STATE CENTER COMMUNITY COLLEGE DISTRICT

GASB 45 ACTUARIAL VALUATION REPORT

FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

July 1, 2012 – June 30, 2013 Fiscal Year

Contents

A. Plan Overview

State Center Community College District ***("SCCCD")*** provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, SCCCD is required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45").

SCCCD provides medical, dental and vision benefits to eligible retirees and their covered eligible dependents (Board Members may also be eligible for post-employment life insurance benefits). SCCCD pays a portion of the cost for eligible retirees, spouses and dependents. All active employees who retire directly from SCCCD and meet the eligibility criteria may participate.

The summary below identifies the value of benefits at July 1, 2012 and costs for the 2012-2013 Fiscal Year according to the accounting requirements of GASB 45, and summarizes the actuarial valuation results by SCCCD's active and retired employee groups.

Note that implicit rate subsidies as required by GASB 45 are factored into all relevant values in this report.

	July 1, 2012
Present Value of Future Benefits	
Actives	$26,314,761
Retirees	8,161,157
Total	**$34,475,918**
Actuarial Accrued Liability	
Actives	$15,640,932
Retirees	8,161,157
Total	**$23,802,089**
GASB 45 Measures	**2012-2013 FY**
Annual Required Contribution (ARC)	$2,051,458
Annual OPEB Cost	$2,018,964
Employer Contributions, reflecting implicit rate subsidies	$1,325,357

B. Liabilities and Normal Cost

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The OPEB's Actuarial Accrued Liability (at July 1, 2012) is $23,802,089. The Actuarial Accrued Liability represents 69.04% of the present value of future benefits.

Liabilities and Normal Cost	**July 1, 2012**
Actuarial Accrued Liability	$23,802,089
Plan Assets	6,846,425
Unfunded Actuarial Accrued Liability	$16,955,664
Normal Cost	$951,551

The Normal Cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service.

Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The 2012-2013 Fiscal Year Normal Cost is $951,551.

The results were calculated based upon plan provisions and census data, as provided by SCCCD, along with certain demographic and economic assumptions as recommended by Grant Thornton with guidance from the GASB statement and approved by SCCCD.

C. Demographic Information

Data was provided by SCCCD for the 2012-2013 Fiscal Year.

Participant Information	**2012-2013 FY**
Active Participants	1,069
Inactive Participants	278
Total	**1,347**
Employer Contributions	**2012-2013 FY**
Expected OPEB Contributions:	
Active Participants	$0
Inactive Participants	1,325,357
Total Contribution	**$1,325,357**

D. Assets

As of the valuation date, SCCCD does set aside assets in trust to pay future benefits.

Assets	July 1, 2012
Market Value of Assets	$6,846,425
Actuarial Value of Assets	$6,846,425

According to GASB 45, an employer has made a contribution to pay for future benefits only if it meets one of these criteria:

- The employer has made benefit payments directly to or on behalf of a retiree or beneficiary.
- The employer has made premium payments to an insurer.
- The employer has made contributions to an OPEB plan to fund payments of benefits as they come due in the future, and all the following apply:
  - The employer no longer has ownership or control of the assets.
  - The plan is effectively a legally separate entity under the stewardship of a board of trustees.
  - The plan assets provide benefits to retirees and their beneficiaries in accordance to the terms stated in the plan.
  - The plan assets are legally protected from creditors of the employer.

E. Economic Assumptions

GASB 45 requires that the discount rate used to calculate the actuarial present value of projected plan benefits should be the estimated long-term yield on the "investments that are expected to be used to finance the payments of benefits". Since SCCCD does pre-fund plan liabilities, the discount rate should be based on "employer assets", specifically, the long-term expected return on employer investments that are not restricted for other purposes and are expected to be used to finance benefit payments. The general pool of assets used to finance SCCCD's payment of OPEB premiums is invested to provide a moderate level of current income.

Many public sector employers are using a rate closer to the required rate under the Financial Accounting Standards Board No. 106 (FAS 106) to value postretirement healthcare benefits for private employers or what their peers are using. A rate of 5.00% is consistent with what other similarly situated governmental employers are using and is reasonable based on SCCCD's investment selection.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is "publicly available, objective and unbiased."

State Center Community College District ***("SCCCD")*** retained Grant Thornton to perform a valuation of its postretirement welfare benefit plans for the purpose of determining its annual cost in accordance with GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.

The consulting actuary is a member of the Society of Actuaries and other professional actuarial organizations, and meets the "Qualification Standard for Prescribed Statements of Actuarial Opinion" relating to postretirement welfare plans.

In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

Where reasonable, the actuarial assumptions and the accounting policies and methods employed in the development of the postretirement welfare cost have been selected by SCCCD, which relied upon actuarial audits and experience studies conducted for California Public Employees Retirement System (CALPERS) and California State Teachers Retirement System (CALSTRS). We did not independently study historic information to develop assumptions. The mortality table used for the valuation is RP-2000 projected to 2015. It was selected due to its relevance as a current mortality table and is also used by other governmental agencies to value their populations. The amortization of unfunded liabilities as a level dollar amount over 30 years was selected to comply with GASB 45 requirements for a Closed Group. Under a Closed Group Actuarial Cost Method, actuarial present values associated with future entrants are not considered. The selected discount rate is based on an expected return on the assets expected to finance benefit payments. The Unit Credit cost method was selected.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. In our opinion, the actuarial assumptions and methods represent reasonable expectations of anticipated plan experience. To fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate solely with respect to that individual assumption."

The information contained in this report was prepared for the internal use of SCCCD and its auditors in connection with the actuarial valuation of the postretirement welfare plan. It is neither intended nor necessarily suitable for other purposes. SCCCD may also distribute this actuarial valuation report to parties which have a legal right to require SCCCD to provide them with this report, in which case they will provide this report in its entirety including all assumptions, caveats and limitations.

We are available to answer questions on the material contained in the report or to provide explanations or further detail, as may be appropriate.

Brett Schwab

Brett Schwab, ASA, EA, MAAA
Actuary, Compensation and Benefits
Grant Thornton, LLP
February 28, 2013

The following exhibits show the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2013 Net OPEB Obligation (NOO).

A. Development of Normal Cost

The Unit Credit cost method was selected. The cumulative Normal Cost across all active participants is $951,551.

B. Development of Annual Required Contribution

The Standard sets the method for determining SCCCD's post employment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and a supplemental cost based on an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows SCCCD's 2012-2013 FY ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

Fiscal Year Ending June 30, 2013	
Preliminary ARC	
a) Normal Cost	$951,551
b) Amortization payment	1,050,467
c) Beginning of year contribution	$2,002,018
d) Interest on contributions	49,440
e) Preliminary ARC	$2,051,458
ARC reflecting maximum amortization period	
a) Normal Cost	$951,551
b) Unfunded Liability	16,955,664
c) Amortization payment using maximum amortization period	1,050,467
d) ARC reflecting maximum amortization period	2,002,018
e) Interest on contributions	49,440
f) ARC reflecting maximum amortization period adjusted for interest	$2,051,458
Annual Required Contribution	**$2,051,458**

C. Development of Annual OPEB Cost

The following table shows SCCCD's Annual OPEB Cost projected to the end of the 2012-2013 Fiscal Year.

Fiscal Year Ending	**June 30, 2013**
Annual Required Contribution (ARC)	$2,051,458
Interest on Net OPEB Obligation	120,491
Adjustment to Annual Required Contribution	(152,985)
Total Annual OPEB Cost (AOC)	**$2,018,964**

D. Development of Net OPEB Obligation

The following table shows an estimated development of SCCCD's Net OPEB Obligation as of the end of the 2012-2013 Fiscal Year.

Fiscal Year Ending	**June 30, 2013**
Net OPEB Obligation (NOO) as of July 1, 2012	$2,409,826
Annual OPEB Cost	2,018,964
Estimated Annual Employer Contribution	(1,325,357)
Net OPEB Obligation as of June 30, 2013 (*estimated*)	**$3,103,433**

GASB 45 paragraph 26(a) requires the following elements to be listed in the report. Below is the projected schedule of funding progress:

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability –Unit Credit (b)	Unfunded Actuarial Accrued Liability (b) – (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b) – (a)] / (c)
July 1, 2008	$5,579,224	$31,882,317	$26,303,093	17.5%	$81,702,454	32.19%
July 1, 2010	$6,051,686	$22,482,531	$16,430,845	26.9%	$82,541,184	27.24%
July 1, 2012	$6,846,425	$23,802,089	$16,955,664	28.8%	TBD	TBD

E. 25- YEAR PAYOUT PROJECTION

Annual payments expected based on the current census (i.e. a closed group projection) and actuarial assumptions detailed in Assumptions and Methods:

Fiscal Year Beginning July 1	Employer Contribution*	Active Headcount	Retiree Headcount
2012	$1,325,357	1,069.00	278.00
2013	1,185,822	998.11	319.35
2014	1,218,630	941.00	352.65
2015	1,271,134	887.69	383.49
2016	1,358,233	838.96	414.30
2017	1,443,736	789.83	446.62
2018	1,496,795	741.78	474.03
2019	1,578,455	695.52	503.42
2020	1,691,529	649.91	529.08
2021	1,740,696	603.96	551.07
2022	1,755,721	561.91	571.19
2023	1,853,826	516.52	598.62
2024	1,917,418	475.47	620.57
2025	1,985,527	439.88	636.11
2026	2,028,233	404.99	651.03
2027	2,062,731	369.80	667.58
2028	2,156,576	337.07	682.57
2029	2,239,915	306.43	693.92
2030	2,295,477	277.50	702.11
2031	2,402,341	248.73	713.36
2032	2,492,746	219.89	724.44
2033	2,546,723	194.48	729.65
2034	2,591,159	170.41	732.66
2035	2,670,844	148.40	733.26
2036	2,657,176	126.93	732.27

* Reflects implicit rate subsidies per GASB 45.

The following table summarizes active and retiree demographic information:

	Participants
Actives	
Fully Eligible to Receive Plan Benefits	376
Not Fully Eligible	693
Total	*1,069*
Retirees	
Under Age 65	50
Age 65 or over	228
Total Receiving Plan Benefits	*278*
Total	**1,347**

	Actives	**Retirees**	**Total**
Average Age	49.72	74.68	54.87
Average Service	13.55	N/A	N/A

	Attained Service										
Attained Age	**Under 1**	**1 to 4**	**5 to 9**	**10 to 14**	**15 to 19**	**20 to 24**	**25 to 29**	**30 to 34**	**35 to 39**	**40 & Up**	**Total**
Under 25	1	1	0	0	0	0	0	0	0	0	**2**
25 to 29	3	12	11	2	0	0	0	0	0	0	**28**
30 to 34	3	17	42	12	0	0	0	0	0	0	**74**
35 to 39	2	24	53	36	4	0	0	0	0	0	**119**
40 to 44	1	19	40	58	22	2	0	0	0	0	**142**
45 to 49	0	16	34	49	26	18	3	0	0	0	**146**
50 to 54	2	13	32	61	32	28	6	7	0	0	**181**
55 to 59	2	13	28	50	28	33	23	11	2	0	**190**
60 to 64	2	5	15	33	22	27	17	8	6	1	**136**
65 to 69	0	0	4	4	7	10	5	2	4	3	**39**
70 & up	0	0	0	3	1	2	3	2	1	0	**12**
Total	**16**	**120**	**259**	**308**	**142**	**120**	**57**	**30**	**13**	**4**	**1,069**

SCCCD funds its OPEB contributions through the CSBA trust.

The assumptions and methods displayed in this section were selected from the complete set of assumptions used to calculate liabilities for the plan. SCCCD has reviewed the assumptions and recommended to the actuary that they be used. For certificated participants, it is assumed that their termination and retirement rates follow that prescribed by the CALSTRS experience study and actuarial assumptions. Non-certificated participants are assumed to follow termination and retirement behaviors exhibited in the CALPERS experience study and actuarial assumptions.

A. Discount Rate

The rate used to discount liabilities is 5.00%.

B. Trend Rate

The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 7.50% medical cost increase for the 2012-2013 fiscal year, trending down to an ultimate 5.00% increase for the 2017-2018 fiscal year and beyond. The dental and vision costs are assumed to increase at 5% per year.

Fiscal Year	Medical Trend	Dental and Vision Trend
2012-2013	7.50%	5.00%
2013-2014	7.00%	5.00%
2014-2015	6.50%	5.00%
2015-2016	6.00%	5.00%
2016-2017	5.50%	5.00%
2017-2018 and Beyond	5.00%	5.00%

C. Mortality

Mortality assumptions use the RP-2000 Combined Healthy table projected to 2015 using projection scale AA.

D. Morbidity

Expected medical claims are assumed to increase 2%, on average, as participants age.

E. Marriage

For current active employees, 80% of males and 80% of females are assumed to be married and elect spousal coverage upon retirement. In addition, females are assumed to be three years younger than their male spouses.

F. Salary Scale

There are no liabilities dependent on salary, therefore no salary increase rate is assumed.

G. Cost Method

The Unit Credit cost method was selected to value liabilities. Wherever Normal Cost is stated, this cost method is assumed.

H. Data Assumptions

1. New Retiree Elections, Medical Coverage

It is assumed that new retirees select coverage, consistent with their active election, and are assumed to participate in Medicare.

2. Amortization Period

The period selected for amortizing the unfunded actuarial liability in determining the ARC is the maximum limit of 30 years. Amortization reflects a closed, level dollar method.

I. Mortality Rates

Mortality for the valuation is the RP-2000 Combined Healthy Table projected to 2015 using projection scale AA. Select mortality rates are listed below. It is assumed that all participants are healthy and no deviation from the prescribed mortality is necessary.

Mortality Assumptions						
	Base Rates		Projection Scale		Projected Rates	
Age	Male	Female	Male	Female	Male	Female
20	0.00035	0.00019	0.01900	0.01600	0.00026	0.00015
25	0.00038	0.00021	0.01000	0.01400	0.00032	0.00017
30	0.00044	0.00026	0.00500	0.01000	0.00041	0.00023
35	0.00077	0.00048	0.00500	0.01100	0.00072	0.00040
40	0.00108	0.00071	0.00800	0.01500	0.00096	0.00056
45	0.00151	0.00112	0.01300	0.01600	0.00124	0.00088
50	0.00214	0.00168	0.01800	0.01700	0.00163	0.00130
55	0.00362	0.00272	0.01900	0.00800	0.00272	0.00241
60	0.00675	0.00506	0.01600	0.00500	0.00530	0.00469
65	0.01274	0.00971	0.01400	0.00500	0.01031	0.00900
70	0.02221	0.01674	0.01500	0.00500	0.01770	0.01553
75	0.03783	0.02811	0.01400	0.00800	0.03062	0.02492
80	0.06437	0.04588	0.01000	0.00700	0.05536	0.04129
85	0.11076	0.07745	0.00700	0.00600	0.09968	0.07076
90	0.18341	0.13168	0.00400	0.00300	0.17271	0.12588
95	0.26749	0.19451	0.00200	0.00200	0.25958	0.18876
100	0.34456	0.23747	0.00100	0.00100	0.33942	0.23393
105	0.39789	0.29312	0.00000	0.00000	0.39789	0.29312
110	0.40000	0.36462	0.00000	0.00000	0.40000	0.36462
115	0.40000	0.40000	0.00000	0.00000	0.40000	0.40000
>=120	1.00000	1.00000	0.00000	0.00000	1.00000	1.00000

J. RETIREMENT RATES

Select retirement rates per 100 employees are listed below.

CALSTRS				
	Under 30 Years		Over 30 Years	
Age	Male	Female	Male	Female
50	0.0	0.0	1.5	1.5
51	0.0	0.0	1.5	1.5
52	0.0	0.0	1.5	1.5
53	0.0	0.0	2.0	1.5
54	0.0	0.0	2.0	2.0
55	3.0	5.0	6.0	8.0
56	2.0	3.5	6.0	8.0
57	2.0	3.5	8.0	10.0
58	3.0	4.5	12.0	15.0
59	5.0	6.0	16.0	18.0
60	7.0	10.0	25.0	30.0
61	7.0	10.0	40.0	35.0
62	9.0	12.0	35.0	32.0
63	13.0	18.0	27.0	30.0
64	12.0	15.0	27.0	27.0
65	14.0	16.0	27.0	27.0
66	10.0	15.0	27.0	27.0
67	10.0	15.0	27.0	27.0
68	10.0	15.0	27.0	27.0
69	10.0	15.0	27.0	27.0
70	100.0	100.0	100.0	100.0

CALPERS							
	Years of Service						
Age	5	10	15	20	25	30	35+
50	0.36	0.71	1.00	1.18	1.31	1.47	1.72
51	0.35	0.69	0.96	1.14	1.27	1.42	1.66
53	0.46	0.92	1.29	1.52	1.70	1.90	2.23
55	1.94	3.84	5.37	6.35	7.07	7.92	9.29
56	1.58	3.14	4.39	5.19	5.78	6.47	7.60
57	1.70	3.37	4.71	5.57	6.20	6.94	8.15
58	2.02	4.02	5.62	6.63	7.39	8.27	9.71
59	2.31	4.57	6.40	7.56	8.42	9.42	11.06
60	3.68	7.29	10.20	12.05	13.42	15.02	17.62
61	3.64	7.21	10.09	11.92	13.28	14.86	17.44
62	7.62	15.12	21.15	24.98	27.84	31.14	36.57
63	6.87	13.63	19.06	22.52	25.10	28.08	32.97
64	5.34	10.60	14.82	17.51	19.51	21.83	25.63
65	9.06	17.97	25.13	29.69	33.08	37.01	43.45
70	6.60	13.08	18.30	21.62	24.08	26.95	31.64
75	100	100	100	100	100	100	100

K. TERMINATION RATES

Select termination rates per 100 employees are listed below:

CALSTRS: Entry Ages – Male						
Year	Under 25 (%)	25-29 (%)	30-34 (%)	35-39 (%)	40-44 (%)	45 & Up (%)
0	15.3	15.3	15.3	15.3	15.3	15.3
1	12.5	12.5	12.5	12.5	12.5	13.5
2	7.7	7.7	7.7	7.7	7.7	8.6
3	6.3	5.4	5.4	5.4	5.4	6.3
4	4.4	4.4	4.4	4.4	4.4	4.4
5	3.9	3.0	3.0	3.0	3.0	3.6
6	3.5	2.8	2.8	2.8	2.9	
7	3.1	2.6	2.6	2.6	2.8	
8	2.8	2.4	2.4	2.4	2.6	
9	2.4	2.2	2.2	2.2	2.5	
10	2.0	2.0	2.0	2.0	2.4	
11	1.8	1.8	1.8	1.8		
12	1.6	1.6	1.6	1.7		
13	1.5	1.5	1.5	1.5		
14	1.3	1.3	1.3	1.4		
15	1.1	1.1	1.1	1.2		
16	1.0	1.0	1.0			
17	0.9	0.9	0.9			
18	0.8	0.8	0.8			
19	0.7	0.7	0.7			
20	0.6	0.6	0.6			
21	0.6	0.6				
22	0.6	0.6				
23	0.5	0.5				
24	0.5	0.5				
25	0.5	0.5				
26	0.4					
27	0.3					
28	0.2					
29	0.1					
30	0.0					

K. TERMINATION RATES (CONTINUED)

Select termination rates per 100 employees are listed below:

CALSTRS: Entry Ages – Female						
Year	Under 25 (%)	25-29 (%)	30-34 (%)	35-39 (%)	40-44 (%)	45 & Up (%)
0	15.3	15.3	15.3	15.3	15.3	15.3
1	10.0	10.0	10.0	10.0	10.0	10.0
2	7.2	7.2	7.2	7.2	7.2	7.2
3	6.3	6.3	5.8	5.3	4.9	4.9
4	5.8	5.8	5.4	4.9	3.9	3.0
5	5.5	5.8	4.2	2.9	2.5	2.5
6	4.9	5.0	3.7	2.6	2.3	
7	4.2	4.3	3.2	2.3	2.1	
8	3.6	3.5	2.7	2.0	2.0	
9	2.9	2.8	2.2	1.7	1.8	
10	2.3	2.0	1.7	1.4	1.6	
11	2.1	1.8	1.6	1.3		
12	1.8	1.6	1.4	1.2		
13	1.6	1.3	1.3	1.1		
14	1.3	1.1	1.1	1.0		
15	1.1	0.9	1.0	0.9		
16	1.0	0.9	1.0			
17	0.9	0.8	1.0			
18	0.8	0.8	0.9			
19	0.7	0.7	0.9			
20	0.6	0.7	0.9			
21	0.6	0.7				
22	0.6	0.7				
23	0.6	0.6				
24	0.6	0.6				
25	0.6	0.6				
26	0.5					
27	0.4					
28	0.2					
29	0.1					
30	0.0					

K. Termination Rates (Continued)

Select termination rates per 100 employees are listed below:

CALPERS								
	Years of Service							
Age	**0**	**5**	**10**	**15**	**20**	**25**	**30**	**35+**
20	16.17							
25	15.21	3.47						
30	14.25	3.11	2.15					
35	13.29	2.76	1.84	1.44				
40	12.33	2.40	1.53	1.18	0.91			
45	11.37	2.05	1.23	0.95	0.69	0.46		
50	10.41	1.69	0.92	0.66	0.47	0.29	0.19	
55	9.45	1.34	0.61	0.40	0.25	0.12	0.04	0.02
60	8.49	0.98	0.31	0.14	0.03	0.02	0.02	0.02
65	7.53	0.63	0.03	0.03	0.02	0.02	0.02	0.02
70	6.57	0.27	0.03	0.03	0.02	0.02	0.02	0.02

The following summary of plan provisions represents our understanding of the State Center Community College District ***("District")*** substantive plan.

Employees who retire from the District may be eligible for post-employment medical, dental and vision benefits pursuant to the provisions below (Board Members also may be eligible for post-employment life insurance benefits).

ELIGIBILITY

- Retire from active service
- **Certificated:** Age 55 or older with 10 years of service
- **Classified:** Age 50 or older, 10 years of service (Option 1)
  Age 60 or older, 10 years of service (Option 2)
- **Board Members:** See below

DEPENDENT ELIGIBILITY

Yes

SURVIVOR ELIGIBILITY

Yes, Certificated employees only

BENEFITS

Certificated -- Option 1

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive a District subsidy up to a maximum of $2,400 per year until reaching age 65.
- After reaching age 65, retirees with at least 15 years of service at retirement, will receive a District contribution up to a maximum of $2,510 per year (increased annually by 2%) toward the retiree's medical insurance premiums. The District pays the full medical cost for retirees belonging to the bargaining unit group 'AFT 1983-84 ERI' and a flat amount of $800 per year for retirees in the groups 'AFT 1981-83' and 'AFT 1978-80'.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65 or for life if the retiree had at least 15 years of service.
- Retirees can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

Certificated -- Option 2

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution for active members until reaching age 65, this amount is currently $8,644 per year.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65.

Classified -- Option 1

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive an 80% District subsidy, up to a maximum of $2,400 per year, until reaching age 65.
- After reaching age 65 the District will contribute up to a maximum of $2,008 per year (increased annually by 2%) toward the retiree's medical insurance premiums until age 70 for retirees with at least 15 years of service and for life for retirees with at least 20 years of service. For retirees belonging to the bargaining unit groups 'CSEA 1979-84' and 'CSEA 1984-87', the District pays a flat amount of $800 per year with no annual increases.
- Retirees can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement. These future payments are not included in the GASB 45 valuation.

Classified -- Option 2

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution for active members until reaching age 65, this amount is currently $8,644 per year.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65.

Board Members

- Retired members of the governing board who serve in office after January 1, 1981, first elected to the Board before January 1, 1995; and whose total service at the time of termination exceeds 12 years, shall continue to be eligible for the same level of medical, dental, vision and life benefits as provided to full-time regular classified employees until death, as outlined in Board Policy 9231.

Actuarial Accrued Liability

Represents the portion of the present value of fully projected benefits attributable to service credit by the Actuarial Cost Method that has been earned (or accrued) as of the valuation date.

Actuarial Assumptions

Estimates of the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement, changes in compensation affecting benefits, and discount rates to reflect the time value of money.

Actuarial Cost Method

The method that determines how projected costs are allocated to valuation years.

Actuarial Gain/(Loss)

The difference between actual liabilities in the current plan year and those that were expected given the prior valuation results.

Actuarial Present Value

The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (by means of decrements for events such as death, disability, withdrawal, or retirement) between the specified date and the expected date of payment.

Amortization

Usually refers to the process of reducing a recognized liability systematically by recognizing expenses or costs.

Annual OPEB Cost (AOC)

An accrual-basis measure of the periodic cost of an employer's participation in an OPEB plan that specifies the amount of benefits.

Annual Required Contributions (ARC)

The employer's periodic required contributions to an OPEB plan that specifies the amount of benefits, calculated in accordance with the parameters of GASB 45.

Assets

The value of investments, stocks, bonds, cash, real estate, etc. held in trust to pay benefits to retired participants. For financial purposes, the assets offset the liabilities to determine funded status.

Collective Bargaining Agreement

The rules by which a union and a company agree to work under. Details pay and benefits information and rules governing how employees and the company work together.

Discount Rate

The interest rate used to adjust for the time value of money.

Employer Contributions

Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

Gain or Loss

A change in the value of either the projected benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Implicit Rate Subsidy

The difference between the true cost of healthcare coverage and the insurance premiums charged for retirees and older workers. Healthcare utilization and costs increase with age, yet when insurance premiums are set, they are often established as singular amounts without regard to age. A portion of the singular premium paid by younger workers subsidizes the higher costs for retirees and older workers. This subsidy is reallocated to the OPEB plan when determining the true costs under GASB 45.

Measurement Date

The date as of which plan assets and obligations are measured.

Mortality Rate

The proportion of the number of deaths in a specified group to the number living at the beginning of the period in which the deaths occur. Actuaries use mortality tables, which show death rates for each age, in estimating the amount of post-employment benefits that will become payable.

Net OPEB Obligation (NOO)

The cumulative difference since the employer's adoption of GASB 45 between annual OPEB cost and the employer's contributions to the plan. Included in this amount is the OPEB liability (asset) at transition, if any.

Normal Cost

Calculated in different ways, depending on the Cost Method, this is the portion of projected benefits allocated to the current plan year. In other words, the amount that the benefits will increase from one valuation year to the next. It is the actuarial present value of benefits attributed to services rendered by employees during the Fiscal Year based on actuarial methods and assumptions. The Normal Cost component is a portion of the present value of future benefits, and is unaffected by the funded status of the plan.

Other Post Employment Benefits (OPEB)

Other post employment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all post employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Pay-As-You-Go

A method where a sponsor recognizes plan costs and contributes to a plan equal to the current year's benefit outlay. A sponsor using "Pay-As-You-Go" does not fund for future OPEB payments.

Present Value of Future Benefits

The value, discounted to the valuation date, of all benefits estimated to be payable on or after the valuation date. Any implicit rate subsidies are factored into this present value.

Substantive Plan

The terms of an OPEB plan as understood by the employer(s) and plan members.

Turnover

Termination of employment for a reason other than death, disability or retirement.

Unfunded Actuarial Accrued Liability

The difference between Actuarial Accrued Liability and Plan Assets.