



**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, 2014



Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

May 28, 2015

Georgia Department of Community Health
2 Peachtree Street, N.W., 34th Floor
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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 active employees, retirees and their eligible dependents 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, 2014.

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2018 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required. Plan design changes mandated by the ACA and incorporated in the plan designs are included in the current baseline claims costs.

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Georgia Department of Community Health
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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, 2015 and benefit offerings in effect on January 1, 2015. 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 primarily includes members of the Employees' Retirement System (ERS), the Judicial Retirement System (JRS), and the Legislative Retirement System (LRS), and the School Personnel OPEB Fund, which primarily includes members of the Teachers' Retirement System (TRS) and the Public School Employees' Retirement System (PSERS).

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 A. Macdonald'.

Edward A. Macdonald, ASA, FCA, MAAA
President



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**GEORGIA DEPARTMENT OF COMMUNITY HEALTH
STATE AND SCHOOL OPEB FUNDS
REPORT OF ACTUARY ON THE RETIREE MEDICAL VALUATION
PREPARED AS OF JUNE 30, 2014**

EXECUTIVE SUMMARY

OVERVIEW

The State Health Benefit Plan (SHBP) provides post-employment health benefits for State Employees, Public School Teachers, Public School Employees, Retirees and their eligible Dependents, and other entities under The Acts for health insurance.

Affordable Care Act

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2018 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required. Plan design changes mandated by the ACA and incorporated in the plan designs are included in the current baseline claims costs.

Total Covered Payroll Development

For the June 30, 2014 OPEB valuation, census data was provided by DCH for both active and retired members participating in the SHBP health plans. This data included, among other items, a payroll location code which could be used in conjunction with the pension data provided by ERS, JRS, and LRS for the State Fund and TRS and PSERS for the School Fund, to obtain additional information and to determine eligibilities and participation election patterns. Additional data was obtained for Fulton County school employees and City of Atlanta school employees who are members of the SHBP but not TRS or PSERS. Using the payroll location codes and the various pension plan data, we have developed a methodology to determine the Total Covered Payroll for each Fund. The methodology attempts to estimate Total Covered Payroll for all eligible members, including waivers. Our methodology is as follows:

- Use the Total Covered Payroll for the pension systems as a starting point.
- Exclude compensation for pension plan members who are known to be ineligible for SHBP based on their payroll location codes. These would include, among others, members of the Board of Regents, certain Tax Officials, certain University or Charter School employees and certain library employees.
- For members of PSERS, salary information is not collected for the pension plan, so an average salary of \$27,000 is assumed.
- For Fulton County school employees and City of Atlanta school employees who are members of the SHBP but not TRS or PSERS, information on SHBP waivers is not provided, so salaries are only included for those participating in SHBP.

The Total Covered Compensation development is shown on the following page.



Total Covered Payroll Development

State (ERS, JRS, LRS)	6/30/2014
Pension Payroll	
ERS	\$ 2,315,624,707
JRS	53,628,391
LRS	3,849,924
Total	\$ 2,373,103,022
Ineligible based on payroll codes	(79,998,790)
State Total Covered Payroll	\$ 2,293,104,232

School (TRS, PSERS, Other)	6/30/2014
TRS - part of School	6/30/2014
Pension Payroll	\$ 9,993,686,287
Ineligible because Board of Regents (BOR)	(1,498,793,253)
Non-BOR ineligible based on payroll codes	(97,858,477)
TRS Total Covered Payroll	\$ 8,397,034,557
PSERS - part of School	6/30/2014
Pension Payroll (assumes \$27,000 average salary)	\$ 974,592,000
No ineligible payroll codes.	
Other - part of School	6/30/2014
Payroll	\$ 57,903,988
Note - No data on waivers.	
School Total Covered Payroll	\$ 9,429,530,546



State Employee OPEB Fund

The State Employee OPEB Fund is financing benefits on a Pay As You Go 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, 2014 valuation, a discount rate of 4.50% has been used for the State Employee OPEB Fund.

Since the previous valuation, the plan options for members who are not in the Medicare Advantage plans have changed. The available options are three Health Maintenance Organization (HMO) plans: BCBSGa, KP and UnitedHealthcare; a UnitedHealthcare High Deductible Health Plan (HDHP); and three BCBSGa Health Reimbursement Arrangement (HRA) plans: Gold, Silver and Bronze. Members who elect BCBSGa or UnitedHealthcare can earn wellness credits through the satisfactory completion of action-based wellness program incentives.

The valuation indicates that an annual required contribution in the amount of \$202,091,859, or 8.81% of total covered payroll, payable for the fiscal year ending June 30, 2017 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 projected to cover the cost of all future benefits. If contributions are increased to the required levels then the Fund will be projected to cover the cost of all future benefits 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 2015 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, 2014, the 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 3.00% 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.

School Personnel OPEB Fund

The School Personnel OPEB Fund is financing benefits on a Pay As You Go 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, 2014 valuation, a discount rate of 4.50% has been used for the School Personnel OPEB Fund.

Since the previous valuation, the plan options for members who are not in the Medicare Advantage plans have changed. The available options are three Health Maintenance Organization (HMO) plans: BCBSGa, KP and UnitedHealthcare; a UnitedHealthcare High Deductible Health Plan (HDHP); and three BCBSGa Health Reimbursement Arrangement (HRA) plans: Gold, Silver and Bronze. Members who elect BCBSGa or UnitedHealthcare can earn wellness credits through the satisfactory completion of action-based wellness program incentives.



The valuation indicates that an annual required contribution in the amount of \$669,894,206, or 7.10% of total covered payroll, payable for the fiscal year ending June 30, 2017 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 projected to cover the cost of all future benefits. If contributions are increased to the required levels then the Fund will be projected to cover the cost of all future benefits 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 2015 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, 2014, the 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 Fund and to reasonable expectations of anticipated experience under the Fund and meet the parameters for the disclosures under GASB 43 and 45.



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, 2014**

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, 2014 results for the State Employee OPEB Fund.

Valuation Date	June 30, 2014	June 30, 2013
Discount Rate	4.50%	4.50%
Members Receiving SHBP Benefits		
Actives	47,260	48,490
Retirees	35,368	34,183
Spouses of Retirees	<u>12,156</u>	<u>12,004</u>
Total	94,784	94,677
Total Covered Payroll	\$ 2,293,104,232	2,328,334,488
Actuarial Accrued Liability	\$ 2,871,842,791	\$ 3,587,913,000
Assets:		
Market value	\$ 0	\$ 0
Unfunded Actuarial Accrued Liability	\$ 2,871,842,791	\$ 3,587,913,000
Amortization period (years)	30	30
Fiscal Year	2017	2016
Annual Required Contribution (ARC)		
Normal	\$ 84,955,804	\$ 112,907,021
Accrued Liability	<u>\$ 117,136,055</u>	<u>\$ 146,342,960</u>
Total	\$ 202,091,859	\$ 259,249,981
Annual Required Contribution (ARC) as a % of payroll		
Normal	3.70%	4.85%
Accrued Liability	<u>5.11%</u>	<u>6.29%</u>
Total	8.81%	11.14%



The following table summarizes the Unfunded Actuarial Accrued Liability and the Annual Required Contribution for the State Employee OPEB Fund for June 30, 2014 and June 30, 2013:

Valuation Date	June 30, 2014	June 30, 2013
State Employee OPEB Fund		
Unfunded Actuarial Accrued Liability	\$ 2,871,842,791	\$ 3,587,913,000
Annual Required Contribution (\$)	\$ 202,091,859	\$ 259,249,981
Discount Rate	4.50%	4.50%

2. The valuation indicates that contributions of \$202,091,859 are sufficient to support current benefits of the State Employee OPEB Fund. Comments on the valuation results as of June 30, 2014 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 projected to cover the costs of all future benefits. 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. There have been no changes since the previous valuation.
4. Schedule D of this report outlines the summary of plan provisions as interpreted for valuation purposes. Since the previous valuation, the plan options for members who are not in the Medicare Advantage plans have changed. The available options are three Health Maintenance Organization (HMO) plans: BCBSGa, KP and UnitedHealthcare; a UnitedHealthcare High Deductible Health Plan (HDHP); and three BCBSGa Health Reimbursement Arrangement (HRA) plans: Gold, Silver and Bronze. Members who elect BCBSGa or UnitedHealthcare can earn wellness credits through the satisfactory completion of action-based wellness program incentives.



5. 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, 2013 Discount Rate	4.50%
June 30, 2014 Discount Rate	4.50%
June 30, 2013 UAL	\$ 3,587.9
June 30, 2013 Normal Cost	\$ 112.9
Required Contribution	\$ 259.2
Fiscal Year 2014 Actual Contribution	\$ 177.0
Expected UAL based on ARC	\$ 3,599.8
Expected UAL based on Actual Contributions	\$ 3,683.8
(Gain)/Loss due to Contribution Deficiency	\$ 84.0
(Gain)/Loss due to claims and contribution experience and plan changes	(\$ 912.2)
(Gain)/Loss due to Other*	\$ 100.2
June 30, 2014 UAL	\$ 2,871.8
Other as a % of June 30, 2013 UAL	2.79%

* 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. Census from the Employees' Retirement System, the Judicial Retirement System, and the Legislative Retirement System was used to obtain additional information as appropriate. The following table shows the number of retirees, spouses of retirees and active employees currently participating in the SHBP health plans on the basis of which the valuation was prepared.

State Employee OPEB Fund	Total
Number of Retirees	35,368
Number of Spouses of Retirees	12,156
Number of Actives	47,260



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

STATE EMPLOYEE OPEB FUND

Active Employees Currently Participating in Health Plans 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	1,045	60						1,105
25 to 29	3,133	774	17					3,924
30 to 34	2,509	2,130	596	12				5,247
35 to 39	1,754	1,872	1,505	478	7			5,616
40 to 44	1,560	1,496	1,453	1,330	441	31		6,311
45 to 49	1,247	1,354	1,199	1,045	1,199	668	16	6,728
50 to 54	1,079	1,241	1,171	942	1,048	1,359	250	7,090
55 to 59	786	1,064	1,076	874	943	1,098	397	6,238
60 to 64	505	799	711	507	459	447	206	3,634
65 to 69	108	297	271	133	105	84	71	1,069
70 & up	16	79	65	46	32	35	25	298
Total	13,742	11,166	8,064	5,367	4,234	3,722	965	47,260

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	12,094	5,488	17,582
65 and Older	23,274	6,668	29,942
Total	35,368	12,156	47,524



SECTION III - ASSETS

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2014, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Fund equal \$0.

The State Employee OPEB Fund has been financing benefits on a Pay As You Go 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, and the summary of plan provisions, which are described in Schedule D. Since the previous valuation, the plan options for members who are not in the Medicare Advantage plans have changed. The available options are three Health Maintenance Organization (HMO) plans: BCBSGa, KP and UnitedHealthcare; a UnitedHealthcare High Deductible Health Plan (HDHP); and three BCBSGa Health Reimbursement Arrangement (HRA) plans: Gold, Silver and Bronze. Members who elect BCBSGa or UnitedHealthcare can earn wellness credits through the satisfactory completion of action-based wellness program incentives.
2. The valuation shows that the State Employee OPEB Fund has an actuarial accrued liability of \$1,348,443,300 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 \$1,523,399,491.
4. The total State Employee OPEB Fund actuarial accrued liability amounts to \$2,871,842,791.
5. Against these liabilities, the Fund has present assets for valuation purposes in the amount of \$0. Therefore, the total unfunded actuarial accrued liability for the State Employee OPEB Fund is \$2,871,842,791.
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 \$84,955,804.



SECTION V - CONTRIBUTIONS PAYABLE UNDER THE PLAN

ANNUAL REQUIRED CONTRIBUTION

For Fiscal Year Ending June 30, 2017

Annual Required Contribution (ARC):	\$
State Employee OPEB Fund	
Normal	\$ 84,955,804
Accrued Liability	<u>117,136,055</u>
Total	\$ 202,091,859

1. The valuation indicates that the normal contribution for the State Employee OPEB Fund is determined to be \$84,955,804.
2. The actuarial accrued liability amounts to \$2,871,842,791 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 \$117,136,055 is sufficient to amortize the unfunded actuarial accrued liability over a 30-year period, based on the assumption that the contribution will increase by 3.00% annually.
4. The total Annual Required Contribution for the State Employee OPEB Fund is, therefore, \$202,091,859.



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 for the State Employee OPEB Fund from last year's recommended amount of \$259,249,981 to the current valuation amount of \$202,091,859 is required to fund the State Employee OPEB Fund in an actuarially sound manner.
3. This contribution of \$202,091,859 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 is primarily due to the decrease in the Medicare Advantage premiums. Offsetting the decrease are increases due to the contribution shortfall.
5. The recommended employer contribution according to the June 30, 2014 valuation of the State Employees' Assurance Department for post-employment benefits is \$0. Therefore, the total recommended State contribution, when OPEB and Life Insurance are taken into consideration is \$202,091,859.
6. 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)
6/30/2009	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%
6/30/2011	0	4,311,635,522	4,311,635,522	0.0%	2,542,890,541	169.6%
6/30/2012	0	3,867,926,833	3,867,926,833	0.0%		
6/30/2013	0	3,587,913,000	3,587,913,000	0.0%	2,328,334,488	154.1%
6/30/2014	0	2,871,842,791	2,871,842,791	0.0%	2,293,104,232	125.2%

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)
6/30/2009	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%
6/30/2011	807,893,000	678,420,518	(129,472,482)	119.1%	2,166,982,265	(6.0%)
6/30/2012	818,284,000	704,617,256	(113,666,744)	116.1%	1,962,799,952	(5.8%)
6/30/2013	907,831,000	754,786,088	(153,044,912)	120.3%	1,767,052,357	(8.7%)
6/30/2014	1,037,901,000	788,020,087	(249,880,913)	131.7%	1,628,712,490	(15.3%)

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)
6/30/2009	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%
6/30/2011	807,893,000	4,990,056,040	4,182,163,040	16.2%	2,542,890,541	164.5%
6/30/2012	818,284,000	4,572,544,089	3,754,260,089	17.9%		
6/30/2013	907,831,000	4,342,699,088	3,434,868,088	20.9%	2,328,334,488	147.5%
6/30/2014	1,037,901,000	3,659,862,878	2,621,961,878	28.4%	2,293,104,232	114.3%

Assumptions were changed beginning with the 6/30/2010 valuation to reflect the retirement systems' experience studies. A data audit was performed and data collection procedures and assumptions were changed beginning with the 6/30/2012 valuation.



SCHEDULE OF EMPLOYER CONTRIBUTIONS

State Employee OPEB Fund

Fiscal Year Ending Date	Annual Required Contribution (ARC) (a)	Actual Employer Contribution (b)	Percentage of ARC Contributed (b) / (a)
6/30/2010	347,772,066	22,209,006	6.4%
6/30/2011	327,052,844	168,384,048	51.5%
6/30/2012	317,100,335	181,898,661	57.4%
6/30/2013	338,819,221	181,503,596	53.6%
6/30/2014	321,455,891	177,045,380	55.1%

2. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2014. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2014
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	7.50%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2019
*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
Actuarial Accrued Liability	\$ 2,871,842,791	\$ 788,020,087	\$ 3,659,862,878
Assets:			
Market value	\$ 0	\$ 1,037,901,000	\$ 1,037,901,000
Unfunded Actuarial Accrued Liability	\$ 2,871,842,791	\$ (249,880,913)	\$ 2,621,961,878
Amortization period (years)	30	30	30
Annual Required Contribution (ARC):			
Normal	\$ 84,955,804	\$ 7,166,335	\$ 92,122,139
Accrued Liability	<u>117,136,055</u>	<u>(7,166,335)</u>	<u>109,969,720</u>
Total	\$ 202,091,859	\$ 0	\$ 202,091,859



**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%
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members:	\$ 1,348,443	\$ 1,056,721
(b) Present retired members and covered spouses:	<u>1,523,400</u>	<u>1,317,044</u>
(c) Total actuarial accrued liability	\$ 2,871,843	\$ 2,373,765
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 0	\$ 0
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 2,871,843	\$ 2,373,765
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2017:		
Normal	\$ 85,956	\$ 63,763
Accrued Liability	<u>\$ 117,136</u>	<u>\$116,355</u>
Total	\$ 202,092	\$180,118



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, 2014, 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 \$0.

The State Employee OPEB Fund has been financing benefits on a Pay As You Go 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, 2014

DISCOUNT RATE: 4.50% per annum, compounded annually

ANNUAL EXPECTED MEDICAL/RX CLAIMS (AGE ADJUSTED TO AGE 65):

PRE-MEDICARE

Following is a chart detailing expected claims for pre-65 retirees blended based on assumed plan elections and normalized to age 65.

Pre-Medicare*	\$ 10,309

*Retirees selecting one of the HRA plans will also receive annual credits to use for eligible medical expenses. For 2014, the credits are \$400 for the Gold Plan, \$200 for the Silver Plan and \$100 for the Bronze plan. For members participating in the BCBSGa or UnitedHealthcare plans, wellness credits up to \$480 are available to those completing certain wellness requirements. It is assumed that 50% of eligible plan participants receive the additional wellness credits.

MEDICARE ELIGIBLE

Effective January 1, 2010, the Medicare Advantage Plans are mandatory for Medicare-eligible retirees to receive the State subsidy.

The Medicare Advantage Plan retiree premiums for members with Medicare Parts A and B as of January 1, 2015 are as follows:

Medicare Advantage Plan	Retiree Premium
Standard MA	\$ 25.38
Premium MA	\$ 88.22

Following is a chart detailing expected claims costs for Medicare Advantage Plan retirees blended based on assumed plan elections and normalized to age 65. The 2015 actual Medicare Advantage rates were used with risk score adjustment.

Medicare Advantage*	\$ 1,219

*An adjustment is made for current retirees with no Medicare Part A coverage.



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

Year	Pre-65 Retiree Claims Trend	Post-65 Retiree Claims Trend
2014	7.50%	5.75%
2015	7.00%	5.50%
2016	6.50%	5.25%
2017	6.00%	5.00%
2018	5.50%	5.00%
2019 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 by future retirees are as follows:

	State
Participation if currently participating in health coverage	100%
Participation if currently waiving health coverage	0%
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 SERVICE 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

SERVICE 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

SERVICE 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 included in the valuation if they were included in the DCH census data.

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 surcharge of \$80 per month is charged to those tobacco users not participating in the Medicare Advantage plans. Of the retirees not participating in the Medicare Advantage plans, it is assumed that 10% pay the tobacco surcharge.



2015 Plans Options

Medicare Advantage (MA) Plan Options

- UnitedHealthcare MA Plan Options (Standard and Premium)
- Members may use any Medicare-eligible provider
- MA Plan Options are the only subsidized options for retirees age 65 and older

Non-Medicare Plan Options

- Gold, Silver, Bronze Health Reimbursement Arrangement (HRA) Plan Options
- 2 Statewide Health Maintenance Organization (HMO) Plan
- Regional, fully-insured, in-network only HMO Plan Option
- High Deductible Health Plan (HDHP) Plan
-

Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. Premiums shown are monthly and are effective January 1, 2015.

**STATE HEALTH BENEFIT PLAN
ANNUITANT UNDER 65 RATES
JANUARY 1 - DECEMBER 31, 2015**

	YOU	YOU + CHILD(REN)	YOU + SPOUSE	YOU + FAMILY
BCBS Gold	\$166.08	\$300.38	\$405.52	\$539.84
BCBS Silver	\$108.64	\$202.74	\$284.90	\$379.00
BCBS Bronze	\$66.28	\$130.74	\$195.96	\$260.40
BCBS HMO	\$130.74	\$240.88	\$333.06	\$443.18
HC HMO	\$181.32	\$326.86	\$439.26	\$584.80
UHC HDHP	\$53.02	\$108.74	\$169.84	\$225.56
Kaiser HMO	\$145.78	\$266.44	\$364.64	\$485.30

	Retiree Premium
Standard MA	\$ 25.38
Premium MA	\$ 88.22

For active employees with less than 5 years of service, premiums will be subject to the service based schedule shown on the next page.



CONTRIBUTIONS (Actives with less than five years of service as of January 1, 2012): Retirees and Spouses will pay a portion of the blended contribution rate based on the retirees' service at retirement.

Service at Retirement	Health Benefit Fund's Share of Contribution Rate		Retiree's Share of Contribution Rate	
	Retiree	Spouse	Retiree	Spouse
30 and above	75%	55%	25%	45%
29	72%	53%	28%	47%
28	69%	51%	31%	49%
27	66%	49%	34%	51%
26	63%	47%	37%	53%
25	60%	45%	40%	55%
24	57%	43%	43%	57%
23	54%	41%	46%	59%
22	51%	39%	49%	61%
21	48%	37%	52%	63%
20	45%	35%	55%	65%
19	42%	33%	58%	67%
18	39%	31%	61%	69%
17	36%	29%	64%	71%
16	33%	27%	67%	73%
15	30%	25%	70%	75%
14	27%	23%	73%	77%
13	24%	21%	76%	79%
12	21%	19%	79%	81%
11	18%	17%	82%	83%
10	15%	15%	85%	85%
9 and below	0%	0%	100%	100%



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, 2014**

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, 2014 results for the School Personnel OPEB Fund. For illustrative purposes only, the School Fund as of June 30, 2014 has been split between the Teachers' Retirement System (TRS), the Public School Employees' Retirement System (PSERS) and Other. Other includes such members as those in the Atlanta Public Schools or Fulton County Schools who are not members of TRS or PSERS

Valuation Date				June 30, 2014	June 30, 2013
Valuation Group	TRS	PSERS	Other*	School Total	School Total
Discount Rate	4.50%	4.50%		4.50%	4.50%
Members Receiving SHBP Benefits					
Actives	139,349	27,267	2,125	168,741	170,601
Retirees	65,374	8,915	1,797	76,086	73,438
Spouses of Retirees	<u>23,284</u>	<u>2,520</u>	<u>364</u>	<u>26,168</u>	<u>25,236</u>
Total	228,007	38,702	4,286	270,995	269,275
Total Covered payroll				\$ 9,429,530,546	\$ 9,445,376,251
Actuarial Accrued Liability	\$7,817,229,672	\$564,126,421	\$132,964,094	\$ 8,514,320,187	\$10,788,794,736
Assets:					
Market value				\$ 0	\$ 0
Unfunded Actuarial Accrued Liability				\$ 8,514,320,187	\$10,788,794,736
Amortization period (years)				30	30
Fiscal Year				2017	2016
Annual Required Contribution (ARC) \$					
Normal				\$ 355,449,909	\$ 475,292,442
Accrued Liability				<u>314,444,297</u>	<u>398,443,434</u>
Total				\$ 669,894,206	\$ 873,735,876
Annual Required Contribution (ARC) %					
Normal				3.77%	5.03%
Accrued Liability				<u>3.33%</u>	<u>4.22%</u>
Total				7.10%	9.25%

*Other includes such members as those in the Atlanta Public Schools or Fulton County Schools who are not members of TRS or PSERS.



The following table summarizes the Unfunded Actuarial Accrued Liability and the Annual Required Contribution for the School Personnel OPEB Fund for June 30, 2014 and June 30, 2013:

Valuation Date	June 30, 2014	June 30, 2013
School Personnel OPEB Fund		
Unfunded Actuarial Accrued Liability	\$ 8,514,320,187	\$ 10,788,794,736
Annual Required Contribution (\$)	\$ 669,894,206	\$ 873,735,876
Discount Rate	4.50%	4.50%

2. The valuation indicates that total contributions of \$669,894,206 are sufficient to support current benefits of the School Personnel OPEB Fund. Comments on the valuation results as of June 30, 2014 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 projected to cover the costs of all future benefits. 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. There have been no changes since the previous valuation.
4. Schedule D of this report outlines the summary of plan provisions as interpreted for valuation purposes. Since the previous valuation, the plan options for members who are not in the Medicare Advantage plans have changed. The available options are three Health Maintenance Organization (HMO) plans: BCBSGa, KP and UnitedHealthcare; a UnitedHealthcare High Deductible Health Plan (HDHP); and three BCBSGa Health Reimbursement Arrangement (HRA) plans: Gold, Silver and Bronze. Members who elect BCBSGa or UnitedHealthcare can earn wellness credits through the satisfactory completion of action-based wellness program incentives.



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

School Personnel OPEB Fund	
	Total School Fund
June 30, 2013 Discount Rate	4.50%
June 30, 2014 Discount Rate	4.50%
June 30, 2013 UAL	\$ 10,788.8
Normal Cost	\$ 475.3
Required Contribution	\$ 873.7
Fiscal Year 2014 Actual Contribution	\$ 408.4
Expected UAL based on ARC	\$ 10,866.9
Expected UAL based on Actual Contribution	\$ 11,342.7
(Gain)/Loss due to Contribution Deficiency	\$ 475.8
(Gain)/Loss due to claims and contribution experience and plan changes	(3,139.7)
(Gain)/Loss due to Other*	\$ 311.3
June 30, 2014 UAL	\$ 8,514.3
Other as a % of June 30, 2013 UAL	2.89%

* 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. Census from the Teachers' Retirement System, the Public School Employees' Retirement System, the Atlanta Public Schools and Fulton County Schools was used to obtain additional information as appropriate. The following table shows the number of retirees, spouses of retirees and active employees currently participating the SHBP health plans on the basis of which the valuation was prepared.

School Personnel OPEB Fund	Total
Number of Retirees	76,086
Number of Spouses of Retirees	26,168
Number of Actives	168,741



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	1,428	19						1,447
25 to 29	8,501	2,718	10					11,229
30 to 34	4,799	9,595	2,512	12				16,918
35 to 39	3,927	6,154	7,840	1,939	8			19,868
40 to 44	4,033	6,356	5,888	6,906	1,873	23		25,079
45 to 49	3,401	5,760	5,168	4,373	4,507	1,545	14	24,768
50 to 54	3,012	5,028	5,033	4,157	3,185	3,976	910	25,301
55 to 59	2,325	3,990	4,173	4,063	3,477	3,044	1,673	22,745
60 to 64	1,399	2,748	2,682	2,518	2,324	2,026	1,202	14,899
65 to 69	389	1,184	1,030	719	565	494	397	4,778
70 & up	78	489	461	243	145	113	180	1,709
Total	33,292	44,041	34,797	24,930	16,084	11,221	4,376	168,741

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	22,665	8,711	31,376
65 and Older	53,421	17,457	70,878
Total	76,086	26,168	102,254



TEACHERS RETIREMENT SYSTEM 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	1,233	10						1,243
25 to 29	8,032	2,555	7					10,594
30 to 34	4,179	9,227	2,420	8				15,834
35 to 39	3,233	5,577	7,641	1,882	6			18,339
40 to 44	2,969	5,384	5,376	6,687	1,819	18		22,253
45 to 49	2,285	4,529	4,328	3,872	4,325	1,463	10	20,812
50 to 54	1,732	3,590	3,901	3,401	2,793	3,763	826	20,006
55 to 59	1,087	2,564	3,156	3,272	3,019	2,674	1,458	17,230
60 to 64	509	1,561	1,800	1,849	1,839	1,625	903	10,086
65 to 69	92	474	512	452	365	352	228	2,475
70 & up	14	87	110	78	64	55	69	477
Total	25,365	35,558	29,251	21,501	14,230	9,950	3,494	139,349

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	21,430	8,203	29,633
65 and Older	43,944	15,081	59,025
Total	65,374	23,284	88,658



PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM 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	178	8						186
25 to 29	417	157	2					576
30 to 34	559	332	83	3				977
35 to 39	646	525	176	51	1			1,399
40 to 44	982	900	474	191	44	5		2,596
45 to 49	1,044	1,141	789	457	147	61	4	3,643
50 to 54	1,196	1,367	1,066	701	350	193	72	4,945
55 to 59	1,167	1,346	954	720	404	330	203	5,124
60 to 64	833	1,118	819	603	429	378	284	4,464
65 to 69	279	668	498	254	179	134	159	2,171
70 & up	63	387	345	155	78	58	100	1,186
Total	7,364	7,949	5,206	3,135	1,632	1,159	822	27,267

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	891	373	1,264
65 and Older	8,024	2,147	10,171
Total	8,915	2,520	11,435



OTHER 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	17	1						18
25 to 29	52	6	1					59
30 to 34	61	36	9	1				107
35 to 39	48	52	23	6	1			130
40 to 44	82	72	38	28	10			230
45 to 49	72	90	51	44	35	21		313
50 to 54	84	71	66	55	42	20	12	350
55 to 59	71	80	63	71	54	40	12	391
60 to 64	57	69	63	66	56	23	15	349
65 to 69	18	42	20	13	21	8	10	132
70 & up	1	15	6	10	3		11	46
Total	563	534	340	294	222	112	60	2,125

Enrolled Retirees and Covered Spouses

	Retirees	Spouses	Total
Under 65	344	135	479
65 and Older	1,453	229	1,682
Total	1,797	364	2,161

*Other includes such members as those in the Atlanta Public Schools or Fulton County Schools who are not members of TRS or PSERS.



SECTION III - ASSETS

Schedule B shows information regarding assets for valuation purposes. As of June 30, 2014, assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the Fund equal \$0.

The School Personnel OPEB Fund has been financing benefits on a Pay As You Go 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, and the summary of plan provisions, which are described in Schedule D. Since the previous valuation, the plan options for members who are not in the Medicare Advantage plans have changed. The available options are three Health Maintenance Organization (HMO) plans: BCBSGa, KP and UnitedHealthcare; a UnitedHealthcare High Deductible Health Plan (HDHP); and three BCBSGa Health Reimbursement Arrangement (HRA) plans: Gold, Silver and Bronze. Members who elect BCBSGa or UnitedHealthcare can earn wellness credits through the satisfactory completion of action-based wellness program incentives.
2. The valuation shows that the School Personnel OPEB Fund has an actuarial accrued liability of \$5,179,974,745 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 \$3,334,345,442.
4. The total School Personnel OPEB Fund actuarial accrued liability amounts to \$8,514,320,187.
5. Against these liabilities, the Fund has present assets for valuation purposes in the amount of \$0. Therefore, the total unfunded actuarial accrued liability for the School Personnel OPEB Fund is \$8,514,320,187.
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 \$355,449,909.



SECTION V - CONTRIBUTIONS PAYABLE UNDER THE PLAN

ANNUAL REQUIRED CONTRIBUTION

For Fiscal Year Ending June 30, 2017

Annual Required Contribution (ARC):	\$
School Personnel OPEB Fund	
Normal	\$ 355,449,909
Accrued Liability	<u>314,444,297</u>
Total	\$ 669,894,206

1. The valuation indicates that the normal contribution for the School Personnel OPEB Fund is determined to be \$355,449,909.
2. The actuarial accrued liability amounts to \$8,514,320,187 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 \$314,444,297 is sufficient to amortize the unfunded actuarial accrued liability over a 30-year period, based on the assumption that the contribution will increase by 3.75% annually.
4. The total Annual Required Contribution for the School Personnel OPEB Fund is, therefore, \$669,894,206.



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 amount of \$873,735,876 to this year's recommended amount of \$669,894,206 is required to fund the School Personnel OPEB Fund in an actuarially sound manner. This contribution of \$669,894,206 is 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 is primarily due to the decrease in the Medicare Advantage premiums. Offsetting the decrease are increases due to the contribution shortfall.
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)
6/30/2009	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%
6/30/2011	0	11,143,125,071	11,143,125,071	0.0%	11,127,288,000	100.1%
6/30/2012	0	10,869,929,923	10,869,929,923	0.0%		
6/30/2013	0	10,788,794,736	10,788,794,736	0.0%	9,445,376,251	114.2%
6/30/2014	0	8,514,320,187	8,514,320,187	0.0%	9,429,530,546	90.3%

Assumptions were changed beginning with the 6/30/2010 valuation to reflect the retirement systems' experience studies. A data audit was performed and data collection procedures and assumptions were changed beginning with the 6/30/2012 valuation.

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)
6/30/2010	1,080,041,803	308,539,258	28.6%
6/30/2011	1,050,850,962	339,220,960	32.3%
6/30/2012	1,054,708,002	380,858,538	36.1%
6/30/2013	982,120,099	362,527,218	36.9%
6/30/2014	943,310,062	408,422,277	43.3%



2. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2014. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2014
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	7.50%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2019
*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	Discount Rate
	4.50%	6.00%
ACTUARIAL ACCRUED LIABILITY		
Present value of prospective benefits payable in respect of:		
(a) Present active members	\$ 5,179,975	\$ 3,924,738
(b) Present retired members and covered spouses	<u>3,334,345</u>	<u>2,856,254</u>
(c) Total actuarial accrued liability	\$ 8,514,320	\$ 6,780,992
PRESENT ASSETS FOR VALUATION PURPOSES	\$ 0	\$ 0
UNFUNDED ACTUARIAL ACCRUED LIABILITY	\$ 8,514,320	\$ 6,780,992
CONTRIBUTIONS FOR FISCAL YEAR ENDING JUNE 30, 2017:		
Normal	\$355,450	\$257,667
Accrued Liability	<u>\$314,444</u>	<u>\$303,261</u>
Total	\$669,894	\$560,928



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, 2014, 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 \$0.

The School Personnel OPEB Fund has been financing benefits on a Pay As You Go 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, 2014

DISCOUNT RATE: 4.50% per annum, compounded annually

ANNUAL EXPECTED MEDICAL/RX CLAIMS (AGE ADJUSTED TO AGE 65):

PRE-MEDICARE

Following is a chart detailing expected claims for pre-65 retirees blended based on assumed plan elections and normalized to age 65.

Pre-Medicare*	\$ 10,309

*Retirees selecting one of the HRA plans will also receive annual credits to use for eligible medical expenses. For 2014, the credits are \$400 for the Gold Plan, \$200 for the Silver Plan and \$100 for the Bronze plan. For members participating in the BCBSGa or UnitedHealthcare plans, wellness credits up to \$480 are available to those completing certain wellness requirements. It is assumed that 50% of eligible plan participants receive the additional wellness credits.

MEDICARE ELIGIBLE

Effective January 1, 2010, the Medicare Advantage Plans are mandatory for Medicare-eligible retirees to receive the State subsidy.

The Medicare Advantage Plan retiree premiums for members with Medicare Parts A and B as of January 1, 2015 are as follows:

Medicare Advantage Plan	Retiree Premium
Standard MA	\$ 25.38
Premium MA	\$ 88.22

Following is a chart detailing expected claims costs for Medicare Advantage Plan retirees blended based on assumed plan elections and normalized to age 65. The 2015 actual Medicare Advantage rates were used with risk score adjustment.

Medicare Advantage*	\$ 1,219

*An adjustment is made for current retirees with no Medicare Part A coverage.



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

Year	Pre-65 Retiree Claims Trend	Post-65 Retiree Claims Trend
2014	7.50%	5.75%
2015	7.00%	5.50%
2016	6.50%	5.25%
2017	6.00%	5.00%
2018	5.50%	5.00%
2019 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:

	State
Participation if currently participating in health coverage	100%
Participation if currently waiving health coverage	0%
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.



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	-

*TRS assumptions were also used for members classified for illustrative purposes as Other.



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

*TRS assumptions were also used for members classified for illustrative purposes as Other.



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

TRS eligibility requirements were assumed for members in the Other category of the School Fund.

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 surcharge of \$80 per month is charged to those tobacco users not participating in the Medicare Advantage plans. Of the retirees not participating in the Medicare Advantage plans, it is assumed that 10% pay the tobacco surcharge.



2015 Plans Options

Medicare Advantage (MA) Plan Options

- UnitedHealthcare MA Plan Options (Standard and Premium)
- Members may use any Medicare-eligible provider
- MA Plan Options are the only subsidized options for retirees age 65 and older

Non-Medicare Plan Options

- Gold, Silver, Bronze Health Reimbursement Arrangement (HRA) Plan Options
- 2 Statewide Health Maintenance Organization (HMO) Plan
- Regional, fully-insured, in-network only HMO Plan Option
- High Deductible Health Plan (HDHP) Plan
-

Premiums

Retiree premiums vary based on plan election, dependent coverage, Medicare eligibility and election. Premiums shown are monthly and are effective January 1, 2015.

**STATE HEALTH BENEFIT PLAN
ANNUITANT UNDER 65 RATES
JANUARY 1 - DECEMBER 31, 2015**

	YOU	YOU + CHILD(REN)	YOU + SPOUSE	YOU + FAMILY
BCBS Gold	\$166.08	\$300.38	\$405.52	\$539.84
BCBS Silver	\$108.64	\$202.74	\$284.90	\$379.00
BCBS Bronze	\$66.28	\$130.74	\$195.96	\$260.40
BCBS HMO	\$130.74	\$240.88	\$333.06	\$443.18
HC HMO	\$181.32	\$326.86	\$439.26	\$584.80
UHC HDHP	\$53.02	\$108.74	\$169.84	\$225.56
Kaiser HMO	\$145.78	\$266.44	\$364.64	\$485.30

	Retiree Premium
Standard MA	\$ 25.38
Premium MA	\$ 88.22

For active employees with less than 5 years of service, premiums will be subject to the service based schedule shown on the next page.



CONTRIBUTIONS (Actives with less than five years of service as of January 1, 2012): Retirees and Spouses will pay a portion of the blended contribution rate based on the retirees' service at retirement.

Service at Retirement	Health Benefit Fund's Share of Contribution Rate		Retiree's Share of Contribution Rate	
	Retiree	Spouse	Retiree	Spouse
30 and above	75%	55%	25%	45%
29	72%	53%	28%	47%
28	69%	51%	31%	49%
27	66%	49%	34%	51%
26	63%	47%	37%	53%
25	60%	45%	40%	55%
24	57%	43%	43%	57%
23	54%	41%	46%	59%
22	51%	39%	49%	61%
21	48%	37%	52%	63%
20	45%	35%	55%	65%
19	42%	33%	58%	67%
18	39%	31%	61%	69%
17	36%	29%	64%	71%
16	33%	27%	67%	73%
15	30%	25%	70%	75%
14	27%	23%	73%	77%
13	24%	21%	76%	79%
12	21%	19%	79%	81%
11	18%	17%	82%	83%
10	15%	15%	85%	85%
9 and below	0%	0%	100%	100%