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September 8, 2008

Ms. Carie L. Summers
Chief Financial Officer
Georgia Department of Community Health
2 Peachtree Street, N.W., 34th Floor
Atlanta, GA 30303-3159

Dear Ms. Summers:

Enclosed are 20 bound copies and one unbound copy of the "Georgia State Health Benefit Plan Report of Actuary on the Retiree Medical Valuation Prepared as of June 30, 2007".

Sincerely yours,

Alisa Bennett, ASA, EA, FCA, MAAA
Senior Actuary

Edward A. Macdonald, ASA, FCA, MAAA
President

AB/EAM:kmh

Enclosure

S:\Georgia Department of Community Health\Reports\Retiree Medical Valuation Report 9-2-2008.doc

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GEORGIA DEPARTMENT OF
COMMUNITY HEALTH

Georgia State Health Benefit Plan
Report of the Actuary on the Retiree Medical Valuation

Prepared as of June 30, 2007

Cavanaugh Macdonald
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September 8, 2008

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 benefit plans. We have submitted the results of the annual actuarial valuation of the Georgia State Health Benefit Plan (SHBP) prepared as of June 30, 2007. Data showing claims and enrollment experience, as well as retiree plan and coverage elections was provided by the SHBP. Active census data was provided by the Teachers' Retirement System (TRS) and Employees' Retirement System (ERS). We did not audit the data, but did perform analysis to conclude that the data is reasonable for purposes of valuing OPEB benefits for current and future retired teachers, state employees and non-certificated education employees.

Results are shown separately for State Employees, Teachers and Non-Certificated Education Employees.

As a Cost Sharing Multiple-Employer Plan, the Plan conducts an OPEB valuation, issues a report, and makes the appropriate disclosures under GASB 43 and does so for the Plan in aggregate. The member employers 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 plan and reference the plan's GASB 43 report and disclosures.

The Teachers and Non-Certificated Employees have 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 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 4.5% has been used for the Teachers and Non-Certificated Plans.

The State had implemented a partial funding strategy, but has reverted to PAYG basis for 2009. As a result, the discount rate used to determine the present value of benefits under the State Plan has been lowered from 5.0% to 4.5%.

Schedule C shows the actuarial assumptions and methods used in this valuation. Since the previous valuation, Consumer Directed Health (CDH) Plan Options and Medicare Advantage (MA) Options have been offered to retirees. In addition, the Indemnity and the Consumer Choice Plan Options have been discontinued and the retiree premium schedule has been revised as of January 1, 2009 to encourage participation in the CDH and MA Options. We assumed reduced trends for future claims costs and a decrease in the baseline claims costs to reflect migration to the CDH and MA Options.

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The valuation indicates that an annual required contribution for the SHBP in total of $1,427,813,869 or 10.86% of active payroll, payable for the fiscal year ending June 30, 2010 is required to actuarially support the benefits of the SHBP. The annual required contribution for the State OPEB Plan is $347,772,066 or 12.72% of active payroll and the annual required contribution for the Teachers OPEB Plan is $992,722,893, or 10.46% of active payroll, and the annual required contribution for the Non-Certificated OPEB Plan is $87,318,910 or 9.53% of active payroll.

If the employer contributions are not increased to the required levels, the plans will not be operating in an actuarially sound manner. If contributions are increased to the required levels then the plans will be operating in an actuarially sound manner and the discount rate(s) for valuing liabilities could be increased. Schedule A shows the impact of this change, using a 6.0% discount rate for illustrative purposes.

The promised medical and drug benefits of the Plan are included in the actuarially calculated contribution rates which are 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, 2007, the Plan assets in trust solely to provide benefits to retirees and their beneficiaries is $0. 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 Plan and to reasonable expectations of anticipated experience under the Plan and meet the parameters for the disclosures under GASB 43 and 45.

Future actuarial results may differ significantly from the current results 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; 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 plan 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 valuation was 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 the Plan.

Respectfully submitted,

Alisa Bennett, ASA, EA, FCA, MAAA
Senior Actuary

Edward A. Macdonald, ASA, FCA, MAAA
President

AB/kc

TABLE OF CONTENTS

Section	Item	Page No.
I	Summary of Principal Results	1
II	Membership Data	5
III	Assets	10
IV	Comments on Valuation	11
V	Contributions Payable Under the Plan	13
VI	Comments on Level of Funding	15
VII	Accounting Information	17
Schedule		
A	Results of the Valuation	22
B	Plan Assets	27
C	Outline of Actuarial Assumptions and Methods	28
D	Summary of Main Plan Provisions as Interpreted for Valuation Purposes	38

GEORGIA DEPARTMENT OF COMMUNITY HEALTH
GEORGIA STATE HEALTH BENEFIT PLAN
REPORT OF ACTUARY ON THE RETIREE MEDICAL VALUATION
PREPARED AS OF JUNE 30, 2007

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, 2007 results for the OPEB Plans.

Plan	State	Teachers	Non-Certificated	Total
Discount Rate	**4.50%**	**4.50%**	**4.50%**	
Annual salaries*	$ 2,733,281,000	$ 9,492,003,000	$ 916,672,000	$ 13,141,956,000
Assets:				
Market value	$ 0	$ 0	$ 0	$ 0
Unfunded Actuarial Accrued Liability	$ 4,669,715,807	$ 11,018,561,328	$ 784,163,632	$ 16,472,440,767
Amortization period (years)	30	30	30	30
	Fiscal Year 2010	**Fiscal Year 2010**	**Fiscal Year 2010**	**Fiscal Year 2010**
Annual Required Contribution (ARC):				
Normal	$ 175,313,728	$ 585,793,896	$ 58,358,784	$ 819,466,408
Accrued Liability	172,458,338	406,928,997	28,960,126	608,347,461
Total	$ 347,772,066	$ 992,722,893	$ 87,318,910	$ 1,427,813,869
ARC (Percent of Pay)				
Normal	6.41%	6.17%	6.37%	6.23%
Accrued Liability	6.31	4.29	3.16	4.63
Total	12.72%	10.46%	9.53%	10.86%

* Salary data is not available for Non-Certificated Education Employees. An average salary of $23,453 has been assumed. Salary data for all other employees was provided by the Teachers' Retirement System and the Employees' Retirement System.

The following table summarizes the Unfunded Actuarial Accrued Liability and the Annual Required Contribution for the three Plans for June 30, 2007 and June 30, 2006:

Valuation Date	June 30, 2007	June 30, 2006
State		
Unfunded Actuarial Accrued Liability	$ 4,669,715,807	$ 5,087,257,440
Annual Required Contribution ($)	$ 347,772,066	$ 387,790,092
Annual Required Contribution (Percent of Pay)	12.72%	14.48%
Discount Rate	4.50%	5.00%
Teachers		
Unfunded Actuarial Accrued Liability	$ 11,018,561,328	$ 13,172,642,223
Annual Required Contribution ($)	$ 992,722,893	$ 1,194,774,904
Annual Required Contribution (Percent of Pay)	10.46%	12.78%
Discount Rate	4.50%	4.50%
Non-Certificated		
Unfunded Actuarial Accrued Liability	$ 784,163,632	$ 924,456,246
Annual Required Contribution ($)	$ 87,318,910	$ 95,275,320
Annual Required Contribution (Percent of Pay)	9.53%	11.22%
Discount Rate	4.50%	4.50%
Total		
Unfunded Actuarial Accrued Liability	$ 16,472,440,767	$ 19,184,355,909
Annual Required Contribution ($)	$ 1,427,813,869	$ 1,677,840,316
Annual Required Contribution (Percent of Pay)	10.86%	13.03%

2. The valuation indicates that total contributions of $1,427,813,869 or 10.86% of active payroll are sufficient to support the current benefits of the plans. Of this total, $347,772,066, or 12.72% of active payroll, is sufficient to support current benefits of the State OPEB Plan; $992,722,893, or 10.46% of active payroll, is sufficient to support current benefits of the Teachers OPEB Plan and $87,318,910 or 9.53% of active payroll are sufficient to support current benefits of the Non-Certificated OPEB Plan. Comments on the valuation results as of June 30, 2007 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 plans 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 6.0% 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. Since the previous valuation, Consumer Directed Health (CDH) Plan Options and Medicare Advantage (MA) Options have been offered to retirees. In addition, the Indemnity and the Consumer Choice Plan Options have been discontinued and the premium schedule has been revised as of January 1, 2009 to encourage participation in the CDH and MA Options. We assumed reduced trends for future claims costs and a decrease in the baseline claims costs to reflect migration to the CDH and MA Options. Also since the previous valuation, the State OPEB Plan has reverted to Pay As You Go (PAYG) funding and, therefore, the discount rate has been lowered from 5.00% to 4.50%.

4. The following table details the change in the UAAL. All dollar amounts are expressed in millions.

	State	Teachers	Non-Certificated	Total
June 30, 2006 Valuation Discount Rate	5.00%	4.50%	4.50%	
June 30, 2007 Valuation Discount Rate	4.50%	4.50%	4.50%	
June 30, 2006 UAL	$5,087.3	$13,172.6	$924.5	$19,184.4
Normal Cost	$187.1	$708.3	$61.1	$956.5
Required Contribution	$387.8	$1,194.8	$95.3	$1,677.9
Actual Contribution (FY07 PAYG as reported by DCH)	$137.1	$179.1	$67.2	$383.4
Expected UAL based on June 30, 2006 Valuation	$5,135.9	$13,267.9	$931.1	$19,334.9
Increase in UAL due to Contribution Deficiency	$257.0	$1,038.6	$28.8	$1,324.4
(Gains) due to introduction of CDH/MA plans and retiree premiums to encourage participation:	($589.0)	($1,687.7)	($120.1)	($2,396.8)
(Gains) due to claims experience	($282.9)	($1,527.2)	($108.7)	($1,918.8)
Loss due to change in discount rate	$347.7	$0	$0	$347.7
(Gains) due to data correction (ORP)	$0	($379.3)	$0	($379.3)
Other*	($199.0)	$306.3	$53.1	$160.4
June 30, 2007 UAL	$4,669.7	$11,018.6	$784.2	$16,472.5

* Other category includes changes due to retirements/terminations/etc. differing from the assumed rates.

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, Teachers Retirement System and the Employees' Retirement System. The following table shows the number of retirees, active employees and their annual salaries as of June 30, 2007 on the basis of which the valuation was prepared.

Group	State	Teachers	Non-Certificated	Total
Number of Retirees	30,690	53,258	7,098	91,046
Number of Spouses of Retirees	11,864	18,974	2,226	33,064
Number of Actives	74,683	215,566	39,086	329,335
Annual Salaries	$2,733,281,000	$9,492,003,000	$916,672,000	$13,141,956,000

* Since individual PSERS salary is not available, assumes $23,453 per active member for PSERS.

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

State Health Benefit Plan in Total

Active Employees by Age and Service

	Service							
Age	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	Total
Under 25	8,232	78	0	0	0	0	0	8,310
25 to 29	23,990	5,612	53	0	0	0	0	29,655
30 to 34	17,159	15,440	3,340	25	0	0	0	35,964
35 to 39	16,872	12,642	10,915	3,144	97	0	0	43,670
40 to 44	15,065	11,272	7,542	7,432	3,191	138	0	44,640
45 to 49	12,854	11,334	7,928	6,450	6,784	3,116	206	48,672
50 to 54	10,182	9,549	7,957	7,211	5,704	6,211	2,602	49,416
55 to 59	7,478	7,129	6,054	6,332	5,634	4,313	3,623	40,563
60 to 64	4,023	4,069	3,012	2,953	2,530	1,860	1,698	20,145
65 to 69	1,498	1,475	900	596	532	402	503	5,906
70 & up	605	675	398	263	140	121	192	2,394
Total	117,958	79,275	48,099	34,406	24,612	16,161	8,824	329,335

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	37,589	16,907	54,496
65 and Older	53,457	16,157	69,614
Total	91,046	33,064	124,110

State OPEB Plan

Active Employees by Age and Service

	Service							
Age	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	Total
Under 25	3,265	41	0	0	0	0	0	3,306
25 to 29	6,034	1,163	27	0	0	0	0	7,224
30 to 34	4,624	2,826	755	17	0	0	0	8,222
35 to 39	4,049	2,463	1,897	830	68	0	0	9,307
40 to 44	3,443	2,093	1,671	1,840	1,130	96	0	10,273
45 to 49	2,945	2,081	1,493	1,660	1,853	1,055	165	11,252
50 to 54	2,482	1,831	1,540	1,506	1,555	1,514	1,015	11,443
55 to 59	1,855	1,411	1,162	1,331	1,157	964	940	8,820
60 to 64	775	734	590	592	464	318	290	3,763
65 to 69	132	201	165	111	86	62	62	819
70 & up	43	42	51	52	25	20	21	254
Total	29,647	14,886	9,351	7,939	6,338	4,029	2,493	74,683

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	13,023	6,665	19,688
65 and Older	17,667	5,199	22,866
Total	30,690	11,864	42,554

Teachers OPEB Plan

Active Employees by Age and Service

	Service							
Age	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	Total
Under 25	4,554	25	0	0	0	0	0	4,579
25 to 29	17,150	4,280	23	0	0	0	0	21,453
30 to 34	11,125	12,212	2,511	6	0	0	0	25,854
35 to 39	10,600	9,144	8,759	2,233	28	0	0	30,764
40 to 44	8,969	7,522	5,219	5,326	1,969	31	0	29,036
45 to 49	7,232	7,486	5,448	4,301	4,744	1,966	34	31,211
50 to 54	5,472	6,262	5,478	5,100	3,790	4,511	1,533	32,146
55 to 59	3,625	4,344	4,093	4,359	4,012	3,068	2,532	26,033
60 to 64	1,479	2,077	1,757	1,909	1,760	1,307	1,187	11,476
65 to 69	348	484	410	320	306	221	327	2,416
70 & up	86	105	103	90	57	60	97	598
Total	70,640	53,941	33,801	23,644	16,666	11,164	5,710	215,566

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	23,599	9,863	33,462
65 and Older	29,659	9,111	38,770
Total	53,258	18,974	72,232

Non-Certificated OPEB Plan

Active Employees by Age and Service

	Service							
Age	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and Up	Total
Under 25	413	12	0	0	0	0	0	425
25 to 29	806	169	3	1	0	0	0	979
30 to 34	1,410	402	74	1	0	0	0	1,887
35 to 39	2,223	1,035	259	81	1	0	0	3,599
40 to 44	2,653	1,657	652	266	92	11	0	5,331
45 to 49	2,677	1,767	987	489	187	95	7	6,209
50 to 54	2,228	1,456	939	605	359	186	54	5,827
55 to 59	1,998	1,374	799	642	465	281	151	5,710
60 to 64	1,769	1,258	665	452	306	235	221	4,906
65 to 69	1,018	790	325	165	140	119	114	2,671
70 & up	476	528	244	121	58	41	74	1,542
Total	17,671	10,448	4,947	2,823	1,608	968	621	39,086

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	967	379	1,346
65 and Older	6,131	1,847	7,978
Total	7,098	2,226	9,324

SECTION III - ASSETS

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2007, plan assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Plan equal $0.

The Teachers and Non-Certificated Plans have 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 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 4.5% has been used in the valuation of the Teachers and Non-Certificated Plans.

The State had implemented a partial funding strategy but has reverted to PAYG for 2009. As a result, the discount rate has been lowered from 5.00% to 4.50%.

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. Since the previous valuation, Consumer Directed Health (CDH) Plan Options and Medicare Advantage (MA) Options have been offered to retirees. In addition, the Indemnity and the Consumer Choice Plan Options have been discontinued and the premium schedule has been revised as of January 1, 2009 to encourage participation in the CDH and MA Options. We assumed reduced trends for future claims costs and a decrease in the baseline claims costs to reflect migration to the CDH and MA Options. The State had implemented a partial funding strategy but has reverted to PAYG for 2009. As a result, the discount rate has been lowered from 5.00% to 4.50%.

2. The valuation shows that the State Health Benefit Plan has a total actuarial accrued liability of $9,910,582,915 for benefits expected to be paid on account of the present active membership, based on service to the valuation date. Of this total, $2,414,028,143 is for employees that will receive benefits paid from the State OPEB Plan, $6,948,893,670 is for employees that will receive benefits paid from the Teachers OPEB Plan, and $547,661,102 is for employees that will receive benefits paid from the Non-Certificated OPEB Plan.

3. The total State Health Benefit Plan liability on account of benefits payable to retirees and covered spouses amounts to $6,561,857,852. Of this total, $2,255,687,664 is for retirees and covered spouses that will receive benefits paid from the State OPEB Plan, $4,069,667,658 is for retirees and covered spouses that will receive benefits paid from the Teachers OPEB Plan, and $236,502,530 is for retirees and covered spouses that will receive benefits paid from the Non-Certificated OPEB Plan.

4. The total State Health Benefits Plan actuarial accrued liability amounts to $16,472,440,767. Of this total, $4,669,715,807 is for employees, retirees and covered spouses that will receive benefits paid from the State OPEB Plan, $11,018,561,328 is for employees, retirees and covered spouses that

will receive benefits paid from the Teachers OPEB Plan, and $784,163,632 is for employees, retirees and covered spouses that will receive benefits from the Non-Certificated OPEB Plan.

5. Against these liabilities, each of the plans has present assets for valuation purposes of $0. Therefore, the unfunded actuarial accrued liability is equal to $4,669,715,807 for the State OPEB Plan, $11,018,561,328 for the School OPEB Plan, and $784,163,632 for the Non-Certificated OPEB Plan. The total unfunded actuarial accrued liability for the State Health Benefit Plan is $16,472,440,767.

6. The normal contribution is equal to the actuarial present value of benefits accruing during the current year. The normal contributions for the State OPEB Plan is determined to be $175,313,728, and the normal contributions for the Teachers OPEB Plan is determined to be $585,793,896, and the normal contributions for the Non-Certificated OPEB Plan is determined to be $58,358,784. Therefore, the total normal contribution for the State Health Benefit Plan is determined to be $819,466,408.

SECTION V - CONTRIBUTIONS PAYABLE UNDER THE PLAN

ANNUAL REQUIRED CONTRIBUTION

For Fiscal Year Ending June 30, 2010

Annual Required Contribution (ARC):		
State		
Normal	$ 175,313,728	6.41%
Accrued Liability	172,458,338	6.31%
Total	$ 347,772,066	12.72%
Teachers		
Normal	$ 585,793,896	6.17%
Accrued Liability	406,928,997	4.29%
Total	$ 992,722,893	10.46%
Non-Certificated		
Normal	$ 58,358,784	6.37%
Accrued Liability	28,960,126	3.16%
Total	$ 87,318,910	9.53%
Total		
Normal	$ 819,466,408	6.23%
Accrued Liability	608,347,461	4.63%
Total	$1,427,813,869	10.86%

1. The valuation indicates that the normal contributions for the State OPEB Plan is determined to be $175,313,728, or 6.41% of active payroll, the normal contributions for the Teachers OPEB Plan is determined to be $585,793,896, or 6.17% of active payroll, and the normal contributions for the Non-Certificated OPEB Plan is determined to be $58,358,784 or 6.37%. Therefore, the total normal contribution for the State Health Benefit Plan is determined to be $819,466,408, or 6.23% of active payroll.

2. The total State Health Benefits Plan actuarial accrued liability amounts to $16,472,440,767. Of this total, $4,669,715,807 is for employees, retirees and covered spouses that will receive benefits paid from the State OPEB Plan, $11,018,561,328 is for employees, retirees and covered spouses that

will receive benefits paid from the Teachers OPEB Plan, and $784,163,632 is for employees, retirees and covered spouses that will receive benefits paid from the Non-Certificated OPEB Plan.

3. An accrued liability contribution in total for the State Health Benefit Plan of $608,347,461, or 4.63% 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 3.75% annually. The accrued liability contribution for the State OPEB Plan is $172,458,338, or 6.31% of active payroll, the accrued liability contribution for the School OPEB Plan is $406,928,997, or 4.29% of active payroll, and the accrued liability contribution for the Non-Certificated OPEB Plan is $28,960,126, or 3.16% of active payroll. The accrued liability contributions for the individual Plans are 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.

4. The total Annual Required Contribution for the State Health Benefit Plan is, therefore, $1,427,813,869, or 10.86% of total active payroll. The Annual Required Contribution for the State OPEB Plan is $347,772,066, or 12.72% of active payroll, the Annual Required Contribution for the Teachers OPEB Plan is $992,722,893, or 10.46% of active payroll, and the Annual Required Contribution for the Non-Certificated OPEB Plan is $87,318,910, or 9.53% 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 a decrease in the recommended employer contribution rate for the State Health Benefit Plan in total from last year's recommended rate of 13.03% of payroll to 10.86% is required to fund the plan in an actuarially sound manner. The valuation indicates that the recommended employer contribution rate for the State OPEB Plan should be decreased from 14.48% of payroll to 12.72% of payroll, the recommended employer rate for the Teachers OPEB Plan should be decreased from 12.78% of payroll to 10.46% of payroll, and the recommended employer rate for the Non-Certificated OPEB Plan should be decreased from 11.22% of payroll to 9.53% of payroll.

3. This corresponds to a contribution for the State Health Benefit Plan in total of $1,427,813,869 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. The Annual Required Contribution for the State OPEB Plan is $347,772,066, the Annual Required Contribution for the Teachers OPEB Plan is $992,722,893, and the Annual Required Contribution for the Non-Certificated OPEB Plan is $87,318,910.

4. The reduction in the recommended contribution rate is due to the introduction of the CDH/MA Options and the change in retiree premiums effective January 1, 2009 set to encourage participation in these plans. We assumed reduced trends for future claims costs and a decrease in the baseline claims costs to reflect migration to the CDH and MA Options

5. The recommended employer rate according to the June 30, 2007 valuation of the State Employees' Assurance Department for post-employment benefits is 0.00% of payroll. Therefore, the total

recommended State contribution, when OPEB and Life Insurance are taken into consideration is 12.72%.

6. The corresponding recommended contribution for the State Employees' Assurance Department is $0. Therefore, the total recommended State contribution, when OPEB and Life Insurance are taken into consideration is $347,722,066.

7. It has been determined that all Plans mentioned in this report meet the parameters stipulated in GASB 43 and 45 to operate as Cost Sharing Multiple Employer Plans. As such, it is not necessary for participating employers to conduct their own individual valuations under GASB 45. Instead, the employers may disclose the contract rate(s) charged by the Plan(s) in which they participate and reference this report for any needed disclosures at the plan level.

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 Plan and the employer.

SCHEDULE OF FUNDING PROGRESS

State Health Benefit Plan 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)
6/30/2003**	$0	$16,630,000,000	$16,630,000,000	0%	$11,515,000,000	144.4%
6/30/2004	0	17,974,145,164	17,974,145,164	0	11,327,850,000	158.7
6/30/2005***	0	15,035,226,707	15,035,226,707	0	11,613,237,000	129.5
6/30/2006****	0	19,184,355,909	19,184,355,909	0	12,878,984,510	149.0
6/30/2007*****	0	16,472,440,767	16,472,440,767	0	13,141,956,000	125.3

State OPEB Plan

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)
6/30/2003**	$0	$ 5,921,000,000	$ 5,921,000,000	0%	$ 2,562,000,000	231.1%
6/30/2004	0	5,788,167,338	5,788,167,338	0	2,489,929,000	232.5
6/30/2005***	0	4,904,256,314	4,904,256,314	0	2,560,932,000	191.5
6/30/2006****	0	5,087,257,440	5,087,257,440	0	2,679,076,957	189.9
6/30/2007*****	0	4,669,715,807	4,669,715,807	0	2,733,281,000	170.8

* Since individual PSERS salary is not available, assumes annual salary for PSERS members of $20,000 for 2003, $21,000 for 2004, $21,788 for 2005, $22,605 for 2006 and $23,453 for 2007.

** Reported by prior actuarial firm.

*** 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.

***** CDH/MA options offered with retiree premiums set to encourage participation in these options. Indemnity and Consumer Choice Options discontinued. Discount rate lowered to 4.50%.

Teachers OPEB Plan

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)
6/30/2003**	$0	$ 9,384,000,000	$ 9,384,000,000	0%	$ 8,238,000,000	113.9%
6/30/2004	0	10,772,352,680	10,772,352,680	0	8,083,118,000	133.3
6/30/2005***	0	9,113,164,715	9,113,164,715	0	8,252,598,000	110.4
6/30/2006****	0	13,172,642,223	13,172,642,223	0	9,350,251,539	140.9
6/30/2007*****	0	11,018,561,328	11,018,561,328	0	9,492,003,000	116.1

Non-Certificated OPEB Plan

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)
6/30/2003**	$0	$ 1,325,000,000	$ 1,325,000,000	0%	$ 715,000,000	185.3%
6/30/2004	0	1,413,625,146	1,413,625,146	0	754,803,000	187.3
6/30/2005***	0	1,017,805,678	1,017,805,678	0	799,707,000	127.3
6/30/2006****	0	924,456,246	924,456,246	0	849,656,014	108.8
6/30/2007*****	0	784,163,632	784,163,632	0	916,672,000	85.5

* Since individual PSERS salary is not available, assumes annual salary for PSERS members of $20,000 for 2003, $21,000 for 2004, $21,788 for 2005 and $22,605 for 2006 and $23,453 for 2007.

** Reported by prior actuarial firm.

*** 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.

***** CDH/MA options offered with retiree premiums set to encourage participation in these options. Indemnity and Consumer Choice Options discontinued.

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)

State OPEB and Life Insurance 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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

State Health Benefit Plan in Total

Fiscal Year Ending Date	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage of ARC Contributed (b) / (a)
6/30/2007	$1,583,008,024	$ 383,385,577	24.2%

State OPEB Plan

Fiscal Year Ending Date	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage of ARC Contributed (b) / (a)
6/30/2007	$ 462,467,506	$ 137,056,249	29.6%

Teachers OPEB Plan

Fiscal Year Ending Date	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage of ARC Contributed (b) / (a)
6/30/2007	$ 979,158,940	$ 179,090,191	18.3%

Non-Certificated OPEB Plan

Fiscal Year Ending Date	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage of ARC Contributed (b) / (a)
6/30/2007	$ 141,381,578	$ 67,239,137	47.6%

2. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2007. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.5%
Healthcare cost trend rate*	9.5%
Ultimate trend rate	5.0%
Year of Ultimate trend rate	2014
*Includes inflation at	3.75%

SUMMARY OF EMPLOYER RESULTS

State OPEB and Life Insurance Combined

Plan Discount Rate	State OPEB 4.50%	State Life 7.50%	State Total
Annual salaries*	$ 2,733,281,000	$ 2,720,771,905	$ 2,733,281,000
Assets:			
Market value	$ 0	$ 778,048,000	$ 778,048,000
Unfunded Actuarial Accrued Liability	$ 4,669,715,807	$ (135,517,567)	$ 4,534,198,240
Amortization period (years)	30	30	30
Annual Required Contribution (ARC):			
Normal	$ 175,313,728	$ 6,880,068	$ 182,193,796
Accrued Liability	172,458,338	(6,880,068)	165,578,270
Total	$ 347,772,066	$ 0	$ 347,772,066
ARC (Percent of Pay)			
Normal	6.41%	0.25%	6.66%
Accrued Liability	6.31	(0.25)	6.06
Total	12.72%	0.00%	12.72%

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

Benefit of Prefunding
Annual Required Contributions

State Health Benefit Plan in Total
($ shown in thousands)

	Benefit of Prefunding	
	Discount Rate 4.50%	Discount Rate 6.00%
PAYROLL	$ 13,141,956	$ 13,141,956
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members:	$ 9,910,583	$ 7,331,021
(b) Present retired members and covered spouses:	6,561,858	5,504,818
(c) Total actuarial accrued liability	$ 16,472,441	$ 12,835,839
PRESENT ASSETS FOR VALUATION PURPOSES	$ 0	$ 0
UNFUNDED ACTUARIAL ACCRUED LIABILITY	$ 16,472,441	$ 12,835,839
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2010:		
Normal	6.23%	4.39%
Accrued Liability	4.63%	4.37%
Total	10.86%	8.76%

Benefit of Prefunding
Annual Required Contributions

State OPEB Plan
($ shown in thousands)

	Benefit of Prefunding	
	Discount Rate 4.50%	Discount Rate 6.00%
PAYROLL	$ 2,733,281	$ 2,733,281
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members:	$ 2,414,028	$ 1,829,089
(b) Present retired members and covered spouses:	2,255,688	1,910,612
(c) Total actuarial accrued liability	$ 4,669,716	$ 3,739,701
PRESENT ASSETS FOR VALUATION PURPOSES	$ 0	$ 0
UNFUNDED ACTUARIAL ACCRUED LIABILITY	$ 4,669,716	$ 3,739,701
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2010:		
Normal	6.41%	4.65%
Accrued Liability	6.31%	6.12%
Total	12.72%	10.77%

Benefit of Prefunding
Annual Required Contributions

Teachers OPEB Plan
($ shown in thousands)

	Benefit of Prefunding	
	Discount Rate 4.50%	Discount Rate 6.00%
PAYROLL	$ 9,492,003	$ 9,492,003
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members:	$ 6,948,894	$ 5,079,203
(b) Present retired members and covered spouses:	4,069,668	3,390,709
(c) Total actuarial accrued liability	$ 11,018,561	$ 8,469,912
PRESENT ASSETS FOR VALUATION PURPOSES	$ 0	$ 0
UNFUNDED ACTUARIAL ACCRUED LIABILITY	$ 11,018,561	$ 8,469,912
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2010:		
Normal	6.17%	4.28%
Accrued Liability	4.29%	3.99%
Total	10.46%	8.27%

Benefit of Prefunding
Annual Required Contributions

Non-Certificated OPEB Plan
($ shown in thousands)

	Benefit of Prefunding	
	Discount Rate 4.50%	Discount Rate 6.00%
PAYROLL	$ 916,672	$ 916,672
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members:	$ 547,661	$ 422,729
(b) Present retired members and covered spouses:	236,503	203,497
(c) Total actuarial accrued liability	$ 784,164	$ 626,226
PRESENT ASSETS FOR VALUATION PURPOSES	$ 0	$ 0
UNFUNDED ACTUARIAL ACCRUED LIABILITY	$ 784,164	$ 626,226
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2010:		
Normal	6.37%	4.79%
Accrued Liability	3.16%	3.06%
Total	9.53%	7.85%

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

The School Plan 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 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 4.5% has been used in the valuation of the School Plan.

The State had implemented a partial funding strategy but has reverted to PAYG for 2009. As a result, the discount rate has been lowered from 5.00% to 4.50%.

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION DATE: June 30, 2007

DISCOUNT RATE: 4.5% per annum, compounded annually

ANNUAL EXPECTED MEDICAL/RX CLAIMS (AGE 65): Following is a chart detailing expected claims normalized to age 65 for pre and post Medicare for the year following the valuation date. We have assumed lower baseline claims to reflect migration to the CDH and MA Options.

	State	Teachers and Non-Certificated
Pre-65	$10,289	$9,734
Post-65	$1,936	$1,927

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions. We have assumed reduced trends for future claims costs to reflect migration to the CDH and MA Options.

Year	Claims Trend	Retiree Premium Trend
2007-08	9.50%	7.25%
2008-09	8.50%	6.00%
2009-10	7.50%	5.00%
2010-11	6.75%	4.25%
2011-12	6.00%	3.50%
2012-13	5.50%	3.00%
2013 and beyond	5.00%	2.50%

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 plan participation and spouse coverage are as follows:

	State	Teachers	Non-Certificated
Participation	90%	75%	90%
Spouse Coverage	40%	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 accumulated postretirement benefit obligation (APBO) 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.

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

Age	Death	Disability	Annual Rate of Withdrawal Years of Service 0-4	5-9	10+
MALES					
20	.06%	.05%	30.00%		
25	.07	.05	24.00	11.00%	
30	.08	.05	22.00	9.00	6.00%
35	.09	.10	22.00	8.00	5.00
40	.13	.35	20.00	8.00	4.00
45	.19	.77	17.00	7.00	3.00
50	.32	1.30	14.00	6.00	3.50
55	.56	2.00	13.00	5.00	4.00
60	1.02	--	13.00	5.00	4.50
65	1.80	--	16.00	10.00	4.50
69	2.60	--			
FEMALES					
20	.03%	.05%	28.00%		
25	.03	.05	24.00	11.00%	
30	.04	.05	22.00	11.00	8.00%
35	.06	.05	20.00	9.00	6.00
40	.08	.14	17.00	8.00	4.00
45	.11	.40	16.00	7.00	3.50
50	.17	.70	16.00	6.00	3.50
55	.29	1.20	15.00	6.00	5.00
60	.58	--	15.00	6.00	5.00
65	1.08	--	20.00	11.00	5.00
69	1.50	--			

State Plan Members Participating in the Employees Retirement System of Georgia

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

Age	Old Plan[1]				New Plan[2]	
	Age 65 or more than 34 years		Age 60 or 30 years			
	Males	Females	Males	Females	Males	Females
50	50%	50%	9%	7.5%	10%	10%
55	50	50	11	11.5	10	10
60	50	50	22	24.0	15	20
62	50	50	43	44.0	38	36
64	50	50	27	30.0	29	30
65	44	45			43	38
67	26	28			27	34
70	100	100			100	100

1 It is also assumed that 95% of active Old Plan members will retire during the year in which they attain 34 years of service. In addition, it is assumed that 3.5% of male members under age 55, 7.5% of male members ages 55 and over, 3.0% of female members under age 55 and 8.0% of female members ages 55 and over will retire under early reduced retirement.

2 An additional 10% of active New Plan members less than age 65 are expected to retire in the year in which they attain 30 years of service. In addition, it is assumed that 6.0% of male members under age 55, 6.5% of male members ages 55 and over, 5.0% of female members under age 55 and 10.0% of female members ages 55 and over will retire under early reduced retirement.

DEATHS AFTER RETIREMENT: The 1994 Group Annuity Table rated forward two years is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward three years 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	.125%	.082%	65	1.803%	1.076%
45	.190	.111	70	2.848	1.651
50	.321	.173	75	4.517	2.837
55	.558	.292	80	7.553	4.915
60	1.015	.583	85	11.567	8.402

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

Age	Annual Rates of Death		Disability	Withdrawal
	Males	Females		
20	.056%	.029%	.1%	13.0%
25	.073	.030	.1	13.0
30	.084	.040	.2	13.0
35	.089	.055	.3	13.0
40	.125	.082	.4	13.0
45	.190	.111	.7	4.5
50	.321	.173	1.0	3.0
55	.558	.292	1.8	3.0
60	1.015	.583	2.9	3.0
65	1.803	1.076	4.7	3.0

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

Age	Annual Rates of Retirement
60	25%
61-64	10
65-69	12
70	50
71-74	20
75	100

DEATHS AFTER RETIREMENT: The 1994 Group Annuity Mortality Table rated forward two years is used for the period after retirement or disability and for dependent beneficiaries. Representative values of the assumed annual rates of mortality are as follows:

Age	Males	Females	Age	Males	Females
40	.125%	.082%	65	1.803%	1.076%
45	.190	.111	70	2.848	1.651
50	.321	.173	75	4.517	2.837
55	.558	.292	80	7.553	4.915
60	1.015	.583	85	11.567	8.402

The RP-2000 Disability Mortality Table set forward three years is used for periods after disability.

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

Age	Annual Rates of Death		Disability	Withdrawal
	Males	Females		
20	.056%	.029%	.1%	10.0%
25	.073	.030	.1	10.0
30	.084	.040	.2	10.0
35	.089	.055	.3	10.0
40	.125	.082	.4	13.0
45	.190	.111	.7	10.0
50	.321	.173	1.0	10.0
55	.558	.292	1.8	10.0
60	1.015	.583	2.9	10.0
65	1.803	1.076		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 1994 Group Annuity Mortality Table rated forward two years is used for the period after retirement or disability and for dependent beneficiaries. Representative values of the assumed annual rates of mortality are as follows:

Age	Males	Females	Age	Males	Females
40	.125%	.082%	65	1.803%	1.076%
45	.190	.111	70	2.848	1.651
50	.321	.173	75	4.517	2.837
55	.558	.292	80	7.553	4.915
60	1.015	.583	85	11.567	8.402

The RP-2000 Disabled Mortality Table set forward three years is used for the period after disability retirement.

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

Age	Death	Disability	Annual Rate of Withdrawal Years of Service 0-4	5-9	10+
MALES					
20	0.05%	0.05%	39.00%	-	-
25	0.06	0.05	18.00	11.00%	-
30	0.08	0.07	16.00	6.00	7.00%
35	0.09	0.07	15.00	6.00	3.00
40	0.10	0.09	15.00	6.00	2.00
45	0.15	0.11	13.00	6.00	2.00
50	0.23	0.25	11.00	4.50	2.00
55	0.40	0.53	12.00	4.50	2.00
60	0.71	-	-	-	-
64	1.15	-	-	-	-
FEMALES					
20	0.03%	0.03%	30.00%	-	-
25	0.03	0.03	15.00	13.00%	-
30	0.03	0.04	16.00	8.00	5.00%
35	0.05	0.05	15.00	8.00	4.00
40	0.07	0.07	12.00	6.00	3.00
45	0.09	0.11	11.00	5.00	2.00
50	0.13	0.20	11.00	4.50	2.00
55	0.21	0.63	12.00	4.50	3.00
60	0.39	-	-	-	-
64	0.67	-	-	-	-

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

	Annual Rate*			Annual Rate*	
Age	Males	Females	Age	Males	Females
50	28.00%	23.00%	65	32.00%	30.00%
55	29.00	28.00	66	25.00	30.00
60	23.00	30.00	67	30.00	26.00
61	23.00	25.00	68	28.00	26.00
62	29.00	31.00	69	28.00	26.00
63	23.00	27.00	70	100.00	100.00
64	25.00	26.00			

* It is also assumed that 10% of eligible active members will retire each year with a reduced early retirement benefit and that an additional 5% of active members will retire in their first year of eligibility for unreduced retirement with 30 years of service.

DEATHS AFTER RETIREMENT: The 1994 Group Annuity Mortality Table (set forward one year for males and females) is used for death after service retirement. The RP-2000 Disability Mortality Table (set forward five 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:

	Annual Rate of Death After			
	Service Retirement		Disability Retirement	
Age	Males	Females	Males	Females
40	.10%	.07%	2.26%	0.75%
45	.15	.09	2.26	0.75
50	.23	.13	2.26	1.15
55	.40	.21	2.90	1.65
60	.71	.39	3.54	2.18
65	1.29	.76	4.20	2.80
70	2.17	1.27	5.02	3.76
75	3.41	2.04	6.26	5.22
80	5.59	3.54	8.21	7.23
85	8.96	6.10	10.94	10.02
90	13.95	10.46	14.16	14.00
95	21.57	17.07	18.34	19.45

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

Age	Death	Disability	Annual Rate of Withdrawal Years of Service 0-4	5-9	10+
MALES					
20	0.06%	0.00%	36.0%	-	-
25	0.08	0.00	31.0	19.0%	-
30	0.08	0.00	28.0	16.0	13.0%
35	0.10	0.01	27.0	15.0	9.0
40	0.15	0.02	24.0	14.0	8.0
45	0.23	0.07	21.0	12.5	7.0
50	0.40	0.17	19.5	11.0	6.5
55	0.71	0.45	16.0	9.0	6.0
60	1.29	0.70	-	-	-
65	2.17	0.00	-	-	-
FEMALES					
20	0.03%	0.00%	36.0%	-	-
25	0.03	0.00	28.0	18.0%	-
30	0.04	0.00	24.0	16.0	11.0%
35	0.06	0.01	20.0	14.0	10.0
40	0.08	0.02	19.0	12.5	9.0
45	0.11	0.07	17.5	11.0	8.0
50	0.17	0.17	16.0	9.5	7.0
55	0.29	0.45	13.0	8.0	6.0
60	0.58	0.70	-	-	-
65	1.08	0.00	-	-	-

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

Age	Annual Rate	Age	Annual Rate
60	17%	68	25%
61	17	69	25
62	26	70	28
63	18	71	28
64	21	72	28
65	32	73	28
66	25	74	28
67	25	75 & over	100

DEATHS AFTER RETIREMENT: The 1994 Group Annuity Table set forward four years for males and set forward two years for females is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disability Mortality Table set forward 5 years for males 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	0.146%	0.083%	65	2.173%	1.076%
45	0.233	0.111	70	3.405	1.651
50	0.398	0.173	75	5.586	2.837
55	0.709	0.292	80	8.961	4.915
60	1.294	0.583	85	13.945	8.402

SUMMARY OF MAIN PLAN PROVISIONS
AS INTERPRETED FOR VALUATION PURPOSES

Eligibility

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

- Employees' Retirement System (covered by State OPEB Plan)
  - Service Retirement: 25 years of service or age 60 with 10 years of service
  - Disability Retirement: 13 years and 4 months of service
- Legislative Retirement System (covered by State OPEB Plan)
  - Service Retirement: age 60 with 8 years of service
  - Disability Retirement: 8 years of service
- Judicial Retirement System (covered by State OPEB Plan)
  - Service Retirement: age 60 with 10 years of service
  - Disability Retirement: 4 years of service
- Teachers Retirement System (covered by Teachers OPEB Plan)
  - Service Retirement: 25 years of service or age 60 with 10 years of service
  - Disability Retirement: 10 years of service
- Public School Employees Retirement System (covered by Non-Certificated OPEB Plan)
  - Service Retirement: age 60 with 10 years of service
  - Disability Retirement: 15 years of service

Retirees from these systems were not included in the valuation because census data was not provided:

- Local School System Teachers Retirement Systems
- Fulton County Retirement System (eligible Members)

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.

Plan Options

Effective January 1, 2009 Retirees will be offered PPO Options, HMO Options, Consumer Directed Health Plan Options, and, for Medicare eligible retirees, Medicare Advantage Options. The Consumer Directed Health Plan Options and Medicare Advantage options will now be offered to all members regardless of area. All options will be consolidated to two vendors statewide, United and Cigna, which will each offer all options. Kaiser will be available to members currently in Kaiser through December 31, 2009. There will no longer be an Indemnity Plan Option or Consumer Choice Options. Premium pricing is set as of January 1, 2009 to encourage Consumer Directed Health and Medicare Advantage Plan participation. These premium rates are shown on the following pages.

Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. Premiums shown are monthly and are effective January 1, 2009.

Plan	Retirees	United PPO	United HMO	United CDHP (Definity)	United HDHP	United MA PFFS	Cigna PPO	Cigna HMO	Cigna CDHP	Cigna HDHP	Cigna MA PFFS	Kaiser HMO	Kaiser MA
Single													
10	W/O MDCR	86.10	91.10	58.60	51.00	0.00	86.10	91.10	58.60	51.00	0.00	93.90	0.00
11	Full Medicare	32.90	37.80	13.90	1.70	17.50	32.90	37.80	13.90	1.70	17.50	41.30	18.20
12	No Medicare	190.50	195.40	150.50	152.00	0.00	190.50	195.40	150.50	152.00	0.00	201.80	0.00
14	Part A Only	267.00	271.90	216.80	225.00	0.00	267.00	271.90	216.80	225.00	0.00	279.70	0.00
15	Part B Only	161.00	166.00	125.00	124.00	0.00	161.00	166.00	125.00	124.00	0.00	171.80	0.00
16	Part A & B ONLY	147.60	152.60	113.40	111.20	0.00	147.60	152.60	113.40	111.20	0.00	158.20	0.00
17	Part A & D ONLY	152.20	157.20	117.30	115.60	0.00	152.20	157.20	117.30	115.60	0.00	162.80	0.00
18	Part B & D ONLY	46.30	51.20	25.50	14.50	0.00	46.30	51.20	25.50	14.50	0.00	54.90	0.00
Family													
04	1 Spouse under 65& 1 with Part A ONLY	440.50	401.50	337.20	339.40	0.00	440.50	401.50	337.20	339.40	0.00	415.70	0.00
05	1 Spouse under 65& 1 with Part B ONLY	334.50	295.60	245.30	238.40	0.00	334.50	295.60	245.30	238.40	0.00	307.80	0.00
06	1 Spouse under 65& 1 with Part A & B ONLY	321.10	282.20	233.70	225.60	0.00	321.10	282.20	233.70	225.60	0.00	294.20	0.00
07	1 Spouse under 65& 1 with Part A & D ONLY	325.70	286.80	237.70	230.00	0.00	325.70	286.80	237.70	230.00	0.00	298.80	0.00
08	1 Spouse under 65& 1 with Part B & D ONLY	219.70	180.80	145.80	128.90	0.00	219.70	180.80	145.80	128.90	0.00	190.90	0.00
20	Family	256.90	218.20	180.80	166.60	0.00	256.90	218.20	180.80	166.60	0.00	224.00	0.00
21	Both with full Medicare	142.40	103.50	78.70	55.20	35.00	142.40	103.50	78.70	55.20	35.00	112.10	36.30
22	Both over 65, 1 no Medicare, 1 full Medicare	312.30	273.40	226.10	217.20	168.00	312.30	273.40	226.10	217.20	168.00	285.20	220.00
24	Both over 65 with no Medicare	469.90	431.00	362.70	367.50	0.00	469.90	431.00	362.70	367.50	0.00	445.70	0.00
25	1 Spouse under 65 no Med & 1 with full Med	203.60	164.80	136.60	117.40	76.10	203.60	164.80	136.60	117.40	76.10	170.40	112.00
26	1 Spouse under 65 no Med & 1 No Med over 65	364.00	325.00	270.80	266.50	0.00	364.00	325.00	270.80	266.50	0.00	337.80	0.00
41	1 Spouse Part A ONLY & 1 with full Medicare	388.80	349.90	292.40	290.20	0.00	388.80	349.90	292.40	290.20	0.00	363.10	0.00
42	1 Spouse Part A ONLY & 1 with NO Medicare	546.40	507.50	429.00	440.50	0.00	546.40	507.50	429.00	440.50	0.00	523.60	0.00

	Retirees	United PPO	United HMO	United CDHP (Definity)	United HDHP	United MA PFFS	Cigna PPO	Cigna HMO	Cigna CDHP	Cigna HDHP	Cigna MA PFFS	Kaiser HMO	Kaiser MA
44	Both with Part A ONLY	622.90	584.00	495.40	513.50	0.00	622.90	584.00	495.40	513.50	0.00	601.60	0.00
45	1 Spouse Part A ONLY & 1 with Part B ONLY	517.00	478.10	403.50	412.40	0.00	517.00	478.10	403.50	412.40	0.00	493.60	0.00
46	1 Spouse Part A ONLY & 1 with Part A&B ONLY	503.60	464.70	391.90	399.70	0.00	503.60	464.70	391.90	399.70	0.00	480.00	0.00
47	1 Spouse Part A ONLY & 1 with Part A&D ONLY	508.20	469.30	395.90	404.00	0.00	508.20	469.30	395.90	404.00	0.00	484.70	0.00
48	1 Spouse Part A ONLY & 1 with Part B&D ONLY	402.20	363.30	304.00	303.00	0.00	402.20	363.30	304.00	303.00	0.00	376.80	0.00
51	1 Spouse Part B ONLY & 1 with full Medicare	282.90	243.90	200.50	189.10	0.00	282.90	243.90	200.50	189.10	0.00	255.20	0.00
52	1 Spouse Part B ONLY & 1 with NO Medicare	440.50	401.50	337.20	339.40	0.00	440.50	401.50	337.20	339.40	0.00	415.70	0.00
55	Both with Part B ONLY	411.00	372.10	311.60	311.30	0.00	411.00	372.10	311.60	311.30	0.00	385.70	0.00
56	1 Spouse Part B ONLY & 1 with Part A&B ONLY	397.60	358.70	300.00	298.60	0.00	397.60	358.70	300.00	298.60	0.00	372.10	0.00
57	1 Spouse Part B ONLY & 1 with Part A&D ONLY	402.20	363.30	304.00	303.00	0.00	402.20	363.30	304.00	303.00	0.00	376.80	0.00
58	1 Spouse Part B ONLY & 1 with Part B&D ONLY	296.20	257.30	212.10	201.90	0.00	296.20	257.30	212.10	201.90	0.00	268.80	0.00
61	1 Spouse Part A&B ONLY & 1 with full Medicare	257.10	218.20	178.20	164.60	0.00	257.10	218.20	178.20	164.60	0.00	229.00	0.00
62	1 Spouse Part A&B ONLY & 1 with NO Medicare	427.10	388.20	325.60	326.70	0.00	427.10	388.20	325.60	326.70	0.00	402.10	0.00
66	Both with Part A&B ONLY	371.90	333.00	277.70	274.10	0.00	371.90	333.00	277.70	274.10	0.00	345.90	0.00
67	1 Spouse Part A&B ONLY & 1 with Part A&D ONLY	388.80	349.90	292.40	290.20	0.00	388.80	349.90	292.40	290.20	0.00	363.10	0.00
68	1 Spouse Part A&B ONLY & 1 with Part B&D ONLY	282.90	243.90	200.50	189.10	0.00	282.90	243.90	200.50	189.10	0.00	255.20	0.00
71	1 Spouse Part A&D ONLY & 1 with full Medicare	274.10	235.10	192.90	180.80	0.00	274.10	235.10	192.90	180.80	0.00	246.20	0.00
72	1 Spouse Part A&D ONLY & 1 with NO Medicare	431.70	392.80	329.50	331.10	0.00	431.70	392.80	329.50	331.10	0.00	406.80	0.00
77	Both with Part A&D ONLY	393.40	354.50	296.40	294.60	0.00	393.40	354.50	296.40	294.60	0.00	367.80	0.00
78	1 Spouse Part A&D ONLY & 1 with Part B&D ONLY	287.50	248.50	204.50	193.50	0.00	287.50	248.50	204.50	193.50	0.00	259.90	0.00
81	1 Spouse Part B&D ONLY & 1 with full Medicare	168.10	129.20	101.00	79.70	0.00	168.10	129.20	101.00	79.70	0.00	138.30	0.00
82	1 Spouse Part B&D ONLY & 1 with NO Medicare	325.70	286.80	237.70	230.00	0.00	325.70	286.80	237.70	230.00	0.00	298.80	0.00
88	Both with Part B&D ONLY	181.50	142.60	112.60	92.50	0.00	181.50	142.60	112.60	92.50	0.00	151.90	0.00