

Key Benefit Concepts, LLC

School District of Reedsburg



Accounting and Sample Funding Report of Liabilities for Participants' Post Employment Benefits as of July 1, 2010

October 2011



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Table of Contents

Background and Certification	Page 2
Introduction	Page 3
District OPEB Benefits	Page 3
Sick Leave Benefit	Page 5
Amortization Method	Page 5
District OPEB Liability	Page 5
Discussion of Valuation Methods and Assumptions	Page 6
Pay-As-You-Go	Page 6
OPEB Tables	
OPEB Technical Appendix	

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. 27 (Accounting for Pensions by State and Local Government Employers), Statement No. 43 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans), Statement No. 45 (Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions) and Statement No. 50 (Pension Disclosures). These Statements establish standards for the measurement, recognition, and display of Other Post Employment Benefits (OPEB) expense/expenditures and pension expense/expenditures as well as other related liabilities.

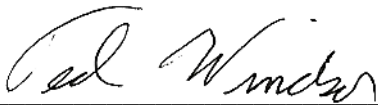
Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This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

Ted W. Windsor is an actuary meeting the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report.



Ted W. Windsor, ASA, EA, MAAA

October 26, 2011

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. The study includes the following:

- Actuarial Accrued Liability (AAL): The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date also known as the accrued benefit.
- Normal Cost (NC): The portion of the actuarial present value of benefits allocated to the valuation year.
- Unfunded Actuarial Accrued Liability (UAAL): 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.
- Annual Required Contribution (ARC): 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.

District OPEB Benefits

For the School District of Reedsburg (the "District"), the other post employment benefit liability consists of several interdependent pieces arising from the rules of the plan. These pieces may include actual contributions made on behalf of (or perhaps to) a retiree as well as any incurred implicit rate subsidy.

The amounts paid by the school system 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 55 with a minimum of 10 years of service with the District; the District shall contribute towards a retiree's medical premiums the full monthly premium that is in effect during the retiree's last year of employment. The District's contributions shall continue frozen at this amount for a period of 10 years.

- b. Teachers: At least age 55 with a minimum of 12 years of service (20 years if hired on or after July 1, 2003 and at least age 57 if hired after July 1, 2007); the District shall contribute towards a retiree's medical premiums the full monthly contribution amount that was made in their final year of retirement. The District's contributions shall continue frozen at this amount for a period of 7 years but not to exceed Medicare-eligibility.

***Note:** Teachers hired after July 1, 2010 are not eligible for a District-provided post-employment as illustrated above. Instead, they will receive a benefit that is funded during their active service.*

In a standard OPEB valuation, the GASB guidelines require that the OPEB benefit 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 benefit 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 OPEB liability. This is a reversal of GASB's initial opinion.

Note that the implicit rate subsidy is only applied when retirees are enrolled in the District's medical and/or long-term care 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.

The census provided by the District included one active Administrator and 14 active Teachers that are not participating in the District's medical plan. For these 15 active employees, it was assumed that prior to their retirement; they would choose to participate in the District's medical plan and as such would be entitled to a District-provided benefit upon their retirement. The medical liabilities incurred from these 15 active employees was calculated and included in the valuation.

The census also noted 14 active Teachers as being covered under their spouse's plan whom is also an employee of the District. For these 14 employees, it was assumed that throughout the remainder of their employment with and retirement from the District, one spouse would continue coverage under the other's plan. As such, no additional liabilities need be calculated.

Sick Leave Benefit

The District will also provide eligible Administrators and Teachers with a sick leave benefit wherein unused sick leave shall be converted at the rate of \$40 per day, up to the maximum of \$2,500. These monies will be paid into a 403(b) upon retirement.

According to current GASB regulations, sick leave is regarded as a termination benefit (and not an OPEB) and should be accounted for under GASB Statement 16 as a compensated absence. This valuation does not include calculation of the liabilities resulting from this sick leave benefit.

Amortization Method

The current guidelines allow two amortization methods:

Level Dollar Amortization Method – The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principle (similar to a mortgage payment on a building). Since payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of the payroll over time.

Level Percent Amortization Method – Amortization payments are calculated so that they increase at a constant percentage over a given number of years. The dollar amount of the payments generally will increase over time due to inflation; however the percentage increases in these payments can be expected to remain level.

Note: The OPEB Tables are based upon a 30-year amortization period.

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 post employment medical benefits as of July 1, 2010 are as follows:

Other Post Employment Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 836,814	\$ 836,814
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 11,740,844	\$ 11,740,844
3 30-yr. Amortization of UAAL	\$ 763,759	\$ 535,639
4 Annual Required Contribution (ARC)	\$ 1,600,573	\$ 1,372,454

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

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 plans and projected a stream of expected premium rates for each year in the future based on the data as of July 1, 2010. As such, the first year (fiscal year 2010-2011) trends and expected future costs were derived from historical premium rates for actives and retirees.

Trend and retirement age are the most sensitive assumptions. Changes in these assumptions have the largest impact on the amount of liabilities. All of the demographic assumptions used for this report (i.e. other than trend, salary, payroll growth, expected discount rate, percent electing coverage and percent electing family coverage) are approximately the same as those used in the December 31, 2009 WRS annual report. The assumptions are shown in the technical appendix.

This is a subsequent valuation of the District's post-employment liabilities. Since the prior study, the District has not established a trust to fund its post-employment benefits. Rather it has continued to payout its retiree benefits on a pay-as-you-go basis. As such, there are no assets to offset the District's actuarial accrued liabilities.

A discount rate of 5% (as the expected yield on general assets) was used in this valuation in calculating the post-employment liabilities. It was assumed that the District would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

Should the District choose to establish a fund in the future and either fully, or partially, fund their retiree post-employment benefits in accordance with the annual costs, then a higher discount rate (as the expected yield on long-term investments) may be more appropriate.

Pay-As-You-Go

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 districts currently provide for post-employment benefits on a pay-as-you-go basis, we have included OPEB Table I. 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 I are for illustrative purposes and pertain only to the liabilities incurred from those active and retired employees of the District as of July 1, 2010. In other words, it is based upon a closed valuation, such that no new hires are assumed to replace those future retirees. The likelihood of actual costs equaling the stated projections decreases for each year projecting further into the future. Also note that the District's expected premium payments differ from the District's GASB OPEB value. This difference is attributed to the implicit rate subsidy as well as actual retirement rates versus the assumptions used in this study.

OPEB Tables

OPEB Table A

School District of Reedsburg
Active Employees as of July 1, 2010

Years of Service in the School District of Reedsburg

Age	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more	Total
Under 20	-	-	-	-	-	-	-	-	-
20 - 24	2	-	-	-	-	-	-	-	2
25 - 29	14	7	-	-	-	-	-	-	21
30 - 34	7	16	10	-	-	-	-	-	33
35 - 39	16	19	19	6	-	-	-	-	60
40 - 44	5	11	16	19	4	-	-	-	55
45 - 49	6	15	14	4	10	3	-	-	52
50 - 54	-	4	17	9	11	7	4	-	52
55 - 59	5	7	9	7	6	3	7	4	48
60 - 64	6	-	3	4	2	4	2	1	22
65 and over	4	3	2	5	1	1	3	1	20
Total	65	82	90	54	34	18	16	6	365

Averages:

Age: 46.2

Service: 12.9

OPEB Table B

School District of Reedsburg
Members by Medical Coverage as of July 1, 2010

Medical Plan Enrollment

	Actives					Retirees		
	Single	Family	w/ Spouse	None	Total	Single	Family	Total
<i>Administrators</i>	1	9	-	1	11	-	-	-
<i>Teachers</i>	21	149	14	14	198	6	13	19
<i>Support Staff</i>	59	47	6	44	156	-	-	-
Totals	81	205	20	59	365	6	13	19

Notes:

- 1- It was assumed that those listed under 'None' will elect 'Family' coverage upon their retirement.
- 2- It was assumed that those listed under 'w/Spouse' would continue to remain covered under their spouse's plan (whom is also employed by the District) throughout the remainder of their employment with and retirement from the District.
- 3- Included in the active counts are 15 Teachers that retired at the end of the 2010/11 school year.

OPEB Table C

School District of Reedsburg
 Determination of Normal Cost, Actuarial Accrued Liability
 and Unfunded Actuarial Accrued Liability (UAAL) as of 7/1/2010

Total Incurred OPEB Liabilities

	Administrators	Teachers	Total
1. Normal cost as of 7/1/2010			
a. Future retiree value of OPEB	\$82,256	\$812,728	\$894,984
b. Future retiree paid portion of premiums	8,836	89,182	98,018
c. Total normal cost [#1a - #1b]	73,420	723,546	796,966
2. Actuarial accrued liability as of 7/1/2010			
a. Current retiree value of OPEB	0	1,558,331	1,558,331
b. Current retiree paid portion of premiums	0	98,530	98,530
c. Future retiree value of OPEB	745,662	10,791,523	11,537,185
d. Future retiree paid portion of premiums	69,495	1,186,647	1,256,142
e. Total actuarial accrued liability [(#2a - #2b)+ (#2c - #2d)]	676,167	11,064,677	11,740,844
3. Actuarial value of assets	0	0	0
4. Unfunded actuarial accrued liability [#2e - #3]	\$676,167	\$11,064,677	\$11,740,844

OPEB Table D - Level % Amortization

School District of Reedsburg
 Determination of 2010-2011 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	Administrators	Teachers	Total
1. Normal cost			
a. Beginning of year	\$73,420	\$723,546	\$796,966
b. With interest to end of year	77,091	759,723	836,814
2. Expected payroll for 2010-2011 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	676,167	11,064,677	11,740,844
4. 30 year amortization of UAAL as a level percent method			
a. Dollars	30,848	504,791	535,639
b. Percent of payroll	n/a	n/a	n/a
5. Annual required contribution (ARC)			
a. Normal cost	77,091	759,723	836,814
b. Amortization	30,848	504,791	535,639
c. Total contribution [a + b]	\$107,939	\$1,264,515	\$1,372,454

OPEB Table D - Level \$ Amortization

School District of Reedsburg
 Determination of 2010-2011 Fiscal Year Annual Required Contribution (ARC)

Total Incurred OPEB Liabilities

	Administrators	Teachers	Total
1. Normal cost			
a. Beginning of year	\$73,420	\$723,546	\$796,966
b. With interest to end of year	77,091	759,723	836,814
2. Expected payroll for 2010-2011 fiscal year	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	676,167	11,064,677	11,740,844
4. 30 year amortization of UAAL as a level dollar method			
a. Dollars	43,986	719,773	763,759
b. Percent of payroll	n/a	n/a	n/a
5. Annual required contribution (ARC)			
a. Normal cost	77,091	759,723	836,814
b. Amortization	43,986	719,773	763,759
c. Total contribution [a + b]	\$121,077	\$1,479,496	\$1,600,573

OPEB Table E - Level % Amortization

School District of Reedsburg

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June 30, 2011

	<u>Total</u>
Annual required contribution (ARC)	\$1,372,454
Interest on net OPEB obligation	115,423
Adjustment to annual required contribution	(105,316)
Annual OPEB cost (expense)	\$1,382,560
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$2,308,463
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$1,479,915	20.22%	\$1,180,726
6/30/2010	\$1,466,245	23.09%	\$2,308,463
6/30/2011	\$1,382,560	TBD	TBD

OPEB Table E - Level \$ Amortization

School District of Reedsburg

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending June 30, 2011

	<u>Total</u>
Annual required contribution (ARC)	\$1,600,573
Interest on net OPEB obligation	115,423
Adjustment to annual required contribution	(150,169)
Annual OPEB cost (expense)	\$1,565,827
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$2,308,463
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$1,479,915	20.22%	\$1,180,726
6/30/2010	\$1,466,245	23.09%	\$2,308,463
6/30/2011	\$1,565,827	TBD	TBD

OPEB Table F

School District of Reedsburg
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
7/1/2008	\$0	\$10,428,471	\$10,428,471	0.00%	-	-
7/1/2010	\$0	\$11,740,844	\$11,740,844	0.00%	TBD	TBD

OPEB Table G

School District of Reedsburg
Significant Methods and Assumptions

Actuarial valuation date	7/1/2010
Actuarial cost method	Unit credit
Amortization method	30 year open level dollar & level percent
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	5.00%
Level percent increases (for level percent amortization)	3.00%
Medical trend *	8.00% decreasing by 1.00% per year down to 5.00%

* Implicit in this rate is an assumed rate of inflation of 4.00%

OPEB Table H - Level % Amortization

School District of Reedsburg
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2009	\$1,479,915	0	0	13.06	\$1,479,915	(299,189)	1,180,726	\$1,180,726
6/30/2010	\$1,479,915	76,747	(90,417)	13.06	\$1,466,245	(338,508)	1,127,737	\$2,308,463
6/30/2011	\$1,372,454	115,423	(105,316)	21.92	\$1,382,560	TBD	TBD	TBD

OPEB Table H - Level \$ Amortization

School District of Reedsburg
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
6/30/2009	\$1,479,915	0	0	13.06	\$1,479,915	(299,189)	1,180,726	\$1,180,726
6/30/2010	\$1,479,915	76,747	(90,417)	13.06	\$1,466,245	(338,508)	1,127,737	\$2,308,463
6/30/2011	\$1,600,573	115,423	(150,169)	15.37	\$1,565,827	TBD	TBD	TBD

OPEB Table I

School District of Reedsburg

Pay As You Go

Projection of Medical Benefits (30 Year Projection)

A	B	C	D	E	F	G
Fiscal Year Beginning	Expected Total Premiums	District's Premium Contributions	Total OPEB Value	District's OPEB Liability	Implicit Rate Subsidy	Cost → Value
2010	\$325,066	\$289,890	\$456,279	\$421,103	\$131,213	1.4037
2011	\$668,268	\$616,316	\$924,396	\$872,444	\$256,128	1.3833
2012	\$622,117	\$558,558	\$854,208	\$790,649	\$232,091	1.3731
2013	\$688,259	\$600,942	\$954,976	\$867,659	\$266,717	1.3875
2014	\$735,173	\$645,714	\$987,452	\$897,993	\$252,279	1.3432
2015	\$808,273	\$689,582	\$1,105,266	\$986,575	\$296,993	
2016	\$904,697	\$763,982	\$1,231,428	\$1,090,713	\$326,731	
2017	\$937,603	\$774,225	\$1,242,812	\$1,079,434	\$305,209	
2018	\$930,430	\$745,804	\$1,227,766	\$1,043,140	\$297,336	
2019	\$711,140	\$600,572	\$1,006,827	\$896,259	\$295,687	
2020	\$725,534	\$612,368	\$1,023,096	\$909,930	\$297,562	
2021	\$663,751	\$565,848	\$932,833	\$834,930	\$269,082	
2022	\$675,277	\$576,194	\$948,415	\$849,332	\$273,138	
2023	\$730,925	\$626,980	\$1,022,287	\$918,342	\$291,362	
2024	\$751,353	\$650,648	\$1,028,965	\$928,260	\$277,612	
2025	\$900,401	\$790,049	\$1,232,091	\$1,121,739	\$331,690	
2026	\$1,076,946	\$948,959	\$1,475,523	\$1,347,536	\$398,577	
2027	\$1,310,477	\$1,152,481	\$1,803,649	\$1,645,653	\$493,172	
2028	\$1,471,282	\$1,293,879	\$1,999,076	\$1,821,673	\$527,794	
2029	\$1,719,728	\$1,497,828	\$2,361,182	\$2,139,282	\$641,454	
2030	\$1,868,329	\$1,608,879	\$2,600,642	\$2,341,192	\$732,313	
2031	\$2,002,044	\$1,706,367	\$2,789,166	\$2,493,489	\$787,122	
2032	\$1,974,249	\$1,674,422	\$2,775,264	\$2,475,437	\$801,015	
2033	\$1,948,032	\$1,651,543	\$2,752,474	\$2,455,985	\$804,442	
2034	\$1,862,962	\$1,581,026	\$2,644,383	\$2,362,447	\$781,421	
2035	\$1,731,850	\$1,484,606	\$2,459,297	\$2,212,053	\$727,447	
2036	\$1,671,048	\$1,438,620	\$2,338,388	\$2,105,960	\$667,340	
2037	\$1,647,854	\$1,425,507	\$2,273,116	\$2,050,769	\$625,262	
2038	\$1,584,017	\$1,373,714	\$2,198,135	\$1,987,832	\$614,118	
2039	\$1,408,366	\$1,209,790	\$1,958,205	\$1,759,629	\$549,839	

When Funding the Trust: Pay-As-You-Go amount plus Implicit Rate Subsidy: Multiply factor in column **G** times Pay-As-You-Go amount, the result is the amount to be paid to Fund Trust. The difference between the two amounts is the Implicit Rate Subsidy.

OPEB Technical Appendix

School District of Reedsburg
Post Employment Benefit Summary

Administrators

Eligibility	OPEB
At least age 55 with a minimum of 10 years of service with the District	<p><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums at the full medical insurance premium rate that was paid during the retiree's last year of employment. The District's contributions shall continue frozen at these amounts for a period of ten (10) years.</p>
	<p>Non-OPEB</p> <p><u>Sick Leave Benefit:</u> Unused sick leave accumulated upon retirement will be converted at the retiree's per diem rate up to a maximum of \$2,500. These monies will be paid into a 403(b) on behalf of the retiree.</p>

Teachers

Eligibility	OPEB
<p>Hired Prior to July 1, 2003:</p> <p>At least age 55 with a minimum of 12 years of service in the District</p>	<p><u>Medical Insurance:</u> The District shall contribute towards a retiree's medical premiums the full contribution amount that was made during the retiree's last year of employment. The District's contributions shall remain frozen at these amounts for a period of 7 years but not to exceed Medicare-eligibility.</p>
<p>Hired Between July 1, 2003 & July 1, 2007:</p> <p>At least age 55 with a minimum of 20 years of service in the District</p>	
<p>Hired Between July 1, 2007 & July 1, 2010:</p> <p>At least age 57 with a minimum of 20 years of service in the District</p>	<p>Non-OPEB</p> <p><u>Sick Leave Benefit:</u> Unused sick leave accumulated upon retirement will be converted at the rate of \$40 per day up to a maximum of \$2,500. These monies will be paid into a 403(b) on behalf of the retiree.</p>

Note: Teachers hired after July 1, 2010 are not eligible for a District-provided post-employment as illustrated above. Instead, they will receive a benefit that is funded during their active service.

OPEB Actuarial Assumptions

1. Actuarial Valuation Date	July 1, 2010
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of "benefit units" earned from such things as salary and/or service years. A Plan's normal cost is determined by the present value of benefits allocated to the valuation year. A Plan's accrued liability is the present value of benefits allocated to all periods prior to the valuation year.
3. Interest Rate	Discount rate for valuing liabilities – 5.00% Interest rate on plan assets – 5.00% Implicit in these rates is a 4.00% assumed rate of inflation
4. Level Percent Increase	3.00% – Used only for level percent amortization of Unfunded Actuarial Accrued Liability
5. Amortization Method	30 year open level percent & level dollar method
6. Remaining Amortization Period	30 years
7. Asset Valuation Method	Market Value

<p>8. Retirement</p>	<p><i>Early Retirement</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>55</td><td>15.0%</td><td>12.5%</td></tr> <tr><td>56</td><td>15.0</td><td>12.5</td></tr> <tr><td>57</td><td>15.0</td><td>11.5</td></tr> <tr><td>58</td><td>14.0</td><td>12.5</td></tr> <tr><td>59</td><td>11.0</td><td>12.5</td></tr> <tr><td>60</td><td>15.0</td><td>15.0</td></tr> <tr><td>61</td><td>14.0</td><td>16.0</td></tr> <tr><td>62</td><td>23.0</td><td>23.0</td></tr> <tr><td>63</td><td>23.0</td><td>21.0</td></tr> <tr><td>64</td><td>16.0</td><td>19.0</td></tr> <tr><td>65</td><td>100.0</td><td>100.0</td></tr> </tbody> </table> <p><i>Regular Retirement (30 or more years of service)</i></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>57</td><td>40%</td><td>30%</td></tr> <tr><td>58</td><td>35</td><td>30</td></tr> <tr><td>59</td><td>28</td><td>30</td></tr> <tr><td>60</td><td>28</td><td>30</td></tr> <tr><td>61</td><td>28</td><td>30</td></tr> <tr><td>62</td><td>38</td><td>38</td></tr> <tr><td>63</td><td>35</td><td>32</td></tr> <tr><td>64</td><td>25</td><td>26</td></tr> <tr><td>65</td><td>100</td><td>100</td></tr> </tbody> </table>	<u>Age</u>	<u>Male</u>	<u>Female</u>	55	15.0%	12.5%	56	15.0	12.5	57	15.0	11.5	58	14.0	12.5	59	11.0	12.5	60	15.0	15.0	61	14.0	16.0	62	23.0	23.0	63	23.0	21.0	64	16.0	19.0	65	100.0	100.0	<u>Age</u>	<u>Male</u>	<u>Female</u>	57	40%	30%	58	35	30	59	28	30	60	28	30	61	28	30	62	38	38	63	35	32	64	25	26	65	100	100
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<p>12. Medical Trend (Annual Increases)</p>	<p><u>Year</u> 1 2 3 4 5 6 7 8 9 10 11 12 13 & over</p>	<p><u>Medical Trend</u> 8.0% 7.0 6.0 5.0 5.0 5.0 5.0 5.0 5.0 5.0 5.0 5.0</p>
<p>13. Age Related Health Care Cost</p>	<p>Health care costs are assumed to increase at 2.5% per year of age separate from trend due to increased cost of older participants.</p>	
<p>14. Percent with Coverage at Retirement</p>	<p>100% of employees eligible for a post-employment benefit and who is not currently receiving coverage under their spouse whom is also an employee of the District</p>	
<p>15. Spouses' Age</p>	<p>Males are assumed to be three years older than their spouses</p>	