

Key Benefit Concepts, LLC

Germantown School District



Accounting Report of Liabilities for Participants'
Other Post Employment Benefits (OPEB)
as of June 30, 2017

December 2018



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Background and Certification

The Government Accounting Standards Board (GASB) considers other post-employment benefits, like pension benefits, as part of the compensation employees earn each year although they are not received until after employment ends. GASB has finalized Statement No. 74 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans) and Statement No. 75 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). These Statements establish standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures. The District's post-employment benefits require compliance with the new GASB Statements for the fiscal year beginning 7/1/17; therefore, this valuation was performed and this report reflects compliance with these new statements.

Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This valuation and report were prepared by KBC based upon:

- Our understanding of GASB's current Statements
- The Summary of Benefits and Eligibility determined by the bargaining and other District agreements, as outlined herein
- The accuracy and completeness of information and data provided by the District.

The calculations of cost and liabilities illustrated were determined according to generally accepted actuarial principles and standards. Specific assumptions and actuarial methodology for the study are defined within the report. Each material assumption is, in the actuaries' opinion, individually reasonable and falls within the best estimate range, taking into account past experience and reasonable future expectations, and is consistent with each other material assumption. Given that actual experience may vary from the actuarial assumptions projected, developing liabilities and costs may differ from those estimated in this report. Furthermore, in the event of any inaccuracies in the information or data provided, upon which these calculations were based, revisions may be needed.

This report was prepared solely for the purposes of providing information required by GASB for the entity's financial reporting. KBC assumes neither responsibility nor any liability for use of this report for any other purposes.

The valuation was prepared in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The actuary certifying this valuation meets the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report. The actuary's opinion and certification are provided in accordance with an agreement with Key Benefit Concepts, LLC.



Steven L. Diess, EA, MAAA

December 12, 2018

Introduction

The actuarial present value of the other post-employment benefit (OPEB) liabilities is the value of all benefits estimated to be payable to plan members discounted at the assumed discount interest rate back to the valuation date. The actuarial present value is comprised of:

- Benefits employees have already earned, and
- Benefits expected to be earned by employees in the future.

Presented in this report are the results of our study of the post-employment benefits and the associated liabilities and costs. Our previous studies were performed in accordance with GASB Statements 43 and 45. These statements have been superseded with GASB Statements 74 & 75, which use different terminology. A comparison of the terminology used under each statement is as follows:

GASB Change in Terminology

OPEB GASB 43/45	OPEB GASB 74/75
<ul style="list-style-type: none"> • <u>Actuarial Accrued Liability (AAL)</u>: The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date also known as the accrued benefit. • <u>Normal Cost (NC)</u>: The portion of the actuarial present value of benefits allocated to the valuation year. • <u>Unfunded Actuarial Accrued Liability (UAAL)</u>: The difference between the actuarial accrued liability and the actuarial value of assets. This amount may also be negative indicating the presence of a surplus of actuarial assets over actuarial accrued liabilities. • <u>Annual Required Contribution (ARC)</u>: The employer's annual contribution comprised of the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the valuation year. 	<ul style="list-style-type: none"> • <u>Total OPEB Liability (TOL)</u>: The portion of the actuarial present value of projected benefit payments attributed to past periods of employee service also known as the accrued benefit. • <u>Service Cost</u>: The portion of the actuarial present value of benefits allocated to the valuation year. • <u>Net OPEB Liability (NOL)</u>: The difference between the Total OPEB Liability and Plan Fiduciary Net Position. This amount may also be negative indicating the presence of a surplus of actuarial assets over TOL. • <u>OPEB Expense</u>: The expected cost of OPEB benefits attributed to the measurement period. • <u>Actuarially Determined Contribution (ADC)</u>: The employer's annual contribution comprised of the service cost plus the portion of the net OPEB liability to be amortized in the valuation year.

District OPEBs

For Germantown School District (the “District”), the other post employment benefit liability consists of several interdependent pieces arising from the rules of the plan. The amounts paid by the District for continued health care for all classifications that are entitled to a benefit are briefly outlined below. A full description of the eligibilities and benefits for eligible classifications can be found in the OPEB Technical Appendix.

- A. Administrators: At least age 57 with a minimum of 10 continuous years of service as a full-time Administrator:

Upon retirement, the Administrator, spouse and eligible dependent(s) will be eligible to receive up to 96 months of premium payments by the District for the Hospital/Medical insurance plan, dental insurance plan and vision insurance plan until Medicare/Medicaid eligibility occurs.

The plan and the District’s premium contribution levels shall be the same plan and premium contribution levels as are made available for current active administrators, including any amendments.

- B. Teachers: At least 57 with a minimum of 15 years of continuous full-time service:

Eligible retirees shall receive health insurance at the same rate as active employees until he/she reaches the age of 65 or until he/she becomes eligible for Medicare/Medicaid. Upon reaching the age of 65/ Medicare eligible, this benefit will cease.

In an OPEB valuation, the GASB guidelines require that the OPEB to be based upon the *value* of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of benefits in excess of the payments made by the District during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

In addition, since GASB guidelines require the OPEB to be based upon the *value* of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer’s retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an other post employment benefit (OPEB) liability.

Note that the implicit rate subsidy is only applied when retirees are enrolled in the District’s medical plan. It is not applied, however, when retirees participate in the

District's dental and/or vision plans. Furthermore, when an individual becomes Medicare-eligible, their premium rates are adjusted, such that these adjusted rates represent the expected cost of coverage, and no implicit rate subsidy is calculated.

Of the Administrators and Teachers currently waiving coverage in the District's group medical plan, 50% were assumed to elect to participate in the District's health plan in retirement and receive a District-provided benefit. Further, 20% of active Support Staff currently covered in the District's group medical plan were assumed to elect Single coverage on the District's health plan in retirement for the duration of COBRA. The liability incurred on behalf of the above assumptions was calculated and included in this valuation.

Sick Leave Benefit

The District will provide eligible Administrators and Support Staff a cash payout of 50% of their unused sick leave accumulated upon retirement, up to the maximum of 35 days for Administrators. These days will be paid out at the retiree's final rate of pay.

According to GASB guidelines, when sick leave is converted into a dollar amount, the resulting monies are not considered - nor should they be accounted for - as an OPEB. Rather, the dollars resulting from the unused sick leave are considered termination payments and should be accounted for as a compensated absence under GASB Statement 16. The sick leave benefit was not valued nor was it included in this valuation.

District OPEB Liability

Based upon the actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the District, the OPEB liabilities measured as of June 30, 2017 are as follows:

Other Post Employment Liability		
1	Total OPEB Liability (TOL)	\$ 11,808,853
2	Fiduciary Net Position (FNP)	\$ 0
3	Net OPEB Liability (NOL)	\$ 11,808,853

Detailed calculations for the above results can be found in the OPEB Tables.

Deferred Inflow and Outflow of Resources

This is the initial period in which GASB Statement 75 will be adopted; therefore, it was determined impractical, pursuant to paragraph 244 of GASB Statement 75, to determine deferred inflows or outflows of resources due to change in benefit terms, differences between expected and actual experience, or change of assumption or other input.

District contributions subsequent to the measurement date will be recognized as a deferred outflow of resources and a reduction in the Total OPEB Liability in the year

ended June 30, 2018. Other amounts reported as deferred inflows and outflows will be recognized in the OPEB expense according to Table V.

Discussion of Valuation Methods and Assumptions

The valuation was based upon the data provided by the District. In performing this study, we utilized the premium rate history of the District's medical plan as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2017.

New GASB guidelines require that actuarial valuations of OPEB benefits use the entry-age normal actuarial method in the future. Since this OPEB valuation is based upon compliance with GASB Statement 75, this valuation was performed using the entry-age normal actuarial method for OPEB.

The valuation date and measurement date are June 30, 2017. This valuation is eligible for reporting periods ending June 30, 2018 and June 30, 2019, though the accompanying exhibits are only valid for the reporting period ending June 30, 2018.

Actuarial assumptions are based upon an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-2014. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The assumptions are detailed in the OPEB Technical Appendix.

A discount rate of 3.50% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.50%). The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Please note that KBC does not provide legal advice. The scope of the project is clearly defined in our proposal and does not include commentary or accountability for whether such benefits and eligibilities comply with state, federal or other required guidelines. The government entity is responsible for assuring that the benefits it provides are in compliance with all current regulations.

Pay-As-You-Go (Table VIII)

GASB requires all public entities to identify and include their post-employment liability in their financial statements. However, at this time GASB does not require any public entity to fund this liability. Since many public entities currently provide for post-employment benefits on a pay-as-you-go basis, we have included OPEB Table VIII. This table illustrates, based upon the assumptions used in this valuation, the District's annual liability for retiree medical benefits on a pay-as-you-go basis.

The projections illustrated in OPEB Table VIII are for illustrative purposes and pertain only to the OPEB liabilities incurred from those eligible active and retired employees of the District as of June 30, 2017. In other words, it is based upon a closed valuation, such

that no new hires are assumed to replace those future retirees expected to receive benefits as noted. The valuation is based upon numerous assumptions as detailed in the technical appendix. Due to these assumptions, the likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future.

OPEB Tables

OPEB Table I

Germantown School District
Projection of Total OPEB Liability

		Discount Rate		
		2.50%	3.50%	4.50%
Total OPEB liability	6/30/2016	\$ 11,971,959	\$ 11,122,941	\$ 10,319,961
Service cost		988,454	841,199	713,024
Interest		304,784	394,404	468,073
Benefit Payments		(549,691)	(549,691)	(549,691)
Changes of benefit terms		-	-	-
Differences between expected and actual experience		-	-	-
Changes of assumptions or other input		-	-	-
Total OPEB liability,	6/30/2017	\$ 12,715,506	\$ 11,808,853	\$ 10,951,367

OPEB Table II

Germantown School District
Change in Total OPEB Liability

	Total OPEB Liability (a)
Balances at 6/30/2016	\$ 11,122,941
Changes for the year:	
Service Cost	841,199
Interest	394,404
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(549,691)
Net Changes	685,912
Balances at 6/30/2017	\$ 11,808,853

OPEB Table III

Germantown School District
Sensitivity of Total OPEB Liability to Changes in Discount Rate

		1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	6/30/2017	<u>\$ 12,715,506</u>	<u>\$ 11,808,853</u>	<u>\$ 10,951,367</u>

Sensitivity of Total OPEB Liability to Changes in Healthcare Cost Trend Rates

		1% Decrease (6.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Total OPEB Liability	6/30/2017	<u>\$ 10,493,161</u>	<u>\$ 11,808,853</u>	<u>\$ 13,366,066</u>

OPEB Table IV
Germantown School District
 Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2017</u>
<u>Total OPEB Liability</u>	
Service Cost	\$ 841,199
Interest	394,404
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other input	-
Benefit payments	(549,691)
Net change in total OPEB liability	\$ 685,912
Total OPEB liability - beginning	<u>11,122,941</u>
Total OPEB liability - ending	<u>\$ 11,808,853</u>
Covered payroll	\$ 21,510,773
Total OPEB liability as a percentage of covered payroll	54.90%

OPEB Table V

Germantown School District
Schedule of Collective Deferred Inflows and Outflows

Gain/Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other input	-	-
District contributions subsequent to the measurement date	TBD	-
Total	\$ -	\$ -

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2018	\$ -
2019	-
2020	-
2021	-
2022	-
Thereafter	-

OPEB Table VI

Germantown School District
Calculation of Collective OPEB Expense

Change in Net OPEB Liability	\$ 685,912
(Increase)/Decrease in Deferred Outflows	-
Increase/(Decrease) in Deferred Inflows	-
Benefit Payments	<u>549,691</u>
OPEB Expense	\$ 1,235,603
<hr/>	
Operating Expenses	
Service Cost	\$ 841,199
Total (a)	<u>\$ 841,199</u>
Financing Expenses	
Interest	\$ 394,404
Total (b)	<u>\$ 394,404</u>
Changes	
Benefit changes	\$ -
Recognition of assumption changes	-
Recognition of experience gains and losses	<u>-</u>
Total (c)	<u>\$ -</u>
OPEB Expense (a + b + c)	\$ 1,235,603
OPEB Expense as % of Payroll	5.74%

OPEB Table VII

Germantown School District

The major assumptions and methods used in this valuation are as follows:

1 Valuation Date	June 30, 2017
2 Measurement Date	June 30, 2017
3 Reporting Date	June 30, 2018
4 Actuarial Cost Method	Entry Age Normal (level percent of salary)
5 Medical Care Trend	7.50% decreasing by 0.50% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
6 Discount Rate*	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
7 Municipal Bond Rate Source	Bond Buyer 20-Bond GO Index
8 Actuarial Assumptions	Based on an experience study conducted in 2015 using Wisconsin Retirement System (WRS) experience from 2012-14.
9 Mortality Assumptions	Wisconsin 2012 Mortality Table

* Implicit in this rate is an assumed rate of inflation of 2.50%

OPEB Table VIII

Germantown School District
Pay As You Go
Projection of OPEB (30 Year Projection)

A	B	C	D	E	F
Fiscal Year Beginning	Retiree Plan Premiums	District Benefit Payments	District OPEB Liability (C + E)	Implicit Rate Subsidy	Cost → Value
2017	\$ 513,619	\$ 488,463	\$ 640,421	\$ 151,958	1.2959
2018	500,882	464,433	599,623	135,190	1.2699
2019	436,831	394,072	513,063	118,991	1.2724
2020	441,730	404,151	523,816	119,665	1.2709
2021	481,650	442,496	579,943	137,447	1.2854
2022	536,566	493,519	652,537	159,018	
2023	553,274	509,117	670,532	161,416	
2024	578,762	533,293	695,787	162,494	
2025	688,944	636,255	835,664	199,409	
2026	716,502	662,504	865,685	203,181	
2027	807,306	747,175	978,263	231,088	
2028	895,168	827,496	1,084,079	256,584	
2029	935,778	865,475	1,125,650	260,175	
2030	1,079,390	999,377	1,305,067	305,690	
2031	1,208,101	1,120,286	1,462,929	342,643	
2032	1,241,252	1,152,495	1,504,495	352,001	
2033	1,329,985	1,235,935	1,619,359	383,424	
2034	1,392,439	1,294,069	1,697,357	403,288	
2035	1,485,815	1,381,159	1,819,260	438,102	
2036	1,549,212	1,440,787	1,896,810	456,022	
2037	1,572,112	1,462,081	1,935,456	473,375	
2038	1,533,395	1,425,696	1,895,255	469,559	
2039	1,461,043	1,358,247	1,806,261	448,015	
2040	1,549,228	1,440,281	1,902,833	462,551	
2041	1,547,415	1,438,536	1,878,741	440,205	
2042	1,576,275	1,465,394	1,918,412	453,019	
2043	1,709,447	1,588,658	2,065,387	476,730	
2044	1,797,074	1,669,154	2,163,096	493,942	
2045	2,053,654	1,908,060	2,492,496	584,436	
2046	2,171,538	2,016,380	2,655,875	639,494	

OPEB Table IX

Germantown School District
Active Employees as of June 30, 2017

Age	Years of Service								Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more	
Under 20	-	-	-	-	-	-	-	-	-
20 - 24	3	1	-	-	-	-	-	-	4
25 - 29	18	6	-	-	-	-	-	-	24
30 - 34	22	19	7	-	-	-	-	-	48
35 - 39	18	13	10	5	-	-	-	-	46
40 - 44	13	15	13	16	3	-	-	-	60
45 - 49	12	5	7	9	19	2	-	-	54
50 - 54	11	5	11	16	5	11	1	1	61
55 - 59	3	7	4	11	3	2	1	-	31
60 - 64	2	-	2	5	7	-	2	3	21
65 and over	1	-	-	2	2	-	-	-	5
Total	103	71	54	64	39	15	4	4	354

Averages:**Age: 44.2****Service: 11.1**

OPEB Table X

Germantown School District
All Members by Medical Coverage as of June 30, 2017

	Actives				Retirees		
	Single	Family	Waived	Total	Single	Family	Total
<i>Administrators</i>	1	8	8	17	1	4	5
<i>Teachers</i>	42	159	88	289	11	24	35
<i>Support Staff</i>	13	28	7	48	-	-	-
<i>Totals</i>	56	195	103	354	12	28	40

OPEB Table XI

Germantown School District
 Members by Eligibility as of June 30, 2017

	Actives			Retirees
	Fully Eligible	Not Fully Eligible	Total Eligible	Total Eligible
<i>Administrators</i>	1	16	17	5
<i>Teachers</i>	12	261	273	35
<i>Support Staff</i>	16	25	41	-
<i>Totals</i>	29	302	331	40

Full Eligibility is met if, as of June 30, 2017 , the member has met the age and service requirements as stated in the plan provisions

OPEB Technical Appendix

Germantown School District

Post-Employment Benefit Summary

Administrators

Eligibility	OPEB
At least age 57 with a minimum of 10 continuous years of service as a full-time administrator	<p><u>Medical and Dental Insurance Premiums:</u> Upon retirement, the administrator, spouse and eligible dependent(s) will be eligible to receive up to 96 months of premium payments by the District for the Hospital/Medical insurance plan, dental insurance plan and vision insurance plan until Medicare/Medicaid eligibility occurs.</p> <p>The plan and the District's premium contribution levels shall be the same plan and premium contribution levels as are made available for current active administrators, including any amendments.</p> <p><u>Survivor Benefit:</u> In the event that a retired administrator dies prior to attaining Medicare/Medicaid eligibility or the expiration of the 96 months, a surviving spouse, shall be permitted to continue participation in the group Hospital/Medical plan until the 96 months expire or the spouse attains Medicare/Medicaid eligibility, by payment of the premiums to the Board, subject to the rules of carrier(s).</p>
	Non-OPEB – Compensated Absence
	<p><u>Sick Leave Benefit:</u> Eligible retirees shall receive a cash payout of 50% of their unused sick leave accumulated upon retirement, up to the maximum of 35 days. These days will be paid out at the retiree's final per diem rate.</p> <p><i>Sick leave is a compensated absence under GASB 16 and will not be included in the valuation.</i></p>

Teachers

Eligibility	OPEB
At least 57 with a minimum of 15 years of continuous full-time service	<p><u>Medical Insurance:</u> Eligible retirees shall receive health insurance at the same rate as active employees until he/she reaches the age of 65 or until he/she becomes eligible for Medicare/Medicaid. Upon reaching the age of 65/ Medicare eligible, this benefit will cease.</p> <p><u>Survivor Benefit:</u> In the event of the retiree's death prior to the exhaustion of this benefit, the District will continue its contributions, in the same manner, to the surviving spouse for any remaining durations.</p>

Support Staff

Eligibility	OPEB
At least 57 with a minimum of 15 years of continuous service with an average of over 15 hours worked per week	<p><u>Sick Leave Payout:</u> Upon retirement, qualified retirees will receive payment in cash for fifty percent (50%) of their unused sick leave, calculated using the employee's last rate of pay.</p> <p><i>The sick leave benefit is not an OPEB benefit, but a compensated absence under GASB 16 and will not be included in the valuation.</i></p>

OPEB Actuarial Assumptions

1. Valuation Date	June 30, 2017
2. Measurement Date	June 30, 2017
3. Reporting Date	June 30, 2018
4. Actuarial Cost Method	<u>Entry Age Normal – Level % of Salary</u> : Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The normal cost is equal to the valuation salary multiplied by the present value of benefits divided by the present value of future salaries, measured as of the date of hire. The accrued liability is equal to the present value of projected benefits minus the present value of future normal costs, measured as of the valuation date.
5. Interest Rate	Discount rate for valuing liabilities – 3.50% Municipal bond rate – 3.50% Implicit in these rates is a 2.50% assumed rate of inflation
6. Asset Valuation Method	Market Value
7. Average of Expected Remaining Service Lives	11 years

8. Retirement Rates	<div>Early Retirement</div> <table><thead><tr><th>Age</th><th>Male</th><th>Female</th></tr></thead><tbody><tr><td>55</td><td>13.0%</td><td>12.0%</td></tr><tr><td>56</td><td>13.0</td><td>12.0</td></tr><tr><td>57</td><td>12.0</td><td>12.0</td></tr><tr><td>58</td><td>13.0</td><td>12.0</td></tr><tr><td>59</td><td>14.0</td><td>13.0</td></tr><tr><td>60</td><td>14.0</td><td>17.0</td></tr><tr><td>61</td><td>15.0</td><td>17.0</td></tr><tr><td>62</td><td>21.0</td><td>23.0</td></tr><tr><td>63</td><td>21.0</td><td>23.0</td></tr><tr><td>64</td><td>21.0</td><td>23.0</td></tr><tr><td>65</td><td>100.0</td><td>100.0</td></tr></tbody></table> <div>Regular Retirement (30 or more years of service)</div> <table><thead><tr><th>Age</th><th>Male</th><th>Female</th></tr></thead><tbody><tr><td>57</td><td>36.0%</td><td>28.0%</td></tr><tr><td>58</td><td>31.0</td><td>28.0</td></tr><tr><td>59</td><td>24.0</td><td>28.0</td></tr><tr><td>60</td><td>30.0</td><td>28.0</td></tr><tr><td>61</td><td>28.0</td><td>28.0</td></tr><tr><td>62</td><td>37.0</td><td>36.0</td></tr><tr><td>63</td><td>32.0</td><td>30.0</td></tr><tr><td>64</td><td>27.0</td><td>27.0</td></tr><tr><td>65</td><td>100.0</td><td>100.0</td></tr></tbody></table> <div>No employees are assumed to retire prior to becoming eligible for benefits</div>	Age	Male	Female	55	13.0%	12.0%	56	13.0	12.0	57	12.0	12.0	58	13.0	12.0	59	14.0	13.0	60	14.0	17.0	61	15.0	17.0	62	21.0	23.0	63	21.0	23.0	64	21.0	23.0	65	100.0	100.0	Age	Male	Female	57	36.0%	28.0%	58	31.0	28.0	59	24.0	28.0	60	30.0	28.0	61	28.0	28.0	62	37.0	36.0	63	32.0	30.0	64	27.0	27.0	65	100.0	100.0
Age	Male	Female																																																																	
55	13.0%	12.0%																																																																	
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65	100.0	100.0																																																																	
Age	Male	Female																																																																	
57	36.0%	28.0%																																																																	
58	31.0	28.0																																																																	
59	24.0	28.0																																																																	
60	30.0	28.0																																																																	
61	28.0	28.0																																																																	
62	37.0	36.0																																																																	
63	32.0	30.0																																																																	
64	27.0	27.0																																																																	
65	100.0	100.0																																																																	
9. Mortality Rates	<div>Mortality rates at sample ages:</div> <table><thead><tr><th>Age</th><th>Male</th><th>Female</th></tr></thead><tbody><tr><td>20</td><td>0.000135</td><td>0.000078</td></tr><tr><td>25</td><td>0.000162</td><td>0.000086</td></tr><tr><td>30</td><td>0.000203</td><td>0.000117</td></tr><tr><td>35</td><td>0.000356</td><td>0.000210</td></tr><tr><td>40</td><td>0.000480</td><td>0.000297</td></tr><tr><td>45</td><td>0.000632</td><td>0.000462</td></tr><tr><td>50</td><td>0.000854</td><td>0.000685</td></tr><tr><td>55</td><td>0.001997</td><td>0.001219</td></tr><tr><td>60</td><td>0.002845</td><td>0.001750</td></tr><tr><td>65</td><td>0.004333</td><td>0.002664</td></tr><tr><td>70</td><td>0.007145</td><td>0.004516</td></tr><tr><td>75</td><td>0.012149</td><td>0.008194</td></tr><tr><td>80</td><td>0.022343</td><td>0.015345</td></tr></tbody></table>	Age	Male	Female	20	0.000135	0.000078	25	0.000162	0.000086	30	0.000203	0.000117	35	0.000356	0.000210	40	0.000480	0.000297	45	0.000632	0.000462	50	0.000854	0.000685	55	0.001997	0.001219	60	0.002845	0.001750	65	0.004333	0.002664	70	0.007145	0.004516	75	0.012149	0.008194	80	0.022343	0.015345																								
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10. Separation Rates	Select and ultimate termination rates at sample ages and years of service are shown below:			
	<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>
		0	18.3%	16.0%
		1	11.0	10.8
		2	7.8	7.7
		3	5.9	5.8
		4	4.9	5.0
		5	3.6	4.3
		6	3.2	3.8
		7	2.6	3.4
		8	2.6	2.8
		9	2.4	2.5
	25	10 or More	1.3	2.2
	30		1.3	1.9
	35		1.3	1.6
	40		1.3	1.3
	45		1.3	1.1
	50		1.3	1.0
	55		1.3	1.0
	60		1.3	1.0
	No separation rates are assumed after eligibility for retirement			
11. Disablement Rates	Active participant disability rates at sample ages:			
	<u>Age</u>	<u>Male</u>	<u>Female</u>	
	20	0.01%	0.01%	
	25	0.01	0.01	
	30	0.01	0.01	
	35	0.01	0.01	
	40	0.01	0.02	
	45	0.03	0.05	
	50	0.08	0.10	
	55	0.16	0.14	
	60	0.26	0.21	

12. Medical, Dental, and Vision Trends (Annual Increases)	<u>Year</u>	<u>Medical</u>	<u>Dental/Vision</u>
	1	7.5%	5.0%
	2	7.0	5.0
	3	6.5	5.0
	4	6.4	5.0
	5	6.3	5.0
	6	6.2	5.0
	7	6.1	5.0
	8	6.0	5.0
	9	5.9	5.0
	10	5.8	5.0
	11	5.7	5.0
	12	5.6	5.0
	13	5.5	5.0
	14	5.4	5.0
	15	5.3	5.0
	16	5.2	5.0
	17	5.1	5.0
	18 & Over	5.0	5.0
13. Salary Merit Scale (Annual Increases)	<u>Service</u>	<u>Increase</u>	
	1	5.6%	
	2	5.6	
	3	5.2	
	4	4.7	
	5	4.3	
	10	2.6	
	15	1.4	
	20	0.6	
	25	0.3	
	30	0.2	
	The assumed salary inflation of 3.0% per year is added to these merit increases to get the total assumed increase in salary		

14. Age Related Health Care Cost	<p>2017/2018 monthly medical premium rates under the District's plan were:</p> <table><tr><th>Plan</th><th colspan="2">Coverage</th></tr><tr><th></th><th>Single</th><th>Family</th></tr><tr><td>HSA</td><td>\$654.94</td><td>\$1,447.85</td></tr><tr><td>Default</td><td>\$794.95</td><td>\$1,757.36</td></tr><tr><td>Low Deductible</td><td>\$880.69</td><td>\$1,946.90</td></tr></table> <p>Health care costs are assumed to increase each year of age separate from trend due to increased cost of older participants, as follows:</p> <table><tr><th><u>Age</u></th><th><u>Rate</u></th></tr><tr><td>Under 40</td><td>4.00%</td></tr><tr><td>40-44</td><td>3.75%</td></tr><tr><td>45-49</td><td>3.50%</td></tr><tr><td>50-54</td><td>3.00%</td></tr><tr><td>55-64</td><td>3.25%</td></tr></table>	Plan	Coverage			Single	Family	HSA	\$654.94	\$1,447.85	Default	\$794.95	\$1,757.36	Low Deductible	\$880.69	\$1,946.90	<u>Age</u>	<u>Rate</u>	Under 40	4.00%	40-44	3.75%	45-49	3.50%	50-54	3.00%	55-64	3.25%
Plan	Coverage																											
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55-64	3.25%																											
15. Percent with Coverage at Retirement	<p>100% of active Administrators and Teachers eligible for a post-employment benefit and currently electing coverage.</p> <p>50% of active Administrators and Teachers eligible for a post-employment benefit and currently waiving coverage.</p> <p>20% of active Support Staff currently electing coverage are assumed to elect Single coverage on the District's health plan in retirement for the duration of COBRA.</p>																											
16. Coverage Tier	70% of future covered retirees are assumed to cover a spouse in retirement																											
17. Spouses' Age	Males are assumed to be three years older than their spouses																											