

Table of Contents

SECTION A

EXECUTIVE SUMMARY

Introduction

The State of Illinois provides postemployment benefits other than pensions (OPEB) through SEGIP to certain eligible members participating in SERS, SURS, TRS, JRS, and GARS. The Governmental Accounting Standards Board Statement No. 45 (GASB No. 45), requires that the State recognize a balance sheet liability and disclose certain information on its financial statement beginning with the fiscal year ending June 30, 2008. SEGIP OPEB primarily include medical, prescription drug, dental, vision, and life insurance benefits. Any other OPEB offered to State of Illinois employees are outside the scope of this report.

The purpose of this report is to provide: (a) results of the actuarial calculations necessary for financial reporting pursuant to GASB No. 45, and (b) various other actuarial, statistical, and benefit information which may be useful to management when reviewing the operation of SEGIP.

Funded and Unfunded Plans

Currently, OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retired members. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis and no separate trust has been established for the funding of OPEB. The State recognizes SEGIP OPEB benefits as a single employer defined benefit plan with a special funding situation for employees of the State's component unit universities as defined in GASB No. 45.

According to GASB No. 45, the interest discount rate used to calculate the present values and costs of the OPEB obligation must be consistent with the assets supporting liabilities. Because the State finances OPEB on a pay-as-you-go basis, the discount rate is based on the long-range expected return on short-term fixed income instruments. The State has selected an interest discount rate of 4.5 percent for this purpose.

There is no current requirement by State or Federal Statute or regulation to pre-fund the OPEB obligations with real cash in a trust. GASB No. 45, applicable to the plan sponsor's accounting, only requires the measurement of the obligation, recognition of annual expenses, and the disclosure of unfunded liabilities in the financial statements, as applicable.

Results of the Study

The following table presents the key valuation results for GASB No. 45 financial reporting of SEGIP for fiscal year beginning July 1, 2009, under the assumption that SEGIP is a single employer plan with a special funding situation. The State is required to recognize a Net OPEB Obligation, equal to the cumulative difference between the Annual OPEB Cost and employer contributions, and disclose Required Supplementary Information, including the historical unfunded actuarial liability and the relationship of employer cash contributions to the Annual OPEB Cost. The Annual OPEB Cost represents the normal cost plus a 30-year open amortization of the Unfunded Actuarial

Accrued Liability with an adjustment for the value of the Net OPEB Obligation at the beginning of the fiscal year.

($ in millions)		
Funded Status as of June 30, 2009		
Actuarial Accrued Liability	$	27,124
Actuarial Value of Assets		-
Unfunded Actuarial Accrued Liability	$	27,124
Net Employer Normal Cost	$	1,003.29
Amortization of Unfunded Liability		904.14
Total ARC for FY 2010	$	1,907.42
Estimated Employer Contributions for FY 2010		
Total	$	757.16

Actuarial Assumptions

In any long-term actuarial valuation (such as for Pensions and OPEBs), certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. The interest discount rate assumption is used to discount projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual OPEB Cost, Annual Required Contribution and the Unfunded Actuarial Accrued Liability that will be disclosed in the State's financial statements.

This actuarial valuation of SEGIP is similar to the actuarial valuation performed for the pension plan systems sponsored by the State. The demographic assumptions (rates of retirement, termination, and disability) used in this OPEB valuation were identical to those used in the latest valuation for SERS, SURS, TRS, JRS, and GARS.

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claim costs, and the likelihood that a member selects healthcare coverage. Section F of this Report titled, "Actuarial Assumptions and Methods" contains a detailed discussion and disclosure of all the relevant actuarial assumptions and methods used in this valuation.

Actuarial Cost Methods

GASB No. 45 provides flexibility to governmental employers (and their actuaries) in the use of various actuarial cost methods. The State has selected the projected unit credit cost method for this valuation which is an acceptable method. The amortization of the Unfunded Actuarial Accrued Liabilities was calculated using a level percent of pay over a 30-year open period.

The remainder of the report is an integral component of the valuation and includes:

- An overview of the GASB Statement No. 45 requirements
- Valuation results, including financial disclosure
- Summary of assumptions and methods and plan provisions

SECTION B

OVERVIEW

OVERVIEW

The following section presents the results of the valuation as of June 30, 2009, of the SEGIP OPEB obligations.

The current funding policy includes revenues from three sources: current retirees, the State and Medicare Part D subsidies from the federal government. In general, members retiring before January 1, 1998, make no contributions. Members retiring after December 31, 1997, and their eligible survivors, make contributions equal to 5.0 percent of the premium for each year of service less than 20 years. Dependents of retirees make contributions as determined by DHFS. All liability and expense numbers throughout the report are net of retiree premiums.

Because plan benefits are funded under a pay-as-you-go policy, a discount rate of 4.5 percent was used to develop the Actuarial Accrued Liabilities, and Normal Costs. The valuation is based on select-and-ultimate healthcare trend rates of 9.0 percent for fiscal year end 2011 grading down to the ultimate of 5.0 percent in fiscal year end 2019. The valuation results are based on the projected unit credit cost method which allocates costs in proportion to the member's accrued service as of the valuation date.

The Unfunded Actuarial Accrued Liabilities (UAAL) were amortized as a level percent of active member payroll over a 30-year open period. A 30-year amortization period for Unfunded Actuarial Accrued Liabilities is the maximum period that complies with the GASB No. 45 requirements. Unlike a level-dollar amortization which pays principal and interest each year, a level percent-of-pay (or increasing-payment) amortization will typically not finance principal for an extended period.

The UAAL represents the portion of the total actuarial present value of all future employer-provided benefits which is attributable to prior years, minus any valuation assets. It represents a measure of the unfunded liability allocable to past service. The cost and liabilities shown in the following pages are employer costs and liabilities, net of any co-pays, deductibles, retiree coinsurance, or retiree contributions.

SECTION C

VALUATION RESULTS

Exhibit 1
Summary of Actuarial Valuation Results as of June 30, 2009

Discount Rate 4.50%
Ultimate Trend 5.00%

	SERS	SURS	TRS	GARS	JRS	Total
A) Actuarial Accrued Liability (AAL)						
i) Actives	$ 7,928,533,200	$ 4,404,854,100	$ 82,602,600	$ 22,611,600	$ 118,596,500	$ 12,557,198,000
ii) Retirees and their covered dependents [a]	7,738,300,100	4,540,972,400	187,031,400	46,302,200	144,226,000	12,656,832,100
iii) Deferred vesteds [a]	828,687,400	920,846,300	15,833,700	12,727,300	3,045,600	1,781,140,300
iv) Deferred vesteds under TRS [b]	-	-	128,890,300	-	-	128,890,300
v) Total	$ 16,495,520,700	$ 9,866,672,800	$ 414,358,000	$ 81,641,100	$ 265,868,100	$ 27,124,060,700
B) Market Value of Assets	$ -	$ -	$ -	$ -	$ -	$ -
C) Unfunded Actuarial Accrued Liability (UAAL)	$ 16,495,520,700	$ 9,866,672,800	$ 414,358,000	$ 81,641,100	$ 265,868,100	$ 27,124,060,700
D) Funded Ratio: [B / A]	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
E) UAAL as a percentage of covered payroll	409.4%	347.7%	858.7%	558.7%	164.3%	382.5%
F) Net Normal Cost	$ 557,504,100	$ 423,102,900	$ 6,605,100	$ 2,718,400	$ 13,355,100	$ 1,003,285,600
G) Participant Information						
i) Number of Covered Participants						
a) Active employees	65,599	48,675	677	181	968	116,100
b) Current retirees with coverage or stipend [c]	42,051	24,468	936	226	635	68,316
c) Waived retirees [d]	1,162	1,898	33	6	12	3,111
d) Surviving Spouses	7,744	3,763	150	96	329	12,082
e) Dependents	18,670	10,616	467	162	549	30,464
f) Deferred vesteds	4,671	9,136	106	46	12	13,971
ii) Covered Payroll	$ 4,029,421,800	$ 2,837,517,500	$ 48,256,200	$ 14,611,900	$ 161,849,000	$ 7,091,656,400
iii) Expected first year benefit payments	$ 460,364,100	$ 273,229,200	$ 11,427,800	$ 3,038,200	$ 9,104,700	$ 757,164,000

[a] Valuation assumes a percentage of waived retirees and deferred vested members will elect retiree healthcare coverage in the future.
[b] Deferred vested under Teachers Retirement System with between 5 and 7 years of service. They are currently ineligible for TRIP healthcare benefits, but may be eligible for either TRIP or SEGIP benefits depending on reciprocal service or future TRS service. 50% of the liability for these members is allocated to TRIP and 50% is allocated to SEGIP.
[c] Stipend of $150 per month under "Opt-Out" program, available to SERS retirees.
[d] Excludes waived retirees over age 75. No liability is assumed for these members.

Exhibit 2
Development of Annual Required Contribution and Annual OPEB Cost

Fiscal Year Ending		June 30, 2009 [1]	June 30, 2010
A)	Annual Required Contribution (ARC)		
	i) Net Normal Cost	$ 960,081,900	$ 1,003,285,600
	ii) Amortization of UAAL	865,201,300	904,135,400
	iii) Total	$ 1,825,283,200	$ 1,907,421,000
B)	Net Pension Obligation (NPO) beginning of Fiscal Year	$ 1,238,130,400	$ 2,474,254,000
C)	Annual OPEB Cost (AOC)		
	i) ARC	$ 1,825,283,200	$ 1,907,421,000
	ii) Interest on NPO	55,715,900	111,341,400
	ii) Adjustment to ARC	(41,271,000)	(82,475,100)
	iv) Total	$ 1,839,728,100	$ 1,936,287,300
D)	Employer Contributions		
	i) Current Fiscal Year Contribution	$ 582,493,500	$ 757,164,000 [2]
	ii) Adjustment	21,111,000 [3]	-
	ii) Total	$ 603,604,500 [4]	$ 757,164,000

[1] ARC is based on FY 2010 ARC adjusted for wage inflation.

[2] Estimated.

[3] Reflects an adjustment to the implicit subsidy for fiscal year end June 30, 2008.

[4] For fiscal year end June 30, 2009, the State's incurred, reported, but not yet paid claims are approximately $100,167,000.

SECTION D

GASB DISCLOSURES

This information is presented in draft form for review by the State's auditor. Please let us know if there are any changes so that we may maintain consistency with the State's financial statements.

Exhibit 3
GASB No. 45 Disclosures
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
06/30/2007 [a]	$ -	$ 23,890,383,000	$ 23,890,383,000	0.00%	$6,872,739,900	347.61%
06/30/2009	-	27,124,060,700	27,124,060,700	0.00%	7,091,656,400	382.48%

[a] As developed by prior actuary.

Exhibit 4
GASB No. 45 Disclosures
Development of Net OPEB Obligation (NOO) and Annual OPEB Cost

Year Ended	Annual Required Contribution (a)	Interest on NOO (b)	Adjustment to ARC	Annual OPEB Expense	Employer Contribution	Change in NOO	NOO Balance
06/30/2008 [a]	$ 1,775,990,700	$ -	$ -	$ 1,775,990,700	$ 537,860,300	$ 1,238,130,400	$ 1,238,130,400
06/30/2009	1,825,283,200 [b]	55,715,900	(41,271,000)	1,839,728,100	603,604,500 [c]	1,236,123,600	2,474,254,000
06/30/2010	1,907,421,000	111,341,400	(82,475,100)	1,936,287,300	TBD	TBD	TBD

[a] As developed by prior actuary.

[b] Based on FY 2010 ARC adjusted for wage inflation.

[c] Reflects an adjustment to the implicit subsidy for fiscal year end June 30, 2008.

SECTION E

ADDITIONAL VALUATION EXHIBITS

Exhibit 5

40-Year Projection of Expected Employer Claims [a]

Year Beginning July 1	Expected Employer Claims	Year Beginning July 1	Expected Employer Claims
2009	$ 757,164,000	2029	$ 2,338,655,200
2010	836,386,700	2030	2,418,322,600
2011	911,966,200	2031	2,492,040,300
2012	985,896,200	2032	2,560,049,900
2013	1,064,878,600	2033	2,619,672,600
2014	1,144,000,400	2034	2,671,927,000
2015	1,224,968,900	2035	2,715,958,300
2016	1,304,834,700	2036	2,752,938,100
2017	1,380,344,600	2037	2,785,315,600
2018	1,455,299,100	2038	2,809,631,100
2019	1,533,527,500	2039	2,824,445,300
2020	1,611,417,400	2040	2,827,345,300
2021	1,691,245,800	2041	2,814,714,800
2022	1,770,548,300	2042	2,788,405,700
2023	1,851,911,000	2043	2,748,882,500
2024	1,935,106,500	2044	2,698,516,000
2025	2,015,264,000	2045	2,639,091,200
2026	2,094,662,000	2046	2,572,960,400
2027	2,172,415,600	2047	2,502,740,700
2028	2,248,663,800	2048	2,430,716,600

[a] Expected claims net of retiree contributions for current participants.

Exhibit 6 - Part I
Summary of Demographic Information

	SERS	SURS	TRS	GARS	JRS	Combined
A) Active Participants						
i) Counts	65,599	48,675	677	181	968	116,100
ii) Average Age	47.7	46.4	48.2	52.8	56.4	47.3
iii) Average Service	14.7	10.5	13.6	9.7	10.8	12.9
B) Deferred vested participants						
i) Counts	4,671	9,136	106	46	12	13,971
ii) Average Age	50.9	49.3	54.3	54.7	57.9	49.9
C) Retirees with SEGIP Healthcare Coverage						
i) Counts	40,822	24,468	936	226	635	67,087
ii) Average Age	69.9	71.3	70.5	72.3	72.0	70.4
D) Survivors with SEGIP Healthcare Coverage Over Age 24						
i) Counts	7,558	3,727	150	96	313	11,844
ii) Average Age	77.0	78.1	81.1	81.1	78.8	77.5
E) Dependents with SEGIP Healthcare Coverage Over Age 24						
i) Counts	16,154	9,539	425	134	473	26,725
ii) Average Age	65.2	67.6	68.1	68.2	66.0	66.1

Exhibit 6 - Part II
Summary of Demographic Information

		SERS	SURS	TRS	GARS	JRS	Combined
F)	Retirees Waiving Coverage (Excluding Those Over Age 75)						
	i) Counts	1,162	1,898	33	6	12	3,111
	ii) Average Age	65.2	64.9	65.6	66.9	63.3	65.0
G)	Retirees Receiving a Monthly Stipend						
	i) Counts	1,229	-	-	-	-	1,229
	ii) Average Age	66.5	N/A	N/A	N/A	N/A	66.5
H)	Survivors with SEGIP Healthcare Coverage Under Age 24						
	i) Counts	186	36	-	-	16	238
	ii) Average Age	18.5	18.0	-	-	17.1	18.3
I)	Dependents with SEGIP Healthcare Coverage Under Age 24						
	i) Counts	2,516	1,077	42	28	76	3,739
	ii) Average Age	17.3	17.4	19.0	18.7	19.2	17.4

SECTION F

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Development of Per Capita Claim Costs

The per capita claims used in the valuation were based on average per member costs by plan type for the period July 1, 2008, through June 30, 2009, as provided by the Department of Health and Family Services (DHFS). The average per member costs were adjusted at each respective retirement age by the morbidity factors disclosed in the assumption section of the report.

Cost Method and Expense Calculations for Retiree Healthcare Benefits

The retiree healthcare valuation was based on the projected unit credit cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement.

Under GASB Statement Nos. 43 and 45, the projected unit credit method is an acceptable cost method. The Annual Required Contribution (ARC) equals the normal cost plus the amortization of the unfunded actuarial accrued liability. The amortization period cannot exceed 30 years. Our calculations assume a level-percentage-of-pay 30-year open-period amortization.

Actuarial Assumptions

The actuarial assumptions used in our valuation are outlined on the following pages.

Measurement Date	June 30, 2009
Discount Rate	4.5%
Inflation	3.5%
Wage Inflation	4.5%

OPEB Assumptions

	Healthcare Trend		
Applied at July 1,	**Medical/Rx**	**Dental**	**Vision**
2010	9.00%	8.00%	6.00%
2011	8.50%	7.50%	3.00%
2012	8.00%	7.00%	3.00%
2013	7.50%	6.50%	3.00%
2014	7.00%	6.00%	3.00%
2015	6.50%	5.50%	3.00%
2016	6.00%	5.00%	3.00%
2017	5.50%	5.00%	3.00%
2018+	5.00%	5.00%	3.00%

Age	**Morbidity Factor**	
	Male	**Female**
50	5.87%	3.40%
55	4.96%	3.45%
60	4.17%	3.03%
65	3.23%	2.62%
70	2.41%	2.08%
75	1.67%	1.50%
80	1.02%	0.92%
85	0.47%	0.39%
90	0.00%	0.00%

Annual Per Capita Claims Costs for Pre 65, Not Medicare Eligible Members

	QCHP			OAP			HMO	
	Medical and Rx			Medical and Rx			Medical and Rx	
Age	**Male**	**Female**	**Age**	**Male**	**Female**	**Age**	**Male**	**Female**
20	$2,274	$4,201	20	$2,212	$4,086	20	$1,920	$3,547
25	2,370	4,787	25	2,305	4,656	25	2,001	4,042
30	2,460	5,034	30	2,392	4,896	30	2,077	4,250
35	2,838	5,279	35	2,760	5,135	35	2,396	4,457
40	3,662	5,737	40	3,562	5,580	40	3,091	4,843
45	4,975	6,514	45	4,839	6,335	45	4,200	5,499
50	6,731	7,627	50	6,547	7,418	50	5,683	6,439
51	7,126	7,886	51	6,931	7,670	51	6,016	6,658
52	7,533	8,157	52	7,327	7,934	52	6,360	6,886
53	7,946	8,443	53	7,729	8,212	53	6,708	7,128
54	8,368	8,739	54	8,139	8,499	54	7,064	7,377
55	8,797	9,043	55	8,557	8,795	55	7,427	7,634
56	9,233	9,355	56	8,981	9,099	56	7,795	7,898
57	9,675	9,675	57	9,410	9,410	57	8,167	8,167
58	10,131	9,987	58	9,854	9,714	58	8,553	8,431
59	10,591	10,304	59	10,301	10,022	59	8,941	8,699
60	11,052	10,624	60	10,750	10,333	60	9,330	8,969
61	11,513	10,945	61	11,198	10,646	61	9,719	9,240
62	11,972	11,268	62	11,644	10,959	62	10,107	9,512
63	12,420	11,596	63	12,080	11,279	63	10,486	9,790
64	12,864	11,924	64	12,512	11,597	64	10,860	10,066

Annual Dental Cost: $358
Annual Vision Cost: $24

Annual Per Capita Claims Costs for Medicare Eligible Members

	QCHP			OAP			HMO	
	Medical and Rx			Medical and Rx			Medical and Rx	
Age	**Male**	**Female**	**Age**	**Male**	**Female**	**Age**	**Male**	**Female**
65	$3,942	$3,630	65	$4,175	$3,845	65	$3,594	$3,310
66	4,069	3,725	66	4,310	3,946	66	3,710	3,396
67	4,194	3,819	67	4,442	4,045	67	3,823	3,482
68	4,315	3,911	68	4,570	4,143	68	3,934	3,566
69	4,433	4,001	69	4,695	4,238	69	4,042	3,648
70	4,547	4,089	70	4,816	4,331	70	4,146	3,728
71	4,657	4,173	71	4,932	4,420	71	4,246	3,805
72	4,762	4,255	72	5,044	4,507	72	4,342	3,880
73	4,862	4,334	73	5,150	4,590	73	4,433	3,951
74	4,958	4,409	74	5,251	4,670	74	4,520	4,020
75	5,048	4,480	75	5,347	4,745	75	4,602	4,084
76	5,132	4,547	76	5,436	4,816	76	4,679	4,146
77	5,211	4,610	77	5,520	4,883	77	4,751	4,203
78	5,284	4,668	78	5,597	4,944	78	4,818	4,256
79	5,351	4,722	79	5,668	5,001	79	4,879	4,305
80	5,412	4,771	80	5,733	5,053	80	4,935	4,350
81	5,467	4,815	81	5,791	5,100	81	4,985	4,390
82	5,516	4,854	82	5,843	5,141	82	5,030	4,426
83	5,560	4,888	83	5,889	5,178	83	5,069	4,457
84	5,597	4,918	84	5,928	5,209	84	5,103	4,483
85	5,629	4,942	85	5,962	5,234	85	5,132	4,506
86	5,655	4,961	86	5,990	5,255	86	5,156	4,523
87 +	5,681	4,971	87+	6,017	5,265	87+	5,179	4,532

Annual Dental Cost: $358
Annual Vision Cost: $24

Annual Per Capita Claims Costs for Post 65, Not Medicare Eligible Members

	QCHP Medical and Rx			OAP Medical and Rx			HMO Medical and Rx	
Age	**Male**	**Female**	**Age**	**Male**	**Female**	**Age**	**Male**	**Female**
65	$13,301	$12,249	65	$12,937	$11,914	65	$11,229	$10,341
66	13,731	12,570	66	13,355	12,226	66	11,592	10,612
67	14,151	12,887	67	13,764	12,534	67	11,947	10,879
68	14,561	13,197	68	14,162	12,836	68	12,292	11,142
69	14,958	13,501	69	14,549	13,131	69	12,628	11,398
70	15,343	13,797	70	14,923	13,419	70	12,953	11,647
71	15,714	14,083	71	15,283	13,697	71	13,266	11,889
72	16,069	14,359	72	15,629	13,966	72	13,566	12,122
73	16,408	14,624	73	15,959	14,224	73	13,852	12,346
74	16,730	14,877	74	16,272	14,470	74	14,123	12,559
75	17,033	15,117	75	16,567	14,703	75	14,380	12,762
76	17,319	15,343	76	16,845	14,923	76	14,621	12,953
77	17,585	15,555	77	17,103	15,129	77	14,845	13,132
78	17,831	15,752	78	17,343	15,321	78	15,053	13,298
79	18,057	15,933	79	17,563	15,497	79	15,244	13,451
80	18,263	16,099	80	17,763	15,658	80	15,418	13,591
81	18,449	16,247	81	17,944	15,803	81	15,575	13,716
82	18,615	16,380	82	18,105	15,931	82	15,715	13,828
83	18,760	16,495	83	18,247	16,044	83	15,838	13,925
84	18,887	16,594	84	18,370	16,139	84	15,944	14,009
85	18,994	16,675	85	18,474	16,219	85	16,035	14,078
86	19,083	16,741	86	18,560	16,282	86	16,110	14,133
87 +	19,169	16,773	87+	18,644	16,314	87+	16,183	14,160

Annual Dental Cost: $358
Annual Vision Cost: $24

Participation

Current active and deferred vested members participating in SERS, SURS, or TRS are assumed to participate in SEGIP at retirement as follows:

Service at Retirement	Waive Coverage	1 person	2 person	Total
over 20	0%	60%	40%	100%
15 to 20	5%	55%	40%	100%
10 to 15	15%	50%	35%	100%
less than 10	30%	40%	30%	100%

Fifty percent of future waived retirees eligible for SERS pensions are assumed to participate in the Opt-Out – Financial Incentive Programs which provides a financial incentive of $150 per month to enroll in another healthcare program prior to becoming eligible for Medicare. Members in the Opt-Our program are assumed to elect SEGIP Medicare coverage after age 65.

Ten percent of members in the SURS SMP program are assumed to annuitize their account balance upon retirement and elect healthcare coverage under SEGIP.

Current SERS, SURS and TRS retired members that have waived SEGIP coverage, are assumed to participate in SEGIP in the future as follows:

a) For those under age 62, 50% elect coverage at 62, multiplied by the preceding service based participation table.
b) For those age 62 to 75, 50% elect coverage as of the valuation date, multiplied by the preceding service based participation table.
c) For those over age 75, 0% elect coverage.

Current active and deferred vested members participating in JRS and GARS are assumed to participate in SEGIP at 100% with 25% electing single coverage and 75% electing 2-person coverage. Current JRS and GARS retirees that have waived SEGIP coverage are assumed to participate at the same rates as outlined above excluding the service based assumption.

Children of retired members are valued explicitly assuming coverage ends at age 23. Disabled children are assumed to receive benefits during their lifetime.

One hundred percent of covered spouses are assumed to continue coverage after the death of the retiree.

Costs for future retirees are based on blended plan costs with the following assumed coverage:

	QCHP	OAP	HMO	Total
SERS/SURS/TRS	45%	10%	45%	100%
JRS/GARS	75%	5%	20%	100%

Pension-related assumptions

The pension-related assumptions were based on those used for the most recent valuation of each respective retirement system.

The rates used for the pension valuations of SERS, SURS, TRS, JRS, and JRS, were applied to the SEGIP OPEB valuation.

Deferred vested members are assumed to commence benefits at earliest eligibility.

Mortality:

1994 Group Annuity Mortality Table for males and females.

Termination:

Illustrative rates are as follows:

Select Withdrawal of General Formula Employees		
Year of Service	Males	Females
0	0.2000	0.2000
1	0.0800	0.0800

Ultimate Withdrawal of General Formula Employees		
Age	Males	Females
25	0.0375	0.0450
30	0.0350	0.0400
35	0.0250	0.0300
40	0.0175	0.0200
45	0.0150	0.0150
50	0.0125	0.0150
55	0.0125	0.0150
60	0.0125	0.0150
65	0.0125	0.0150

Select Withdrawal of Alternate Formula Employees		
Years of Service	Males	Females
0	0.0600	0.1100
1	0.0450	0.0550

Ultimate Withdrawal of Alternate Formula Employees		
Age	Males	Females
25	0.0250	0.0375
30	0.0200	0.0300
35	0.0150	0.0225
40	0.0100	0.0170
45	0.0100	0.0160
50	0.0100	0.0140
55	0.0100	0.0140
60	0.0100	0.0140
65	0.0100	0.0140

Salary Increases:

Illustrative rates are as follows:

Age	Annual Increase
25	8.35%
30	7.22%
35	6.41%
40	5.80%
45	5.33%
50	4.95%
55	4.65%
60	4.39%
65	4.17%
70	4.00%

Disability:

Under the pension valuation, disability is valued as a term cost only. No rates were applied.

Retirement:

Rates only apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Retirement Rates for General Formula Employees		
	Males	Females
50	5.00%	5.00%
51	5.00%	5.00%
52	12.00%	12.00%
53	10.00%	15.00%
54	11.70%	15.00%
55	12.60%	15.00%
56	15.00%	15.00%
57	15.00%	15.00%
58	15.00%	15.00%
59	15.00%	15.00%
60	12.50%	15.00%
61	12.50%	10.00%
62	15.00%	20.00%
63	15.00%	15.00%
64	10.00%	20.00%
65	20.00%	30.00%
66	15.00%	20.00%
67	15.00%	20.00%
68	10.00%	15.00%
69	20.00%	15.00%
70	100.00%	100.00%

Early Retirement Rates for General Formula Employees		
Age	Males	Females
55	6.00%	6.00%
56	7.00%	8.00%
57	8.00%	10.00%
58	9.00%	12.00%
59	10.00%	14.00%

Retirement Rates for Alternate Formula Employees		
Age	Males	Females
50	20.00%	25.00%
51	20.00%	10.00%
52	20.00%	10.00%
53	20.00%	20.00%
54	20.00%	20.00%
55	20.00%	20.00%
56	15.00%	15.00%
57	15.00%	15.00%
58	15.00%	15.00%
59	15.00%	15.00%
60	35.00%	20.00%
61	36.50%	15.00%
62	38.00%	25.00%
63	39.50%	40.00%
64	41.00%	40.00%
65	80.00%	55.00%
66	40.00%	55.00%
67	55.00%	45.00%
68	55.00%	45.00%
69	40.00%	45.00%
70	100.00%	100.00%

Spouse and Marriage Assumptions:

85.0 percent of active male participants and 65.0 percent of active female participants are assumed to be married. If no data is available, the female spouse is assumed to be three years younger than the male spouse.

Mortality:

1994 Group Annuity Mortality Table for with a two-year setback for males and no age setback for females. Assumed mortality rates for active members are 75 percent of those for retirees.

Termination:

Illustrative rates are as follows:

Withdrawal of SURS Employees	
Service	Rate
0	0.2950
1	0.2550
2	0.1900
3	0.1600
4	0.1400
5	0.1200
6	0.1000
7	0.0900
8	0.0750
9	0.0650
10	0.0550
15	0.0300
20	0.0210
25	0.0160
30	0.0000

Salary Increases:

Rates are as follows:

Service	Annual Increase
0	10.00%
1	9.00%
2	7.50%
3	6.50%
4	6.25%
5	6.00%
6	5.80%
7	5.50%
8	5.30%
9 and over	5.00%

Disability:

Illustrative rates are as follows:

Disablement of SURS Employees	
Age	Rate
20	0.0005
30	0.0008
40	0.0016
50	0.0034
60	0.0055
70	0.0085

Retirement:

Rates only apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Retirement Rates :		
	Normal	Early
Under 55	35.00%	0.00%
55	30.00%	7.00%
56	30.00%	5.00%
57	27.00%	5.00%
58	27.00%	5.50%
59	26.00%	6.00%
60	12.00%	
61	12.00%	
62	15.00%	
63	15.00%	
60	12.00%	
61	12.00%	
62	15.00%	
63	15.00%	
64	15.00%	
65	20.00%	
66	17.00%	
67	17.00%	
68	17.00%	
69	17.00%	
70	100.00%	

Spouse and Marriage Assumptions:

Members are assumed to be married in the proportions shown in the following table. If no data is available, the female spouse is assumed to be three years younger than the male spouse.

SURS Percent Assumed Married		
	Males	Females
20	25.00%	40.00%
30	70.00%	75.00%
40	80.00%	80.00%
50	85.00%	80.00%
60	85.00%	70.00%

Mortality:

1995 Buck Mortality, sex distinct, projected forward 16 years with projection scale AA. Assumed mortality rates for female active members are 75 percent of those for retirees.

Termination:

Illustrative rates are as follows:

Select Withdrawal Rates for Members with Less Than 5 Years of Service		
Age	Males	Females
25	0.0700	0.0810
30	0.0650	0.0900
35	0.0750	0.0880
40	0.0800	0.0660
45	0.0940	0.0620
50	0.0940	0.0620
55	0.1200	0.0870
60	0.1260	0.1110
65	0.1260	0.1110

Ultimate Withdrawal Rates for Members with More Than 5 Years of Service		
Age	Males	Females
25	0.0600	0.0900
30	0.0370	0.0800
35	0.0220	0.0510
40	0.0160	0.0240
45	0.0130	0.0150
50	0.0110	0.0130
55	0.0140	0.0170
60	0.0260	0.0290
65	0.0310	0.0300

Salary Increases:

Illustrative rates are as follows:

Age	Annual Increase
20	11.10%
25	10.20%
30	8.40%
35	7.70%
40	7.20%
45	6.70%
50	6.00%

Disability:

Illustrative rates are as follows:

Disablement of TRS Employees		
Age	Males	Females
25	0.0003	0.0004
30	0.0003	0.0010
35	0.0004	0.0011
40	0.0006	0.0011
45	0.0006	0.0013
50	0.0011	0.0019
55	0.0013	0.0020
60	0.0020	0.0035
65	0.0060	0.0150

Retirement:

Rates only apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Sample Retirement Rates :					
Age/Service	5 - 18	19 - 30	31	32 - 33	34 +
55	0.00%	12.00%	20.00%	38.00%	40.00%
60	14.00%	27.00%	45.00%	45.00%	37.00%
65	23.00%	33.00%	45.00%	45.00%	30.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%

Spouse and Marriage Assumptions:

80.0 percent of active male participants and 70.0 percent of active female participants are assumed to be married. If no data is available, the female spouse is assumed to be three years younger than the male spouse.

Mortality:

UP-1994 Mortality Table with a two-year setback for males and a one-year setback for females.

Termination:

Illustrative rates are as follows:

Sample Withdrawal Rates		
Age	GARS	JRS
25	0.0700	0.0000
30	0.0700	0.0160
35	0.0700	0.0138
40	0.0700	0.0117
45	0.0700	0.0095
50	0.0700	0.0073
55	0.0700	0.0052
60	0.0700	0.0030

Salary Increases:

Salary is assumed to increase at a rate of 5.0 percent per year.

Disability:

Illustrative rates are as follows:

Disablement of JRS/GARS Employees	
Age	Rate
20	0.0006
30	0.0006
40	0.0008
50	0.0017

Retirement:

Rates only apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Sample Retirement Rates :		
	JRS	GARS
55	8.00%	20.00%
60	22.00%	10.00%
65	11.00%	8.00%
70	11.00%	5.00%
75	20.00%	5.00%
80	100.00%	100.00%

Spouse and Marriage Assumptions:

75.0 percent of active participants are assumed to be married. If no data is available, the female spouse is assumed to be four years younger than the male spouse.

SECTION G

SUMMARY OF PRINCIPAL PLAN PROVISIONS

PLAN MEMBERS

Members receiving monthly benefits from the State Employees' Retirement System of Illinois (SERS), State Universities Retirement System of Illinois (SURS), Teachers' Retirement System of Illinois (TRS), General Assembly Retirement System (GARS), or the Judges' Retirement System of Illinois (JRS) are eligible to enroll in SEGIP. Certain members covered under TRS for pension purposes are eligible for retiree healthcare benefits under the Teachers' Retirement Insurance Program (TRIP). Other TRS members eligible for coverage under SEGIP include: certified teachers working for certain State agencies, executives working for the Board of Education, regional superintendents, regional assistant superintendents, TRS fund staff, and certain members with certain reciprocal service.

PENSION ELIGIBILITY PROVISIONS

STATE EMPLOYEES RETIREMENT SYSTEM

Normal Retirement

General formula members are eligible to retire with unreduced benefits after completing one of the following: i) age 60 with 8 years of service, ii) 35 years of service, or iii) age plus service is at least 85. Alternate formula members are eligible to retire with unreduced after completing one of the following: i) age 50 with 25 years of service, or ii) age 55 with 20 years of service.

Early Retirement

General formula members are eligible to retire with reduced benefits after attaining age 55 and earning at least 25 years of service.

Disability Retirement

There is no specific age or service requirement for receipt of occupational disability benefits. Receipt of non-occupational disability benefits has an eligibility requirement of one and one-half years of service.

Vested Termination

Members who terminate are eligible to receive pension benefits after attaining age 60 with at least 8 years of service or at any age with at least 35 years of service.

STATE UNIVERSITIES RETIREMENT SYSTEM

Normal Retirement

Members are eligible to retire with unreduced benefits after completing one of the following: i) age 62 with 5 years of service, ii) age 60 with 8 years of service, or iii) 30 years of service. Police officers and firefighters are eligible to retire with unreduced benefits after completing one of the following: i) age 55 with 20 years of service, or ii) age 50 with 25 years of service.

Early Retirement

Members are eligible to retire with reduced benefits after attaining age 55 and earning at least 8 years of service.

Disability Retirement

There is no specific age or service eligibility requirement for receipt of accidental disability benefits. Receipt of non-accidental disability benefits has an eligibility requirement of 2 years of service.

Vested Termination

Members who terminate with at least 5 years of service are eligible to receive pension benefits under either the normal or early retirement provisions.

TEACHERS' RETIREMENT SYSTEM

Normal Retirement

Members are eligible to retire with unreduced benefits after completing one of the following: i) age 60 with 10 years of service, ii) age 62 with 5 years of service, or iii) age 55 with 35 years of service.

Early Retirement

Members are eligible to retire with reduced benefits after attaining age 55 and earning at least 20 years of service.

Disability Retirement

There is no specific age or service requirement for receipt of occupational disability benefits. Receipt of non-occupational disability benefits requires termination of temporary disability benefits and member remains disabled.

Vested Termination

Members who terminate with more than 5 years of service are eligible to receiving retirement pension benefits at age 62 if service is less than 10 and at age 60 if service is at least 10.

GENERAL ASSEMBLY RETIREMENT SYSTEM

Normal Retirement

Members are eligible to retire with full benefits after completing one of the following: i) age 55 with 8 years of service, or ii) age 62 with 4 years of service.

Disability Retirement

Members are eligible for disability benefits after completing 8 years of service.

Vested Termination

Members who terminate with at least 4 years of service are eligible to receive pension benefits under the normal retirement provisions.

JUDGES' RETIREMENT SYSTEM

Normal Retirement

Members are eligible to retire with unreduced benefits after completing one of the following: i) age 55 with 26 years of service, ii) age 60 with 10 years of service, or iii) age 62 with 6 years of service.

Early Retirement

Members are eligible to retire with reduced benefits after completing age 55 with 10 years of service.

Disability Retirement

Members are eligible for disability benefits after completing 10 years of service.

Vested Termination

Members who terminate with at least 6 years of service are eligible to receive pension benefits under either the normal or early retirement provisions.

DEPENDENTS ELIGIBLE FOR COVERAGE

If a plan member enrolls in SEGIP, they may enroll the following dependents: spouses; unmarried children under age 19; unmarried children under the age of 23 that are full-time students, financially dependent for at least one-half of their support, and eligible to be claimed on income tax return; disabled children that have been continuously disabled from causes originating prior to age 19 or 23 if a full-time student, financially dependent for at least one-half of their support, and eligible to be claimed on income tax return; and parents if they are financially dependent for at least one-half of their support and eligible to be claimed on income tax return.

ENROLLMENT TIMING

Members who have not previously enrolled in SEGIP are eligible to enroll when they begin receiving pension benefits through one of the State sponsored pension programs, during any annual open enrollment period, when turning 65 or becoming Medicare eligible, or after losing coverage by a former plan. Members and beneficiaries who previously were enrolled in SEGIP, and subsequently waive coverage, are only eligible to reenroll due to the loss of prior coverage by a former plan or at the attainment of age 65 or when Medicare eligible.

SURVIVING SPOUSE COVERAGE

Spouses of employees/retirees who die are eligible to maintain health insurance coverage until the surviving spouse's death. If the surviving spouse elects a monthly benefit, he or she becomes the member with the same SEGIP rights.

MEDICARE

Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. SEGIP benefits are coordinated with Medicare as follows -

i) After Medicare Part A pays, QCHP pays all but $50 of the Medicare Part A deductible, and hospital and skill extended care facility stay beyond the maximum days allowed under Medicare.
ii) After Medicare Part B pays, QCHP pays all Medicare Part B deductibles and Medicare Part B coinsurance.

Prescription drug coverage provided by the plan is at least as valuable as benefits provided through Medicare Part D.

DENTAL , VISION AND LIFE INSURANCE BENEFITS

The State provides postemployment dental, vision, and life insurance benefits. Members eligible for SEGIP healthcare benefits are also eligible for dental and vision benefits. The State provides a fully subsidized life insurance benefits to retired and disabled members and their spouses equal to one times pay before retirement if death occurs before age 60, and $5,000 if death occurs after age 60. Dependent children are eligible for life insurance benefit of $10,000.

The State offers optional life insurance benefits to retired and disabled members and their spouses. The member is required to pay the full age-based premium.

FUNDING POLICY

OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retired members. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis and no separate trust has been established for the funding of OPEB. The State recognizes SEGIP OPEB benefits as a single employer defined benefit plan with a special funding situation for employees of the State's component unit universities as defined in GASB No. 45.

OPEB PROGRAMS

Members may elect healthcare coverage in the QHCP, a managed care HMO plan, or the Healthlink Open Access Plan (OAP). The QHCP is a traditional medical indemnity plan. There are seven HMOs offering coverage that varies by location throughout the state. The OAP is a managed care plan that offers three benefit levels based on the provider used. A summary of the healthcare benefits provided under the three plans is shown on pages 36 through 38. The State also provides postemployment dental, vision, and life insurance benefits which are summarized on pages 39 and 40.

Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members retiring before January 1, 1998, are eligible for single coverage at no cost to the member. Members retiring after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. The following tables show the premium amounts for healthcare plans for the fiscal year ending June 30, 2010.

Member monthly premium for single coverage (shared between State and member depending on date of retirement and service at retirement) –

FYE 6/30/2010	Pre-Medicare	Medicare
Quality Care Health Plan	$806.98	$312.46
HMO/PPO Plans	$562.08	$294.02

Dependent monthly premiums (paid fully by dependent) –

FYE 6/30/2010	One Dependent	Two or More Dependents	One Medicare Dependent	Two or More Medicare Dependents
Quality Care Health Plan	$196	$226	$142	$203
Health Alliance HMO	$94	$133	$89	$133
Health Alliance Illinois	$103	$145	$100	$145
HMO Illinois	$83	$116	$79	$116
Humana Illinois	$92	$130	$89	$130
Humana Winnebago	$107	$152	$104	$152
Personal Care	$92	$130	$88	$130
Unicare HMO	$82	$113	$77	$113
HealthLink OAP	$105	$149	$102	$149

Certain members receiving SERS pensions are eligible to participate in the Opt-Out – Financial Incentive Programs which provides a financial incentive of $150 per month to enroll in another healthcare program prior to becoming eligible for Medicare. After age 65, members in the Opt-Our program are required to demonstrate that they are not eligible for Medicare and are participating in another eligible healthcare program.

Effective October 1, 2009, retirees and survivors are required to pay a monthly premium for dental equal to $11 for member only coverage, $17 for member plus one dependent coverage, and $19.50 for member plus two dependents coverage.

No premiums are required for vision coverage or the basic non-voluntary life insurance benefit.

Quality Care Health Plan (QCHP)

Plan Feature	***In Network***	***Out of Network [1]***
Annual Deductible	\$300 per individual, with \$750 family cap	\$300 per individual, with \$750 family cap
Annual Out of Pocket Limit	\$1,200 per enrollee, with \$3,000 per family	\$4,400 per enrollee, with \$8,800 per family
Covered Services	Coinsurance	Coinsurance
-Office Visits	90% after deductible	70% after deductible
-Emergency Room	\$400 copay, then 90% after deductible	\$400 copay, then 70% after deductible
-Inpatient Services	\$50 copay, then 90% after deductible	\$300 copay, 65% or 80% after deductible, depending on distance to nearest QCHP hospital
-Outpatient Services		
-Lab/X-ray	90% after deductible	90% after deductible
-Other	80% after deductible	60% after deductible
Prescription Drug Copays	After annual prescription deductible of \$75 Retail at 30 day supply Generic \$11 Preferred Formulary Brand \$26 Non-Preferred Brand \$52 Maintenance Network or Mail Order Pharmacy at 90-day supply Copay at 2 times retail	
Maximum Lifetime Benefit	Unlimited	

[1] Out of network claims covered only up to usual and customary amount.

HMO Plans

Plan Feature	
Annual Deductible	$0
Out of Pocket Maximum	$1,500
Covered Services -Physicians Visits -Emergency Care -Inpatient Services -Outpatient Services	Coinsurance $15 Copay, then 100% $200 Copay, then 100% $275 Copay, then 100% $175 Copay, then 100%
Prescription Drug Copays	After annual prescription deductible of $75 Retail at 30-day supply Generic $10 Preferred formulary Brand $24 Non-Preferred Brand $48 Maintenance Network or Mail Order Pharmacy at 90-day supply Copay at 2 times retail
Maximum Lifetime Benefit	Unlimited

Open Access Plan (OAP)

Plan Feature	*Tier I*	*Tier II*	*Tier III*
Annual Deductible	$0	$200 per enrollee	$300 per enrollee
Annual Out of Pocket Limit	NA	$600 per enrollee, with $1,200 per family	$1,500 per enrollee, with $3,500 per family
Covered Services	Coinsurance/Copay [1]	Coinsurance/Copay [1]	Coinsurance/Copay [2]
-Office Visits	$15 copay	90% of network charge	80% of U&C
-Emergency Room	$200 copay	$200 copay, then 90%	$200 copay, then 80% (or 50% of U&C)
-Inpatient Services	$275 copay	$325 copay, then 90%	$425 copay, then 80%
-Outpatient Services	$175 copay	$175 copay, then 90%	$175 copay, then 80%
-Lab/X-ray -Other	100% 100%	90% of network charge 90%	80% of U&C 80%
Prescription Drug Copays	After annual prescription deductible of $75 Retail at 30-day supply Generic $10 Preferred formulary Brand $24 Non-Preferred Brand $48 Maintenance Network or Mail Order Pharmacy at 90-day supply Copay at 2 times retail		
Maximum Lifetime Benefit	Unlimited	Unlimited	$1,000,000

[1] Network charges
[2] Usual and customary charges

Quality Care Dental Plan

Plan Feature	
Annual Deductible	
-Preventive and diagnostic services	None
- All other covered services	$125 per participant
Plan Year Maximum Benefit	
-Preventive and diagnostic services	$2,250 per participant
- All other covered services	$2,250 per participant
Covered Services	
-Preventive and diagnostic	Subject to schedule
-Basic and major benefits	Subject to schedule

Vision Plan

Plan Feature	***In-Network***	***Out-of-Network***	***Benefit Frequency***
Eye Exam	$10 co-pay	$30 allowance	Once every 12 months
Spectacle Lenses	$10 co-pay	$40 allowance, for single vision, and $60 allowance for bifocal and trifocal	Once every 24 months
Contact Lenses (In lieu of standard frames and spectacle lenses)	$100 allowance	$100 allowance	Once every 24 months

Life Insurance

Plan Feature	
Basic life insurance	
- For annuitants under age 60	One times annual salary as of last day of active State service
- For annuitants over age 60	$5,000
- For spouse if annuitant age is less than 60	$10,000
- For spouse if annuitant age is greater than 60	$5,000
- For dependent child	$10,000
Member contribution	None
Other option life insurance benefits	Are fully paid by the member using individual age and other rating factors and have been excluded from the valuation

SECTION H

GLOSSARY

Accrued Service. The service credited under the plan, which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability (AAL). The difference between (i) the actuarial present value of future plan benefits; and (ii) the actuarial present value of future normal cost, which is sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover, and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Actuarial Value of Assets. The value of cash, investments, and other property belonging to a pension or OPEB plan, as used by the actuary for the purpose of an actuarial valuation.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual OPEB Cost (AOC). An accrual-basis measure of the periodic cost of an employer's participation in a defined OPEB plan.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Discount Rate. The rate used to adjust a series of future payments to reflect the time value of money.

Expected Net Employer Contributions. The difference between the age-adjusted premium or expected retiree healthcare claims and retired member's share of the premium. This amount is used to offset the Annual OPEB Cost during the fiscal year.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Implicit Rate Subsidy. The de facto subsidy of retirees by permitting them to pay lower than age-adjusted premiums through the use of a single common or blended premium for both retirees and active employees.

Explicit Rate Subsidy. The portion of the premium paid by the employer. The premium may be based on the experience of active and retired members or retired members only.

Medical Trend Rate (Health Inflation). The increase in the plan's cost over time. Trend includes all elements that may influence a plan's cost, assuming those enrollments and the plan benefits do not change. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Net OPEB Obligation (NOO). An accounting liability when an employer doesn't fully fund the ARC.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Postemployment Benefits (OPEB). OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

Pay-as-you-go funding. A method of financing benefits by making required payments only as they come due.

Plan member. A plan's membership includes active service employees, terminated employees who are eligible to receive benefits but are not receiving them, and retired employees and beneficiaries currently receiving benefits.

Pre-funding. A method of financing benefits by placing resources in trust as employees earn benefits so that the resources thus accumulated, along with related earnings, can be used to make benefit payments as they become due.

Present Value of all Projected Benefits. The present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

Projected Unit Credit Cost Method. A method under which the normal cost and actuarial accrued liability are directly proportional to the employee's service. The normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement.

Qualified Plan. A qualified plan is an employer-sponsored retirement plan that qualifies for special tax treatment under Section 401(a) of the Internal Revenue Code.

Reserve Account. An account used to indicate that funds have been set-aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability (UAAL). The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.