Illinois State Employees Group Insurance Program

GASB Statement No. 75

Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

Actuarial Valuation Report as of June 30, 2017

GRS

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November 7, 2018

Department of Central Management Services
401 South Spring Street
Springfield, Illinois 62706

Subject: **GASB Statement No. 75 Actuarial Valuation as of June 30, 2017, for Illinois SEGIP**

Submitted in this report are the results of the GASB Statement No. 75 actuarial valuation as of June 30, 2017, of the liabilities associated with the employer financed retiree health benefits provided through Illinois State Employees Group Insurance Program (SEGIP). SEGIP provides group insurance benefits to eligible active state employees, and postemployment benefits to eligible retired members receiving pension benefits under the following retirement systems:

- 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 Central Management Services (CMS) and is intended for use by CMS and those designated or approved by CMS. This report may be provided to other parties only in its entirety and only with the permission of CMS.

The actuarial valuation as of June 30, 2017, was prepared for purposes of complying with the requirements of Statement No. 75 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of this accounting standard. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the financial reporting requirements of SEGIP and participating employers may produce significantly different results. The actuarial valuation was based upon:

- Census information as of June 30, 2017, provided by SERS, SURS, TRS, JRS and GARS;
- Healthcare data and census data as of June 30, 2017, for SEGIP as provided by the Department of Central Management Services (CMS);
- Average per member costs by plan type for the period June 30, 2017, through June 30, 2018, as calculated by the State's healthcare actuary and provided by CMS;
- Incurred but not paid liability information provided by CMS;
- Substantive plan information provided by each respective retirement – SERS, SURS, TRS, JRS and GARS – and CMS;

- Demographic assumptions consistent with the actuarial valuations as of June 30, 2017, for each respective retirement system;
- Economic assumptions approved by the State, including a discount rate of 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018, which comply with the requirements of GASB Statement No. 75 (GASB No. 75);
- An ultimate trend rate assumption of 4.50 percent for Medicare coverage and 4.92 percent for non-Medicare coverage, which reflects the impact of the excise tax under healthcare reform; and
- Other healthcare-related assumptions recommended by GRS and approved by the State.

We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the retirement systems or CMS. Authorization of the assumptions and methods applicable to this actuarial valuation was granted by the State, and they are disclosed in the actuarial assumptions and methods section of this report.

The Total OPEB Liability and Annual OPEB Expense were developed in accordance with the requirements of GASB No. 75, and are applicable only for financial reporting purposes. The Total OPEB Liability and annual OPEB Expense disclosed in this report should not be used to assess the level of plan assets needed to settle the plan's benefit obligations or the annual actuarially determined contributions needed to fund future benefit obligations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

The signing actuaries are independent of the plan sponsor.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of SEGIP as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Alex Rivera and Lance J. Weiss are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

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SECTION A

EXECUTIVE SUMMARY

Executive Summary

Introduction

The Governmental Accounting Standards Board (GASB) has issued accounting standard, Statement No. 75, relating to Other Postemployment Benefits (OPEB). For participating members of the Illinois State Employees Group Insurance Program (SEGIP), OPEB primarily include medical, prescription drug, dental, vision and life insurance benefits provided to eligible retired members. Any other OPEB offered to retired 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. 75 and (b) various other actuarial, statistical and benefit information useful to management for the operation of SEGIP.

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 pre-funding of SEGIP OPEB. The State recognizes SEGIP OPEB benefits as a single employer defined benefit plan as defined in GASB No. 75.

Funded and Unfunded Plans

Currently, benefits offered through SEGIP are financed through a combination of retiree premiums, State, contributions and subsidies from the Federal Government. The retiree's share of the premium depends on eligible service earned as of the retirement date, coverage elected and Medicare eligibility. The Federal Government provides a Medicare Part D subsidy. The State finances the remainder of program costs not covered by the retiree's premium or the Federal Government subsidy.

The current objective is to finance program costs in order to provide benefits with appropriate margins for incurred but not paid liabilities. There is no arrangement into which the employer would make contributions to advance-fund the obligation. Benefit obligations are effectively funded on a pay-as-you-go basis.

Consequently, according to GASB Statements No. 74 and 75, the discount rate used to calculate the present values and costs of the OPEB, for programs funded on a pay-as-you-go basis, should be consistent with an index of high quality 20-year general obligation bonds as of the measurement date. For this purpose, the plan sponsor has selected an interest discount rate of 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

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 Statements No. 74 and 75 only require the measurement and recognition of the Net OPEB Liability, Annual OPEB Expense and disclosure in the financial statements, as applicable.

Results of the Study

The actuarial valuation as of June 30, 2017, for purposes of financial reporting under GASB No. 75 requires:

- If benefits are funded on a pay-as-you-go basis, a discount rate based on the expected return for an index of high-quality 20-year general obligation bonds. For this purpose the sponsor selected a discount rate of 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

- The Entry Age Normal cost method

The following table shows a reconciliation of the Actuarial Accrued Liability since the last actuarial valuation:

Reconciliation of the Change in Actuarial Accrued Liability, as of June 30, 2017 ($ in millions)

Projected Actuarial Accrued Liability at June 30, 2017, at 3.56% [a,b]	**$**	**41,323,858,855**
(Gain)/Loss due:		
Demographic and Claims Experience	$	(816,956,494)
Change in OPEB-related Assumptions		(527,831,832)
Change in Discount Rate Assumption from 3.56% to 3.62%		(357,543,065)
Total	**$**	**(1,702,331,391)**
Actuarial Accrued Liability at June 30, 2017, at 3.62% [a]	**$**	**39,621,527,464**

[a] Includes $1,789,389,594 in incurred but not paid liability as of June 30, 2017.

[b] From June 30, 2016 actuarial valuation.

The Actuarial Accrued Liability as of June 30, 2017, using a discount rate of 3.62 percent, is projected to June 30, 2018, for GASB No. 75 financial reporting.

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 and 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 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 Service Cost, OPEB Expense, and Total OPEB 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, disability and mortality) and economic assumptions (general inflation, wage inflation and salary increases) used in this June 30, 2017, OPEB valuation were consistent with those used in the June 30, 2017, pension valuations for SERS, SURS, TRS, JRS, and GARS.

Executive Summary

The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2016:

- The healthcare trend assumptions were updated based on claim and enrollment experience through June 30, 2017, projected plan cost for plan year end June 30, 2018, premium changes through plan year end 2019, and expectation of future trend increases after June 30, 2018.
- The Cadillac Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2018.
- Per capita claim costs for plan year end June 30, 2018, were updated based on projected claims and enrollment experience through June 30, 2018, and updated premium rates through plan year 2019.
- Healthcare plan participation rates by plan were updated based on observed experience.
- The discount rate was changed from 3.56 percent at June 30, 2017, to 3.62 percent at June 30, 2018.

Adjustments to the Estimated Impact of Excise Tax under Healthcare Reform

Beginning in 2022, the Patient Protection and Affordable Care Act (PPACA) imposes a 40 percent excise tax on healthcare plan costs over certain statutory limits. The annual statutory limits for 2018 depend on the age and coverage tier as follows:

	Age less than 55 or greater than 64	Age greater than 54 or less than 65
Single person coverage	$10,200	$11,850
All other coverage types	$27,500	$30,950

In 2019 and 2020, the statutory limits are increased by the rate for the Consumer Price Index for all Urban Consumers (CPI-U) plus one percentage point, and after 2020 the statutory limits are increased by the CPI-U rate. The statutory limits don't recognize differences due to region, health status of the group or plan design. Healthcare plan costs may be blended among active members, non-Medicare retirees and Medicare retirees if members are covered by the same plan, and similar benefits are provided. Healthcare plan costs subject to the excise tax include: medical, prescription and employer Health Savings Accounts and Health Reimbursement Accounts.

Beginning with the actuarial valuation as of June 30, 2011, the impact of the excise tax was estimated by:

1) Aggregating average costs by the PPO plans and the HMO plans;
2) Projecting average plan costs based on the assumed valuation trend rate;
3) Projecting the statutory limits assuming a CPI-U rate of 3.0 percent;
4) Estimating the projected excise tax based on the projected average costs and statutory limits;
5) Assuming the plan sponsor would subsidize the excise tax and no additional costs would be passed to plan members; and
6) Developing an adjusted trend rate, applied to the explicit costs, to approximate the impact of the additional excise tax costs.

Based on the preceding method, the trend rates for non-Medicare medical and prescription drug costs were increased by an additional 0.42 of a percentage point on and after 2022. Trend rates for Medicare medical and prescription drug costs were not adjusted because of the decrease in costs after the adoption of the MAPD plans.

Executive Summary

Actuarial Cost Methods

The actuarial valuation results are based on the Entry Age Normal cost method as required by GASB No. 75.

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

- Key actuarial valuation results;
- An overview of the GASB No. 75 requirements;
- Additional actuarial valuation exhibits and financial disclosure required under GASB No. 75; and
- Summary of actuarial assumptions and methods and plan provisions.

SECTION B

ACTUARIAL VALUATION RESULTS

Actuarial Valuation Results

The following section shows actuarial valuation results as of June 30, 2017, projected to June 30, 2018, using two alternative discount rates of 3.56 percent and 3.62 percent.

Plan benefits are funded based on a pay-as-you-go policy. The current funding policy includes revenues from three sources: current retirees, the State and the Medicare Part D subsidy from the Federal Government. Certain retirees and dependents contribute a portion of the premium to participate in the program. All liability and expense numbers throughout the report are net of the retiree's share of premiums.

The unfunded actuarial accrued liability represents the portion of the total actuarial present value of all future employer-provided benefits which is attributable to prior years, minus any actuarial valuation assets. It represents a measure of the unfunded accrued liability allocable to past service for benefits expected to be paid in the future. 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 using the Entry Age Normal cost method.

Actuarial Valuation Results – 3.56 Percent Discount Rate

Summary of Actuarial Valuation Results as of June 30, 2017

Discount Rate	3.56%
Ultimate Trend Pre-Medicare	4.92%
Ultimate Trend Post-Medicare	4.50%

		SERS	SURS	TRS	GARS	JRS	Total
A)	Actuarial Accrued Liability (AAL) at June 30, 2017						
	i) Actives [a]	$ 9,730,452,839	$ 4,476,464,895	$ 462,566,750	$ 24,085,333	$ 131,152,719	$ 14,824,722,536
	ii) Retirees and their covered dependents [b]	12,727,355,523	7,095,359,008	199,822,495	76,772,973	227,550,516	20,326,860,515
	iii) Deferred vesteds [b]	852,031,095	1,830,884,365	43,484,676	20,915,839	3,746,320	2,751,062,295
	iv) Deferred vesteds under TRS [c]	-	-	287,035,588	-	-	287,035,588
	v) Incurred but not paid (IBNP) liability	1,113,407,134	631,287,179	19,021,953	6,540,066	19,133,262	1,789,389,594
	vi) Total	$ 24,423,246,592	$ 14,033,995,447	$ 1,011,931,462	$ 128,314,211	$ 381,582,817	$ 39,979,070,529
B)	Market Value of Assets	$ -	$ -	$ -	$ -	$ -	$ -
C)	Unfunded Actuarial Accrued Liability (UAAL)	$ 24,423,246,592	$ 14,033,995,447	$ 1,011,931,462	$ 128,314,211	$ 381,582,817	$ 39,979,070,529
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	602.2%	455.6%	533.8%	1192.3%	211.4%	531.9%
F)	Net Normal Cost	$ 820,889,427	$ 494,351,304	$ 37,525,763	$ 3,058,689	$ 16,313,640	$ 1,372,138,823
G)	Estimated FY 2018 Benefit Payments	$ 612,839,371	$ 347,471,851	$ 10,470,026	$ 3,599,770	$ 10,531,292	$ 984,912,310
H)	Contributions for IBNP Liability	$ 670,783,805	$ 380,325,582	$ 11,459,975	$ 3,940,131	$ 11,527,034	$ 1,078,036,527
I)	Interest Cost	$ 876,042,560	$ 504,367,640	$ 36,973,737	$ 4,543,839	$ 13,775,909	$ 1,435,703,685
J)	Change in IBNP Liability	$ (161,924,906)	$ (91,809,289)	$ (2,766,399)	$ (951,134)	$ (2,782,586)	$ (260,234,314)
K)	Projected Actuarial Accrued Liability at June 30, 2018	$ 24,674,630,497	$ 14,213,107,669	$ 1,061,734,562	$ 127,425,703	$ 386,831,453	$ 40,463,729,885
L)	Incurred FYE 2018 Benefit Payments[f]	$ 601,038,202	$ 340,780,744	$ 10,268,409	$ 3,530,451	$ 10,328,496	$ 965,946,302
M)	Participant Information						
	i) Number of Covered Participants						
	a) Active employees [a]	58,164	44,574	2,534	135	945	106,352
	b) Current retirees with coverage or stipend [d]	50,890	29,832	938	289	793	82,742
	c) Waived retirees [e]	5,356	3,903	292	20	54	9,625
	d) Survivors	6,763	3,515	162	97	283	10,820
	e) Dependents	26,489	13,719	387	195	639	41,429
	f) Deferred vesteds	3,318	10,036	212	37	8	13,611
	ii) Covered Payroll	$ 4,055,357,419	$ 3,080,545,002	$ 189,570,390	$ 10,761,580	$ 180,528,582	$ 7,516,762,973

a *Excludes Active TRS members, Active SURS members and Active SERS members who are dependents of SEGIP active members. Includes members who are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS and JRS*

b *Valuation assumes a percentage of waived retirees and deferred vested members will elect retiree healthcare coverage in the future.*

c *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. Approximately 50% of the liability for these members is allocated to TRIP.*

d *Stipend of $150 or $500 per month under "Opt-Out" program, available to SEGIP retirees.*

e *Excludes waived retirees over age 75. No liability is assumed for these members.*

f *Allocation of employer benefit payments for plan year end June 30, 2018, based on June 30, 2017, actuarial valuation.*

Actuarial Valuation Results – 3.62 Percent Discount Rate

Summary of Actuarial Valuation Results as of June 30, 2017

Discount Rate	3.62%
Ultimate Trend Pre-Medicare	4.92%
Ultimate Trend Post-Medicare	4.50%

		SERS	SURS	TRS	GARS	JRS	Total
A)	Actuarial Accrued Liability (AAL) at June 30, 2017						
	i) Actives [a]	$ 9,624,398,441	$ 4,432,940,554	$ 457,429,707	$ 23,836,418	$ 129,944,981	$ 14,668,550,101
	ii) Retirees and their covered dependents [b]	12,626,217,188	7,042,000,514	198,346,756	76,185,924	225,717,626	$ 20,168,468,008
	iii) Deferred vesteds [b]	841,306,028	1,805,075,437	42,862,263	20,657,926	3,698,562	$ 2,713,600,216
	iv) Deferred vesteds under TRS [c]	-	-	281,519,544	-	-	$ 281,519,544
	v) Incurred but not paid (IBNP) liability	1,113,407,134	631,287,179	19,021,953	6,540,066	19,133,262	1,789,389,594
	vi) Total	$ 24,205,328,792	$ 13,911,303,684	$ 999,180,223	$ 127,220,334	$ 378,494,431	$ 39,621,527,464
B)	Market Value of Assets	$ -	$ -	$ -	$ -	$ -	$ -
C)	Unfunded Actuarial Accrued Liability (UAAL)	$ 24,205,328,792	$ 13,911,303,684	$ 999,180,223	$ 127,220,334	$ 378,494,431	$ 39,621,527,464
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	596.9%	451.6%	527.1%	1182.2%	209.7%	527.1%
F)	Net Normal Cost	$ 807,000,185	$ 485,780,519	$ 36,889,558	$ 3,011,663	$ 16,104,334	$ 1,348,786,259
G)	Estimated FYE 2018 Benefit Payments	$ 612,839,371	$ 347,471,851	$ 10,470,026	$ 3,599,770	$ 10,531,292	$ 984,912,310
H)	Contributions for IBNP Liability	$ 670,783,805	$ 380,325,582	$ 11,459,975	$ 3,940,131	$ 11,527,034	$ 1,078,036,527
I)	Interest Cost	$ 882,419,272	$ 508,118,421	$ 37,112,322	$ 4,579,139	$ 13,888,769	$ 1,446,117,923
J)	Change in IBNP Liability	$ (161,924,906)	$ (91,809,289)	$ (2,766,399)	$ (951,134)	$ (2,782,586)	$ (260,234,314)
K)	Projected Actuarial Accrued Liability at June 30, 2018	$ 24,449,200,166	$ 14,085,595,903	$ 1,048,485,703	$ 126,320,101	$ 383,646,621	$ 40,093,248,494
L)	Incurred FYE 2018 Benefit Payments [f]	$ 601,038,202	$ 340,780,744	$ 10,268,409	$ 3,530,451	$ 10,328,496	$ 965,946,302
M)	Participant Information						
	i) Number of Covered Participants						
	a) Active employees [a]	58,164	44,574	2,534	135	945	106,352
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	d) Survivors	6,763	3,515	162	97	283	10,820
	e) Dependents	26,489	13,719	387	195	639	41,429
	f) Deferred vesteds	3,318	10,036	212	37	8	13,611
	ii) Covered Payroll	$ 4,055,357,419	$ 3,080,545,002	$ 189,570,390	$ 10,761,580	$ 180,528,582	$ 7,516,762,973

a *Excludes Active TRS members, Active SURS members and Active SERS members who are dependents of SEGIP active members. Includes members who are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS and JRS*

b *Valuation assumes a percentage of waived retirees and deferred vested members will elect retiree healthcare coverage in the future.*

c *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. Approximately 50% of the liability for these members is allocated to TRIP.*

d *Stipend of $150 or $500 per month under "Opt-Out" program, available to SEGIP retirees.*

e *Excludes waived retirees over age 75. No liability is assumed for these members.*

f *Allocation of employer benefit payments for plan year end June 30, 2018, based on June 30, 2017, actuarial valuation.*

SECTION C

GASB NO. 75 INFORMATION

Auditor's Note: This information is intended to assist in preparation of the financial statements of the State Employees Group Insurance Program of Illinois. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

Discussion

Accounting Standard

For post-employment (OPEB) benefit plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans other than Pension Plans," replaces the requirements of GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." GASB Statement No. 74 establishes standards of financial reporting for separately issued financial reports of state and local government OPEB plans.

GASB Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployments Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

GASB Statements No. 74 and 75 are effective for fiscal years beginning after June 15, 2016, and June 15, 2017, respectively.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain non-actuarial information, such as notes regarding accounting policies and investments, is not included in this report. As a result, the plan sponsor will be responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

Plan Financial Statements

GASB Statement No. 74 requires defined benefit OPEB plans which are administered as trusts or equivalent arrangements to present two financial statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement of fiduciary net position presents the assets and liabilities of the OPEB plan at the end of the OPEB plan's reporting period. The statement of changes in fiduciary net position presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expense, and net increase or decrease in the fiduciary net position.

GASB Statement No. 75 requires state and local government employers to recognize the Net OPEB Liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Net OPEB Liability is the difference between the Total OPEB Liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets.

The OPEB expense recognized each fiscal year is equal to the change in the Net OPEB Liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.

GASB Statement No. 75 Information

For GASB Statement No. 75 reporting purposes, the plan sponsor's fiscal year end June 30, 2019, financial reporting will be based on the results of the June 30, 2017, actuarial valuation projected to a measurement date of June 30, 2018.

GASB Statement No. 75 requires that employer contributions made to the OPEB plan subsequent to the measurement date and before the end of the employer's reporting period be reported as a deferred outflow of resources.

The information contained in this report does not incorporate any employer contributions made subsequent to the measurement date of June 30, 2018.

Notes to Financial Statements

GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to OPEB.

GASB Statement No. 75 requires the notes of the financial statements for the Plan and Plan Sponsor to include certain additional information. The list of disclosure items should include:

- The name of the OPEB plan, the administrator of the OPEB plan and the identification of whether the OPEB plan is a single-employer, agent or cost-sharing OPEB plan;
- A description of the benefits provided by the plan;
- A brief description of changes in benefit terms or assumptions that affected the measurement of the Total OPEB Liability since the prior measurement date;
- The number of plan members by category and if the plan is closed;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The OPEB plan's investment policies;
- The OPEB plan's fiduciary net position and the Net OPEB Liability (or Total OPEB Liability if no trust exists to pay benefits);
- The Net OPEB Liability using a one percentage point change in the discount rate;
- The Net OPEB Liability using a one percentage point change in the healthcare trend rate;
- Significant assumptions and methods used to calculate the Total OPEB Liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

Frequency and Timing of the Actuarial Valuation

An actuarial valuation to determine the Total OPEB Liability is required to be performed at least every two years. For the employer's financial reporting purposes, the Net OPEB Liability and OPEB expense should be measured as of the employer's "measurement date," which may not be earlier than the employer's prior fiscal year end-date. If the actuarial valuation used to determine the Total OPEB Liability is not calculated as of the measurement date, the Total OPEB Liability is required to be rolled forward from the actuarial valuation date to the measurement date.

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since SEGIP is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.56 percent as of June 30, 2017, and 3.62 percent as of June 30, 2018.

Actuarial Assumptions

The actuarial assumptions used to value the liabilities are outlined in detail in Section E. The actuarial assumptions include details on the healthcare trend assumption and the aging factors, as well as the actuarial cost method used to develop the OPEB expense.

Future Uncertainty or Risk

Future results may differ from those anticipated in this actuarial valuation. Reasons include, but are not limited to:

- Claims experience differing from expected;
- Medical trend experience differing from expected;
- Changes in the healthcare plan designs offered to active and retired members;
- Changes in healthcare related costs due to recent experience; and
- Participant behavior differing from expected; e.g.,
    - Elections at retirement;
    - One-person versus two-person coverage elections; and
    - Timing of retirement or termination.

Benefits Valued

The benefit provisions that were valued are described in Section F. The actuarial valuation is required to be performed on the current benefit terms and existing legal agreements. Consideration is to be given to the written plan document as well as other communications between the employer and plan members and an established pattern of practice for cost sharing. The summary of major plan provisions is designed to outline principal plan benefits.

GASB Statement No. 75 Information

This section contains the following GASB Statement No. 75 information:

- GASB Statement No. 75 Summary;
- GASB Statement No. 75 Changes in Total OPEB Liability for plan year end June 30, 2018, applicable to the sponsor’s fiscal year end June 30, 2019;
- GASB Statement No. 75 Expense measured as of plan year end June 30, 2018, and applicable to the sponsor’s fiscal year end June 30, 2019;
- GASB Statement No. 75 Development of Inflows and Outflows as of June 30, 2018;
- Notes to Schedule of Contributions; and
- GASB Statement No. 75 Sensitivity of Total OPEB Liability as of plan year end June 30, 2018.

GASB Statement No. 75 Information

Summary of GASB No. 75 Results

		2017
Actuarial Valuation Date		June 30, 2017
Measurement Date of the Total OPEB Liability		June 30, 2018
Employer's Fiscal Year End for GASB Statement No. 75		June 30, 2019
Membership		
Number of		
- Retirees and Beneficiaries		93,562
- Inactive, Nonretired Members		23,236
- Active Members		106,352
- Total		223,150
Covered Payroll	$	7,516,762,973
Total OPEB Liability		
Total OPEB Liability	$	40,093,248,494
Plan Fiduciary Net Position		-
Total OPEB Liability	$	40,093,248,494
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		0.00%
Total OPEB Liability as a Percentage of Covered Payroll		533.38%
Development of the Single Discount Rate		
Single Discount Rate Beginning of Year		3.56%
Single Discount Rate End of Year		3.62%
Long-Term Expected Rate of Investment Return, Beginning of Year		0.00%
Long-Term Expected Rate of Investment Return, End of Year		0.00%
Long-Term Municipal Bond Rate Beginning of Year[a]		3.56%
Long-Term Municipal Bond Rate End of Year[a]		3.62%
Year Assets are Projected to be depleted		2017
Total OPEB Expense for Fiscal Year End June 30, 2018, Applicable to Sponsor's Fiscal Year End June 30, 2019	$	1,550,846,546

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses as of June 30, 2018

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference Between Expected and Actual Experience	$ 10,268,788	$ (882,841,207)
Changes in Assumptions	-	(3,765,156,713)
Net Difference Between Expected and Actuual Investment Experience	-	-
Total	$ 10,268,788	$ (4,647,997,920)

[a] *Source:* *Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017, and June 30, 2018. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.*

Schedule of Changes in Total OPEB Liability under GASB Statement No. 75 Measured as of June 30, 2018, Applicable to Plan Sponsor's Fiscal Year End June 30, 2019

Fiscal Year Ending June 30,		2018		2017
Total OPEB Liability				
Service Cost	$	1,372,138,823	$	1,696,977,300
Interest on the Total OPEB Liability		1,435,703,685		1,242,236,513
Changes of Benefit Terms		-		-
Difference between Expected and Actual Experience		(1,096,156,817)		16,224,331
Changes of Assumptions		(898,313,223)		(4,805,714,863)
Benefit Payments		(2,043,982,829)		(325,218,883)
Net Change in Total OPEB Liability		(1,230,610,361)		(2,175,495,602)
Total OPEB Liability at beginning of year [a]		41,323,858,855		43,499,354,457
Total OPEB Liability at end of year [b]	$	40,093,248,494	$	41,323,858,855
Covered-Employee Payroll	$	7,516,762,973	$	7,663,997,200
Total OPEB Liability as a Percentage of Covered Payroll		533.38%		539.19%

[a] *Includes $1,789,389,594 in incurred but not paid healthcare liabilities as of June 30, 2017.*
[b] *Includes $496,555,657 in incurred but not paid healthcare liabilities as of June 30, 2018.*

Statement of OPEB Expense under GASB Statement No. 75
Measured as of June 30, 2018
Applicable to Plan Sponsor's Fiscal Year End June 30, 2019

A. Expense		
1	Service Cost	$ 1,372,138,823
2	Interest on the Total OPEB Liability	1,435,703,685
3	Current-Period Benefit Changes	-
4	Active Member Contributions	-
5	OPEB Plan Operating Expenses	10,184,871
6	Recognition of Outflow/(Inflow) due to Liability Experience	(210,337,838)
7	Recognition of Outflow/(Inflow) due to Assumption Changes	(1,056,842,995)
8	Recognition of Outflow/(Inflow) due to Investment Experience	-
9	**Total OPEB Expense**	**$ 1,550,846,546**

B. Reconciliation of Total OPEB Liability		
1	**Total OPEB Liability at June 30, 2017**	$ 41,323,858,855
2	OPEB Expense	1,550,846,546
3	Employer Contributions	(2,054,167,700)
4	Change in Liability Experience Outflows/(Inflows) Recognized in Current Liabilities	(885,818,979)
5	Change in Assumption Updates Outflows/(Inflows) Recognized in Current Liabilities	158,529,771
6	Change in Investment Experience Outflows/(Inflows) Recognized in Current Assets	-
7	**Total OPEB Liability at June 30, 2018**	**$ 40,093,248,494**

Recognition of Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active members in the plan was approximately 1,146,605 years. Additionally, the total plan membership (active, inactive and retired members) was 223,133. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 5.138662 years.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Measured as of June 30, 2018, Applicable to Plan Sponsor's Fiscal Year End June 30, 2019

A. Outflows and (Inflows) of Resources Recognized in Current and Future OPEB Expenses as of Plan Year End June 30, 2018

Experience (Gain)/Loss	Original Balance	Date Established	Original Recognition Period/ Amortization Factor	Amount Recognized in Past OPEB Expenses	Amount Recognized in Current OPEB Expense	Deferred (Inflows) to be Recognized in Future OPEB Expenses	Deferred Outflows to be Recognized in Future OPEB Expenses
1 Liability (Gain)/Loss	$ (1,096,156,817)	June 30, 2018	5.138662	$ -	$ (213,315,610)	$ (882,841,207)	$ -
	$ 16,224,331	June 30, 2017	5.448481	$ 2,977,771	$ 2,977,771	$ -	$ 10,268,788
				$ 2,977,771	$ (210,337,838)	$ (882,841,207)	$ 10,268,788
2 Assumption Changes	$ (898,313,223)	June 30, 2018	5.138662	$ -	$ (174,814,616)	$ (723,498,607)	$ -
	$ (4,805,714,863)	June 30, 2017	5.448481	$ (882,028,379)	$ (882,028,379)	$ (3,041,658,106)	$ -
				$ (882,028,379)	$ (1,056,842,995)	$ (3,765,156,713)	$ -
3 Investment (Gain)/Loss	$ -	June 30, 2018	5.000000	$ -	$ -	$ -	$ -
	$ -	June 30, 2017	5.000000	$ -	$ -	$ -	$ -
				$ -	$ -	$ -	$ -
4 Total				**$ (879,050,607)**	**$ (1,267,180,833)**	**$ (4,647,997,920)**	**$ 10,268,788**

B. Deferred Outflows and Deferred (Inflows) of Resources by Year to be Recognized in Future OPEB Expenses

Year Ending June 30,	Liability Outflows (Inflows)	Assumption Changes Outflows /(Inflows)	Investment Outflows/(Inflows)	Year Ending June 30,	Deferred Outflows	Deferred (Inflows)	Net Outflows/(Inflows)
2019	$ (210,337,838)	$ (1,056,842,995)	$ -	2019	$ 2,977,771	$ (1,270,158,604)	$ (1,267,180,833)
2020	$ (210,337,838)	$ (1,056,842,995)	$ -	2020	$ 2,977,771	$ (1,270,158,604)	$ (1,267,180,833)
2021	$ (210,337,838)	$ (1,056,842,995)	$ -	2021	$ 2,977,771	$ (1,270,158,604)	$ (1,267,180,833)
2022	$ (211,980,136)	$ (570,387,585)	$ -	2022	$ 1,335,474	$ (783,703,195)	$ (782,367,721)
2023	$ (29,578,769)	$ (24,240,144)	$ -	2023	$ -	$ (53,818,913)	$ (53,818,913)
2024	$ -	$ -	$ -	2024	$ -	-	$ -
2025	$ -	$ -	$ -	2025	$ -	-	$ -
Total	**$ (872,572,419)**	**$ (3,765,156,713)**	**$ -**	**Total**	**$ 10,268,788**	**$ (4,647,997,920)**	**$ (4,637,729,132)**

Numbers may not add due to rounding.

Notes to Schedule of Contributions

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Sponsor's Fiscal year End	June 30, 2019

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you basis. Retired members contribute a percentage of premium rates based on service at retirement. The sponsor contributes claims and expenses in excess of retired member contributions. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire 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. Premiums for plan year 2018 and 2019 are based on actual premiums. Premium after 2019 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.
Asset Valuation Method	Not applicable
Investment Rate of Return	Not applicable
Inflation	2.75%
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.42% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.
Other:	Incurred but not paid healthcare claims liability was based on information provided by the plan sponsor. Total OPEB liability includes incurred but not paid liability of $1,789,389,594 as of June 30, 2017, and $496,555,657 as of June 30, 2018.

GASB Statement No. 75 Information

	SERS	SURS	TRS	JRS	GARS
Salary Increases	Depends on age and ranges from 7.67% at age 25 graded down to 3.25% at age 70.	Depends on service and ranges from 15.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75% wage inflation assumption.	Depends on service and ranges from 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increase includes a 3.25% wage inflation assumption.	3.00% per annum	3.00% per annum
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2014, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2016, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 Healthy Annuitant Table. Pre-Retirement: RP-2014 Total Employee Table. Tables are adjusted for SERS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table. Disabled Annuitants: RP-2014 Disabled Annutant Table. Pre-Retirement: RP-2014 White Collar Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Diasabled Annutant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.	Retirement and Beneficiary Annuitants: RP-2014 White Collar Total Healthy Annuitant Table. Pre-Retirement: RP-2014 White Collar Total Employee Table. Tables are adjusted for JRS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.	Retirement and Beneficiary Annuitants: RP-2014 White Collar Total Healthy Annuitant Table. Pre-Retirement: RP-2014 White Collar Total Employee Table. Tables are adjusted for GARS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.

Single Discount Rate

Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expense in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.56 percent at June 30, 2017, and 3.62 percent at June 30, 2018, was used to measure the Total OPEB liability.

Sensitivity of Total OPEB Liability

The following table shows the plan's Total OPEB liability as of June 30, 2018, using the current single discount rate of 3.62 percent, and sensitivity single discount rates that are either one percentage point higher or lower:

1% Decrease 2.62%	Current Single Discount Rate Assumption 3.62%	1% Increase 4.62%
$ 47,004,444,411	$ 40,093,248,494	$ 34,606,899,324

The following table shows the plan's Total OPEB Liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The key current trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.92% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

1% Decrease[a]	Healthcare Cost Trend Rates Assumption	1% Increase[b]
$ 33,863,127,528	$ 40,093,248,494	$ 48,187,092,180

[a] *One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate trend rate of 3.92% in 2026, for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.*

[b] *One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.92% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage.*

SECTION D

ADDITIONAL VALUATION EXHIBITS

40-Year Projection of Expected Employer Claims [a]

Plan Year Ending June 30,	Expected Employer Claims	Year Beginning July 1	Expected Employer Claims
2018[b]	$ 984,912,310	2038	$ 2,692,670,547
2019	1,077,427,850	2039	2,748,716,098
2020	1,187,298,661	2040	2,805,229,950
2021	1,302,521,213	2041	2,855,665,582
2022	1,424,531,791	2042	2,897,396,921
2023	1,549,436,645	2043	2,928,522,283
2024	1,657,951,060	2044	2,952,370,444
2025	1,774,516,799	2045	2,963,623,435
2026	1,875,639,930	2046	2,965,045,175
2027	1,961,613,796	2047	2,959,611,848
2028	2,033,323,198	2048	2,946,803,966
2029	2,100,841,972	2049	2,929,018,309
2030	2,168,181,914	2050	2,905,493,101
2031	2,242,181,664	2051	2,877,977,238
2032	2,316,475,400	2052	2,846,349,314
2033	2,387,250,300	2053	2,805,188,849
2034	2,454,633,789	2054	2,759,729,840
2035	2,517,478,928	2055	2,711,012,061
2036	2,576,769,042	2056	2,654,740,686
2037	2,635,148,227	2057	2,595,829,595

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

[b] *During plan year end June 30, 2018, the sponsor incurred net employer claims of $965,946,302 and made a contribution of $2,054,167,700. The excess contribution of $1,088,221,398 was used to pay operating expenses of $10,184,871 and reduce the incurred but not paid liability for plan year end June 30, 2018.*

Additional Valuation Exhibits

Summary of Demographic Information

		SERS	SURS	TRS	GARS	JRS	Combined
A)	Active Participants [a]						
	i) Counts	58,164	44,574	2,534	135	945	**106,352**
	ii) Average Age	45.8	46.0	46.5	52.5	58.3	**46**
	iii) Average Service	12.5	10.6	13.1	10.3	11.1	**11.7**
B)	Deferred vested participants [b,c]						
	i) Counts	3,318	10,036	212	37	8	**13,611**
	ii) Average Age	51.9	49.7	50.1	52.4	53.1	**50.3**
C)	Retirees with SEGIP Healthcare Coverage						
	i) Counts	50,311	29,367	937	286	793	**81,694**
	ii) Average Age	69.5	71.5	72.0	73.2	71.8	**70.2**
D)	Survivors with SEGIP Healthcare Coverage Over Age 26						
	i) Counts	6,705	3,508	162	97	276	**10,748**
	ii) Average Age	76.9	79.3	81.2	81.9	78.7	**77.9**
E)	Dependents with SEGIP Healthcare Coverage Over Age 26						
	i) Counts	20,582	11,545	346	164	538	**33,175**
	ii) Average Age	65.7	68.6	70.1	70.0	67.9	**66.8**
F)	Retirees and Survivors Waiving Medical Coverage (Excluding Those Over Age 75) [d, e]						
	i) Counts	5,356	3,903	292	20	54	**9,625**
	ii) Average Age	64.7	65.3	65.8	66.9	67.1	**65.0**
G)	Retirees Receiving a Monthly Stipend [f]						
	i) Counts	579	465	1	3	-	**1,048**
	ii) Average Age	59.7	60	62	57	-	**59.9**
H)	Survivors with SEGIP Healthcare Coverage Age 26 and Under						
	i) Counts	58	7	-	-	7	**72**
	ii) Average Age	17.1	18.1	-	-	19.1	**17.4**
I)	Dependents with SEGIP Healthcare Coverage Age 26 and Under						
	i) Counts	5,907	2,174	41	31	101	**8,254**
	ii) Average Age	20.1	20.4	20.8	20.0	21.3	**20.2**
J)	**Total Participants**	**150,980**	**105,579**	**4,525**	**773**	**2,722**	**264,579**

[a] *Excludes Active TRS members, Active SURS members and Active SERS members who are dependents of SEGIP active members. Includes members who are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS and JRS*

[b] *Valuation assumes a percentage of waived retirees and deferred vested members will elect retiree healthcare coverage in the future.*

[c] *Under TRS, includes deferred vested members 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. The counts under TRS also include deferred vested benefits with more than 7 years of service.*

[d] *Includes 1,116 retirees and 94 survivors with only dental coverage.*

[e] *Excludes waived retirees over age 75. No liability is assumed for these members.*

[f] *Stipend under "Opt-Out" program, available to retirees.*

SECTION E

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

Development of Per Capita Claim Costs

The per capita claims used in the actuarial valuation were calculated by the State's healthcare actuary and are based on average per member costs by plan type for the period June 30, 2017, through June 30, 2018, as provided by the Department of Central Management Services (CMS). The per capita claims for the MAPD plans used in the actuarial valuation were based on weighted average premium rate, as provided by CMS. The average costs were adjusted at each respective retirement age by the morbidity factors disclosed in the actuarial assumption section of the report.

Cost Method and Expense Calculations for Retiree Healthcare Benefits

The retiree healthcare actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Under GASB Statement Nos. 74 and 75, the Entry Age Normal Method is the required cost method.

Census Data

The actuarial valuation was based on SERS, SURS, TRS, GARS, and JRS active, inactive and retiree data as of June 30, 2017, for eligible SEGIP members, and SEGIP retiree data as of June 30, 2017.

Retirees' share of benefit-related costs

Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire 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. Premiums for plan year 2018 and 2019 are based on actual premiums. Premiums after 2019 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.

Summary of Actuarial Assumptions and Methods

Actuarial Assumptions

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

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Discount Rate	3.56% at June 30, 2017 3.62% at June 30, 2018
Inflation[1]	2.75%
Wage Inflation[2]	3.75%

OPEB Assumptions

	Healthcare Trend		
	Pre-Medicare	Post-Medicare	Dental and
Applied at July 1,	Medical/Rx [3,5]	Medical/Rx [4,5]	Vision
2019	8.00%	9.00%	6.00%
2020	7.50%	8.50%	5.50%
2021	7.42%	8.00%	5.00%
2022	6.92%	7.50%	4.50%
2023	6.42%	7.00%	4.50%
2024	5.92%	6.50%	4.50%
2025	5.42%	6.00%	4.50%
2026	4.92%	5.50%	4.50%
2027	4.92%	5.00%	4.50%
2028	4.92%	4.50%	4.50%

[1] *Inflation assumption used to estimate the impact of the Excise Tax under Federal Healthcare Reform.*
[2] *Wage inflation used to project payroll.*
[3] *Higher trend rate on and after plan year end 2022 to account for the Excise Tax under Federal Healthcare Reform.*
[4] *In addition to these trend rates, the per capita claims costs for the Medicare Advantage Prescription Drug plans (MAPD) are increased to reflect an ultimate MAPD savings of 15 percent in 2028 and thereafter.*
[5]*Actual trend applied to premium increases during plan year end 2018. For plan year end 2018, non-Medicare claim cost assumed to increase by 8%, non-MAPD Medicare claim cost assumed to increase by 9%, and MAPD claim cost are assumed to increase by the same rate as the 2018 premium increase.*

Age	Morbidity Factor	
	Male	Female
50	5.81%	3.46%
55	5.44%	2.84%
60	5.02%	3.66%
65	1.68%	2.46%
70	1.72%	1.89%
75	1.07%	1.20%
80	0.62%	0.97%
85	-0.37%	0.36%
90	-0.28%	-0.14%

PYE 2018 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	Male	Female	Male	Female
20	$ 3,510	$ 4,592	$ 3,571	$ 4,673	$ 3,537	$ 4,628
25	2,971	6,074	3,023	6,181	2,994	6,121
30	3,638	8,561	3,702	8,711	3,666	8,627
35	4,533	9,314	4,612	9,477	4,568	9,385
40	5,661	9,198	5,760	9,359	5,704	9,269
45	7,047	9,726	7,170	9,896	7,101	9,800
50	9,176	11,304	9,336	11,502	9,246	11,391
51	9,709	11,695	9,879	11,900	9,784	11,785
52	10,264	12,079	10,444	12,290	10,343	12,171
53	10,842	12,452	11,031	12,670	10,925	12,548
54	11,445	12,818	11,645	13,042	11,533	12,917
55	12,074	13,183	12,286	13,414	12,167	13,285
56	12,731	13,558	12,953	13,795	12,829	13,662
57	13,413	13,953	13,648	14,197	13,516	14,060
58	14,118	14,378	14,365	14,630	14,226	14,489
59	14,844	14,844	15,104	15,104	14,958	14,958
60	15,595	15,355	15,868	15,624	15,715	15,474
61	16,378	15,917	16,664	16,196	16,504	16,040
62	17,199	16,530	17,500	16,819	17,331	16,657
63	18,060	17,190	18,376	17,491	18,199	17,323
64	18,964	17,896	19,295	18,210	19,109	18,034

Annual Dental Cost: $432
Annual Vision Cost: $23

PYE 2018 Annual Per Capita Claims Costs for Medicare Eligible Members

	QCHP		OAP		HMO		MAPD	
	Medical and Rx		Medical and Rx		Medical and Rx		Medical and Rx	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
65	$ 5,859	$ 5,526	$ 6,771	$ 6,771	$ 6,574	$ 6,201	$ 2,703	$ 2,549
66	5,957	5,662	6,885	6,885	6,684	6,353	2,748	2,612
67	6,059	5,795	7,002	7,002	6,798	6,503	2,795	2,673
68	6,163	5,926	7,123	7,123	6,916	6,650	2,843	2,734
69	6,271	6,053	7,248	7,248	7,037	6,792	2,893	2,793
70	6,382	6,176	7,376	7,376	7,162	6,930	2,944	2,849
71	6,492	6,293	7,503	7,503	7,285	7,061	2,995	2,903
72	6,596	6,403	7,623	7,623	7,402	7,185	3,043	2,954
73	6,691	6,506	7,733	7,733	7,508	7,301	3,087	3,001
74	6,777	6,601	7,832	7,832	7,604	7,407	3,126	3,045
75	6,855	6,689	7,922	7,922	7,692	7,505	3,162	3,086
76	6,928	6,769	8,007	8,007	7,774	7,596	3,196	3,123
77	7,000	6,846	8,090	8,090	7,854	7,682	3,229	3,158
78	7,070	6,921	8,171	8,171	7,934	7,766	3,262	3,193
79	7,138	6,997	8,249	8,249	8,009	7,851	3,293	3,228
80	7,196	7,070	8,317	8,317	8,075	7,933	3,320	3,262
81	7,241	7,139	8,368	8,368	8,125	8,010	3,340	3,293
82	7,268	7,200	8,400	8,400	8,155	8,079	3,353	3,321
83	7,276	7,253	8,409	8,409	8,165	8,139	3,357	3,346
84	7,268	7,298	8,400	8,400	8,156	8,189	3,353	3,367
85	7,248	7,334	8,377	8,377	8,133	8,229	3,344	3,383
86	7,222	7,360	8,346	8,346	8,103	8,259	3,332	3,395
87	7,192	7,379	8,312	8,312	8,070	8,280	3,318	3,404
90	7,114	7,407	8,222	8,222	7,983	8,312	3,282	3,417
98 +	6,922	6,518	8,000	8,000	7,767	7,313	3,193	3,007

Annual Dental Cost: $432
Annual Vision Cost: $23

PYE 2018 Annual Per Capita Claims Costs for Post 65, Not Medicare Eligible Members

	QCHP		OAP		HMO	
	Medical and Rx		Medical and Rx		Medical and Rx	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
65	$ 19,597	$ 18,484	$ 19,940	$ 18,807	$ 19,748	$ 18,626
66	19,926	18,939	20,275	19,270	20,080	19,084
67	20,266	19,385	20,621	19,724	20,422	19,534
68	20,616	19,822	20,976	20,169	20,774	19,975
69	20,977	20,248	21,344	20,603	21,138	20,404
70	21,348	20,658	21,722	21,019	21,513	20,817
71	21,716	21,048	22,096	21,417	21,883	21,210
72	22,064	21,417	22,450	21,792	22,234	21,582
73	22,381	21,763	22,773	22,144	22,553	21,930
74	22,668	22,082	23,064	22,468	22,842	22,251
75	22,929	22,373	23,330	22,765	23,105	22,545
76	23,174	22,642	23,580	23,039	23,352	22,817
77	23,414	22,899	23,824	23,300	23,594	23,075
78	23,651	23,151	24,064	23,556	23,832	23,329
79	23,875	23,403	24,292	23,813	24,058	23,583
80	24,070	23,650	24,492	24,063	24,256	23,832
81	24,221	23,879	24,644	24,297	24,407	24,063
82	24,311	24,083	24,737	24,505	24,498	24,268
83	24,339	24,262	24,765	24,686	24,526	24,448
84	24,312	24,412	24,737	24,839	24,499	24,600
85	24,246	24,531	24,670	24,960	24,432	24,720
86	24,156	24,619	24,579	25,050	24,342	24,809
87	24,058	24,684	24,479	25,116	24,243	24,874
90	23,796	24,777	24,213	25,210	23,979	24,968
98 +	23,155	21,801	23,560	22,182	23,333	21,969

Annual Dental Cost: $432
Annual Vision Cost: $23

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%

Two percent of future eligible retirees are assumed to participate in the Opt-Out – Financial Incentive Program. The Opt-Out program provides a financial incentive – $500 per month if service is greater than or equal to 20 years or $150 per month if service is less than 20 years – to enroll in another healthcare program prior to becoming eligible for Medicare. Members in the Opt-Out 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 who 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 actuarial 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 who 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	30%	30%	40%	100%
JRS/GARS	80%	10%	10%	100%

Summary of Actuarial Assumptions and Methods

Pension-related assumptions

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

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

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

Medicare eligible members are assumed to participate in the MAPD six months after attaining age 65.

Post-Retirement Mortality:

105 percent of the RP-2014 Healthy Annuitant mortality tables, sex distinct, with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales recently released by the Society of Actuaries. This assumption provides a margin for future mortality improvements. No adjustment is made for post-disabled mortality.

Pre-Retirement Mortality, including terminated vested members prior to attaining age 50:

Based on a percentage of 75 percent for males and 90 percent for females of the RP-2014 Total Employee mortality table with generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales, to reflect that experience shows active members having lower mortality rates than retirees of the same age. Five percent of deaths among active employees are assumed to be in the performance of their duty.

Termination:

Illustrative rates of withdrawal from the plan are as follows:

Service Based Withdrawal				
	Regular Formula Employees		Alternate Formula Employees	
Service (Beginning of Year)	Males	Females	Males	Females
0	0.2300	0.2300	0.0325	0.0600
1	0.1200	0.1200	0.0325	0.0450
2	0.0950	0.0850	0.0325	0.0450
3	0.0700	0.0650	0.0200	0.0400
4	0.0625	0.0500	0.0175	0.0300
5	0.0425	0.0475	0.0175	0.0300
6	0.0425	0.0350	0.0175	0.0300
7	0.0350	0.0350	0.0175	0.0200
8	0.0300	0.0300	0.0150	0.0200
9	0.0250	0.0250	0.0150	0.0200
10	0.0250	0.0250	0.0150	0.0200
11	0.0200	0.0200	0.0125	0.0175
12	0.0200	0.0200	0.0125	0.0175
13	0.0200	0.0200	0.0100	0.0150
14	0.0150	0.0150	0.0100	0.0150
15	0.0150	0.0150	0.0100	0.0150
16	0.0150	0.0150	0.0100	0.0150
17	0.0150	0.0150	0.0100	0.0150
18	0.0150	0.0150	0.0100	0.0150
19	0.0150	0.0150	0.0100	0.0150
20	0.0150	0.0100	0.0100	0.0150
21	0.0150	0.0100	0.0100	0.0150
22	0.0150	0.0100	0.0100	0.0150
23	0.0150	0.0100	0.0100	0.0150
24	0.0150	0.0100	0.0100	0.0150
25	0.0150	0.0100	0.0100	0.0150
26	0.0150	0.0100	0.0100	0.0150
27	0.0150	0.0100	0.0100	0.0150
28	0.0150	0.0100	0.0100	0.0150
29	0.0150	0.0100	0.0100	0.0150
30+	0.0150	0.0100	0.0100	0.0150

It is assumed that terminated employees will not be rehired. The rates apply only to employees who have not fulfilled the service requirement necessary for retirement at any given age.

Salary Increases:

Illustrative rates of increase per individual employee per annum, compounded annually:

Age	Annual Increase
25	7.67%
30	6.20%
35	5.30%
40	4.97%
45	4.58%
50	4.26%
55	4.05%
60	3.85%
65	3.47%
70	3.25%

Disability:

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

Retirement:

Employees are assumed to retire in accordance with the rates shown below. The rates apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Retirement Rates for Regular Formula Employees		
	Males	Females
50	15.00%	25.00%
51	15.00%	25.00%
52	25.00%	30.00%
53	25.00%	25.00%
54	20.00%	20.00%
55	17.50%	16.00%
56	17.50%	16.00%
57	15.00%	16.00%
58	15.00%	16.00%
59	15.00%	16.00%
60	10.00%	16.00%
61	10.00%	12.50%
62	20.00%	20.00%
63	17.50%	17.50%
64	15.00%	17.50%
65	20.00%	25.00%
66	25.00%	20.00%
67	20.00%	20.00%
68	20.00%	20.00%
69	17.50%	20.00%
70	17.50%	20.00%
71	17.50%	15.00%
72	15.00%	20.00%
73	17.50%	20.00%
74	20.00%	20.00%
75	100.00%	100.00%

Early Retirement Rates for Regular Formula Employees		
Age	Males	Females
55	4.50%	4.50%
56	6.00%	4.00%
57	5.00%	7.00%
58	7.50%	9.50%
59	9.50%	12.00%

Retirement Rates for Alternate Formula Employees				
	Eligible for Alternate Formula Benefits Only		Eligible for Regular Formula Benefits Only	
Age	Males	Females	Males	Females
50	60.00%	40.00%	N/A	N/A
51	45.00%	40.00%	N/A	N/A
52	45.00%	35.00%	N/A	N/A
53	40.00%	30.00%	N/A	N/A
54	40.00%	25.00%	N/A	N/A
55	35.00%	30.00%	N/A	N/A
56	35.00%	25.00%	N/A	N/A
57	27.50%	20.00%	N/A	N/A
58	30.00%	20.00%	N/A	N/A
59	25.00%	25.00%	N/A	N/A
60	30.00%	30.00%	5.00%	8.00%
61	25.00%	20.00%	5.00%	8.00%
62	45.00%	45.00%	10.00%	8.00%
63	40.00%	35.00%	10.00%	12.50%
64	30.00%	40.00%	10.00%	12.50%
65	55.00%	40.00%	20.00%	17.50%
66	50.00%	60.00%	20.00%	15.00%
67	50.00%	50.00%	20.00%	40.00%
68	30.00%	15.00%	17.50%	30.00%
69	35.00%	35.00%	17.50%	20.00%
70	50.00%	60.00%	17.50%	25.00%
71	30.00%	50.00%	17.50%	30.00%
72	100.00%	100.00%	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. Actual marital status at benefit commencement is used for retirees. If no data is available, the female spouse is assumed to be three years younger than the male spouse.

Assumptions as a result of Public Act 96-0889 Adopted June 30, 2014

Retirement rates for members hired after December 31, 2010, who are eligible for regular formula benefits will retire according to the following age-based retirement rates:

Retirement Rates for Regular Formula Employees			
Age	Males	Age	Females
67	50.00%	62	30.00%
68	35.00%	63	15.00%
69	35.00%	64	15.00%
70	35.00%	65	15.00%
71	20.00%	66	15.00%
72	20.00%		
73	20.00%		
74	20.00%		
75	100.00%		

Members hired after December 31, 2010, eligible for the alternate formula benefits will retire according to the following age-based retirement rates:

Retirement Rates for Alternate Formula Employees		
Age	Males	Females
60	50.00%	50.00%
61	25.00%	20.00%
62	45.00%	45.00%
63	40.00%	35.00%
64	30.00%	40.00%
65	55.00%	40.00%
66	50.00%	60.00%
67	50.00%	50.00%
68	30.00%	15.00%
69	35.00%	35.00%
60	50.00%	60.00%
61	30.00%	50.00%
62	100.00%	100.00%

Illustrative rates of withdrawal from the plan are as follows for members hired after December 31, 2010:

Service Based Withdrawal				
	Regular Formula Employees		Alternate Formula Employees	
Service (Beginning of Year)	Males	Females	Males	Females
0	0.2700	0.2500	0.0500	0.0775
1	0.1400	0.1600	0.0350	0.0475
2	0.0800	0.1000	0.0350	0.0475
3	0.0800	0.0800	0.0225	0.0425
4	0.0625	0.0700	0.0200	0.0325
5	0.0500	0.0600	0.0200	0.0325
6	0.0450	0.0550	0.0200	0.0325
7	0.0400	0.0500	0.0200	0.0225
8	0.0350	0.0450	0.0175	0.0225
9	0.0300	0.0400	0.0175	0.0225
10	0.0250	0.0350	0.0175	0.0225
11	0.0200	0.0250	0.0150	0.0200
12	0.0200	0.0200	0.0150	0.0200
13	0.0200	0.0200	0.0125	0.0175
14	0.0150	0.0150	0.0125	0.0175
15	0.0150	0.0150	0.0100	0.0150
16	0.0150	0.0150	0.0100	0.0150
17	0.0150	0.0150	0.0100	0.0150
18	0.0150	0.0150	0.0100	0.0150
19	0.0150	0.0150	0.0100	0.0150
20	0.0150	0.0150	0.0100	0.0150
21	0.0150	0.0150	0.0100	0.0150
22	0.0150	0.0150	0.0100	0.0150
23	0.0150	0.0150	0.0100	0.0150
24	0.0150	0.0150	0.0100	0.0150
25	0.0150	0.0150	0.0100	0.0150
26	0.0150	0.0150	0.0100	0.0150
27	0.0150	0.0150	0.0100	0.0150
28	0.0150	0.0150	0.0100	0.0150
29	0.0150	0.0150	0.0100	0.0150
30+	0.0150	0.0150	0.0100	0.0150

Mortality:

The mortality assumptions are as follows:

	Male Set Forward	**Female Set Forward**	**Male Multiplier**	**Female Multiplier**
RP-2014 White Collar Employee, sex distinct (pre-retirement)	None	None	110% pre 60, 80% at ages 60+	90% pre 60, 90% at ages 60+
RP-2014 White Collar Healthy Annuitant, sex distinct (non-disabled post-retirement)	1 year	1 year	100%	100%
RP-2014 Disabled Annuitant, sex distinct (disabled post-retirement)	9 years	10 years	100%	100%

Mortality improvement is projected using the 2-dimensional mortality improvement scales released by the Society of Actuaries in 2014. The assumptions are generational mortality tables and include a margin for improvement.

Termination:

Illustrative rates are as follows:

Years of Service	Termination Rates
0	20.00%
1	20.00%
2	15.00%
3	14.00%
4	12.00%
5	10.00%
6	9.00%
7	7.50%
8	6.75%
9	6.00%
10	5.25%
11	4.50%
12	4.00%
13	3.70%
14	3.20%
15	3.00%
16	3.00%
17	3.00%
18	3.00%
19	3.00%
20	2.50%
21	2.50%
22	2.50%
23	2.50%
24	2.50%
25	2.00%
26	2.00%
27	2.00%
28	2.00%
29	2.00%

Part time members with less than three years of service (all members classified as part time for valuation purposes) are assumed to terminate at the valuation date.

Termination rate for 29 years of service used for Tier 2 members until retirement eligibility is met.

Salary Increases:

Rates are as follows:

Service Year	Total Increase
0	15.00%
1	12.00%
2	9.00%
3	7.25%
4	6.50%
5	6.00%
6	5.75%
7	5.50%
8	5.25%
9	5.00%
10	4.75%
11	4.50%
12-13	4.25%
14-33	4.00%
34+	3.75%

Disability:

Illustrative rates are as follows:

Age	Male	Female	Age	Male	Female
20	0.042%	0.060%	50	0.206%	0.249%
21	0.043%	0.064%	51	0.219%	0.257%
22	0.044%	0.067%	52	0.231%	0.264%
23	0.045%	0.071%	53	0.244%	0.272%
24	0.046%	0.074%	54	0.256%	0.279%
25	0.047%	0.078%	55	0.264%	0.287%
26	0.048%	0.081%	56	0.271%	0.294%
27	0.049%	0.085%	57	0.279%	0.302%
28	0.050%	0.088%	58	0.286%	0.309%
29	0.051%	0.092%	59	0.294%	0.317%
30	0.054%	0.099%	60	0.301%	0.324%
31	0.056%	0.107%	61	0.309%	0.332%
32	0.059%	0.114%	62	0.316%	0.339%
33	0.061%	0.122%	63	0.324%	0.347%
34	0.064%	0.129%	64	0.331%	0.354%
35	0.067%	0.137%	65	0.339%	0.362%
36	0.071%	0.144%	66	0.346%	0.369%
37	0.074%	0.152%	67	0.354%	0.377%
38	0.078%	0.159%	68	0.361%	0.384%
39	0.081%	0.167%	69	0.369%	0.392%
40	0.091%	0.174%	70	0.369%	0.392%
41	0.101%	0.182%	71	0.369%	0.392%
42	0.111%	0.189%	72	0.369%	0.392%
43	0.121%	0.197%	73	0.369%	0.392%
44	0.131%	0.204%	74	0.369%	0.392%
45	0.144%	0.212%	75	0.369%	0.392%
46	0.156%	0.219%	76	0.369%	0.392%
47	0.169%	0.227%	77	0.369%	0.392%
48	0.181%	0.234%	78	0.369%	0.392%
49	0.194%	0.242%	79	0.369%	0.392%

Disability rates apply during the retirement eligibility period.

Retirement:

Upon eligibility, active members are assumed to retire as follows:

Age	Members Hired Before January 1, 2011 and Eligible for Normal Retirement	Members Hired Before January 1, 2011 and Eligible for Early Retirement	Members Hired on or After January 1, and Eligible for Normal Retirement	Members Hired on or After January 1, and Eligible for Early Retirement
Under 50	50.0%	-	-	-
51	45.0%	-	-	-
52	45.0%	-	-	-
53	45.0%	-	-	-
54	40.0%	-	-	-
55	40.0%	7.5%	-	-
56	38.0%	6.0%	-	-
57	36.0%	4.5%	-	-
58	30.0%	5.5%	-	-
59	30.0%	6.0%	-	-
60	30.0%	-	-	-
61	11.0%	-	-	-
62	11.0%	-	-	35.0%
63	13.0%	-	-	15.0%
64	13.0%	-	-	15.0%
65	13.0%	-	-	15.0%
66	17.0%	-	-	15.0%
67	17.0%	-	50.0%	-
68	15.0%	-	35.0%	-
69	15.0%	-	30.0%	-
70-74	15.0%	-	15.0%	-
75-79	20.0%	-	20.0%	-
80+	100.0%	-	100.0%	-

Spouse and Marriage Assumptions:

Members are assumed to be married in the following proportions:

Age	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%

Summary of Actuarial Assumptions and Methods
TRS Pension Related Assumptions

Demographic Assumptions:

Healthy Life Mortality, Post-Retirement

RP-2014 White Collar Annuitant Tables, sex distinct with female rates multiplied by 76% for ages 50 to 77 and 106% for ages 78 to 114, and males rates multiplied by 115% for ages 78 to 114

Healthy Life Mortality, Post-Retirement Beneficiary

RP-2014 White Collar Annuitant Tables, sex distinct with female and male rates multiplied by 112% for ages 50 to 114

Healthy Life Mortality, Pre-Retirement

RP-2014 White Collar Mortality Table, sex distinct

Disabled Life Mortality, Post-Retirement

RP-2014 Disabled Table

Future annual improvements in mortality are based on the Society of Actuaries Mortality Projection Scale MP-2014.

Termination:

Illustrative rates are as follows:

Sample Turnover Rates

% Separating Within Next Year

Age	Non-Vested		Vested[1]		Vested[2]	
	Male	Female	Male	Female	Male	Female
25	9.5%	8.4%	6.0%	6.5%	6.0%	6.5%
30	8.8%	11.3%	2.8%	5.0%	2.8%	5.0%
35	10.2%	11.6%	2.1%	3.5%	2.1%	3.5%
40	12.3%	10.8%	1.7%	2.2%	1.7%	2.2%
45	12.6%	10.3%	1.5%	1.9%	1.5%	1.9%
50	16.7%	11.8%	1.9%	1.7%	1.9%	1.7%
55	20.7%	17.0%	5.0%	3.8%	5.0%	3.8%
60	16.4%	16.9%	4.6%	4.0%	4.6%	4.0%
65	30.2%	35.0%	4.6%	4.0%	4.6%	4.0%

[1] *Hired before January 1, 2011*
[2] *Hired on or after January 1, 2011*

Salary Increases:

Service	Annual Increase
1	9.25%
2	7.25%
3	6.75%
4	6.45%
5	6.25%
6	6.05%
7	5.85%
8	5.65%
9	5.45%
10	5.25%
11	5.05%
12	4.85%
13	4.65%
14	4.45%
15	4.25%
16	4.05%
17	3.85%
18	3.65%
19	3.45%
20 & above	3.25%

Disability:

Illustrative rates are as follows:

Sample Disability Rates

% Separating Within Next Year				
	Hired Before January 1, 2011		**Hired On/After January 1, 2011**	
Age	**Male**	**Female**	**Male**	**Female**
20	0.029%	0.030%	0.029%	0.030%
25	0.029%	0.030%	0.029%	0.030%
30	0.023%	0.061%	0.023%	0.061%
35	0.030%	0.069%	0.030%	0.069%
40	0.051%	0.112%	0.051%	0.112%
45	0.068%	0.140%	0.068%	0.140%
50	0.117%	0.192%	0.117%	0.192%
55	0.138%	0.240%	0.138%	0.240%
60	0.179%	0.227%	0.179%	0.227%
65	0.536%	0.410%	0.536%	0.410%

Retirement:

Sample Normal Retirement Rates, Hired Before January 1, 2011

% Separating Within Next Year (Age-Based)

	Service				
Age	5 - 18	19 - 30	31	32 - 33	34 +
54	0%	6%	8%	38%	60%
55	0%	10%	8%	38%	60%
56	0%	7%	8%	38%	45%
57	0%	7%	12%	40%	45%
58	0%	7%	12%	40%	40%
59	0%	25%	38%	60%	40%
60	14%	30%	48%	60%	40%
61	14%	27%	33%	45%	40%
62	14%	27%	50%	45%	40%
63	14%	27%	38%	50%	40%
64	24%	37%	50%	60%	40%
65	26%	37%	50%	50%	40%
66	26%	37%	50%	50%	40%
67	26%	37%	50%	50%	40%
68	26%	33%	50%	50%	40%
69	26%	33%	50%	50%	40%
70 & older	100%	100%	100%	100%	100%

Sample Normal Retirement Rates, Hired On/After January 1, 2011

% Separating Within Next Year (Age-Based)

	Service				
Age	5 - 18	19 - 30	31	32 - 33	34 +
61 and younger	0%	0%	0%	0%	0%
62	13%	15%	20%	25%	25%
63-65	8%	10%	15%	20%	20%
66	20%	10%	15%	20%	20%
67	20%	40%	70%	70%	70%
68	20%	40%	40%	40%	40%
69	20%	40%	40%	40%	40%
70	100%	100%	100%	100%	100%

Summary of Actuarial Assumptions and Methods
TRS Pension Related Assumptions

Spouse and Marriage Assumptions:

85.0 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.

Summary of Actuarial Assumptions and Methods
JRS/GARS Pension Related Assumptions

Mortality:

Post-Retirement Mortality

JRS/GARS: RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, with rates set forward one year for males and set back one year for females and generational mortality improvement using MP-2014 two-dimensional mortality improvement scales recently released by the SOA. This assumption provides a margin for mortality improvements.

Pre-Retirement Mortality, including terminated vested members prior to attaining age 50

JRS/GARS: RP-2014 White Collar Total Employee mortality table, sex distinct and generational mortality improvement using MP-2014 two-dimensional mortality improvement scales recently released by the SOA, to reflect that experience shows active members having lower mortality rates than retirees of the same age.

Termination:

GARS: Rates of withdrawal are assumed to be equal to five percent for all ages 20 through 65.

JRS: Illustrative rates are as follows:

Sample Withdrawal Rates		
Age	Male	Female
30	0.0175	0.0175
35	0.0170	0.0160
40	0.0154	0.0144
45	0.0136	0.0126
50	0.0118	0.0108
55	0.0102	0.0092
60	0.0084	0.0074
65	0.0067	0.0057

JRS/GARS: It is assumed that terminated employees will not be rehired. The rates apply only to employees who have not fulfilled the service requirement necessary for retirement at any given age.

Salary Increases:

JRS: A salary increase assumption of 3.00 percent per annum, compounded annually, was used. This 3.00 percent salary increase assumption includes an inflation component of 2.75 percent per annum, and a productivity/merit/promotion component of 0.25 percent.

Summary of Actuarial Assumptions and Methods
JRS/GARS Pension Related Assumptions

GARS: A salary increase assumption of 3.00 percent per annum, compounded annually, was used. This 3.00 percent salary increase assumption includes an inflation component of 2.75 percent per annum, and a productivity component of 0.25 percent per annum. Furthermore, salaries were assumed to remain at their current rate for fiscal year 2018.

Disability:

JRS/GARS: No assumption for disability.

Retirement:

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

JRS: Employees are assumed to retire in accordance to the rates shown below.

Retirement Rates	
Age	Males & Females
60	15.00%
61-65	10.00%
66-70	11.00%
71	11.00%
72	12.00%
73	13.00%
74	14.00%
75-79	15.00%
80+	100.00%

Early Retirement Rates		
Age	Male	Female
55	6.50%	7.50%
56	6.50%	7.50%
57	6.50%	7.50%
58	6.50%	7.50%
59	6.50%	7.50%

GARS: Employees are assumed to retire in accordance to the rates shown below.

Retirement Rates	
Age	Male & Female
55	5.00%
56-59	15.00%
60-74	20.00%
75	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 F

SUMMARY OF PRINCIPAL PLAN PROVISIONS

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 eight years of service or at any age with at least 35 years of service.

Provisions Applicable to Members Hired after December 31, 2010, as a result of Public Act 96-0889

Retirement Eligibility – All Members Except State policemen, fire fighters in the fire protection service of a department or security employees of the Department of Corrections or the Department of Juvenile Justice

Normal retirement – 67 years old with 10 years of service.

Summary of Principal Plan Provisions

Early Retirement – 62 years old with 10 years of service with a 6.0 percent per year reduction in benefit for each year age is under 67.

Retirement Eligibility – State policemen, fire fighters in the fire protection service of a department or security employees of the Department of Corrections or the Department of Juvenile Justice

Normal retirement – 60 years old with 20 years of service.

STATE UNIVERSITIES RETIREMENT SYSTEM

Normal Retirement

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.
Other members hired before January 1, 2011, 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.

For members hired on or after January 1, 2011, separation from service on or after attainment of age 67 with 10 years of service.

Early Retirement

Members hired before January 1, 2011, other than police and fire employees, are eligible to retire with reduced benefits after attaining age 55 and earning at least 8 years of service. For members hired on or after January 1, 2011, separation from service on or after attainment of age 62 with 10 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 two years of service.

Vested Termination

Members hired before January 1, 2011, who terminate with at least five years of service are eligible to receive pension benefits under either the normal or early retirement provisions. Members hired on or after January 1, 2011, are vested after 10 years of service.

TEACHERS' RETIREMENT SYSTEM

Normal Retirement

Members hired before January 1, 2011, 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 five years of service or iii) age 55 with 35 years of service.

Age 67 with 10 years of service for members hired on or after January 1, 2011.

Early Retirement

Members hired before January 1, 2011, are eligible to retire with reduced benefits after attaining age 55 and earning at least 20 years of service.

Age 62 with 10 years of service for members hired on or after January 1, 2011.

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 five 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.

Members hired on or after January 1, 2011, are vested after 10 years of service.

Summary of Principal Plan Provisions

GENERAL ASSEMBLY RETIREMENT SYSTEM

Normal Retirement

Members hired before January 1, 2011, are eligible to retire with full benefits after completing one of the following: i) age 55 with eight years of service or ii) age 62 with four years of service. Age 67 with eight years of service for members hired on or after January 1, 2011.

Early Retirement

Members hired on or after January 1, 2011, are eligible to retire with reduced benefits after attaining age 62 and earning at least eight years of service.

Disability Retirement

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

Vested Termination

Members hired before January 1, 2011, who terminate with at least four years of service are eligible to receive pension benefits under the normal retirement provisions. Members hired on or after January 1, 2011, are vested after eight years of service.

JUDGES' RETIREMENT SYSTEM

Normal Retirement

Members hired before January 1, 2011, 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 six years of service.

Age 67 with eight years of service for members hired on or after January 1, 2011.

Early Retirement

Members hired before January 1, 2011 are eligible to retire with reduced benefits after completing age 55 with 10 years of service.

Age 62 with eight years of service for members hired on or after January 1, 2011.

Disability Retirement

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

Vested Termination

Members hired before January 1, 2011, who terminate with at least 6 years of service are eligible to receive pension benefits under either the normal or early retirement provisions.

Members hired on or after January 1, 2011, are vested after 8 years of service.

DEPENDENTS ELIGIBLE FOR COVERAGE

If a plan member enrolls in SEGIP, they may enroll the following dependents: spouses; same-sex domestic partner (enrolled prior to June 1, 2011); civil union partner (enrolled on or after June 1, 2011); unmarried children under age 26; disabled children that have been continuously disabled from causes originating prior to age 26 and are 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 85% for an In-Network provider and 60% for an Out-of-Network Provider, of the Medicare Part A deductible after the QCHP annual plan deductible has been met.
ii) After Medicare Part B pays, QCHP pays 85% for an In-Network provider and 60% for an Out-of-Network Provider, of the balance after the QCHP annual plan deductible has been met.

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 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.

Summary of Principal Plan Provisions

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 Statement No. 75.

OPEB PROGRAMS

Members may elect healthcare coverage in the QHCP, a managed care HMO plan or an Open Access Plan (OAP). The QHCP is a traditional medical indemnity plan. There are four HMOs offering coverage that varies by location throughout the state. The two OAPs are managed care plans that offer three benefit levels based on the provider used. In addition, there are five Medicare Advantage Prescription Drug (MAPD) plans offering coverage that varies by location throughout the state. A summary of the healthcare benefits provided under the three plan types is shown later in this section. The State also provides postemployment dental, vision and life insurance benefits which are also summarized later in this section.

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, 2018, and June 30, 2019.

Member monthly premium for single coverage in the non-MAPD plans (shared between State and member depending on date of retirement and service at retirement):

FYE 6/30/2018	Pre-Medicare	Medicare
Quality Care Health Plan	$1,244.92	$430.42
HMO/OAP Plans	$910.52	$512.16

FYE 6/30/2019	Pre-Medicare	Medicare
Quality Care Health Plan	$1,151.96	$415.30
HMO/OAP Plans	$939.12	$558.22

Summary of Principal Plan Provisions

Member monthly premium for single coverage in the MAPD plans (shared between State and member depending on date of retirement and service at retirement):

Medicare MAPD CY	2017	2018	2019
Coventry Advantra, Health Alliance MAPD and Humana HMOs	$211.53	$211.13	$183.48
UnitedHealthcare PPO	$260.29	$259.70	$228.67

Dependent monthly premiums for the non-MAPD plans (paid fully by dependent):

FYE 2018 and 2019	One Non-Medicare	Two Non-Medicare	One Medicare	Two Medicare
BlueAdvantage HMO	$96	$132	$132	$132
Coventry HMO	$111	$156	$88	$130
Coventry OAP	$111	$156	$88	$130
Health Alliance HMO	$113	$159	$89	$133
HealthLink OAP	$126	$179	$102	$149
HMO Illinois	$100	$139	$79	$116
Quality Care Health Plan	$249	$287	$142	$203

Dependent monthly premiums for the MAPD plans (paid fully by dependent):

Medicare MAPD CY One Medicare Dependent	2017	2018	2019
Coventry Advantra, Health Alliance MAPD and Humana HMOs	$90	$90	$90
UnitedHealthcare PPO	$110	$110	$110

Medicare MAPD CY Two Medicare Dependents	2017	2018	2019
Coventry Advantra, Health Alliance MAPD and Humana HMOs	$126	$126	$126
UnitedHealthcare PPO	$155	$155	$155

Annuitants receiving benefits from any state retirement system (SERS, SURS, TRS, JRS and GARS) who are not eligible for Medicare may waive healthcare coverage from SEGIP and receive a monthly financial incentive. The monthly financial incentive equals $500 per month if service is greater than or equal to 20 years or $150 per month if service is less than 20 years.

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	$375 per individual, with $937 family cap	$375 per individual, with $937 family cap
Annual Out of Pocket Limit	$1,500 per enrollee, with $3,750 per family	$6,000 per enrollee, with $12,000 per family
Covered Services	Coinsurance	Coinsurance
-Office Visits	85% after deductible	60% after deductible
-Emergency Room	$450 copay, then 85% after deductible	$450 copay, then 60% after deductible
-Inpatient Services	$100 copay, then 85% after deductible	$500 copay, then 60% after deductible
-Outpatient Services		
-Preventive Services	100% after deductible	60% after deductible
-Lab/X-ray	85% after deductible	60% after deductible
-Other	85% after deductible	60% after deductible
Prescription Drug Copays	After annual prescription deductible of $125 Retail at 30-day supply Generic: $10 Preferred Formulary Brand: $30 Non-Preferred Brand: $60	
Maximum Lifetime Benefit	Unlimited	

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

HMO Plans (Non-MAPD)

Plan Feature	
Annual Deductible	$0
Covered Services -Physicians Visits -Emergency Care -Inpatient Services -Outpatient Services	Coinsurance $20 Copay, then 100% $250 Copay, then 100% $350 Copay, then 100% $250 Copay, then 100%
Prescription Drug Copays	After annual prescription deductible of $100 Retail at 30-day supply Generic $8 Preferred Brand $26 Non-Preferred Brand $50
Maximum Lifetime Benefit	Unlimited

Open Access Plan (OAP)

Plan Feature	*Tier I*	*Tier II*	*Tier III*
Annual Deductible	$0	$250 per enrollee [1]	$350 per enrollee [1]
Annual Out of Pocket Limit	$6,600 (includes eligible charges from Tier I and Tier II combined) per enrollee, with $13,200 (includes eligible charges from Tier I and Tier II combined) per family.		Not Applicable
Covered Services	Coinsurance/Copay [2]	Coinsurance/Copay [2]	Coinsurance/Copay [3]
-Office Visits	$20 copay	90% of network charges	60% of U&C
-Emergency Room	$250 copay	$250 copay	$250 copay
-Inpatient Services	$350 copay	$400 copay, then 90%	$500 copay, then 60%
-Outpatient Services	$250 copay	$250 copay, then 90%	$250 copay, then 60%
-Lab/X-ray -Other	100% 100%	90% of network charges	60% of U&C
Prescription Drug Copays	After annual prescription deductible of $100 Retail at 30-day supply Generic $8 Preferred Brand $26 Non-Preferred Brand $50		
Maximum Lifetime Benefit	Unlimited	Unlimited	Unlimited

[1] *An annual plan deductible must be met before plan benefits apply. Benefit limits are measured on a plan year basis.*
[2] *Network charges.*
[3] *Usual and customary charges.*

HMO Plans (MAPD)

Plan Feature	
Annual Deductible	$0
Out of Pocket Maximum	$3,000 per enrollee
Covered Services	Coinsurance
-Physicians Visits	$20 Copay, then 100%
-Emergency Care	$120 Copay, then 100%
-Inpatient Services	$350 Copay, then 100%
-Outpatient Services	$250 Copay, then 100%
Prescription Drug Copays Retail and Mail Order	After annual prescription deductible of $100 30-day / 60-day / 90-day Tier 1: $8 / $16 / $20 Tier 2: $26 / $52 / $65 Tier 3 or 4: $50 / $100 / $125
Maximum Lifetime Benefit	Unlimited

PPO Plan (MAPD)

Plan Feature	
Annual Deductible	$110
Out of Pocket Maximum	$1,300 per enrollee
Covered Services -Physicians Visits -Emergency Care -Inpatient Services -Outpatient Services	Coinsurance 85% after deductible $120 Copay, then 100% 85% after deductible 85% after deductible
Prescription Drug Copays Retail and Mail Order	After annual prescription deductible of $125 30-day / 60-day / 90-day Tier 1: $10 / $20 / $25 Tier 2: $30 / $60 / $75 Tier 3 or 4: $60 / $120 / $150
Maximum Lifetime Benefit	Unlimited

Quality Care Dental Plan

Plan Feature	
Annual Deductible -Preventive and diagnostic services - All other covered services	 None $175 per participant
Plan Year Maximum Benefit -Preventive and diagnostic services - All other covered services	 $2,500 per participant $2,500 per participant, in network $2,000 per participant, out of network
Covered Services -Preventive and diagnostic -Basic and major benefits	 Subject to schedule Subject to schedule

Vision Plan

Plan Feature	***In-Network***	***Out-of-Network***	***Benefit Frequency***
Eye Exam	$25 copay	$30 allowance	Once every 12 months
Spectacle Lenses (single, bifocal and trifocal)	$25 copay	$50 allowance for single vision and $80 allowance for bifocal and trifocal	Once every 12 months
Standard Frames	$25 copay (up to $175 retail frame cost; member responsible for balance over $175)	$70 allowance	Once every 24 months
Contact Lenses (in lieu of standard frames and spectacle lenses)	$120 allowance	$120 allowance	Once every 12 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 Optional Life Insurance Benefits	Are fully paid by the member using individual age and other rating factors and have been excluded from the valuation

SECTION G

GLOSSARY

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 Expense. An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Actuarially Determined Contribution (ADC). The ADC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ADC 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.

Glossary

Entry Age Normal Cost Method. A method under which the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

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.

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.

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.

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.

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.

Glossary

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.