



**Board of Regents of the University
System of Georgia**

Actuarial Report GASB 45

Valuation Date: July 1, 2011
Fiscal Year Ending: June 30, 2012
Date of Report: November 2, 2012



November 2, 2012

Vikki L. Williamson
Asst. Vice Chancellor, Fiscal Affairs – Accounting and Reporting
Board of Regents of the University System of Georgia
270 Washington Street
Atlanta, GA 30334-1450

Dear Vikki:

We respectfully present in this report the results of our GASB 45 actuarial valuation for the fiscal year ending June 30, 2012.

For your convenience, we have summarized the highlights and essential results of the valuation in the Summary of Results found in Section 1. The Table of Contents following this letter outlines sections included in this report.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Schooley".

Michael Schooley, A.S.A., E.A.

cc: Stephen Lambert-Oswald
Garry Spinks
Jason Swann

Table of Contents

1. Summary of Results	1
Financial Information	1
Liabilities and Normal Cost	1
Net OPEB Obligation at Fiscal Year End	2
Valuation Data	3
2. Actuarial Certification	4
3. Actuarial Commentary	5
4. Forecast of Results	6
5. Assets	7
6. Liability Summary	8
7. Development of Annual Required Contribution	9
8. Unfunded Liability	10
9. Disclosure – Funding Progress	11
10. Disclosure – Annual Cost and Net Obligation	12
11. Projected Payouts	13
12. Valuation Data	14
Age Distribution – Retirees, Widows and Disableds	14
Active Age - Service Distribution	15
13. Summary of Principal Plan Provisions	16
General Eligibility Rules	16
Medical and Drug Benefits Covered	16
Employee Costs	16
Spouse’s Covered	16
Life	16
14. Valuation Methods and Assumptions	17
Cost Method	17
Amortization Method	17
Asset Method	17
Employees Included in the Calculations	17
Future Medical Plan Election	17
Marital Status and Age of Spouse	17
Interest Discounting and Salary Growth	17
Claims	18
Trend Assumptions	18
Decrement Assumptions	19
Changes in assumptions since prior valuation	20

1. Summary of Results

Financial Information

The following table illustrates key financial information for the fiscal year end.

	Fiscal Year Ending	
	06/30/2011	06/30/2012
(1) Net Claims		
(a) Total Claims	\$120,011,159	\$116,182,879
(b) Less Retiree Premiums	\$25,770,842	\$27,657,168
(c) Expected Net Claims	\$94,240,317	\$88,525,711
(2) Annual Required Contribution (ARC)	\$411,515,899	\$345,297,650
(3) Annual OPEB Cost (AOC)	\$397,723,002	\$349,583,164
(4) End of Year Net OPEB Obligation (NOO)	\$1,017,399,154	\$1,278,805,852

Liabilities and Normal Cost

The following table illustrates the liabilities and normal cost used for the development of the foregoing financial information.

	Valuation Date	
	07/01/2010	07/01/2011
(1) Assets	\$122,538	\$123,230
(2) Present Value of Benefits		
(a) Active	\$3,854,716,578	\$3,761,599,909
(b) Inactive	\$1,459,683,775	\$1,635,461,773
(c) Total	\$5,314,400,353	\$5,397,061,682
(3) Accrued Liability		
(a) Active	\$1,924,416,167	\$1,859,039,465
(b) Inactive	\$1,459,683,775	\$1,635,461,773
(c) Total	\$3,384,099,942	\$3,494,501,238
(5) Normal Cost	\$184,260,914	\$171,238,942

1. Summary of Results (cont.)

Net OPEB Obligation at Fiscal Year End

The chart below shows the development of the prior year's and current year's: Net OPEB Obligation (NOO):

	06/30/2011	06/30/2012
(1) Net OPEB Obligation as of the beginning of the fiscal year	\$699,938,059	\$1,017,399,154
(2) Annual OPEB Cost (AOC) for the fiscal year	\$397,723,002	\$349,583,164
(3) Contributions made during the fiscal year:		
(a) To a Trust	\$80,261,907	\$88,836,172
(b) Outside a Trust	\$0	\$0
(c) Total	\$80,261,907	\$88,836,172
(4) Net OPEB Obligation as of the end of the fiscal year	\$1,017,399,154	\$1,278,146,146

1. Summary of Results (cont.)

Valuation Data

The following table summarizes key demographic statistics used in the valuation. The demographic data was collected as of May, 2012 and liabilities were rolled back to beginning of the fiscal year.

	07/01/2010	07/01/2011
(1) Number of Participants		
(a) Active Employees	41,779	40,835
(b) Inactive	13,428	14,210
(c) Total	55,207	55,045
(6) Active Statistics		
(d) Average Age	45	46
(e) Average Service	8	9
(7) Inactive Statistics (In Pay Status)		
(f) Average Age	71	71
(g) Single Coverage	6,531	7,854
(h) Family Coverage	5,412	5,393

2. Actuarial Certification

We have performed an actuarial valuation of Board of Regents of the University System of Georgia's postretirement medical program as of July 1, 2011. The employee data and claims information used in this valuation were submitted to us by the plan sponsor, or at the plan sponsor's direction. The demographic data was collected as of May 12, 2012. We did not audit any of the submitted data. On the basis of our review of the data, however, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purposes intended.

In our opinion, the assumptions and methodology underlying this valuation are consistent with the criteria outlined under GASB Statements 45.

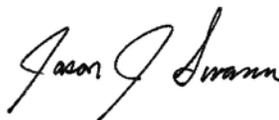
The assumptions and methodology underlying this valuation conform to the Actuarial Standard of Practice No. 6, Measuring Retiree Group Benefit Obligations and Actuarial Compliance Guideline No. 3, published by the Actuarial Standards Board.

We have no relationship with the client which may impair or appear to impair the objectivity of our work.

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3. Actuarial Commentary

Sensitivity Analysis

The Board's true liability for postretirement benefits depends on future economic and demographic factors which are difficult to predict accurately. The calculations in this report are based on the actuarial assumptions that are outlined in the assumption section of this report. Different assumptions could yield significantly different results. For example, the following table illustrates the sensitivity of medical trend assumptions on the Liability, Normal Cost and AOC.

Medical Benefits	Liability	Normal Cost	AOC
Current Assumption	\$3,494,501,238	\$171,238,942	\$349,583,164
1% Increase in Trend	\$4,025,486,864 15.2%	\$211,987,505 23.8%	\$414,797,732 18.7%

Beginning Medical Claim Level

Medical claims costs were developed based on actual experience from the 24 month period ending May 31, 2012.

Medical Trend Rate

We assume the medical claims and retiree premiums will increase at an annual trend rate of 8.00%/7.50% (Pre-Medicare/Medicare) for the year ending June 30, 2012, grading down to an ultimate rate of 4.50% in 2027/2028.

Changes in Actuarial Assumptions

The mortality projection was updated to 2018. Expected claims costs were updated to reflect actual claims experience. The trend table was changed to include separate rates pre and post Medicare. The amortization method was level dollar over a shrinking 26 year period. The new method is level percent of payroll over a closed 30 year period.

Changes in Plan Provisions

None.

4. Forecast of Results

5 Year Forecast

The following table illustrates a 5-year forecast of Cash Outlay, Annual OPEB Cost (AOC) and Net OPEB Obligation (NOO).

Fiscal Year Ending	Cash Outlay ¹	Annual OPEB Cost (AOC)	End of Year Net OPEB Obligation (NOO)	
06/30/2012	\$88,836,172	\$349,583,164	\$1,278,146,146	
06/30/2013	\$105,307,095	\$374,569,035	\$1,547,408,086	
06/30/2014	\$116,641,707	\$400,730,402	\$1,831,496,781	
06/30/2015	\$128,680,545	\$428,404,012	\$2,131,220,248	
06/30/2016	\$140,640,081	N/A	\$4,507,172,190	Assumes New Rules
06/30/2017	\$153,950,110	N/A	\$4,923,391,726	Assumes New Rules

It is expected that GASB will significantly change how the accounting results are presented for fiscal years ending 2016 and later. Currently, the liability footnote in the Comprehensive Annual Financial Report (CAFR) is the NOO. The NOO is equal to a running total of the AOC less employer contributions. From the Table below, you can see the board has expensed \$1.694 billion and contribution 415 million since GASB 45 was enacted. The difference of 1.278 billion is the 2012 fiscal year end NOO footnoted in the CAFR.

Fiscal Year	AOC	Contribution
06/30/2008	\$224.9	\$87.1
06/30/2009	\$347.1	\$89.2
06/30/2010	\$374.4	\$69.9
06/30/2011	\$397.7	\$80.2
06/30/2012	\$349.6	\$88.8
Total	\$1,693.7	\$415.2

The new rules require that you simply book the unfunded actuarial liability.

	07/01/2011	Projected 06/30/2016
Assets	\$123,230	\$165,684
Accrued Liability	\$3,494,501,238	\$4,507,337,874
Unfunded Liability	\$3,494,378,008	\$4,507,172,190

¹ Annual cash outlay for development of NOO assumed to be (i) equal to payout projections (page 13).

5. Assets

Asset Reconciliation

Below is the reconciliation of Assets.

	Valuation Date	
	07/01/2011	07/01/2012
(1) Assets as of Prior Valuation Date	\$122,538	\$123,230
(2) Income		
(a) Employer Contributions	\$80,261,907	88,836,172
(b) Employee Contributions	\$25,770,842	28,648,097
(c) Other	\$13,592,614	12,940,079
(3) Investment Earnings	\$386,488	159,142
(4) Benefit Payments (Medical)	(\$108,809,029)	(\$116,642,662)
(5) Benefit Payments (Life)	(\$6,611,811)	(\$9,009,169)
(6) Administrative Expenses	(\$4,590,319)	(\$4,889,205)
(7) Assets as of the Valuation Date	<u>\$123,230</u>	<u>\$165,684</u>

6. Liability Summary

Liabilities and Normal Cost

The following table illustrates the liabilities and normal cost used for the development of the financial information.

	Valuation Date	
	July 1, 2010	July 1, 2011
(1) Present Value of Benefits		
(a) Active	\$3,854,716,578	\$3,761,599,909
(b) Inactive	\$1,459,683,775	\$1,635,461,773
(c) Total	\$5,314,400,353	\$5,397,061,682
(2) Accrued Liability		
(a) Active	\$1,924,416,167	\$1,859,039,465
(b) Inactive	\$1,459,683,775	\$1,635,461,773
(c) Total	\$3,384,099,942	\$3,494,501,238
(3) Normal Cost	\$184,260,914	\$171,238,942
(4) Expected Net Claims	\$80,261,907	\$95,734,000

7. Development of Annual Required Contribution

Calculation Details

The following table illustrates the development of the Annual Required Contribution underlying the foregoing financial information.

	Fiscal Year End	
	June 30, 2011	June 30, 2012
(1) Unfunded Accrued Liability	\$3,383,977,404	\$3,494,378,008
(2) Annual Required Contribution (ARC)		
(a) Amortization Amount	\$209,534,205	\$159,189,431
(b) Normal Cost	\$184,260,914	\$171,238,942
(c) Interest	\$17,720,780	\$14,869,277
(d) Total	\$411,515,899	\$345,297,650
(3) Less Amortization of NOO	\$45,290,110	\$41,497,448
(4) Plus Interest on NOO	\$31,497,213	\$45,782,962
(5) Annual OPEB Costs (AOC)	\$397,723,002	\$349,583,164

8. Unfunded Liability

Actuarial (Gain)/Loss

Below is the development of the Actuarial (gain)/loss.

	Valuation Date	
	July 1, 2010	July 1, 2011
(1) Unfunded Accrued Liability as of Prior Valuation Date	\$3,118,942,000	\$3,383,977,404
(2) Amortization Payment	\$189,601,313	\$209,534,205
(3) Prior Year Funding Rate	4.50%	4.50%
(4) Interest	\$131,835,980	\$142,803,994
(5) Expected Unfunded Accrued Liability as of Valuation Date: (1) - (2) + (4)	\$3,061,176,667	\$3,317,247,193
(6) Actual Unfunded Accrued Liability as of Valuation Date		
(a) Accrued Liability	\$3,384,099,942	\$3,494,501,238
(b) Asset Value	\$122,538	\$123,230
(c) Unfunded Accrued Liability: (a) - (b)	\$3,383,977,404	\$3,494,378,008
(7) Actuarial (Gain)/Loss: (6)(c) - (5)	\$322,800,737	\$177,130,815

Amortization of Unfunded Liability

The table below lists the amortization bases included in the calculation of the ARC as of July 1, 2011.

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
07/01/2007	Initial Unfunded	30	26	\$1,985,200,000	\$1,845,985,606	\$84,565,472
07/01/2008	Loss	29	26	\$1,305,250,480	\$1,233,944,484	\$56,527,579
07/01/2019	Gain	28	26	(\$82,232,746)	(\$79,118,176)	(\$3,624,441)
07/01/2010	Loss	27	26	\$322,800,737	\$316,435,279	\$14,496,049
07/01/2011	Loss	26	26	\$177,130,815	\$177,130,815	\$7,224,772
	Total Charges				\$3,494,378,008	\$159,189,431

9. Disclosure – Funding Progress

Funding Progress

The following table illustrates the funding progress.

	Fiscal Year Ending	
	June 30, 2011	June 30, 2012
(1) Interest Rate	4.5%	4.5%
(2) Covered Payroll	\$2,432,366,796	\$2,526,211,986
(3) Assets	\$122,538	\$123,230
(4) Accrued Liability Begging of Fiscal Year		
(a) Active	\$1,924,416,167	\$1,859,039,465
(b) Inactive	\$1,459,683,775	\$1,635,461,773
(c) Total	\$3,384,099,942	\$3,494,501,238
(8) Unfunded Actuarial Accrued Liability	\$3,383,977,404	\$3,494,378,008
(9) Funded Ratio	0.0%	0.0%
(10) Unfunded as a Percent of Covered Payroll	139.1%	138.3%

Funding Progress History

The following table illustrates the funding progress history.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded as a Percent of Covered Payroll
07/01/2007	\$0	\$1,985,200,000	\$1,985,200,000	0.0%	\$2,201,804,000	90.2%
07/01/2008	\$290,000	\$3,258,200,000	\$3,257,910,000	0.0%	\$2,372,385,000	137.3%
07/01/2009	\$10,566,000	\$3,129,508,000	\$3,118,942,000	0.3%	\$2,399,532,000	130.0%
07/01/2010	\$122,538	\$3,384,099,942	\$3,383,977,404	0.0%	\$2,432,366,796	139.1%
07/01/2011	\$123,230	\$3,494,501,238	\$3,494,378,008	0.0%	\$2,526,211,986	138.3%

10. Disclosure – Annual Cost and Net Obligation

Annual OPEB Cost and Net OPEB Obligation

The following table illustrates the development of the Annual OPEB Cost and the fiscal year end Net OPEB Obligation required by GASB 45.

	Fiscal Year Ending	
	June 30, 2011	June 30, 2012
(1) Interest Rate	4.50%	4.50%
(2) Annual OPEB Cost (AOC)		
(a) Annual Required Contribution (ARC)	\$411,515,899	\$345,297,650
(b) Less Amortization of NOO	\$45,290,110	\$41,497,448
(c) Plus Interest on NOO	\$31,497,213	\$45,782,962
(d) Total AOC	\$397,723,002	\$349,583,164
(3) End of Year Net OPEB Obligation (NOO)		
(a) Actual Beginning of Year NOO	\$699,938,059	\$1,017,399,154
(b) Plus Actual AOC	\$397,723,002	\$349,583,164
(c) Minus Contributions	\$80,261,907	\$88,836,172
(d) End of Year NOO	\$1,017,399,154	\$1,278,146,146

11. Projected Payouts

10-Year Payout Projection

Annual payments expected based on assumptions and contributions detailed in the Methods and Assumptions Section.

Year Ending	Total (a)	Retiree Premium (b)	Employer Cost (c) = (a) - (b)
07/01/2012 - 06/30/2013	\$130,741,130	\$25,434,035	\$105,307,095
07/01/2013 - 06/30/2014	\$144,942,281	\$28,300,574	\$116,641,707
07/01/2014 - 06/30/2015	\$160,005,052	\$31,324,507	\$128,680,545
07/01/2015 - 06/30/2016	\$175,047,825	\$34,407,744	\$140,640,081
07/01/2016 - 06/30/2017	\$191,753,345	\$37,803,235	\$153,950,110
07/01/2017 - 06/30/2018	\$210,122,787	\$41,555,397	\$168,567,390
07/01/2018 - 06/30/2019	\$229,664,346	\$45,544,557	\$184,119,789
07/01/2019 - 06/30/2020	\$250,724,386	\$49,835,820	\$200,888,566
07/01/2020 - 06/30/2021	\$273,002,934	\$54,361,298	\$218,641,636
07/01/2021 - 06/30/2022	\$296,876,436	\$59,203,120	\$237,673,316

12. Valuation Data

Summary Statistics – Actives

	Number of Employees Costed	Percentage of Total	Average Past Service	Average Attained Age
Males	19,192	47.0%	9.3	46.3
Females	21,643	53.0%	8.7	45.5
TOTAL	40,835	100.0%	9.0	45.9

Age Distribution – Retirees, Widows and Disableds

Age	Medical		All Retirees
	Single	Family	
<50	76	21	114
50-54	147	150	332
55-59	388	370	830
60-64	1,050	817	1,994
65-69	1,574	1,285	3,042
70-74	1,440	1,129	2,745
75-79	1,201	813	2,146
80-84	954	524	1,588
85+	1,024	284	1,419
Total	7,854	5,393	14,210

12. Valuation Data (cont.)

Active Age - Service Distribution

Shown below is the distribution of active participants based on age and service as of the valuation date.

Age	Years of Service As Of The Valuation Date									Total
	00-04	05-09	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 25	793	18	0	0	0	0	0	0	0	811
25 - 29	3,259	370	10	0	0	0	0	0	0	3,639
30 - 34	3,466	1,154	236	3	0	0	0	0	0	4,859
35 - 39	2,844	1,351	666	123	4	0	0	0	0	4,988
40 - 44	2,181	1,398	967	497	148	10	0	0	0	5,201
45 - 49	1,770	1,156	1,006	660	466	240	5	0	0	5,303
50 - 54	1,531	1,083	947	725	623	429	112	3	0	5,453
55 - 59	1,226	984	923	750	686	500	199	35	0	5,303
60 - 64	730	711	570	424	416	302	198	76	9	3,436
65 - 69	253	276	202	159	152	94	87	57	16	1,296
70 & Up	87	113	101	63	57	27	31	21	46	546
Totals	18,140	8,614	5,628	3,404	2,552	1,602	632	192	71	40,835

The following table shows averages in total for active participants in this valuation.

Averages	Amount
Age:	45.86
Service:	8.97

13. Summary of Principal Plan Provisions

General Eligibility Rules

Former employees and beneficiaries satisfy retirement under any one of the following conditions:

- (1) Disabled with at least 10 years of service,
- (2) Retire at age 60 with at least 10 years of service,
- (3) Retire with 25 years of service, regardless of age if hired before November 1, 2002, or
- (4) Retire with 30 years of service, regardless of age if hired after November 1, 2002.

Medical and Drug Benefits Covered

Eligible retirees are generally have a choice of a POS, HDHP, and two HMOs. The HMO plans are frozen to new enrollment for pre Medicare retirees in 2012.

Plan Type	HMO	POS		HDHP	
		In	Out	In	Out
(1) Deductible	\$0	\$300	\$4,000	\$1,500	\$1,500
(2) Coinsurance	100%	90%	60%	90%	70%
(3) Copayment	\$15	\$0	\$0	\$0	\$0
(4) Out-Of-Pocket Limit	\$0	\$1,000	\$200	\$3,000	\$6,000

Employee Costs

The chart below shows the calendar year 2012 monthly retiree cost of medical and drug:

	HMO	POS	HDHP
(1) Pre Medicare			
(a) Individual	\$130.40	\$175.34	\$43.70
(b) Retiree Plus Spouse	\$234.74	\$368.22	\$88.62
(2) Medicare Eligible			
(a) Individual	\$114.02	\$99.00	\$43.70
(b) Retiree Plus Spouse	\$228.06	\$197.98	\$88.62

Spouse's Covered

Spouses' of retirees, spouses of active employees eligible for retirement, or surviving spouses' of retirees of the Board of Regents who meet the above conditions may elect medical coverage.

Life

Retirees receive a \$25,000 life insurance benefit.)

14. Valuation Methods and Assumptions

Cost Method

Projected Unit Credit cost method was used.

Amortization Method

Past service liability is amortized over a closed 30 year period, as a percent of payroll.

Asset Method

Fair Value.

Employees Included in the Calculations

All employees who meet retirement or disability eligibility may participate in the Board's medical plan. 90% of all employees are assumed to elect medical coverage, and 100% are assumed to elect life insurance coverage.

Future Medical Plan Election

Future retirees who elect medical coverage are expected to elect between available options as follows.

	POS	HDHP	BCBS HMO	Kaiser HMO
(1) Pre Medicare	75%	25%	0%	0%
(2) Post Medicare	95%	2%	0%	3%

Marital Status and Age of Spouse

The following marriage, family coverage and spouse's age difference assumption have been made for active participants:

	Male	Female
(1) Elect Spouse Coverage	61%	61%
(2) Spouse Age Difference	3 years younger	3 years older

Interest Discounting and Salary Growth

(1) Interest Rate	4.50%
(2) Inflation	2.50%
(3) Salary Growth	3.00%
(4) Salary Scale	4.00%

14. Valuation Methods and Assumptions (cont.)

Claims

The chart below shows the blended medical and drug claim level per person including retention costs used for the 12-month period beginning July 1, 2011.

(1) Individual Coverage		
(a)	Age 52	\$6,729
(b)	Age 57	\$7,926
(c)	Age 62	\$9,557
(d)	Age 67	\$4,317
(e)	Age 72	\$4,888
(f)	Age 77	\$5,414

Trend Assumptions

The chart below shows the assumed trend of our base calculation. Sensitivity calculations add 1.00% to the rates below.

	Pre 65 Claims	Medicare Eligible Claims
07/01/2011 – 06/30/2012	8.00%	7.50%
07/01/2012 – 06/30/2013	7.80%	7.30%
07/01/2013 – 06/30/2014	7.50%	7.00%
07/01/2014 – 06/30/2015	7.30%	6.80%
07/01/2015 – 06/30/2016	7.10%	6.60%
07/01/2016 – 06/30/2017	6.80%	6.30%
07/01/2017 – 06/30/2018	6.60%	6.10%
07/01/2018 – 06/30/2019	6.40%	5.90%
07/01/2019 – 06/30/2020	6.20%	5.70%
07/01/2020 – 06/30/2021	6.00%	5.50%
07/01/2021 – 06/30/2022	5.70%	5.20%
07/01/2022 – 06/30/2023	5.50%	5.00%
07/01/2023 – 06/30/2024	5.40%	4.90%
07/01/2024 – 06/30/2025	5.30%	4.80%
07/01/2025 – 06/30/2026	4.90%	4.50%
07/01/2026 – 06/30/2027	4.70%	4.50%
Ultimate	4.50%	4.50%

14. Valuation Methods and Assumptions (cont.)

Decrement Assumptions

Below is a summary of decrements used in this valuation. Sample Retirement, Disability, and Termination rates are illustrated in the tables below.

Mortality Decrements	Description
(1) Healthy	RP 2000 Projected to 2018
(2) Disabled	1983 Group annuity Mortality Table for males and females, loaded 10%

Retirement Rates	
Attained Age	Rate
50 - 54	2.5%
55 - 59	5.0%
60	20.0%
61	15.0%
62	40.0%
63 - 64	20.0%
65	80.0%
66 - 74	10.0%
75+	100.0%

Withdrawal Rates (based on year of Service)				
Attained Age	0	1	2	3+
20	0.5969	0.3582	0.2388	0.1194
25	0.5812	0.3487	0.2325	0.1162
30	0.5605	0.3363	0.2242	0.1121
35	0.5277	0.3166	0.2111	0.1055
40	0.4698	0.2819	0.1879	0.0940
45	0.3772	0.2263	0.1509	0.0754
50	0.2417	0.1450	0.0967	0.0483
55	0.0863	0.0518	0.0345	0.0173
60	0.0081	0.0048	0.0032	0.0016

14. Valuation Methods and Assumptions (cont.)

Decrement Assumptions (cont.)

Disability Incidence		
Attained Age	Male	Female
20	0.0007	0.0008
25	0.0007	0.0008
30	0.0007	0.0008
35	0.0007	0.0008
40	0.0011	0.0018
45	0.0019	0.0027
50	0.0035	0.0036
55	0.0066	0.0053
60	0.0101	0.0072
65	0.0133	0.0090

Changes in assumptions since prior valuation

The mortality projection was updated to 2018. Expected claims costs were updated to reflect actual claims experience. The trend table was changed to include separate rates pre and post Medicare. The amortization method was level dollar over a shrinking 26 year period. The new method is level percent of payroll over a closed 30 year period.

15. Glossary

Accrual Accounting

An accounting method that recognizes the cost of benefits when they are earned.

Actuarial Accrued Liability

The present value of benefits attributable to current service.

Amortization

The gradual elimination of past liability in regular payments, which include principal and interest, over a period of time.

Annual OPEB Cost

The employer's periodic expense on an accrual-basis.

Annual Required Contributions

The sum of the past service amortization payment and the current annual normal cost that if contributed to the plan would result in no OPEB Obligation for that year.

Entry Age Actuarial Cost Method

A method under which the present value of future benefit of each plan participant is distributed based on service or earnings between entry age and assumed exit age.

Net OPEB Obligation

The cumulative difference between past Annual OPEB Cost and past employer contributions

Normal Cost

The amount of plan benefits and expenses that is allocated to a valuation year, based on a cost method.

Pay As You Go Expensing

An accounting method that recognizes the cost of benefits when they are paid.

Projected Unit Credit Actuarial Cost Method

A method under which the present value of future benefit of each plan participant is distributed based on service or earnings between entry age and assumed exit age.