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GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

**GEORGIA STATE EMPLOYEES POST-EMPLOYMENT
HEALTH BENEFIT FUND
&
GEORGIA SCHOOL PERSONNEL POST-EMPLOYMENT
HEALTH BENEFIT FUND**

**REPORT OF THE ACTUARY ON THE
RETIREE MEDICAL VALUATIONS**

PREPARED AS OF JUNE 30, 2010





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July 29, 2011

Mr. Vince Harris
Chief Financial Officer
Georgia Department of Community Health
Division of Financial Management
2 Peachtree Street, NW
Atlanta, GA 30303

Dear Mr. Harris:

Enclosed are 20 bound copies and one unbound copy of the "Georgia State Employees Post-Employment Health Benefit Fund and the Georgia School Personnel Post-Employment Health Benefit Fund, Report of the Actuary on the Retiree Medical Valuations Prepared as of June 30, 2010".

Sincerely yours,

Alisa Bennett, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

Edward A. Macdonald, ASA, FCA, MAAA
President

AB/EAM:jms

Enclosures

S:\Georgia Department of Community Health\Valuations\2010\GA DCH 06-30-2010 Report FINAL.docx

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July 29, 2011

Georgia Department of Community Health
2 Peachtree Street, N.W., 34th Floor
Atlanta, GA 30303-3159

Members of the Board:

Governmental Accounting Standards Board Statements No. 43 and 45 require actuarial valuations of retiree medical and other post-employment benefits (OPEB). The State Health Benefit Plan is comprised of three health insurance plans: a plan primarily for State employees, established by O.C.G.A. § 45-18-2, a plan for teachers, established by O.C.G.A. § 20-2-881, and a plan for non-certificated public school employees, established by O.C.G.A. § 20-2-911. These health insurance plans are operated as one plan, and together they are referred to as the State Health Benefit Plan (SHBP). The statutes establishing the plans are referred to as "The Acts." The State Health Benefit Plan covers State Employees, Public School Teachers, Public School Employees, Retirees and their eligible Dependents, and other entities under The Acts for health insurance. Legislation was enacted in 2009 creating two separate OPEB funds, the Georgia State Employees Post-Employment Health Benefit Fund (the "State Employee OPEB Fund"), which provides for the payment of current and future retiree health benefits for State employees, and the Georgia School Personnel Post-Employment Health Benefit Fund (the "School Personnel OPEB Fund"), which provides for the payment of current and future retiree health benefits for teachers and non-certificated public school employees. The Georgia Department of Community Health (DCH) is the State agency responsible for obtaining the valuation of the two OPEB Funds. Enclosed are the results of the annual actuarial valuations of the State Employee OPEB Fund and the School Personnel OPEB Fund prepared as of June 30, 2010.

Data showing claims and enrollment experience, as well as retiree health plan and coverage elections were provided by DCH. Active census data was provided by the Employees' Retirement System (ERS), the Judicial Retirement System (JRS), and the Legislative Retirement System (LRS), for the valuation of the State Employee OPEB Fund. Active census data was provided by the Teachers' Retirement System (TRS), and the Public School Employees' Retirement System (PSERS), for the valuation of the School Personnel OPEB Fund. We did not audit the data, but did perform an analysis to conclude that the data is reasonable for purposes of valuing OPEB benefits for current and future retired State employees, current and future retired teachers, and current and future retired non-certificated public school employees.

As separate and distinct Cost Sharing Multiple-Employer Plans, both OPEB Funds separately value their own OPEB liabilities, report the results, and make the appropriate disclosures under GASB 43. The OPEB liabilities of the State OPEB Fund are determined based on projected expenses for retired State employees enrolled in the SHBP. The OPEB liabilities of the School Personnel OPEB Fund are determined based on projected expenses for retired teachers and public school employees enrolled in the SHBP. Projected expenses are determined based on eligibility requirements in effect on January 1, 2011 and benefit offerings in effect on January 1, 2011. Member employers within each Fund are not required to conduct an individual valuation, and are permitted under GASB 45 to disclose their Annual Required Contribution as the contractual contribution established by the respective OPEB Fund and reference the respective OPEB Fund's GASB 43 report and disclosures. Thus, results are shown separately for the State Employee OPEB Fund, which includes members of ERS, JRS, and LRS, and the School Personnel OPEB Fund, which includes members of TRS and PSERS.

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State Employee OPEB Fund

The State Employee OPEB Fund is financing benefits on a Pay As You Go (PAYG) basis. That is, annual costs of providing benefits are financed in the same year those costs are incurred, with no significant assets accumulating as would occur in an advance funding strategy. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For the June 30, 2010 valuation, a discount rate of 4.50% has been used for the State Employee OPEB Fund.

Recent retiree health benefit changes reflected in this valuation include:

- a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
- b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
- c) Plan consolidation (removal of Open Access Plan).
- d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.

Since the previous valuation, rates of withdrawal, disability, retirement, mortality, and inflation have been changed as a result of the experience investigation for the five year period ending June 30, 2009. Schedule C of this report outlines the full set of actuarial assumptions used to prepare the current valuation.

The valuation indicates that an annual required contribution in the amount of \$338,819,221 or 12.91% of active payroll, payable for the fiscal year ending June 30, 2013 is required to actuarially support the benefits of the State Employee OPEB Fund.

If the employer contributions are not increased to the required levels, the Fund will not be operating in an actuarially sound manner. If contributions are increased to the required levels then the Fund will be operating in an actuarially sound manner and the discount rate for valuing liabilities could be increased. Schedule A shows the impact of this change, using a 6.00% discount rate for illustrative purposes.

Medical and drug benefits of the SHBP offered in 2011 to State Employees are used as a basis for the actuarially calculated contribution rate which is developed using the unit credit actuarial cost method with projected benefits. Although there are State dental and vision plans, they are employee-pay-all and, therefore, not included in GASB 43 and 45. As of June 30, 2010, the assets in trust solely to provide benefits to retirees and their beneficiaries is \$186,000. Gains and losses are reflected in the unfunded accrued liability that is assumed amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase by 3.00% annually. The assumptions are recommended by the actuary and are in the aggregate, reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 43 and 45.



Georgia Department of Community Health
July 29, 2011
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School Personnel OPEB Fund

The School Personnel OPEB Fund is financing benefits on a Pay As You Go (PAYG) basis. That is, annual costs of providing benefits are financed in the same year those costs are incurred, with no significant assets accumulating as would occur in an advance funding strategy. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For the June 30, 2010 valuation, a discount rate of 4.50% has been used for the School Personnel OPEB Fund.

Recent retiree health benefit changes reflected in this valuation include:

- a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
- b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
- c) Plan consolidation (removal of Open Access Plan).
- d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.

Since the previous valuation, rates of withdrawal, disability, retirement, mortality, and inflation have been changed as a result of the experience investigation for the five year period ending June 30, 2009. Schedule C of this report outlines the full set of actuarial assumptions used to prepare the current valuation.

The valuation indicates that an annual required contribution in the amount of \$982,120,099 or 8.58% of active payroll, payable for the fiscal year ending June 30, 2013 is required to actuarially support the benefits of the School Personnel OPEB Fund.

If the employer contributions are not increased to the required levels, the Fund will not be operating in an actuarially sound manner. If contributions are increased to the required levels then the Fund will be operating in an actuarially sound manner and the discount rate for valuing liabilities could be increased. Schedule A shows the impact of this change, using a 6.00% discount rate for illustrative purposes.

Medical and drug benefits of the SHBP offered in 2011 to teachers and non-certificated public school employees are used as a basis for the actuarially calculated contribution rate which is developed using the unit credit actuarial cost method with projected benefits. As of June 30, 2010, the assets in trust solely to provide benefits to retirees and their beneficiaries is \$58,000. Gains and losses are reflected in the unfunded accrued liability that is assumed amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase by 3.75% annually. The assumptions are recommended by the actuary and are in the aggregate, reasonably related to the experience under the Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 43 and 45.



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Actuarial Certification

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in benefit provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuations were prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the medical plans and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of each plan.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Alisa Bennett'.

Alisa Bennett, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Edward Macdonald'.

Edward A. Macdonald, ASA, FCA, MAAA
President

AB:EAM/jms



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STATE EMPLOYEE OPEB FUND



**GEORGIA DEPARTMENT OF COMMUNITY HEALTH
STATE EMPLOYEE OPEB FUND
REPORT OF ACTUARY ON THE RETIREE MEDICAL VALUATION
PREPARED AS OF JUNE 30, 2010**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation are summarized below. The following table summarizes the June 30, 2010 results for the State Employee OPEB Fund.

Valuation Date	June 30, 2010	June 30, 2009
Discount Rate	4.50%	4.50%
Annual Total Salaries*	\$ 2,626,081,000	\$ 2,730,018,000
Actuarial Accrued Liability	\$ 4,478,594,086	\$ 4,520,953,493
Assets:		
Market value	\$ 186,000	\$ 136,932,084
Unfunded Actuarial Accrued Liability	\$ 4,478,408,086	\$ 4,384,021,409
Amortization period (years)	30	30
Fiscal Year	2013	2012
Annual Required Contribution (ARC)		
Normal	\$ 156,154,955	\$ 155,193,042
Accrued Liability	<u>\$ 182,664,266</u>	<u>\$ 161,907,293</u>
Total	\$ 338,819,221	\$ 317,100,335
ARC (Percent of Pay)		
Normal	5.95%	5.68%
Accrued Liability	<u>6.96%</u>	<u>5.93%</u>
Total	12.91%	11.61%

* Salary amounts shown were provided by the Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System.



The following table summarizes the Unfunded Actuarial Accrued Liability and the Annual Required Contribution for the State Employee OPEB Fund for June 30, 2010 and June 30, 2009:

Valuation Date	June 30, 2010	June 30, 2009
State Employee OPEB Fund		
Unfunded Actuarial Accrued Liability	\$ 4,478,408,086	\$ 4,384,021,409
Annual Required Contribution (\$)	\$ 338,819,221	\$ 317,100,335
Annual Required Contribution (Percent of Pay)	12.91%	11.61%
Discount Rate	4.50%	4.50%

2. The valuation indicates that contributions of \$338,819,221, or 12.91% of active payroll, is sufficient to support current benefits of the State Employee OPEB Fund. Comments on the valuation results as of June 30, 2010 are given in Section IV and further discussion of the contribution levels is set out in Sections V and VI. If the contributions are not increased to the required levels, the Fund will not be operating in an actuarially sound manner. If contributions are made at the required levels then the discount rate for valuing liabilities could be increased. The impact of this change, using a discount rate of 6.00% for illustrative purposes, is shown on Schedule A.
3. Schedule C of this report outlines the full set of actuarial assumptions and methods employed in the current valuation. Recent retiree health benefit changes reflected in this valuation include:
 - a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
 - b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
 - c) Plan consolidation (removal of Open Access Plan).
 - d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.



4. The following table details the change in the Unfunded Accrued Liability (UAL). All dollar amounts are expressed in millions.

State Employee OPEB Fund	
June 30, 2009 Discount Rate	4.50%
June 30, 2010 Discount Rate	4.50%
June 30, 2009 UAL	\$ 4,384.0
Normal Cost	\$ 155.2
Required Contribution	\$ 317.1
Fiscal Year 2010 Actual Contribution	\$ 22.2
Expected UAL based on ARC	\$ 4,415.7
Expected UAL based on Actual Contributions	\$ 4,717.3
Loss due to Contribution Deficiency	\$ 301.6
Gain due to pre-65 plan changes	(\$ 139.5)
Gain due to post-65 plan changes	(\$ 435.7)
Gain due to increased retiree premiums	(\$ 65.0)
Loss due to decrement changes	\$ 326.3
Other*	\$ 75.0
June 30, 2010 UAL	\$ 4,478.4
Other as a % of June 30, 2009 UAL	1.71%

* Other category includes changes due to such sources as retirements, terminations, etc., differing from the assumed rates, new entrants entering the plan with a partial year of service credit at the valuation date, and actual investment income different from assumed.



SECTION II - MEMBERSHIP DATA

1. Data regarding the membership of the plans for use as a basis of the valuation were furnished by the Department of Community Health, the Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System. The following table shows the number of retirees, active employees and their annual salaries as of June 30, 2010 on the basis of which the valuation was prepared.

State Employee OPEB Fund	Total
Number of Retirees	30,793
Number of Spouses of Retirees	11,178
Number of Actives	69,277
Annual Salaries	\$2,626,081,000



2. Detailed membership summaries are shown in the following tables:

STATE EMPLOYEE OPEB FUND

Active Employees by Age and Service

Age	Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	
Under 25	2,287	36	0	0	0	0	0	2,323
25 to 29	5,040	1,022	26	0	0	0	0	6,088
30 to 34	4,090	2,542	729	9	0	0	0	7,370
35 to 39	3,500	2,455	1,980	608	35	0	0	8,578
40 to 44	2,970	1,981	1,625	1,660	914	36	0	9,186
45 to 49	2,659	2,019	1,537	1,434	1,995	819	78	10,541
50 to 54	2,205	1,807	1,490	1,369	1,700	1,429	659	10,659
55 to 59	1,673	1,575	1,249	1,211	1,365	993	659	8,725
60 to 64	872	1,040	646	636	639	371	252	4,456
65 to 69	176	306	201	121	106	68	48	1,026
70 & up	54	66	56	57	40	27	25	325
Total	25,526	14,849	9,539	7,105	6,794	3,743	1,721	69,277

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	13,086	6,150	19,236
65 and Older	17,707	5,028	22,735
Total	30,793	11,178	41,971



SECTION III - ASSETS

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2010, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Fund equal \$186,000.

The State Employee OPEB Fund has been financing benefits on a Pay As You Go (PAYG) basis. That is, annual costs of providing benefits will be financed in the same year those costs are incurred, with no significant assets accumulating as would occur in an advance funding strategy. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For this valuation, a discount rate of 4.50% has been used for the Fund.



SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report outlines the results of the actuarial valuation. The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method, which are described in Schedule C. Recent retiree health benefit changes reflected in this valuation include:
 - a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
 - b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
 - c) Plan consolidation (removal of Open Access Plan).
 - d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.
2. The valuation shows that the State Employee OPEB Fund has an actuarial accrued liability of \$2,251,919,108 for benefits expected to be paid on account of the present active membership, based on service to the valuation date.
3. The State Employee OPEB Fund's liability on account of benefits payable to retirees and covered spouses amounts to \$2,226,674,978.
4. The total State Employee OPEB Fund actuarial accrued liability amounts to \$4,478,594,086.
5. Against these liabilities, the Fund has present assets for valuation purposes in the amount of \$186,000. Therefore, the total unfunded actuarial accrued liability for the State Employee OPEB Fund is \$4,478,408,086.
6. The normal contribution is equal to the actuarial present value of benefits accruing during the current year. The normal contribution for the State Employee OPEB Fund is determined to be \$156,154,955.



SECTION V - CONTRIBUTIONS PAYABLE UNDER THE PLAN

ANNUAL REQUIRED CONTRIBUTION

For Fiscal Year Ending June 30, 2013

Annual Required Contribution (ARC):	\$	% of Total Payroll
State Employee OPEB Fund		
Normal	\$ 156,154,955	5.95%
Accrued Liability	<u>182,664,266</u>	<u>6.96%</u>
Total	\$ 338,819,221	12.91%

1. The valuation indicates that the normal contribution for the State Employee OPEB Fund is determined to be \$156,154,955, or 5.95% of active payroll.
2. The actuarial accrued liability amounts to \$4,478,594,086 and is for employees, retirees and covered spouses that will receive benefits paid from the State Employee OPEB Fund.
3. An accrued liability contribution for the State Employee OPEB Fund of \$182,664,266, or 6.96% of active payroll, is sufficient to amortize the unfunded actuarial accrued liability over a 30-year period, based on the assumption that the payroll will increase by 3.00% annually.
4. The total Annual Required Contribution for the State Employee OPEB Fund is, therefore, \$338,819,221, or 12.91% of active payroll.



SECTION VI - COMMENTS ON LEVEL OF FUNDING

1. The monthly contribution for retirees to opt into the medical plan is based on plan election, Medicare eligibility and election, and dependent coverage election. GASB 43 and 45 stipulate that claims, premiums and associated costs paid by the employer, on behalf of the retiree, as well as contributions placed in trust will be considered as contributions towards the ARC. All employer contributions shown in this report are net of retiree monthly contributions, which are shown in Schedule D as Retiree Premiums.
2. The valuation indicates that an increase in the recommended employer contribution rate for the State Employee OPEB Fund from last year's recommended rate of 11.61% of payroll to 12.91% is required to fund the State Employee OPEB Fund in an actuarially sound manner.
3. This corresponds to a contribution of \$338,819,221 required to meet the cost of benefits currently accruing and provide for the amortization of the unfunded actuarial accrued liability over a period of 30 years.
4. The increase in the recommended contribution rate is due to the contribution shortfall and the changes to the withdrawal, disability, retirement, mortality and inflation rates due to the experience investigation for the five year period ending June 30, 2009. Also, due to the experience investigation, the payroll growth factor used to amortize the unfunded has been lowered from 3.75% to 3.00%, which increases the dollar amount of the accrued liability portion of the Annual Required Contribution. These increases were offset by decreases in the recommended contribution rate due to health plan changes and retiree premium increases. In addition, the active payroll upon which contributions are to be made has decreased since the previous valuation. The overall impact of all changes was an increase in the recommended contribution rate.
5. The recommended employer rate according to the June 30, 2010 valuation of the State Employees' Assurance Department for post-employment benefits is 0.27% of payroll. Therefore, the total recommended State contribution, when OPEB and Life Insurance are taken into consideration is 13.18%.



6. The corresponding recommended contribution for the State Employees' Assurance Department is \$6,475,324. Therefore, the total recommended State contribution when OPEB and Life Insurance are taken into consideration is \$345,294,545.
7. It is our understanding that the State Employee OPEB Fund meets the parameters stipulated in GASB 43 and 45 to operate as Cost Sharing Multiple Employer Plan. As such, it is not necessary for participating employers to conduct their own individual valuations under GASB 45. Instead, the participating employers may disclose the contract rate(s) charged by the State Employee OPEB Fund and reference this report for any needed disclosures.



SECTION VII - ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statements 43 and 45 set forth certain items of required supplementary information to be disclosed in the financial statements of the Fund and the employer.

SCHEDULE OF FUNDING PROGRESS

State Employee OPEB Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2005*	\$ 0	\$ 4,904,256,314	\$ 4,904,256,314	0.0%	\$ 2,560,932,000	191.5%
6/30/2006**	0	5,087,257,440	5,087,257,440	0.0%	2,679,076,957	189.9%
6/30/2007***	0	4,669,715,807	4,669,715,807	0.0%	2,733,281,000	170.8%
6/30/2008	141,362,050	4,672,798,768	4,531,436,718	3.0%	2,864,040,000	158.2%
6/30/2009	136,932,084	4,520,953,493	4,384,021,409	3.0%	2,730,018,000	160.6%
6/30/2010*	186,000	4,478,594,086	4,478,408,086	0.0%	2,626,081,000	170.5%

State Employees' Assurance Department

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	\$ 0	\$ 568,475,523	\$ 568,475,523	0.0%	\$ 2,667,158,543	21.3%
6/30/2007	778,048,000	642,530,433	(135,517,567)	121.1%	2,720,771,905	(5.0%)
6/30/2008	737,114,000	699,884,034	(37,229,966)	105.3%	2,850,849,928	(1.3%)
6/30/2009	628,199,000	733,670,705	105,471,705	85.6%	2,653,527,165	4.0%
6/30/2010*	680,449,000	691,001,456	10,552,456	98.5%	2,401,973,957	0.4%

State Employee OPEB Fund and State Employees' Assurance Department in Total

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll+ (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2006	\$ 0	\$ 5,655,732,963	\$ 5,655,732,963	0.0%	\$ 2,679,076,957	211.1%
6/30/2007	778,048,000	5,312,246,240	4,534,198,240	14.6%	2,733,281,000	165.9%
6/30/2008	878,476,050	5,372,682,802	4,494,206,752	16.4%	2,864,040,000	156.9%
6/30/2009	765,131,084	5,254,624,198	4,489,493,114	14.6%	2,730,018,000	164.4%
6/30/2010*	680,635,000	5,169,595,542	4,488,960,542	13.2%	2,626,081,000	170.9%

* Assumptions were changed due to experience study.

** Discount rate changed to reflect established financing and funding policies. Actual retiree plan elections were incorporated and future participation and coverage assumptions updated accordingly. Retiree premiums future increases assumed.

*** Discount rate lowered to 4.50%.

+ The State Employee OPEB Fund and the State Employees' Assurance Department cover slightly different active employee groups. The total salary shown is based on the State Employee OPEB Fund salary.



SCHEDULE OF EMPLOYER CONTRIBUTIONS

State Employee OPEB Fund

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Employer Contribution	Percentage of ARC Contributed
Date	(a)	(b)	(b) / (a)
6/30/2008	\$ 367,508,478	\$ 274,771,419	74.8%
6/30/2009	\$ 387,790,092	\$ 170,789,710	44.0%
6/30/2010	\$ 347,772,066	\$ 22,209,006	6.4%

2. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2010. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.50%
Healthcare cost trend rate*	
Pre-Medicare Eligible	9.00%
Medicare Eligible	8.50%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%



SCHEDULE A

SUMMARY OF EMPLOYER RESULTS

State Employee OPEB Fund and Life Insurance Combined

Discount Rate	State OPEB 4.50%	State Life 7.50%	State Total
Annual salaries*	\$ 2,626,081,000	\$ 2,401,973,957	\$ 2,626,081,000
Assets:			
Market value	\$ 186,000	\$ 680,449,000	\$ 680,635,000
Unfunded Actuarial Accrued Liability	\$ 4,478,408,086	\$ 10,552,456	\$ 4,488,960,542
Amortization period (years)	30	30	30
Annual Required Contribution (ARC):			
Normal	\$ 156,154,955	\$ 5,581,835	\$ 161,736,790
Accrued Liability	<u>182,664,266</u>	<u>893,489</u>	<u>183,557,755</u>
Total	\$ 338,819,221	\$ 6,475,324	\$ 345,294,545
ARC (Percent of Pay)			
Normal	5.95%	0.23%	6.18%
Accrued Liability	<u>6.96%</u>	<u>0.04%</u>	<u>7.00%</u>
Total	12.91%	0.27%	13.18%

* The State Employee OPEB Fund and the State Employees' Assurance Department cover slightly different active employee groups. The total salary shown is based on the State Employee OPEB Fund salary.



**Benefit of Prefunding
Annual Required Contributions**

**STATE EMPLOYEE OPEB FUND
(\$ shown in thousands)**

State Employee OPEB Fund	Benefit of Prefunding	
	Discount Rate 4.50%	Discount Rate 6.00%
PAYROLL	\$ 2,626,081	\$ 2,626,081
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members:	\$ 2,251,919	\$ 1,743,122
(b) Present retired members and covered spouses:	<u>2,226,675</u>	<u>1,909,808</u>
(c) Total actuarial accrued liability	\$ 4,478,594	\$ 3,652,930
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 186	\$ 186
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 4,478,408	\$ 3,652,744
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2013:		
Normal	5.95%	4.41%
Accrued Liability	<u>6.96%</u>	<u>6.82%</u>
Total	12.91%	11.23%



SCHEDULE B

PLAN ASSETS

GASB 43 and 45 define plan assets as resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan. Assets in the trust may be used to pay health benefits to current retirees and their beneficiaries.

As of June 30, 2010, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the State Employee OPEB Fund equal \$186,000.

The State Employee OPEB Fund has been financing benefits on a Pay As You Go (PAYG) basis. That is, annual costs of providing benefits will be financed in the same year those costs are incurred, with no significant assets accumulating as would occur in an advance funding strategy. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For this valuation, a discount rate of 4.50% has been used for the State Employee OPEB Fund.



SCHEDULE C

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION DATE: June 30, 2010

DISCOUNT RATE: 4.50% per annum, compounded annually

ANNUAL EXPECTED MEDICAL/RX CLAIMS (AGE ADJUSTED TO AGE 65): Following is a chart detailing expected claims normalized to age 65 for pre-65 retirees for the year following the valuation date.

Pre-65	\$ 10,259

Effective January 1, 2010, the Medicare Advantage Plans are mandatory for Medicare-eligible retirees to receive the State subsidy. The Medicare Advantage Plan rates and retiree premiums as of January 1, 2011 are as follows:

Medicare Advantage Plan	Full Monthly Rate	Retiree Premium
Standard MA-PFFS	\$ 150.00	\$ 21.23
Premium MA-PFFS	\$ 190.00	\$ 65.23

Over 65 retirees who are not eligible for free Medicare Part A are assumed to cost an additional \$362.32 per month.

The census data contains Medicare coverage coding for current retirees over age 65. This data is used to estimate the percentage of retirees under age 65 and actives hired before 4/1/1986 who may be ineligible for free Medicare Part A.

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions:

Year	Pre-65 Retiree Claims Trend	Post-65 Retiree Claims Trend
2010	9.00%	8.50%
2011	8.50%	7.50%
2012	8.00%	7.00%
2013	7.50%	6.50%
2014	7.00%	6.00%
2015	6.50%	5.50%
2016	6.00%	5.00%
2017	5.50%	5.00%
2018 and beyond	5.00%	5.00%



AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

Participant Age	Annual Increase
Under 20	0.00%
20 – 24	0.65%
25 – 29	0.65%
30 – 34	1.25%
35 – 39	1.90%
40 – 44	2.50%
45 – 49	3.25%
50 – 54	4.15%
55 – 59	4.50%
60 – 64	5.25%
65 – 69	3.75%
70 – 74	3.15%
75 – 79	2.50%
80 – 84	1.25%
85 – 89	0.65%
90 and over	0.00%

ANTICIPATED PARTICIPATION: Representative values of the assumed annual rates of member participation and spouse coverage are as follows:

	State
Participation	90%
Spouse Coverage	40%

ACTUARIAL METHOD: Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the actuarial accrued liability (AAL) is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through the date of full retirement eligibility was used in allocating costs.



State Employee OPEB Fund Members Participating in the Employees Retirement System of Georgia

SEPARATIONS BEFORE RETIREMENT: Representative values of the assumed annual rates of separation other than retirement for non-law enforcement officers are as follows. Special rates of separation apply to law enforcement officers.

Age	Annual Rate of				
	Death	Disability	Withdrawal		
			Years of Service		
			0-4	5-9	10+
MALES					
20	.035%	.05%	31.00%		
25	.038	.05	26.00	17.00%	
30	.044	.05	22.50	12.00	7.50%
35	.077	.05	21.00	10.00	7.00
40	.108	.25	19.00	9.50	5.00
45	.151	.50	18.00	9.00	3.75
50	.214	.75	15.50	7.00	3.75
55	.362	1.10	13.00	6.50	4.00
60	.675	--	15.00	7.00	--
65	1.274	--	15.00	9.50	--
69	1.980	--			
FEMALES					
20	.019%	.02%	31.00%		
25	.021	.02	24.00	19.00%	
30	.026	.02	21.00	13.00	7.75%
35	.048	.02	19.50	10.50	6.75
40	.071	.10	17.50	9.00	4.50
45	.112	.25	15.50	8.00	3.50
50	.168	.50	15.00	7.00	3.50
55	.272	.82	12.50	6.50	4.00
60	.506	--	12.50	6.50	--
65	.971	--	17.00	10.00	--
69	1.486	--			



State Employee OPEB Fund Members Participating in the Employees Retirement System of Georgia

RETIREMENT: Representative values of the assumed annual rates of service retirement for non-law enforcement officers are as follows. Special retirement rates apply to law enforcement officers.

Age	Old Plan							
	Early Retirement		Age 60 or 30 years		34 years		More than 34 years	
	Male	Female	Male	Female	Male	Female	Male	Female
55	3.0%	4.0%	11.5%	9.0%	100.0%	100.0%	90.0%	90.0%
56	3.5	6.0	12.0	11.0	100.0	100.0	70.0	70.0
57	4.0	6.0	12.0	13.0	100.0	100.0	70.0	70.0
58	5.0	6.0	13.0	15.0	95.0	95.0	70.0	70.0
59	6.0	6.0	16.0	16.0	95.0	95.0	70.0	70.0
60			17.0	20.0	95.0	95.0	50.0	60.0
62			37.0	40.0	90.0	90.0	50.0	60.0
64			20.0	30.0	90.0	90.0	15.0	60.0
66			30.0	35.0	30.0	35.0	30.0	35.0
68			20.0	25.0	20.0	25.0	20.0	25.0
70			45.0	35.0	45.0	35.0	45.0	35.0
75			100.0	100.0	100.0	100.0	100.0	100.0

Age	New Plan and GSEPS			
	Early Retirement		Normal Retirement*	
	Male	Female	Male	Female
55	10.0%	8.0%	50.0%	40.0%
56	10.0	8.0	50.0	40.0
57	10.0	9.0	50.0	40.0
58	10.0	10.0	30.0	40.0
59	10.0	15.0	30.0	40.0
60			17.0	20.0
62			38.0	36.0
64			25.0	28.0
66			35.0	35.0
68			20.0	25.0
70			20.0	25.0
75			100.0	100.0

* An additional 10% of active New Plan and GSEPS members less than age 65 are expected to retire in the year in which they attain 30 years of service



DEATHS AFTER RETIREMENT: The RP-2000 Combined Mortality Table is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set back eleven years for males is used for the period after disability retirement.

Representative values of the assumed annual rates of mortality after service retirement are as follows:

Age	Males	Females	Age	Males	Females
40	.108%	.071%	65	1.274%	.971%
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745



State Employee OPEB Fund Members Participating in the Georgia Judicial Retirement System

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Age	Annual Rates of			
	Death		Disability	Withdrawal
	Males	Females		
20	.035%	.019%	.05%	8.0%
25	.038	.021	.05	8.0
30	.044	.026	.10	8.0
35	.077	.048	.15	8.0
40	.108	.071	.20	8.0
45	.151	.112	.35	4.0
50	.214	.168	.50	3.0
55	.362	.272	.90	3.0
60	.675	.506	1.45	3.0
65	1.274	.971	2.35	3.0

RETIREMENT: The assumed annual rates of retirement are shown below.

Age	Annual Rates of Retirement
60	12%
61-64	12
65-66	15
67-69	20
70-74	30
75	100

DEATHS AFTER RETIREMENT: The RP-2000 Combined Mortality Table is used for the period after retirement and for dependent beneficiaries. Representative values of the assumed annual rates of mortality are as follows:

Age	Males	Females	Age	Males	Females
40	.108%	.071%	65	1.274%	.971%
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745

The RP-2000 Disability Mortality Table set back eleven years for males is used for the period after disability.



State Employee OPEB Fund Members Participating in the Georgia Legislative Retirement System

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Age	Annual Rates of			
	Death		Disability	Withdrawal
	Males	Females		
20	.035%	.019%	.1%	6.0%
25	.038	.021	.1	6.0
30	.044	.026	.2	6.0
35	.077	.048	.3	6.0
40	.108	.071	.4	6.0
45	.151	.112	.7	7.5
50	.214	.168	1.0	8.5
55	.362	.272	1.8	10.0
60	.675	.506	2.9	10.0
65	1.274	.971		10.0

SERVICE RETIREMENT: The assumed annual rates of retirement are shown below:

Age	Annual Rate	Age	Annual Rate
60-69	10%	73	25%
70	35	74	40
71	15	75	100
72	15		

DEATHS AFTER RETIREMENT: The RP-2000 Combined Mortality Table is used for the period after retirement and for dependent beneficiaries. For the period after disability retirement, the RP-2000 Disabled Mortality Table set back eleven years for males is used. Representative values of the assumed annual rates of mortality after service retirement are as follows:

Age	Males	Females	Age	Males	Females
40	.108%	.071%	65	1.274%	.971%
45	.151	.112	70	2.221	1.674
50	.214	.168	75	3.783	2.811
55	.362	.272	80	6.437	4.588
60	.675	.506	85	11.076	7.745



SCHEDULE D

SUMMARY OF MAIN PLAN PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

State Employee OPEB Fund Eligibility

Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from any of the retirement systems listed below. "Old Plan" means the plan applicable to members beginning employment prior to July 1, 1982. "New Plan" means the plan applicable to members employed on or after July 1, 1982 and before January 1, 2009. "GSEPS" means the plan applicable to members employed on or after January 1, 2009.

- Employees' Retirement System (GSEP Non-Police)
 - Service Retirement: 25 years of service or age 60 with 10 years of service
 - Disability Retirement: 15 years of service
 - Active Death Surviving Spouse: 15 years of service
- Employees' Retirement System (GSEP Police)
 - Service Retirement: 30 years of service or age 55 with 10 years of service
 - Disability Retirement: 15 years of service
 - Active Death Surviving Spouse: 13 years and 4 months of service
- Employees' Retirement System (Police)
 - Service Retirement: 30 years of service or age 55 with 10 years of service
 - Disability Retirement: 13 years and 4 months of service
 - Active Death Surviving Spouse: 13 years and 4 months of service
- Employees' Retirement System (Old & New Plan Non-Police)
 - Service Retirement: 25 years of service or age 60 with 10 years of service
 - Disability Retirement: 13 years and 4 months of service
 - Active Death Surviving Spouse: 13 years and 4 months of service or age 60 with 10 years of service
- Judicial Retirement System
 - Service Retirement: age 60 with 10 years of service
 - Disability Retirement: 4 years of service
 - Active Death Surviving Spouse: 10 years of service
- Legislative Retirement System
 - Service Retirement: age 60 with 8 years of service
 - Disability Retirement: age 60 with 8 years of service
 - Active Death Surviving Spouse: 15 years of service or age 60 with 8 years of service

Retirees from other systems who may be eligible for post-employment benefits other than pensions were not included in the valuation because census data was not provided.

Coverage starts immediately at retirement, provided the retiree makes proper premium payments or has the premiums deducted from the annuity check. If elected, dependent coverage starts on the same day as retiree coverage. A change from single to family coverage as a retiree is allowed only with a qualified change in status.

A tobacco and spousal surcharge of \$80 and \$50 per month respectively, effective January 1, 2011 were charged to those not participating in the Medicare Advantage plans. Of the retirees not participating in the Medicare Advantage plans, it is assumed that 8.5% pay the tobacco surcharge and 2.5% of those who cover spouses pay the spousal surcharge.



Plan Design Changes

Effective January 1, 2011, the following retiree health benefit changes included:

- a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
- b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
- c) Plan consolidation (removal of Open Access Plan).
- d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.

The plan design changes are detailed in the following tables:

HMO Plan Benefit Changes		
Deductible	2010	2011
You	\$600	\$1,000
You + Spouse	Not applicable	\$1,500
You + Child(ren)	Not applicable	\$1,500
You + Family	\$1,200	\$2,000
Out-of-Pocket Maximum	2010	2011
You	\$2,000	\$3,000
You + Spouse	Not applicable	\$4,500
You + Child(ren)	Not applicable	\$4,500
You + Family	\$4,000	\$6,000
Specialist Office Visit	2010	2011
Co-payment	\$35	\$45
Pharmacy	2010	2011
Tier 1	\$15	\$20
Tier 2	\$40	\$50
Tier 3	\$75	\$90

HRA Plan Benefit Changes		
Deductible	In-Network/Out-of-Network 2010	In-Network/Out-of-Network 2011
You	\$1,100	\$1,300
You + Spouse	Not applicable	\$2,250
You + Child(ren)	Not applicable	\$2,250
You + Family	\$2,750	\$3,250
Out-of-Pocket Maximum	In-Network/Out-of-Network 2010	In-Network/Out-of-Network 2011
You	\$2,500	\$3,000
You + Spouse	Not applicable	\$5,000
You + Child(ren)	Not applicable	\$5,000
You + Family	\$5,700	\$7,000



HDHP Plan Benefit Changes				
Deductible	In-Network 2010	In-Network 2011	Out-of-Network 2010	Out-of-Network 2011
You	\$1,200	\$1,500	\$2,400	\$3,000
You + Spouse	Not applicable	\$3,000	Not applicable	\$6,000
You + Child(ren)	Not applicable	\$3,000	Not applicable	\$6,000
You + Family	\$2,400	\$3,000	\$4,800	\$6,000
Out-of-Pocket Maximum	In-Network 2010	In-Network 2011	Out-of-Network 2010	Out-of-Network 2011
You	\$1,800	\$2,400	\$4,000	\$5,300
You + Spouse	Not applicable	\$4,100	Not applicable	\$9,800
You + Child(ren)	Not applicable	\$4,100	Not applicable	\$9,800
You + Family	\$3,100	\$4,100	\$7,400	\$9,800



Other Medicare Advantage PPO Differences:

Basically the benefits are the same as under the Medicare Advantage Private Fee for Service Plans with the following exceptions:

Benefit Change	STANDARD		PREMIUM	
	2010	2011	2010	2011
OutofPocket Maximum	\$1,000	\$2,000	\$500	\$1,000
Inpatient Hospital Services (includes Mental Health and Substance Abuse Inpatient Facility)	\$190 copayment days 1-4	\$190 copayment days 1-6	\$100 copayment days 1-3	\$100 copayment days 1-5
Outpatient Specialized Scans	\$95 copayment	85% coverage	\$50 copayment	90% coverage
Annual Physicals	\$20 PCP or \$25 SPC copayment	\$0 copayment	\$10 PCP or \$20 SPC copayment	\$0 copayment
Mental Health and Substance Abuse Outpatient Visits	\$25 per office visit copayment	No change	\$10 per office visit copayment	\$20 per office visit copayment
Durable Medical Equipment (DME)	90% coverage for Medicare covered items (no prior approval required)	85% coverage for Medicare covered items (no prior approval required)	90% coverage for Medicare covered items (no prior approval required)	No change
CoPayments	Did not apply to Maximum Outof-pocket	Apply to Maximum Outofpocket except for pharmacy	Did not apply to Maximum Outof-pocket	Apply to Maximum Outofpocket except for pharmacy
Pharmacy	2010	2011	2010	2011
Tier 1 Copayment	\$10 retail; \$20 mail order – 90 day supply	No change	\$10 retail; \$20 mail order – 90 day supply	No change
Tier 2 Copayment	\$25 retail; \$50 mail order – 90 day supply	\$40 retail; \$80 mail order – 90 days supply	25% up to max of \$25; mail order – 25% not to exceed \$50	\$30 retail; \$60 mail order – 90 day supply
Tier 3 Copayment	\$50 retail; \$100 mail order – 90 day supply	\$80 retail; \$160 mail order – 90 day supply	25% up to max of \$50; mail order – 25% not to exceed \$100	\$60 retail; \$120 mail order – 90 day supply
Tier 4 Copayment	\$50 retail; \$100 mail order – 90 day supply	\$80 retail; \$160 mail order – 90 day supply	25% up to max of \$50; mail order – 25% not to exceed \$100	\$60 retail; \$120 mail order – 90 day supply



Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. Premiums shown are monthly and are effective January 1, 2011.

Employee Premiums	HRA			HMO			HDHP		
	2010	2011	Expanded Dependent Coverage Cost	2010	2011	Expanded Dependent Coverage Cost	2010	2011	Expanded Dependent Coverage Cost
You	\$62.50	\$68.74	N/A	\$100.20	\$110.22	N/A	\$54.40	\$59.84	N/A
You + Spouse	N/A	\$210.10	N/A	N/A	\$260.14	N/A	N/A	\$194.14	N/A
You + Child(ren)	N/A	\$215.16	\$11.33	N/A	\$264.26	\$13.91	N/A	\$199.02	\$10.48
You + Family	\$196.60	\$228.28	\$12.02	\$245.40	\$284.94	\$15.00	\$181.60	\$210.86	\$11.10



STATE HEALTH BENEFIT PLAN					
MONTHLY PREMIUM RATES FOR MEDICARE ELIGIBLE RETIREES					
PLAN YEAR 2011					
	Non MA Option Rates (No State Contribution if > 65)			Medicare Advantage Option Rates	
	HMO	HRA	HDHP	Premium MA	Standard MA
You					
You > 65 with or without Part B	\$1,118.02	\$1,128.38	\$1,112.62	NA	NA
You with Part B	-	-	-	\$65.23	\$21.23
You + Spouse					
You + Spouse 1 < 65 & 1 > 65 with or without Part B	\$1,228.24	\$1,197.14	\$1,172.46	NA	NA
You + Spouse both > 65 both without Part B or 1 with and 1 without Part B	\$2,236.03	\$2,256.77	\$2,225.23	NA	NA
You + spouse both with Part B	-	-	-	\$130.46	\$42.46
You + Child(ren)					
You > 65 with or without Part B & at least 1 Child with or without Part B	\$1,272.07	\$1,274.79	\$1,251.80	NA	NA
You < 65 + Child(ren) All with or without Part B	\$264.27	\$215.16	\$199.02	NA	NA
You + Child(ren) All with Part B	-	-	-	\$130.46	\$42.46
You + Family					
You + Spouse 1 < 65 & 1 > 65 with or without Part B + Child(ren) with or without Part B	\$1,292.74	\$1,287.91	\$1,263.64	NA	NA
You + Spouse both > 65 with or without Part B + Child(ren) with or without Part B	\$2,260.82	\$2,274.95	\$2,241.94	NA	NA
You + Spouse both < 65 with or without Part B + Child(ren) with or without Part B	\$284.94	\$228.28	\$210.86	NA	NA
You + Spouse + Child(ren) All with Part B	-	-	-	\$195.69	\$63.69



SCHOOL PERSONNEL OPEB FUND



**GEORGIA DEPARTMENT OF COMMUNITY HEALTH
SCHOOL PERSONNEL OPEB FUND
REPORT OF ACTUARY ON THE RETIREE MEDICAL VALUATION
PREPARED AS OF JUNE 30, 2010**

SECTION I - SUMMARY OF PRINCIPAL RESULTS

1. For convenience of reference, the principal results of the valuation are summarized below. The following table summarizes the June 30, 2010 results for the School Personnel OPEB Fund. Please note that the salary amount shown is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based.

Valuation Date	June 30, 2010			June 30, 2009
Valuation Group	TRS	PSERS	School Personnel Total	School Personnel Total
Discount Rate	4.50%	4.50%	4.50%	4.50%
Annual Total Salaries*	\$ 10,437,703,000	\$ 1,008,801,000	\$ 11,446,504,000	\$ 11,628,960,000
Actuarial Accrued Liability	\$ 10,336,257,074	\$ 914,143,150	\$ 11,250,400,224	\$ 11,900,505,254
Assets:				
Market value			\$ 58,000	\$ 33,806,176
Unfunded Actuarial Accrued Liability			\$ 11,250,342,224	\$ 11,866,699,078
Amortization period (years)			30	30
Fiscal Year	2013			2012
Annual Required Contribution (ARC))	\$ 512,137,801	\$ 54,493,348	\$ 566,631,149	\$ 616,456,237
Normal Accrued Liability Total			<u>415,488,950</u>	<u>438,251,765</u>
			\$ 982,120,099	\$ 1,054,708,002
ARC (Percent of Total Pay)				
Normal Accrued Liability Total			4.95%	5.30%
			<u>3.63%</u>	<u>3.77%</u>
			8.58%	9.07%

* Salary amount shown was provided by the Teachers' Retirement System. Please note that the salary amount shown is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based. Salary data is not available for the Public School Employees' Retirement System, so an average salary of \$25,244 has been assumed.



The following table summarizes the Unfunded Actuarial Accrued Liability and the Annual Required Contribution for the School Personnel OPEB Fund for June 30, 2010 and June 30, 2009:

Valuation Date	June 30, 2010	June 30, 2009
School Personnel OPEB Fund		
Unfunded Actuarial Accrued Liability	\$ 11,250,342,224	\$ 11,866,699,078
Annual Required Contribution (\$)	\$ 982,120,099	\$ 1,054,708,002
Annual Required Contribution (Percent of Total Pay*)	8.58%	9.07%
Discount Rate	4.50%	4.50%

* Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based.

- The valuation indicates that total contributions of \$982,120,099 or 8.58% of active total payroll, is sufficient to support current benefits of the School Personnel OPEB Fund. Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based. Comments on the valuation results as of June 30, 2010 are given in Section IV and further discussion of the contribution levels is set out in Sections V and VI. If the contributions are not increased to the required levels, the Fund will not be operating in an actuarially sound manner. If contributions are made at the required levels then the discount rates for valuing liabilities could be increased. The impact of this change, using a discount rate of 6.00% for illustrative purposes, is shown on Schedule A.



3. Schedule C of this report outlines the full set of actuarial assumptions and methods employed in the current valuation. Recent retiree health benefit changes reflected in this valuation include:
- a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
 - b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
 - c) Plan consolidation (removal of Open Access Plan).
 - d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.



4. The following table details the change in the Unfunded Accrued Liability (UAL). All dollar amounts are expressed in millions.

School Employee OPEB Fund	
June 30, 2009 Discount Rate	4.50%
June 30, 2010 Discount Rate	4.50%
June 30, 2009 UAL	\$ 11,866.7
Normal Cost	\$ 616.5
Required Contribution	\$ 1,054.7
Fiscal Year 2010 Actual Contribution	\$ 308.5
Expected UAL based on ARC	\$ 11,952.6
Expected UAL based on Actual Contribution	\$ 12,715.5
Loss due to Contribution Deficiency	\$ 762.9
Gain due to pre-65 plan changes	(\$ 326.8)
Gain due to post-65 plan changes	(\$ 1,306.3)
Gain due to increased retiree premiums	(\$ 172.7)
Loss due to decrement changes	\$ 75.2
Other*	\$ 265.4
June 30, 2010 UAL	\$ 11,250.3
Other as a % of June 30, 2009 UAL	2.24%

* Other category includes changes due to such sources as retirements, terminations, etc., differing from the assumed rates, new entrants entering the plan with a partial year of service credit at the valuation date, and actual investment income different from assumed.



SECTION II - MEMBERSHIP DATA

1. Data regarding the membership of the plans for use as a basis of the valuation were furnished by the Department of Community Health, the Teachers' Retirement System, and the Public School Employees' Retirement System. The following table shows the number of retirees, active employees and their total annual salaries as of June 30, 2010 on the basis of which the valuation was prepared.

School Personnel OPEB Fund	Valuation Group		Total
	TRS	PSERS	
Number of Retirees	52,678	8,921	61,599
Number of Spouses of Retirees	18,287	2,431	20,718
Number of Actives	222,020	39,962	261,982
Annual Total Salaries*	\$ 10,437,703,000	\$ 1,008,801,000	\$11,446,504,000

* Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based. Salary data is not available for the Public School Employees' Retirement System, so an average salary of \$25,244 has been assumed.



2. Detailed membership summaries are shown in the following tables:

SCHOOL PERSONNEL OPEB FUND

Active Employees by Age and Service

Age	Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	
Under 25	3,376	35	0	0	0	0	0	3,411
25 to 29	16,535	4,766	21	0	0	0	0	21,322
30 to 34	11,491	13,376	3,182	12	0	0	0	28,061
35 to 39	11,347	10,157	10,076	2,574	39	0	0	34,193
40 to 44	10,830	9,986	7,509	6,885	2,200	33	0	37,443
45 to 49	9,520	9,604	7,127	4,908	5,464	1,889	48	38,560
50 to 54	7,407	7,774	6,994	5,232	4,684	4,109	1,465	37,665
55 to 59	5,266	5,876	5,759	5,221	5,117	3,170	2,589	32,998
60 to 64	3,374	3,973	3,285	2,681	2,789	1,817	1,742	19,661
65 to 69	1,319	1,531	1,072	659	610	390	530	6,111
70 & up	523	796	513	230	192	87	216	2,557
Total	80,988	67,874	45,538	28,402	21,095	11,495	6,590	261,982

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	23,967	9,385	33,352
65 and Older	37,632	11,333	48,965
Total	61,599	20,718	82,317



TRS VALUATION GROUP

Active Employees by Age and Service

Age	Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	
Under 25	2,918	22	0	0	0	0	0	2,940
25 to 29	15,680	4,591	11	0	0	0	0	20,282
30 to 34	10,295	12,955	3,076	11	0	0	0	26,337
35 to 39	9,415	9,197	9,752	2,509	32	0	0	30,905
40 to 44	8,535	8,516	6,749	6,669	2,112	25	0	32,606
45 to 49	7,024	7,753	5,966	4,376	5,213	1,793	39	32,164
50 to 54	5,093	6,115	5,892	4,606	4,247	3,938	1,376	31,267
55 to 59	3,286	4,470	4,836	4,628	4,576	2,909	2,396	27,101
60 to 64	1,695	2,562	2,470	2,203	2,395	1,567	1,470	14,362
65 to 69	357	641	611	465	476	292	398	3,240
70 & up	108	149	153	116	101	58	131	816
Total	64,406	56,971	39,516	25,583	19,152	10,582	5,810	222,020

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	22,603	8,857	31,460
65 and Older	30,075	9,430	39,505
Total	52,678	18,287	70,965



PSERS VALUATION GROUP

Active Employees by Age and Service

Age	Service							Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	
Under 25	458	13	0	0	0	0	0	471
25 to 29	855	175	10	0	0	0	0	1,040
30 to 34	1,196	421	106	1	0	0	0	1,724
35 to 39	1,932	960	324	65	7	0	0	3,288
40 to 44	2,295	1,470	760	216	88	8	0	4,837
45 to 49	2,496	1,851	1,161	532	251	96	9	6,396
50 to 54	2,314	1,659	1,102	626	437	171	89	6,398
55 to 59	1,980	1,406	923	593	541	261	193	5,897
60 to 64	1,679	1,411	815	478	394	250	272	5,299
65 to 69	962	890	461	194	134	98	132	2,871
70 & up	415	647	360	114	91	29	85	1,741
Total	16,582	10,903	6,022	2,819	1,943	913	780	39,962

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	1,364	528	1,892
65 and Older	7,557	1,903	9,460
Total	8,921	2,431	11,352



SECTION III - ASSETS

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2010, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Fund equal \$58,000.

The School Personnel OPEB Fund has been financing benefits on a Pay As You Go (PAYG) basis. That is, annual costs of providing benefits will be financed in the same year those costs are incurred, with no significant assets accumulating as would occur in an advance funding strategy. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For this valuation, a discount rate of 4.50% has been used for the Fund.



SECTION IV - COMMENTS ON VALUATION

1. Schedule A of this report outlines the results of the actuarial valuation. The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method, which are described in Schedule C. Recent retiree health benefit changes reflected in this valuation include:
 - a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
 - b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
 - c) Plan consolidation (removal of Open Access Plan).
 - d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.
2. The valuation shows that the School Personnel OPEB Fund has an actuarial accrued liability of \$6,953,474,980 for benefits expected to be paid on account of the present active membership, based on service to the valuation date.
3. The School Personnel OPEB Fund's liability on account of benefits payable to retirees and covered spouses amounts to \$4,296,925,244.
4. The total School Personnel OPEB Fund actuarial accrued liability amounts to \$11,250,400,224.
5. Against these liabilities, the Fund has present assets for valuation purposes in the amount of \$58,000. Therefore, the total unfunded actuarial accrued liability for the School Personnel OPEB Fund is \$11,250,342,224.
6. The normal contribution is equal to the actuarial present value of benefits accruing during the current year. The normal contribution for the School Personnel OPEB Fund is determined to be \$566,631,149.



SECTION V - CONTRIBUTIONS PAYABLE UNDER THE PLAN

ANNUAL REQUIRED CONTRIBUTION

For Fiscal Year Ending June 30, 2013

Annual Required Contribution (ARC):	\$	% of Total* Payroll
School Personnel OPEB Fund		
Normal	\$ 566,631,149	4.95%
Accrued Liability	<u>415,488,950</u>	<u>3.63%</u>
Total	\$ 982,120,099	8.58%

** Salary amount shown was provided by the Teachers' Retirement System. Please note that the salary amount shown is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based. Salary data is not available for the Public School Employees' Retirement System, so an average salary of \$25,244 has been assumed.*

1. The valuation indicates that the normal contribution for the School Personnel OPEB Fund is determined to be \$566,631,149 or 4.95% of active total payroll. Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based.
2. The actuarial accrued liability amounts to \$11,250,400,224 and is for employees, retirees and covered spouses that will receive benefits paid from the School Personnel OPEB Fund.
3. An accrued liability contribution for the School Personnel OPEB Fund of \$415,488,950, or 3.63% of active total payroll, is sufficient to amortize the unfunded actuarial accrued liability over a 30-year period, based on the assumption that the payroll will increase by 3.75% annually. Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based.
4. The total Annual Required Contribution for the School Personnel OPEB Fund is, therefore, \$982,120,099, or 8.58% of active total payroll. Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based.



SECTION VI - COMMENTS ON LEVEL OF FUNDING

1. The monthly contribution for retirees to opt into the medical plan is based on plan election, Medicare eligibility and election, and dependent coverage election. GASB 43 and 45 stipulate that claims, premiums and associated costs paid by the employer, on behalf of the retiree, as well as contributions placed in trust will be considered as contributions towards the ARC. All employer contributions shown in this report are net of retiree monthly contributions, which are shown in Schedule D as Retiree Premiums.
2. The valuation indicates that a decrease in the recommended employer contribution rate for the School Personnel OPEB Fund from last year's recommended rate of 9.07% of payroll to 8.58% is required to fund the School Personnel OPEB Fund in an actuarially sound manner. Please note that the salary amount used is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based.
3. This corresponds to a contribution of \$982,120,099 required to meet the cost of benefits currently accruing and provide for the amortization of the unfunded actuarial accrued liability over a period of 30 years.
4. The decrease in the recommended contribution rate is due to health plan changes and retiree premium increases. These decreases were offset by increases in the recommended contribution rate due to the contribution shortfall and the changes to the withdrawal, disability, retirement, mortality and inflation rates due to the experience investigation for the five year period ending June 30, 2009. The overall impact of all changes was a decrease in the recommended contribution rate.
5. It is our understanding that the School Personnel OPEB Fund meets the parameters stipulated in GASB 43 and 45 to operate as Cost Sharing Multiple Employer Plan. As such, it is not necessary for participating employers to conduct their own individual valuations under GASB 45. Instead, the participating employers may disclose the contract rate(s) charged by the School Personnel OPEB Fund and reference this report for any needed disclosures.



SECTION VII - ACCOUNTING INFORMATION

1. Governmental Accounting Standards Board Statements 43 and 45 set forth certain items of required supplementary information to be disclosed in the financial statements of the Fund and the employer.

SCHEDULE OF FUNDING PROGRESS

School Personnel OPEB Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll* (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/30/2005**	0	10,130,970,393	10,130,970,393	0.0%	9,052,305,000	111.9%
6/30/2006***	0	14,097,098,469	14,097,098,469	0.0%	10,199,907,553	138.2%
6/30/2007****	0	11,802,724,960	11,802,724,960	0.0%	10,408,675,000	113.4%
6/30/2008	34,899,858	11,952,049,937	11,917,150,079	0.3%	11,172,154,000	106.7%
6/30/2009	33,806,176	11,900,505,254	11,866,699,078	0.3%	11,628,960,000	102.0%
6/30/2010**	58,000	11,250,400,224	11,250,342,224	0.0%	11,446,504,000	98.3%

* Salary amount shown was provided by the Teachers' Retirement System. Please note that the salary amount shown is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based. Since individual PSERS salary is not available, assumes annual salary for PSERS members of \$21,000 for 2004, \$21,788 for 2005 and \$22,605 for 2006, \$23,453 for 2007, \$24,332 for 2008, \$24,332 for 2009, and \$25,244 for 2010. .

** Assumptions were changed due to experience study.

*** Discount rate changed to reflect established financing and funding policies. Actual retiree plan elections were incorporated and future participation and coverage assumptions updated accordingly. Retiree premiums future increases assumed.

**** Discount rate lowered to 4.50%.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

School Personnel OPEB Fund

Fiscal Year Ending Date	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage of ARC Contributed (b) / (a)
6/30/2008	\$ 894,861,072	\$ 275,518,572	30.8%
6/30/2009	\$ 1,290,050,224	\$ 303,348,168	23.5%
6/30/2010	\$ 1,080,041,803	\$ 308,539,258	28.6%



2. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2010. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.50%
Healthcare cost trend rate*	
Pre-Medicare Eligible	9.00%
Medicare Eligible	8.50%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%



SCHEDULE A

**Benefit of Prefunding
Annual Required Contributions**

**SCHOOL PERSONNEL OPEB FUND
(\$ shown in thousands)**

	Benefit of Prefunding	
	Discount Rate 4.50%	Discount Rate 6.00%
TOTAL PAYROLL*	\$ 11,446,504	\$ 11,446,504
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members	\$ 6,953,475	\$ 5,196,251
(b) Present retired members and covered spouses	<u>4,296,925</u>	<u>3,655,623</u>
(c) Total actuarial accrued liability	\$ 11,250,400	\$ 8,851,874
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 58	\$ 58
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 11,250,342	\$ 8,851,816
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2013:		
Normal	4.95%	3.53%
Accrued Liability	<u>3.63%</u>	<u>3.46%</u>
Total	8.58%	6.99%

* Salary amount shown was provided by the Teachers' Retirement System. Please note that the salary amount shown is total salaries and is not the state salary amount upon which regular employer contributions to the SHBP are based. Salary data is not available for the Public School Employees' Retirement System, so an average salary of \$25,244 has been assumed.



SCHEDULE B

PLAN ASSETS

GASB 43 and 45 define plan assets as resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan. Assets in the trust may be used to pay health benefits to current retirees and their beneficiaries.

As of June 30, 2010, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the State Personnel OPEB Fund equal \$58,000.

The School Personnel OPEB Fund has been financing benefits on a Pay As You Go (PAYG) basis. That is, annual costs of providing benefits will be financed in the same year those costs are incurred, with no significant assets accumulating as would occur in an advance funding strategy. Therefore, the discount rate used to determine the present value of benefits needs to be reflective of the expected investment return on cash and other very short-term investments. For this valuation, a discount rate of 4.50% has been used for the School Personnel OPEB Fund.



SCHEDULE C

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION DATE: June 30, 2010

DISCOUNT RATE: 4.50% per annum, compounded annually

ANNUAL EXPECTED MEDICAL/RX CLAIMS (AGE ADJUSTED TO AGE 65): Following is a chart detailing expected claims normalized to age 65 for pre-65 retirees for the year following the valuation date.

Pre-65	\$ 10,259

Effective January 1, 2010, the Medicare Advantage Plans are mandatory for Medicare-eligible retirees to receive the State subsidy. The Medicare Advantage Plan rates and retiree premiums as of January 1, 2011 are as follows:

Medicare Advantage Plan	Full Monthly Rate	Retiree Premium
Standard MA-PFFS	\$ 150.00	\$ 21.23
CIGNA Premium MA-PFFS	\$ 190.00	\$ 65.23

Over 65 retirees who are not eligible for free Medicare Part A are assumed to cost an additional \$362.32 per month.

The census data contains Medicare coverage coding for current retirees over age 65. This data is used to estimate the percentage of retirees under age 65 and actives hired before 4/1/1986 who may be ineligible for free Medicare Part A.

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions.

Year	Pre-65 Retiree Claims Trend	Post-65 Retiree Claims Trend
2010	9.00%	8.50%
2011	8.50%	7.50%
2012	8.00%	7.00%
2013	7.50%	6.50%
2014	7.00%	6.00%
2015	6.50%	5.50%
2016	6.00%	5.00%
2017	5.50%	5.00%
2018 and beyond	5.00%	5.00%



AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

Participant Age	Annual Increase
Under 20	0.00%
20 – 24	0.65%
25 – 29	0.65%
30 – 34	1.25%
35 – 39	1.90%
40 – 44	2.50%
45 – 49	3.25%
50 – 54	4.15%
55 – 59	4.50%
60 – 64	5.25%
65 – 69	3.75%
70 – 74	3.15%
75 – 79	2.50%
80 – 84	1.25%
85 – 89	0.65%
90 and over	0.00%

ANTICIPATED PLAN PARTICIPATION: Representative values of the assumed annual rates of member participation and spouse coverage are as follows:

	TRS	PSERS
Participation	75%	90%
Spouse Coverage	40%	40%

ACTUARIAL METHOD: Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the actuarial accrued liability (AAL) is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through the date of full retirement eligibility was used in allocating costs.



School Personnel OPEB Fund Members Participating in the Teachers Retirement System of Georgia

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Age	Annual Rate of				
	Death	Disability	Withdrawal		
			Years of Service		
			0-4	5-9	10+
MALES					
20	0.03%	0.03%	31.00%	-	-
25	0.04	0.03	18.00	16.00%	-
30	0.04	0.04	14.00	8.00	11.00%
35	0.06	0.04	14.00	6.00	3.00
40	0.10	0.05	13.00	6.00	2.25
45	0.13	0.09	12.00	6.00	2.20
50	0.19	0.17	11.00	5.50	2.50
55	0.29	0.32	11.00	5.00	2.70
60	0.53	-	11.00	5.00	-
64	0.88	-	11.00	5.00	-
FEMALES					
20	0.02%	0.02%	30.00%	-	-
25	0.02	0.02	14.00	25.00%	-
30	0.02	0.02	13.00	9.00	9.00%
35	0.04	0.03	13.00	7.00	3.50
40	0.06	0.04	11.00	7.00	3.00
45	0.09	0.07	10.00	5.50	2.00
50	0.13	0.12	10.00	5.00	2.00
55	0.20	0.38	10.00	4.75	2.75
60	0.35	-	10.00	4.75	-
64	0.58	-	10.00	4.75	-



School Personnel OPEB Fund Members Participating in the Teachers Retirement System of Georgia

SERVICE RETIREMENT: Representative values of the assumed annual rates of service retirement are as follows:

Age	Annual Rate Males		Annual Rate Females	
	< 30 Years Of Service	>= 30 Years Of Service	< 30 Years Of Service	>= 30 Years Of Service
50	5.00%	50.00%	5.00%	50.00%
55	5.00	38.00	5.00	35.00
60	20.00	35.00	25.00	40.00
61	18.00	30.00	25.00	40.00
62	25.00	35.00	25.00	40.00
63	20.00	33.00	25.00	40.00
64	18.00	30.00	25.00	40.00
65	30.00	30.00	30.00	30.00
66	30.00	30.00	30.00	30.00
67	30.00	30.00	28.00	28.00
68	28.00	28.00	28.00	28.00
69	26.00	26.00	28.00	28.00
70	30.00	30.00	30.00	30.00

DEATHS AFTER RETIREMENT: The RP-2000 Combined Mortality Table (set back two years for males and three years for females) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table (set back two years for males) is used for death after disability retirement. Representative values of the assumed annual rates of death after service retirement and after disability retirement are shown below:

Age	Annual Rate of Death After			
	Service Retirement		Disability Retirement	
	Males	Females	Males	Females
40	.10%	.06%	2.26%	0.75%
45	.13	.09	2.26	0.75
50	.19	.13	2.64	1.15
55	.29	.20	3.29	1.65
60	.53	.35	3.93	2.18
65	1.00	.67	4.66	2.80
70	1.79	1.22	5.69	3.76
75	3.04	2.07	7.33	5.22
80	5.21	3.41	9.76	7.23
85	8.97	5.63	12.83	10.02
90	15.06	9.63	16.22	14.00
95	23.37	15.76	23.37	19.45



School Personnel OPEB Fund Members Participating in the Georgia Public School Employees Retirement System

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of separation before service retirement are as follows:

Age	Annual Rate of				
	Death	Disability	Withdrawal		
			Years of Service		
			0-4	5-9	10+
MALES					
20	0.036%	0.00%	35.0%	-	-
25	0.038	0.00	30.0	17.0%	-
30	0.050	0.00	27.0	16.0	14.0%
35	0.084	0.00	24.0	14.0	9.0
40	0.114	0.01	21.0	12.0	7.0
45	0.162	0.04	20.0	11.0	6.5
50	0.245	0.09	18.0	11.0	6.5
55	0.420	0.23	15.0	9.0	6.0
60	0.778	0.35	13.0	9.0	-
65	1.441	0.00	-	-	-
FEMALES					
20	0.019%	0.00%	34.0%	-	-
25	0.021	0.00	29.0	19.0%	-
30	0.026	0.00	24.0	15.0	11.0%
35	0.048	0.00	20.0	13.0	10.0
40	0.071	0.01	17.0	12.0	8.0
45	0.112	0.04	16.0	10.0	7.0
50	0.168	0.09	14.0	9.0	6.5
55	0.272	0.23	12.0	8.0	6.0
60	0.506	0.35	11.0	7.0	-
65	0.971	0.00	-	-	-



School Personnel OPEB Fund Members Participating in the Georgia Public School Employees Retirement System

SERVICE RETIREMENT: Representative values of the assumed annual rates of service retirement are as follows:

Age	Annual Rate	Age	Annual Rate
60	15%	68	25%
61	15	69	25
62	22	70	25
63	18	71	25
64	18	72	25
65	28	73	25
66	25	74	25
67	25	75 & over	100

DEATHS AFTER RETIREMENT: The RP-2000 Combined Table set forward one year for males is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table set back two years for males and set forward one year for females is used for the period after disability retirement. Representative values of the assumed annual rates of mortality for service retirements and beneficiaries are as follows:

Age	Males	Females	Age	Males	Females
40	0.114%	0.071%	64	1.441%	0.971%
45	0.162	0.112	70	2.457	1.674
50	0.245	0.168	75	4.217	2.811
55	0.420	0.272	80	7.204	4.588
60	0.768	0.506	85	12.280	7.745



SCHEDULE D

SUMMARY OF MAIN PLAN PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

School Personnel OPEB Fund Eligibility

Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from any of these systems:

- Teachers Retirement System
 - Service Retirement: 25 years of service or age 60 with 10 years of service
 - Disability Retirement: 10 years of service
 - Active Death Surviving Spouse: 10 years of service
- Public School Employees Retirement System
 - Service Retirement: age 60 with 10 years of service
 - Disability Retirement: 15 years of service
 - Active Death Surviving Spouse: age 60 with 10 years of service

Retirees from other systems who may be eligible for post-employment benefits other than pensions were not included in the valuation because census data was not provided.

Coverage starts immediately at retirement, provided the retiree makes proper premium payments or has the premiums deducted from the annuity check. If elected, dependent coverage starts on the same day as retiree coverage. A change from single to family coverage as a retiree is allowed only with a qualified change in status.

A tobacco and spousal surcharge of \$80 and \$50 per month respectively, effective January 1, 2011 were charged to those not participating in the Medicare Advantage plans. Of the retirees not participating in the Medicare Advantage plans, it is assumed that 8.5% pay the tobacco surcharge and 2.5% of those who cover spouses pay the spousal surcharge.



Plan Design Changes

Effective January 1, 2011, the following retiree health benefit changes included:

- a) 10% increase in retiree portion of premiums for calendar year 2011 and retiree portion increases with medical inflation for future years.
- b) Medicare Advantage Plan specific changes include increases to out-of-pocket maximums and pharmacy co-payments, and a change to out-patient non-surgical services from co-payments to co-insurance.
- c) Plan consolidation (removal of Open Access Plan).
- d) Increases in co-pays (medical and pharmacy), deductibles, and out-of-pocket maximums for non-Medicare Advantage Plans.

The plan design changes are detailed in the following tables:

HMO Plan Benefit Changes		
Deductible	2010	2011
You	\$600	\$1,000
You + Spouse	Not applicable	\$1,500
You + Child(ren)	Not applicable	\$1,500
You + Family	\$1,200	\$2,000
Out-of-Pocket Maximum	2010	2011
You	\$2,000	\$3,000
You + Spouse	Not applicable	\$4,500
You + Child(ren)	Not applicable	\$4,500
You + Family	\$4,000	\$6,000
Specialist Office Visit	2010	2011
Co-payment	\$35	\$45
Pharmacy	2010	2011
Tier 1	\$15	\$20
Tier 2	\$40	\$50
Tier 3	\$75	\$90

HRA Plan Benefit Changes		
Deductible	In-Network/Out-of-Network	In-Network/Out-of-Network
	2010	2011
You	\$1,100	\$1,300
You + Spouse	Not applicable	\$2,250
You + Child(ren)	Not applicable	\$2,250
You + Family	\$2,750	\$3,250
Out-of-Pocket Maximum	In-Network/Out-of-Network	In-Network/Out-of-Network
	2010	2011
You	\$2,500	\$3,000
You + Spouse	Not applicable	\$5,000
You + Child(ren)	Not applicable	\$5,000
You + Family	\$5,700	\$7,000



HDHP Plan Benefit Changes				
Deductible	In-Network 2010	In-Network 2011	Out-of-Network 2010	Out-of-Network 2011
You	\$1,200	\$1,500	\$2,400	\$3,000
You + Spouse	Not applicable	\$3,000	Not applicable	\$6,000
You + Child(ren)	Not applicable	\$3,000	Not applicable	\$6,000
You + Family	\$2,400	\$3,000	\$4,800	\$6,000
Out-of-Pocket Maximum	In-Network 2010	In-Network 2011	Out-of-Network 2010	Out-of-Network 2011
You	\$1,800	\$2,400	\$4,000	\$5,300
You + Spouse	Not applicable	\$4,100	Not applicable	\$9,800
You + Child(ren)	Not applicable	\$4,100	Not applicable	\$9,800
You + Family	\$3,100	\$4,100	\$7,400	\$9,800



Other Medicare Advantage PPO Differences:

Basically the benefits are the same as under the Medicare Advantage Private Fee for Service Plans with the following exceptions:

Benefit Change	STANDARD		PREMIUM	
	2010	2011	2010	2011
OutofPocket Maximum	\$1,000	\$2,000	\$500	\$1,000
Inpatient Hospital Services (includes Mental Health and Substance Abuse Inpatient Facility)	\$190 copayment days 1-4	\$190 copayment days 1-6	\$100 copayment days 1-3	\$100 copayment days 1-5
Outpatient Specialized Scans	\$95 copayment	85% coverage	\$50 copayment	90% coverage
Annual Physicals	\$20 PCP or \$25 SPC copayment	\$0 copayment	\$10 PCP or \$20 SPC copayment	\$0 copayment
Mental Health and Substance Abuse Outpatient Visits	\$25 per office visit copayment	No change	\$10 per office visit copayment	\$20 per office visit copayment
Durable Medical Equipment (DME)	90% coverage for Medicare covered items (no prior approval required)	85% coverage for Medicare covered items (no prior approval required)	90% coverage for Medicare covered items (no prior approval required)	No change
CoPayments	Did not apply to Maximum Outof-pocket	Apply to Maximum Outofpocket except for pharmacy	Did not apply to Maximum Outof-pocket	Apply to Maximum Outofpocket except for pharmacy
Pharmacy	2010	2011	2010	2011
Tier 1 Copayment	\$10 retail; \$20 mail order – 90 day supply	No change	\$10 retail; \$20 mail order – 90 day supply	No change
Tier 2 Copayment	\$25 retail; \$50 mail order – 90 day supply	\$40 retail; \$80 mail order – 90 days supply	25% up to max of \$25; mail order – 25% not to exceed \$50	\$30 retail; \$60 mail order – 90 day supply
Tier 3 Copayment	\$50 retail; \$100 mail order – 90 day supply	\$80 retail; \$160 mail order – 90 day supply	25% up to max of \$50; mail order – 25% not to exceed \$100	\$60 retail; \$120 mail order – 90 day supply
Tier 4 Copayment	\$50 retail; \$100 mail order – 90 day supply	\$80 retail; \$160 mail order – 90 day supply	25% up to max of \$50; mail order – 25% not to exceed \$100	\$60 retail; \$120 mail order – 90 day supply



Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. Premiums shown are monthly and are effective January 1, 2011.

Employee Premiums	HRA			HMO			HDHP		
	2010	2011	Expanded Dependent Coverage Cost	2010	2011	Expanded Dependent Coverage Cost	2010	2011	Expanded Dependent Coverage Cost
You	\$62.50	\$68.74	N/A	\$100.20	\$110.22	N/A	\$54.40	\$59.84	N/A
You + Spouse	N/A	\$210.10	N/A	N/A	\$260.14	N/A	N/A	\$194.14	N/A
You + Child(ren)	N/A	\$215.16	\$11.33	N/A	\$264.26	\$13.91	N/A	\$199.02	\$10.48
You + Family	\$196.60	\$228.28	\$12.02	\$245.40	\$284.94	\$15.00	\$181.60	\$210.86	\$11.10



STATE HEALTH BENEFIT PLAN					
MONTHLY PREMIUM RATES FOR MEDICARE ELIGIBLE RETIREES					
PLAN YEAR 2011					
	Non MA Option Rates (No State Contribution if > 65)			Medicare Advantage Option Rates	
	HMO	HRA	HDHP	Premium MA	Standard MA
You					
You > 65 with or without Part B	\$1,118.02	\$1,128.38	\$1,112.62	NA	NA
You with Part B	-	-	-	\$65.23	\$21.23
You + Spouse					
You + Spouse 1 < 65 & 1 > 65 with or without Part B	\$1,228.24	\$1,197.14	\$1,172.46	NA	NA
You + Spouse both > 65 both without Part B or 1 with and 1 without Part B	\$2,236.03	\$2,256.77	\$2,225.23	NA	NA
You + spouse both with Part B	-	-	-	\$130.46	\$42.46
You + Child(ren)					
You > 65 with or without Part B & at least 1 Child with or without Part B	\$1,272.07	\$1,274.79	\$1,251.80	NA	NA
You < 65 + Child(ren) All with or without Part B	\$264.27	\$215.16	\$199.02	NA	NA
You + Child(ren) All with Part B	-	-	-	\$130.46	\$42.46
You + Family **					
You + Spouse 1 < 65 & 1 > 65 with or without Part B + Child(ren) with or without Part B	\$1,292.74	\$1,287.91	\$1,263.64	NA	NA
You + Spouse both > 65 with or without Part B + Child(ren) with or without Part B	\$2,260.82	\$2,274.95	\$2,241.94	NA	NA
You + Spouse both < 65 with or without Part B + Child(ren) with or without Part B	\$284.94	\$228.28	\$210.86	NA	NA
You + Spouse + Child(ren) All with Part B	-	-	-	\$195.69	\$63.69