



**Nevada Public Employees'  
Benefits Program's Retiree Health  
and Life Insurance Plans  
Actuarial Report for GASB OPEB  
Valuation – FINAL**

**Valuation Date: July 1, 2008**

**Fiscal Year Ending: June 30, 2009**

**Date of Report: July 31, 2009**

July 2009

This report contains the results of the July 1, 2008 actuarial valuation of the State of Nevada Public Employees' Benefits Program's Retiree Health and Life Insurance Plans (the Plan). The accounting results are prepared in accordance with GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 43) and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The purposes of the accounting results are to:

- Develop the Annual Required Contribution (ARC) and the Annual OPEB Cost (AOC) for the fiscal year ending June 30, 2009.
- Provide information needed by the Plan's auditors for financial statement entries and footnote disclosures to conform to the disclosure requirements under GASB 43 and GASB 45.

This report is prepared for the sole use of the Nevada Public Employees' Benefits Program's (PEBP) and supplies information consistent with the stated purposes of the report. It may not be appropriate to use this report for other business applications.

Aon Consulting is pleased to present this report, and we look forward to discussing it with you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Timothy N. Nimmer', with a stylized flourish at the end.

Timothy N. Nimmer, FSA, MAAA  
Senior Vice-President  
Aon Consulting

## TABLE OF CONTENTS

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| <u>Section</u> |                                   | <u>Page</u> |
|----------------|-----------------------------------|-------------|
| I              | Executive Summary                 | 1           |
| II             | Actuarial Certification           | 2           |
| III            | Principal Valuation Results       | 3           |
| IV             | Accounting Information            | 6           |
| V              | Sensitivity Analysis              | 8           |
| VI             | Demographic Information           | 9           |
| VII            | Summary of Plan Provisions        | 12          |
| VIII           | Valuation Methods and Assumptions | 24          |
| IX             | Glossary                          | 33          |

## SECTION I EXECUTIVE SUMMARY

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GASB 43 and GASB 45 require government entities that sponsor Other Postemployment Benefits (OPEB) to account for these benefits on an accrual basis. PEBP adopted GASB 43 and GASB 45 for the fiscal year beginning July 1, 2007.

The benefits considered under this valuation were medical, prescription drug, dental, and life insurance coverage. PEBP provides these benefits to participating retirees, spouses, and survivors. In addition, participants on long-term disability and their spouses can qualify for retiree health insurance benefits. PEBP contributes a portion of the coverage. Section VII provides the monthly participant contributions

It is expected that approximately 90% of all of the active employees who retire directly from PEBP and meet the eligibility criteria, including receipt of a pension benefit provided by the Public Employees' Retirement System (PERS), the Legislative Retirement System (LRS), the Judges Retirement System (JRS), or the Retirement Plan Alternative Program (RPA), will participate in the PEBP Plan.

The table below summarizes the valuation results. Please see Sections III and IV for additional details. The results have been calculated based upon the actuarial assumptions including, but not limited to, current claim cost, projected increases in health insurance costs, mortality, turnover, retirement, disability and discount rate. Please see Section VIII for details of the actuarial assumptions.

Additionally, the results incorporate the value of assets held in the State Retirees' Health and Welfare Benefits Trust Fund (the Trust). It is Aon's understanding that the Trust contains assets in the form of stocks, bonds, and other classes of investments that are invested in a manner similar to the PERS' Investment Program. The Trust's assets are segregated and restricted such that the State of Nevada contributions to the Trust are irrevocable; assets are dedicated to providing benefits to retirees and their beneficiaries, and are legally protected from creditors of the State of Nevada or the Plan Administrator, solely for the payment of benefits in accordance with the terms of the Plan. Furthermore, as of June 30, 2008 the State of Nevada held assets of \$25,665,000 in the Trust for Other Postretirement Benefits. It is our understanding that beyond fiscal year 2008, the State of Nevada has no future plans to contribute any additional funds to the Trust in excess of benefit payments.

This summary illustrates the OPEB value of benefits as of July 1, 2007 and 2008 based upon a 4% discount rate and the Entry Age Normal (EAN) Cost Method.

|                                    | <u>July 1, 2007</u> | <u>July 1, 2008</u> |
|------------------------------------|---------------------|---------------------|
| Present Value of Benefits (PVB)    | \$4,001,638,000     | \$3,598,394,000     |
| Actuarial Accrued Liability (AAL)  | \$2,211,439,000     | \$1,815,501,000     |
| Annual Required Contribution (ARC) | \$287,217,000       | \$239,147,000       |
| Annual OPEB Cost (AOC)             | \$287,217,000       | \$235,264,000       |

The balance of this report provides greater detail of the above results.

## SECTION II ACTUARIAL CERTIFICATION

This report presents the results of the actuarial valuation for the Nevada Public Employees' Benefits Program's Retiree Health and Life Insurance Plans as of July 1, 2008 for development of the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and other disclosure items under Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45. This report was prepared using generally accepted actuarial practices and methods. The actuarial assumptions used in the calculations are individually reasonable and reasonable in aggregate.

The employee data and financial and claims information used in this valuation were submitted to Aon by the plan sponsor, or at the plan sponsor's direction. Aon Consulting did not audit the employee data and financial information used in this valuation but did review it for reasonableness and consistency. On the basis of this review, we believe the information is sufficiently complete and reliable, and is appropriate for the purposes intended.

Actuarial computations under GASB 43 and 45 are for purposes of fulfilling Plan and PEBP accounting requirements, respectively. The calculations reported herein were made on a basis consistent with our understanding of these accounting standards. Determinations for purposes other than meeting Plan or PEBP financial accounting or disclosure requirements may be different from these results. As required by GASB 43 and 45, this valuation assumes the Plan will be an ongoing plan. However, this assumption does not imply any obligation by PEBP to continue the plan.

This report is intended for the sole use of the Nevada Public Employees' Benefits Program. It is intended only to supply information for the Nevada Public Employees' Benefits Program to comply with the stated purpose of the report and may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the Nevada Public Employees' Benefits Program should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Consulting.

The actuaries whose signatures appear below are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. The actuaries are available to answer any questions with regard to the matters enumerated in this report.

Aon's relationship with the Plan and the Plan Sponsor is strictly professional. There are no aspects of the relationship that may impair or appear to impair the objectivity of our work.

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Deborah L. Donaldson, FSA, MAAA, FCA  
Asst. Vice- President



Date: 7/31/2009

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Timothy N. Nimmer, FSA, MAAA  
Senior Vice President



Date: 7/31/2009

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Justin M. Kindy, FSA, MAAA  
Vice President



Date: 7/31/2009

### **SECTION III PRINCIPAL VALUATION RESULTS**

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This section presents detailed valuation results for PEBP's retiree health and life insurance benefits program.

- The Present Value of Benefits (PVB) is the total present value of all expected future benefits, based upon certain actuarial assumptions. Benefits are defined as paid claims and expenses from the plan, net of retiree contributions. The PVB is a measure of total liability or obligation. It is the value (on the valuation date) of the benefits, as described in this report, for retirees, both currently retired and currently active. The plan's PVB is \$3,598,394,000. Of this PVB, 79% is for the currently active employees (future retirees).
- The Actuarial Accrued Liability (AAL) is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The plan's AAL is \$1,815,501,000.
- Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The fiscal year 2009 Normal Cost is \$135,641,000,
- The Annual Required Contribution (ARC) of \$239,147,000 is a combination of the Normal Cost and an amortization payment of the Unfunded AAL (UAAL), both with interest to the end of the Fiscal Year, June 30, 2009. As of July 1, 2008, the (UAAL) is equal to the AAL less assets. PEBP utilizes the maximum amortization period allowed under GASB 43 and GASB 45 which is 30 years.

## SECTION III PRINCIPAL VALUATION RESULTS

Discount Rate = 4.00%

|  | July 1, 2007     | July 1, 2008     |
|--|------------------|------------------|
| <b>Present Value of Benefits</b>                                 |                  |                  |
| Retirees   | \$ 800,378,000   | \$ 742,445,000   |
| Terminated Vesteds   | 0                | 12,211,000       |
| Actives  | 3,201,260,000    | 2,843,738,000    |
| Total  | \$ 4,001,638,000 | \$ 3,598,394,000 |
| <b>Actuarial Accrued Liability (AAL)</b>                         |                  |                  |
| Retirees   | \$ 800,378,000   | \$ 742,445,000   |
| Terminated Vesteds   | 0 *              | 12,211,000       |
| Actives  | 1,411,061,000    | 1,060,845,000    |
| Total  | \$ 2,211,439,000 | \$ 1,815,501,000 |
| <b>Assets</b>  | 0                | 25,665,000       |
| <b>Unfunded AAL</b>  | \$ 2,211,439,000 | \$ 1,789,836,000 |
| <b>Annual Required Contribution (ARC)</b>                        |                  |                  |
| Normal Cost  | \$159,329,000    | \$135,641,000    |
| Amortization of Unfunded AAL                                     | 127,888,000      | 103,506,000      |
| Total ARC  | \$287,217,000    | \$239,147,000    |
| <b>Covered Payroll</b>   | \$ 1,523,268,000 | \$ 1,488,847,000 |
| <b>ARC as a % of Expected Benefit Payments</b>                   | 659.8%           | 470.7%           |
| <b>ARC as a % of Covered Payroll</b>                             | 18.9%            | 16.1%            |
| <b>Expected Benefit Payments<br/>(pay-as-you-go)<sup>1</sup></b> | \$43,534,000     | \$50,809,000     |

\* For the 7/107 valuation, terminated vesteds were determined to be immaterial.

<sup>1</sup> Net of employee contribution

### SECTION III PRINCIPAL VALUATION RESULTS

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#### **Experience**

Overall, the plan experienced a \$395,938,000 gain from the previous valuation. The components of this gain are shown below:

|  |                     |                         |
|--|---------------------|-------------------------|
| <b>Actuarial Accrued Liability (AAL), 7/1/07</b> |                     | \$ 2,211,439,000        |
| Changes during Fiscal Year 2008 Due to:          |                     |                         |
| Assumption Changes                               | \$ (185,450,000)    |                         |
| Plan Changes                                     | (159,684,000)       |                         |
| Experience                                       | <u>(50,804,000)</u> |                         |
| <b>Total Change</b>                              |                     | <u>\$ (395,938,000)</u> |
| <b>Actuarial Accrued Liability (AAL), 7/1/08</b> |                     | \$ 1,815,501,000        |

The assumption changes include changes made to align the OPEB valuation assumptions with those incorporated in the June 30, 2008 actuarial valuation of the Public Employees' Retirement System of the State of Nevada, including mortality, retirement, withdrawal and disability.

The plan changes include the impact of moving to the \$725 Plan as of November 1, 2009, as well as the other changes outlined in Section VII of this report.

Experience includes demographic, turnover, retirement, claim trend and other experience which occurred different than expected.

**SECTION IV  
ACCOUNTING INFORMATION**

This page illustrates the Annual OPEB Cost (AOC), Net OPEB Obligation (NOO), funding status, and required supplementary information for PEBP as of June 30, 2008 and 2009 using a 4% discount rate. Note that the AOC and NOO are estimated based upon expected benefit payments.

**Annual OPEB Cost (AOC)**

It is our understanding that PEBP's financial statements reflected a \$0 OPEB obligation at transition, and the July 1, 2007 Annual OPEB Cost (AOC) was set equal to the ARC.

| <u>Annual OPEB Cost (AOC)</u>      | <u>Fiscal Year Ending<br/>June 30, 2008</u> | <u>Fiscal Year Ending<br/>June 30, 2009</u> |
|------------------------------------|---|---|
| Annual Required Contribution (ARC) | \$ 287,217,000                              | \$ 239,147,000                              |
| Interest on NOO                    | 0   | 8,711,000                                   |
| Adjustment to ARC                  | 0   | (12,594,000)                                |
| Total                              | <u>\$ 287,217,000</u>                       | <u>\$ 235,264,000</u>                       |

**Net OPEB Obligation (NOO)**

With PEBP's adoption of GASB 43 and GASB 45 as of July 1, 2007, the NOO was \$0. In future years, the NOO is equal to the NOO at transition (\$0) plus the cumulative difference since the effective date of the AOC and ER contributions.

| <u>Net OPEB Obligation (NOO)</u>  | <u>Fiscal Year Ending<br/>June 30, 2008</u> | <u>Fiscal Year Ending<br/>June 30, 2009</u> |
|-----------------------------------|---|---|
| Annual OPEB Cost (AOC)            | \$ 287,217,000                              | \$ 235,264,000                              |
| Expected Benefit Payments         | (43,534,000)                                | (50,809,000)                                |
| Additional Contributions          | <u>(25,905,000)</u>                         | <u>0</u>                                    |
| Increase in NOO                   | \$ 217,778,000                              | \$ 184,455,000                              |
| Estimated NOO – beginning of year | 0   | 217,778,000                                 |
| Estimated NOO – end of year       | <u>\$ 217,778,000</u>                       | <u>\$ 402,233,000</u>                       |

The typical disclosure at the end of the first year of adoption (for example, as of June 30, 2008) will show the AOC, the percentage of AOC actually contributed, and the NOO. A three-year history must be shown (when there are at least 3 years after the adoption date).

| <u>Fiscal Year<br/>Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual<br/>OPEB Cost<br/>Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------------|-------------------------|---|----------------------------|
| 6/30/2008                    | \$287,217,000           | 24.18%  | \$217,778,000              |
| 6/30/2009                    | \$235,264,000           | 21.60%  | \$402,233,000              |

**SECTION IV  
ACCOUNTING INFORMATION**

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**Funded Status**

PEBP must show the funding status at the end of each year. The funded status as of June 30, 2008 and 2009 are shown below:

|                                   | <u>June 30, 2008</u>    | <u>June 30, 2009</u> |
|-----------------------------------|-------------------------|----------------------|
| Actuarial Accrued Liability (AAL) | \$ 2,414,821,000        | \$ 1,971,937,000     |
| Actuarial Value of Plan Assets    | <u>\$ 25,665,000</u>    | <u>TBD</u>           |
| Unfunded AAL (UAAL)               | <u>\$ 2,389,156,000</u> | <u>\$ TBD</u>        |
| Funded Ratio (Assets/AAL)         | 1.1%                    | TBD                  |
| Covered Payroll                   | \$ 1,523,268,000        | \$ 1,488,847,000     |
| UAAL as a % of Covered Payroll    | 156.8%                  | TBD                  |
| Normal Cost                       | \$ 159,329,000          | \$ 135,641,000       |

**Required Supplementary Information**

A schedule of funding progress for the three years prior to the valuation date must be provided.

**Schedule of Funding Progress**

| <u>Actuarial<br/>Valuation<br/>Date</u> | (a)<br><u>Actuarial<br/>Value of<br/>Assets</u> | (b)<br><u>Actuarial<br/>Accrued<br/>Liability (AAL)</u> | (b)-(a)<br><u>Unfunded<br/>AAL (UAAL)</u> | (a/b)<br><u>Funded<br/>Ratio</u> | (c)<br><u>Covered<br/>Payroll</u> | (b - a) / (c)<br><u>UAAL as a<br/>Percentage of<br/>Covered Payroll</u> |
|---|---|---|---|----------------------------------|-----------------------------------|---|
| 07/01/07                                | \$0   | \$2,211,439,000   | \$2,211,439,000                           | 0.0%                             | \$1,523,268,000                   | 145.2%  |
| 07/01/08                                | \$25,665,000                                    | \$1,815,501,000   | \$1,789,836,000                           | 1.4%                             | \$1,488,847,000                   | 120.2%  |

**SECTION V**  
**SENSITIVITY ANALYSIS**

The results are sensitive and can vary due to the benefit cost (e.g. health insurance claims) trend assumption. The chart below illustrates liabilities assuming a plus and minus one percent change in the trend assumptions each year from the current rates shown in Section VIII.

| <b>July 1, 2008</b>             |                  |                      |                 |
|---------------------------------|------------------|----------------------|-----------------|
| <b>Current Trend</b>            |                  |                      |                 |
| <b>Current Trend Assumption</b> |                  |                      |                 |
|                                 | <u>Liability</u> | <u>Dollar Change</u> | <u>% Change</u> |
| PVB                             | \$3,598,394,000  | N/A                  | N/A             |
| AAL                             | \$1,815,501,000  | N/A                  | N/A             |
| ARC                             |                  |                      |                 |
| Normal Cost                     | \$135,641,000    | N/A                  | N/A             |
| Amortization of UAL             | 103,506,000      | N/A                  | N/A             |
| Total ARC                       | \$239,147,000    | N/A                  | N/A             |
| <b>Trend +1%</b>                |                  |                      |                 |
|                                 | <u>Liability</u> | <u>Dollar Change</u> | <u>% Change</u> |
| PVB                             | \$4,527,171,000  | \$928,777,000        | 26%             |
| AAL                             | \$2,166,750,000  | \$351,249,000        | 19%             |
| ARC                             |                  |                      |                 |
| Normal Cost                     | \$173,964,000    | \$38,323,000         | 28%             |
| Amortization of UAL             | 123,819,000      | \$20,313,000         | 20%             |
| Total ARC                       | \$297,783,000    | \$58,636,000         | 25%             |
| <b>Trend -1%</b>                |                  |                      |                 |
|                                 | <u>Liability</u> | <u>Dollar Change</u> | <u>% Change</u> |
| PVB                             | \$2,905,003,000  | (\$693,391,000)      | -19%            |
| AAL                             | \$1,539,398,000  | (\$276,103,000)      | -15%            |
| ARC                             |                  |                      |                 |
| Normal Cost                     | \$107,318,000    | (\$28,323,000)       | -21%            |
| Amortization of UAL             | 87,539,000       | (\$15,967,000)       | -15%            |
| Total ARC                       | \$194,857,000    | (\$44,290,000)       | -19%            |

**SECTION VI  
DEMOGRAPHIC INFORMATION**

The following pages illustrate the demographic information for the retiree health insurance plan.

| <b>NUMBER OF LIVES</b> |                 |                 |
|------------------------|-----------------|-----------------|
|                        | <u>7/1/2007</u> | <u>7/1/2008</u> |
| Actives                | 26,346          | 26,465          |
| Inactives:             |                 |                 |
| Terminated Vested      | 0               | 1,698           |
| Retiree                | 6,542           | 7,683           |
| Disabled               | 480             | 22              |
| Survivor               | 104             | 240             |
| <b>Total Inactives</b> | <b>7,126</b>    | <b>9,643</b>    |
| <b>Total</b>           | <b>33,472</b>   | <b>36,108</b>   |

The following charts provide detailed active demographic characteristics of the data used to perform the July 1, 2008 valuation.

**HMO Actives**

| <b>Age</b>   | <b>COMPLETED YEARS OF SERVICE</b> |              |              |              |              |              |              |              |              |            | <b>Total</b> |
|--------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|--------------|
|              | <b>0-1</b>                        | <b>1-4</b>   | <b>5-9</b>   | <b>10-14</b> | <b>15-19</b> | <b>20-24</b> | <b>25-29</b> | <b>30-34</b> | <b>35-39</b> | <b>40+</b> |              |
| 15-19        | 6                                 | -            | -            | -            | -            | -            | -            | -            | -            | -          | 6            |
| 20-24        | 87                                | 216          | 5            | -            | -            | -            | -            | -            | -            | -          | 308          |
| 25-29        | 157                               | 596          | 89           | 7            | -            | -            | -            | -            | -            | -          | 849          |
| 30-34        | 149                               | 618          | 234          | 63           | 3            | -            | -            | -            | -            | -          | 1,067        |
| 35-39        | 125                               | 598          | 305          | 211          | 55           | 6            | 1            | -            | -            | -          | 1,301        |
| 40-44        | 110                               | 500          | 295          | 197          | 130          | 53           | 5            | -            | -            | -          | 1,290        |
| 45-49        | 86                                | 472          | 260          | 209          | 155          | 77           | 43           | 4            | -            | -          | 1,306        |
| 50-54        | 58                                | 367          | 251          | 235          | 135          | 77           | 42           | 8            | 1            | -          | 1,174        |
| 55-59        | 41                                | 326          | 204          | 190          | 134          | 85           | 45           | 14           | 2            | -          | 1,041        |
| 60-64        | 27                                | 186          | 135          | 143          | 89           | 49           | 18           | 4            | -            | 1          | 652          |
| 65-69        | 3                                 | 38           | 50           | 35           | 32           | 12           | 5            | 2            | -            | -          | 177          |
| 70+          | 3                                 | 12           | 5            | 11           | 6            | 2            | 3            | 1            | 1            | -          | 44           |
| <b>Total</b> | <b>852</b>                        | <b>3,929</b> | <b>1,833</b> | <b>1,301</b> | <b>739</b>   | <b>361</b>   | <b>162</b>   | <b>33</b>    | <b>4</b>     | <b>1</b>   | <b>9,215</b> |

Average Age:

44.26

Average Service:

7.25



**SECTION VI  
DEMOGRAPHIC INFORMATION**

PEBP provided total payroll for Fiscal year 2009 which was allocated to each age group to equate to the total payroll. Pay is used to allocate costs as a percent of payroll for determining AAL and Normal Cost. Benefits are not based upon pay.

| Age   | SALARY        |         |
|-------|---------------|---------|
|       | Total         | Average |
| 15-19 | 787,237       | 39,362  |
| 20-24 | 25,749,097    | 39,252  |
| 25-29 | 76,691,495    | 39,128  |
| 30-34 | 129,613,358   | 51,991  |
| 35-39 | 165,535,120   | 52,735  |
| 40-44 | 198,881,121   | 57,216  |
| 45-49 | 224,041,751   | 57,461  |
| 50-54 | 235,331,264   | 60,095  |
| 55-59 | 215,892,923   | 60,272  |
| 60-64 | 148,669,155   | 65,035  |
| 65-69 | 51,446,646    | 65,705  |
| 70+   | 16,207,872    | 63,560  |
| Total | 1,488,847,039 | 56,257  |

The following chart provides demographic information on the inactive population used to value liabilities as of July 1, 2007 and July 1, 2008

| <u>Group</u>          | Inactives    |             | July 1, 2008 |             |
|-----------------------|--------------|-------------|--------------|-------------|
|                       | July 1, 2007 |             | Count        | Average Age |
|                       | Count        | Average Age |              |             |
| Retirees Under Age 65 | 2,486        | 58.9        | 3,175        | 58.6        |
| Retirees Age 65 and   | 4,056        | 73.8        | 4,508        | 73.4        |
| Terminated Vested     | N/A          | N/A         | 1,698        | 49.3        |
| Disableds             | 480          | 60.0        | 22           | 55.9        |
| Survivors             | 104          | 72.2        | 240          | 74.0        |
| Total Inactive        | 7,126        |             | 9,643        |             |

## SECTION VII SUMMARY OF PLAN PROVISIONS

**Plan**

The Plan provisions in effect as of July 1, 2008.

**Eligibility**

For a retiree to participate in the PEBP program, the participant must be receiving a PERS, LRS, JRS, or RPA benefit. PERS eligibility requirements vary by employee group and benefit type.

**Normal Retirement - Regular Employees**

Minimum age of 65 with 5+ years of service  
Minimum age of 60 with 10+ years of service  
Minimum 30 years of service, regardless of age

**Normal Retirement – Police & Fire**

Minimum age 65 and 5+ years of service  
Minimum age 55 and 10+ years of service  
Minimum age 50 and 20+ years of service  
Minimum 25 years of service, regardless of age

**Disability Benefit**

Minimum 5 years of service, regardless of age

**Reduced Benefit**

Minimum 5 years of service, regardless of age

For this valuation, Regular Employees were considered eligible for retirement at a minimum age of 50 with 5 years of service and Police & Fire Employees were considered eligible for retirement at a minimum age of 45 with 5 years of service

## SECTION VII SUMMARY OF PLAN PROVISIONS

**State Retiree Medical Expense Coverage Plan Features**      The following plan features are effective July 1, 2008.

### Non-Medicare Retirees

| Plan Features  | High Deductible PPO*                      |                                    | Low Deductible PPO*   |   | Hometown Health Plan<br>(Northern HMO) | Health Plan of Nevada<br>(Southern HMO) |
|--|---|------------------------------------|---|---|--|---|
|  | (In-Network)                              | (Out- Of-Network)                  | (In-Network)  | (Out- Of-Network)   |  |   |
| <b>Plan Deductible</b><br><i>(per calendar year)</i>                               |   |                                    |   |   |  |   |
| Individual*  | \$2,000                                   | \$2,000                            | \$500   | \$500   |  |   |
| Family*  | \$4,000                                   | \$4,000                            | \$1,000   | \$1,000   | None                                   | None                                    |
| <b>Out-of-Pocket Maximum</b>   |   |                                    |   |   |  |   |
| Individual   | \$3,500                                   | \$10,000                           | \$3,500   | \$10,000  | \$3,500                                |   |
| Family   | \$7,000                                   | \$20,000                           | \$7,000   | \$20,000  | \$7,000                                | \$6,000 per person                      |
| <b>Lifetime Maximum</b><br><i>(per covered person)</i>                             | \$2,000,000                               |                                    | \$2,000,000   |   | \$400,000 for transplant services      | -                                       |
| <b>Physician Services</b><br><i>(except Mental Health/Alc/Drug)</i>                |   |                                    |   |   |  |   |
| Office Visits  | 80% after plan year deductible            | 50% U&C after plan year deductible | 100% after \$20 copay   | 50% U&C after plan year deductible  | \$15 copay                             | \$15 copay                              |
| Routine Physical   |   |                                    |   |   |  |   |
| Well Child exams and immunizations   |   |                                    |   |   |  |   |
| Routine OB/GYN Exam  | 100% up to plan year maximum <sup>1</sup> | Not Covered                        | 100% up to plan year maximum <sup>1</sup>   | Not Covered   | \$0 copay                              | \$15 copay                              |
| Mammography/Pap Test   |   |                                    |   |   |  |   |
| Prostate Screening   |   |                                    |   |   |  |   |
| Specialist (office visits)   | 100% up to plan year maximum <sup>1</sup> | Not Covered                        | \$30 copay then 100%  | 50% U&C after plan year deductible  | \$15 copay                             | \$15 copay                              |
| <b>Diagnostic X-ray &amp; Laboratory</b><br><i>(other than physician's office)</i> |   |                                    | Pre-admission testing: 100%, no deductible; all other services: 80% after plan year deductible. | Pre-admission testing: 100%, no deductible; all other services: 50% U&C after plan year deductible. | \$0 copay                              | \$0 copay                               |
|  | 80% after plan year deductible            | 50% U&C after plan year deductible |   |   |  |   |
| <b>Ambulance</b>   | 80% after plan year deductible            | 80% U&C after plan year deductible | 80% after plan year deductible  | 80% U&C after plan year deductible  | \$100 copay                            | \$0                                     |
| <b>Maternity</b>   | 80% after plan year deductible            | 50% U&C after plan year deductible | 80% after plan year deductible  | 50% U&C after plan year deductible  | \$15 copay                             | \$15 copay                              |

\* Participating in the HRA reduces deductible by one-half. As result, the \$500 deductible becomes \$250 for individual coverage in the Low Deductible Plan, and the \$4,000 results in \$2,000 for the High Deductible Plan with family coverage.

## SECTION VII SUMMARY OF PLAN PROVISIONS

### State Retiree Medical Expense Coverage Plan Features

The following plan features are effective July 1, 2008.

### Non-Medicare Retirees, cont'd

| Plan Features                                  | High Deductible PPO  |  | Low Deductible PPO   |  | Hometown Health Plan<br>(Northern HMO)                                   | Health Plan of Nevada<br>(Southern HMO)                      |
|--|--|--|--|--|--|--|
|  | (In-Network)   | (Out- Of-Network)  | (In-Network)   | (Out- Of-Network)  |  |  |
| <b>Hospital Services</b><br>Inpatient Coverage | 80% after plan year deductible   | 50% U&C after plan year deductible   | \$105 copay per admission, 80% after plan year deductible  | \$600 copay per admission, 50% U&C after plan year deductible  | \$200 per admission  | \$200 per admission  |
| Outpatient Coverage                            | 80% after plan year deductible   | 50% U&C after plan year deductible   | 80% after plan year deductible   | 50% U&C after plan year deductible   | \$100 per visit  | \$50 per admission   |
| Emergency Room                                 | 80% after plan year deductible   | 50% U&C after plan year deductible   | Medical emergency: \$70 copay, 80% after plan year deductible  | Medical emergency: \$70 copay, 80% after plan year deductible  | \$75 copay   | \$50 copay; \$25 physician copay                             |
| Physician In-Hospital Services                 | 80% after plan year deductible   | 50% U&C after plan year deductible   | 80% after plan year deductible   | 50% U&C after plan year deductible   | 100%   | 100%   |
| Urgent Care Facility                           | 80% after plan year deductible   | 50% U&C after plan year deductible   | \$45 copay then 100%.  | 50% U&C after plan year deductible   | \$15 copay   | \$15 copay   |
| <b>Skilled Nursing Facility</b>                | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | \$200 per admission (30 days per calendar year)                          | -  |
| <b>Home Health Care</b>                        | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | \$15/visit (Limited to \$5,000 per calendar year)                        | -  |
| <b>Rehabilitation Services</b>                 | 80% after plan year deductible (Occupational, physical, speech therapy)  | 50% U&C after plan year deductible (Occupational, physical, speech therapy)                                    | 80% after plan year deductible (Occupational, physical, speech therapy)  | 50% U&C after plan year deductible (Occupational, physical, speech therapy)                                    | Rehabilitation facility: \$200 per admission (30 days per calendar year) | -  |
| <b>Durable Medical Equipment</b>               | 80% after plan year deductible   | 50% U&C after plan year deductible   | 80% after plan year deductible   | 50% U&C after plan year deductible   | 100% (\$3,500 limit per calendar year.)                                  | -  |
| <b>Corrective Appliances</b>                   | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | 100% (\$3,500 limit per calendar year.)                                  | -  |
| <b>Vision Care</b>                             | One exam per rolling 12 months; 80% U&C. \$125 hardware allowance per rolling 2-year period.                   |  | One exam per rolling 12 months; 80% U&C. \$125 hardware allowance per rolling 2-year period.                   |  | \$15 exam copay<br>15%-20% discount on eye wear                          | \$10 exam copay<br>\$10 lens copay, \$100 eye wear allowance |

**SECTION VII  
SUMMARY OF PLAN PROVISIONS**

**State Retiree Medical Expense Coverage Plan Features**

The following plan features are effective July 1, 2008.

**Non-Medicare Retirees, cont'd**

| Plan Features                   | High Deductible PPO  |                   | Low Deductible PPO   |                   | Hometown Health Plan<br>(Northern HMO)                                | Health Plan of Nevada<br>(Southern HMO)                               |
|---------------------------------|--|-------------------|--|-------------------|---|---|
|                                 | (In-Network)   | (Out- Of-Network) | (In-Network)   | (Out- Of-Network) |   |   |
| <b>Precertification</b>         | Required for genetic testing   |                   | Required for genetic testing   |                   | N/A   | N/A   |
| <b>Medical Claim Submission</b> | Provider initiated   | Member initiated  | Provider initiated   | Member initiated  | Provider initiated  | Provider initiated  |
| <b>Prescription Drugs</b>       | \$50 annual deductible   |                   | \$50 annual deductible   |                   |   |   |
| Retail                          | \$5 Generic (no deductible)<br>\$40 Preferred brand<br>100% Copay Non-preferred brand  |                   | \$5 Generic (no deductible)<br>\$40 Preferred brand<br>100% Copay Non-preferred brand  |                   | \$7 Formulary generic<br>\$30 Formulary Brand<br>\$50 Non-formulary   | \$7 Formulary generic<br>\$30 Formulary Brand<br>\$50 Non-formulary   |
| Mail                            | \$10 Generic (no deductible)<br>\$70 Preferred brand<br>100% Copay Non-preferred brand |                   | \$10 Generic (no deductible)<br>\$70 Preferred brand<br>100% Copay Non-preferred brand |                   | \$14 Formulary Generic<br>\$60 Formulary Brand<br>\$100 Non-Formulary | \$14 Formulary generic<br>\$60 Formulary Brand<br>\$100 Non-formulary |

## SECTION VII SUMMARY OF PLAN PROVISIONS

**State Retiree Medical Expense Coverage Plan Features**      The following plan features are effective July 1, 2008.

### Medicare Retirees

| Plan Features  | High Deductible PPO*                      |                                    | Low Deductible PPO*   |   | Hometown Health Plan<br>(Northern HMO) | Health Plan of Nevada<br>(Southern HMO) |
|--|---|------------------------------------|---|---|--|---|
|  | (In-Network)                              | (Out- Of-Network)                  | (In-Network)  | (Out- Of-Network)   |  |   |
| <b>Plan Deductible</b><br><i>(per calendar year)</i>                               |   |                                    |   |   |  |   |
| Individual   | \$2,000                                   | \$2,000                            | \$500   | \$500   | None                                   | None                                    |
| Family   | \$4,000                                   | \$4,000                            | \$1,000   | \$1,000   |  |   |
| <b>Out-of-Pocket Maximum</b>   |   |                                    |   |   |  |   |
| Individual   | \$3,500                                   | \$10,000                           | \$3,500   | \$10,000  | \$3,500                                | \$6,000 per person                      |
| Family   | \$7,000                                   | \$20,000                           | \$7,000   | \$20,000  | \$7,000                                |   |
| <b>Lifetime Maximum</b><br><i>(per covered person)</i>                             | \$2,000,000                               |                                    | \$2,000,000   |   | \$400,000 for transplant services      | -                                       |
| <b>Physician Services</b><br><i>(except Mental Health/Alc/Drug)</i>                |   |                                    |   |   |  |   |
| Office Visits  | 80% after plan year deductible            | 50% U&C after plan year deductible | 100% after \$20 copay   | 50% U&C after plan year deductible  | \$15 copay                             | \$15 copay                              |
| Routine Physical   |   |                                    |   |   |  |   |
| Well Child exams and immunizations   |   |                                    |   |   |  |   |
| Routine OB/GYN Exam  | 100% up to plan year maximum <sup>1</sup> | Not Covered                        | 100% up to plan year maximum <sup>1</sup>   | Not Covered   | \$15 copay                             | \$15 copay                              |
| Mammography/Pap Test   |   |                                    |   |   |  |   |
| Prostate Screening   |   |                                    |   |   |  |   |
| Specialist (office visits)   | 100% up to plan year maximum <sup>1</sup> | Not Covered                        | \$30 copay then 100%  | 50% U&C after plan year deductible  | \$15 copay                             | \$15 copay                              |
| <b>Diagnostic X-ray &amp; Laboratory</b><br><i>(other than physician's office)</i> | 80% after plan year deductible            | 50% U&C after plan year deductible | Pre-admission testing: 100%, no deductible; all other services: 80% after plan year deductible. | Pre-admission testing: 100%, no deductible; all other services: 50% U&C after plan year deductible. | \$0 copay                              | \$0 copay                               |
| <b>Ambulance</b>   | 80% after plan year deductible            | 80% U&C after plan year deductible | 80% after plan year deductible  | 80% U&C after plan year deductible  | \$100 copay                            | \$0                                     |
| <b>Maternity</b>   | 80% after plan year deductible            | 50% U&C after plan year deductible | 80% after plan year deductible  | 50% U&C after plan year deductible  | \$15 copay                             | \$15 copay                              |

\* Participating in the HRA reduces deductible by one-half. As result, the \$500 deductible becomes \$250 for individual coverage in the Low Deductible Plan, and the \$4,000 results in \$2,000 for the High Deductible Plan with family coverage.

## SECTION VII SUMMARY OF PLAN PROVISIONS

The following plan features are effective July 1, 2008.

### State Retiree Medical Expense Coverage Plan Features

#### Medicare Retirees, cont'd

| Plan Features                                  | High Deductible PPO  |  | Low Deductible PPO   |  | Hometown Health Plan<br>(Northern HMO)                                   | Health Plan of Nevada<br>(Southern HMO) |
|--|--|--|--|--|--|---|
|  | (In-Network)   | (Out-Of-Network)   | (In-Network)   | (Out-Of-Network)   |  |   |
| <b>Hospital Services</b><br>Inpatient Coverage | 80% after plan year deductible   | 50% U&C after plan year deductible   | \$105 copay per admission, 80% after plan year deductible  | \$600 copay per admission, 50% U&C after plan year deductible  | \$200 per admission  | \$200 per admission                     |
| Outpatient Coverage                            | 80% after plan year deductible   | 50% U&C after plan year deductible   | 80% after plan year deductible   | 50% U&C after plan year deductible   | \$100 per visit  | \$50 per admission                      |
| Emergency Room                                 | 80% after plan year deductible   | 50% U&C after plan year deductible   | Medical emergency: \$70 copay, 80% after plan year deductible  | Medical emergency: \$70 copay, 80% after plan year deductible  | \$75 copay   | \$50 copay                              |
| Physician In-Hospital Services                 | 80% after plan year deductible   | 50% U&C after plan year deductible   | 80% after plan year deductible   | 50% U&C after plan year deductible   | 100%   | 100%                                    |
| Urgent Care Facility                           | 80% after plan year deductible   | 50% U&C after plan year deductible   | \$45 copay then 100%   | 50% U&C after plan year deductible   | \$15 copay   | \$15 copay                              |
| <b>Skilled Nursing Facility</b>                | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | \$200 per admission (30 days per calendar year)                          | -                                       |
| <b>Home Health Care</b>                        | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | 80% after plan year deductible (60 days per plan year)   | 50% U&C after plan year deductible (60 days per plan year)   | \$15/visit (Limited to \$5,000 per calendar year)                        | -                                       |
| <b>Rehabilitation Services</b>                 | 80% after plan year deductible<br>(Occupational, physical, speech therapy)                                     | 50% U&C after plan year deductible<br>(Occupational, physical, speech therapy)                                 | 80% after plan year deductible<br>(Occupational, physical, speech therapy)                                     | 50% U&C after plan year deductible<br>(Occupational, physical, speech therapy)                                 | Rehabilitation facility: \$200 per admission (30 days per calendar year) | -                                       |
| <b>Durable Medical Equipment</b>               | 80% after plan year deductible   | 50% U&C after plan year deductible   | 80% after plan year deductible   | 50% U&C after plan year deductible   | 100% (\$3,500 limit per calendar year.)                                  | -                                       |
| <b>Corrective Appliances</b>                   | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | Hearing aids: 50% after plan year deductible; all other corrective appliances: 80% after plan year deductible) | 100% (\$3,500 limit per calendar year.)                                  | -                                       |
| <b>Vision Care</b>                             | One exam per rolling 12 months; 80% U&C. \$125 hardware allowance per rolling 2-year period.                   |  | One exam per rolling 12 months; 80% U&C. \$125 hardware allowance per rolling 2-year period.                   |  | N/A  | -                                       |

## SECTION VII SUMMARY OF PLAN PROVISIONS

### State Retiree Medical Expense Coverage Plan Features

The following plan features are effective July 1, 2008.

### Medicare Retirees, cont'd

| Plan Features                   | High Deductible PPO  |                   | Low Deductible PPO   |                   | Hometown Health Plan<br>(Northern HMO)                              | Health Plan of Nevada<br>(Southern HMO)                               |
|---------------------------------|--|-------------------|--|-------------------|---|---|
|                                 | (In-Network)   | (Out- Of-Network) | (In-Network)   | (Out- Of-Network) |   |   |
| <b>Precertification</b>         | Required for genetic testing   |                   | Required for genetic testing   |                   | N/A   | N/A   |
| <b>Medical Claim Submission</b> | Provider initiated   | Member initiated  | Provider initiated   | Member initiated  | Provider initiated  | Provider initiated  |
| <b>Prescription Drugs</b>       | \$50 annual deductible   |                   | \$50 annual deductible   |                   |   |   |
| Retail                          | \$5 Generic (no deductible)<br>\$40 Preferred brand<br>100% Copay Non-preferred brand  |                   | \$5 Generic (no deductible)<br>\$40 Preferred brand<br>100% Copay Non-preferred brand  |                   | \$7 Formulary generic<br>\$30 Formulary Brand<br>\$50 Non-formulary | \$7 Formulary generic<br>\$30 Formulary Brand<br>\$50 Non-formulary   |
| Mail                            | \$10 Generic (no deductible)<br>\$70 Preferred brand<br>100% Copay Non-preferred brand |                   | \$10 Generic (no deductible)<br>\$70 Preferred brand<br>100% Copay Non-preferred brand |                   | \$14 Generic<br>\$60 Formulary Brand<br>\$100 Non-Formulary         | \$14 Formulary generic<br>\$60 Formulary Brand<br>\$100 Non-formulary |

## SECTION VII SUMMARY OF PLAN PROVISIONS

**State Retiree Medical Expense Coverage Plan Features**      The following plan features are effective July 1, 2008.

### Medicare Retirees, cont'd

| Plan Features  | PPO Value Plan <sup>2</sup> |                   | Senior Dimensions<br>(Southern MA-HMO)   | Senior Care Plus<br>(Northern MA-HMO)    |
|--|-----------------------------|-------------------|--|--|
|  | (In-Network)                | (Out- Of-Network) |  |  |
| <b>Plan Deductible</b><br><i>(per calendar year)</i><br>Individual<br>Family       | None                        | None              | As shown below   | None                                     |
| <b>Out-of-Pocket Maximum</b><br>Individual<br>Family                               | None                        | None              | \$2,500  | \$3,500<br>\$7,500                       |
| <b>Lifetime Maximum</b><br><i>(per covered person)</i>                             | None                        |                   | None   | None                                     |
| <b>Physician Services</b><br><i>(except Mental Health/Alc/Drug)</i>                |                             |                   |  |  |
| Office Visits  | Not applicable              | Not applicable    | \$10 to \$25 copay for Medicare covered benefits   | \$15 copay                               |
| Routine Physical   |                             |                   | \$10 copay for routine physicals   | \$0 copay                                |
| Well Child exams and immunizations   |                             |                   | \$0 copay for immunizations  | \$0 copay                                |
| Routine OB/GYN Exam  | Not applicable              | Not applicable    | \$0 copay  | \$0 copay                                |
| Mammography/Pap Test   |                             |                   | \$0 copay  | \$0 copay                                |
| Prostate Screening   |                             |                   | \$0 copay in-network; 80% out-of-network   | \$0 copay                                |
| Specialist (office visits)   | Not applicable              | Not applicable    | \$20 copay for Medicare covered benefits   | \$40 copay                               |
| <b>Diagnostic X-ray &amp; Laboratory</b><br><i>(other than physician's office)</i> |                             |                   | \$0 copay for Medicare-covered lab services, simple x-rays, and radiological diagnostic services;<br>\$50 copay for Medicare covered complex x-rays, radiological diagnostic services<br>\$200 copay for PET scans | \$50 copay lab<br>\$0 - \$50 copay x-ray |
| <b>Ambulance</b>   | Not applicable              | Not applicable    | 80%  | \$150                                    |
| <b>Maternity</b>   | Not applicable              | Not applicable    | \$10 to \$25 copay for Medicare covered benefits   | \$15 copay                               |

## SECTION VII SUMMARY OF PLAN PROVISIONS

**State Retiree Medical Expense Coverage Plan Features**      The following plan features are effective July 1, 2008.

### Medicare Retirees, cont'd

| Plan Features                    | PPO Value Plan <sup>2</sup>   |                   | Senior Dimensions<br>(Southern MA-HMO)  | Senior Care Plus<br>(Northern MA-HMO)                                       |
|----------------------------------|---|-------------------|---|---|
|                                  | (In-Network)  | (Out- Of-Network) |   |   |
| <b>Hospital Services</b>         |   |                   |   | Days 1 – 4: \$200 copay per day<br>Days 5 – 9: \$0 copay                    |
| Inpatient Coverage               | Not applicable  | Not applicable    | \$250 per Medicare covered hospital stay  |   |
| Outpatient Coverage              | Not applicable  | Not applicable    | \$10 to \$20 copay for Medicare covered benefits  | \$200 copay   |
| Emergency Room                   | Not applicable  | Not applicable    | \$50 copay  | \$50 copay  |
| Physician In-Hospital Services   | Not applicable  | Not applicable    | 100%  | 100%  |
| Urgent Care Facility             | Not applicable  | Not applicable    | 80%   | \$20 copay  |
| <b>Skilled Nursing Facility</b>  |   |                   | Days 1-10: \$0 copay<br>Days 11-100: \$50 copay per day<br>100 days covered for each benefit period | N/A   |
| Not applicable                   | Not applicable  | Not applicable    | \$0 for Medicare covered benefits   | N/A   |
| <b>Home Health Care</b>          | Not applicable  | Not applicable    | \$10 copay for Medicare covered benefits  | N/A   |
| <b>Rehabilitation Services</b>   | Not applicable  | Not applicable    | 100% (\$3,500 limit per calendar year.)   | N/A   |
| <b>Durable Medical Equipment</b> | Not applicable  | Not applicable    | 100% - 80%  | N/A   |
| <b>Corrective Appliances</b>     | Not applicable  | Not applicable    | \$20 copay for exams<br>\$30 limit for eye wear every 2-year period                                 | \$20 copay for exams<br>100% for eye wear (\$125 limit) every 2-year period |
| <b>Vision Care</b>               | One exam per rolling 12 months; 80% U&C.<br>\$125 hardware allowance per rolling 2-year period. |                   |   |   |
| <b>Precertification</b>          | Not applicable  |                   | N/A   | N/A   |
| <b>Medical Claim Submission</b>  | Not applicable  | Not applicable    | Provider initiated  | Provider initiated  |
| <b>Prescription Drugs</b>        | \$50 annual deductible  |                   |   |   |
| Retail                           | \$5 Generic (no deductible)<br>\$40 Preferred brand<br>100% Copay Non-preferred brand           |                   | \$3 Formulary generic<br>\$30 Formulary Brand<br>\$60 Non-formulary                                 | \$4 Formulary generic<br>\$40 Formulary Brand<br>\$70 Non-formulary         |
| Mail                             | \$10 Generic (no deductible)<br>\$70 Preferred brand<br>100% Copay Non-preferred brand          |                   | \$6 Generic<br>\$75 Formulary Brand<br>Non-Formulary – N/A  | \$10 Formulary generic<br>\$100 Formulary Brand<br>\$175 Non-formulary      |

## SECTION VII SUMMARY OF PLAN PROVISIONS

**State Retiree Dental Expense  
Plan Features**

The following plan features are effective July 1, 2008.

| Plan Features                          | Dental PPO Plan                           |                          |
|--|---|--------------------------|
|  | (In-Network)                              | (Out-of-Network)         |
| <b>Annual Deductible</b><br>Individual | \$50                                      | \$50                     |
| Family                                 | \$150                                     | \$150                    |
| <b>Annual Maximum</b>                  | \$1,500<br>\$2,000 with completion of HRA | \$1,000                  |
| <b>Preventive Services</b>             | 100%; No deductible                       | 80% U&C; No deductible   |
| <b>Basic Services</b>                  | 80% after deductible                      | 50% U&C after deductible |
| <b>Major Services</b>                  | 50% after deductible                      | 50% U&C after deductible |

**State Retiree Life Insurance  
Plan Features**

The following plan features are effective July 1, 2008.

Retirees of the State of Nevada receiving PERS, TIAA or CREF or judge retirement benefits and legislators qualifying under Chapter 242 of the Sessions Law of the sixty-third Session of the Nevada State Legislature are eligible to receive retiree life insurance/ADD coverage up to a maximum amount of \$10,000. Retirees who enrolled in an even year Late Enrollment do not qualify for life insurance.

**State Retiree Life Insurance  
Plan Contributions**

Retirees contribute \$6.24 per month for retiree life insurance/ADD coverage. This contribution is included in the monthly medical premium

The valuation reflects the following Board approved plan design changes effective November 1, 2009:

- PPO Plan: The High Deductible and Low Deductible plans are replaced with a single PPO plan with a \$725 deductible; elimination of ADD/ADHD neurotherapy and psychotherapy. Other plan provisions generally follow the current low deductible plan. Also, the PPO Value Plan was eliminated and the HRA incentives were removed.
- Prescription Drug Plan:

|                           |   |
|---------------------------|---|
| <b>Prescription Drugs</b> | \$50 annual deductible  |
| Retail                    | \$5 Generic (no deductible)<br>\$40 Preferred brand<br>Specialty: Greater of \$50 or 25%, not to exceed \$100<br>100% Copay Non-preferred brand |
| Mail                      | \$15 Generic (no deductible)<br>\$120 Preferred brand<br>100% Copay Non-preferred brand   |

**SECTION VII  
SUMMARY OF PLAN PROVISIONS**

**State Retiree Medical Expense Coverage Plan  
Retiree Contributions**

The following total funding rates / premiums for retirees are effective July 1, 2008.

| Coverage         | Non-Medicare Retirees <sup>1</sup> |                            |                      |                       |
|------------------|------------------------------------|----------------------------|----------------------|-----------------------|
|                  | High Deductible Health Plan        | Low Deductible Health Plan | Hometown Health Plan | Health Plan of Nevada |
| Retiree          | \$131.78                           | \$180.17                   | \$175.37             | \$108.35              |
| Retiree + Spouse | \$452.16                           | \$583.98                   | \$541.17             | \$296.56              |
| Surviving Spouse | \$481.82                           | \$539.74                   | \$525.18             | \$322.09              |

| Coverage         | Medicare Retirees <sup>1</sup> |                            |            |                      |                       |                  |                   |
|------------------|--------------------------------|----------------------------|------------|----------------------|-----------------------|------------------|-------------------|
|                  | High Deductible Health Plan    | Low Deductible Health Plan | Value Plan | Hometown Health Plan | Health Plan of Nevada | Senior Care Plus | Senior Dimensions |
| Retiree          | \$47.82                        | \$73.45                    | \$11.97    | \$66.83              | \$41.95               | \$26.29          | \$30.34           |
| Retiree + Spouse | \$201.45                       | \$268.48                   | \$90.82    | \$235.39             | \$136.67              | \$70.22          | \$76.88           |
| Surviving Spouse | \$252.74                       | \$277.81                   | \$97.75    | \$257.74             | \$182.35              | \$73.44          | \$85.69           |

<sup>1</sup> The state retiree rates listed are subsidized rates for those who retired prior to January 1, 1994. For participants who retired on or after January 1, 1994, refer the State Retiree Subsidy Adjustment table below.

**SECTION VII**  
**SUMMARY OF PLAN PROVISIONS**

**State Retiree Medical Expense Coverage Plan Retiree Subsidy**      The following Years Of Service subsidy for retirees are effective July 1, 2008

| <b>Years of Service</b> | <b>Subsidy</b> |
|-------------------------|----------------|
| 5                       | \$307.86       |
| 6                       | \$277.07       |
| 7                       | \$246.29       |
| 8                       | \$215.50       |
| 9                       | \$184.72       |
| 10                      | \$153.93       |
| 11                      | \$123.14       |
| 12                      | \$92.36        |
| 13                      | \$61.57        |
| 14                      | \$30.79        |
| 15                      | \$0.00         |
| 16                      | -\$30.79       |
| 17                      | -\$61.57       |
| 18                      | -\$92.36       |
| 19                      | -\$123.14      |
| 20                      | -\$153.93      |

Effective November 1, 2009, the Board approved an update to the subsidization percentages of rates (referred to as "Added Option G" in the December 3, 2008 supporting documents of the action minutes). This valuation reflects these approved percentages.

## SECTION VIII VALUATION METHODS AND ASSUMPTIONS

**Actuarial Cost**

**Method:** Entry Age Normal

**Valuation Date:** Data was gathered as of November 1, 2008. The liabilities were calculated as of November 1, 2008 and discounted back to the valuation date of July 1, 2008.

**Discount Rate:** 4%

**Trends:**

| Year<br>Beginning         | Medical <sup>1,2</sup> |      | Pharmacy | Dental | Admin<br>Costs | State<br>Subsidy |
|---------------------------|------------------------|------|----------|--------|----------------|------------------|
|                           | PPO                    | HMOs |          |        |                |                  |
| 7/1/2008                  | 7.0%                   | 5.0% | 10.8%    | 6.0%   | 3.0%           | 7.0%             |
| 7/1/2009                  | 7.0%                   | 5.0% | 10.3%    | 5.5%   | 3.0%           | 7.0%             |
| 7/1/2010                  | 8.5%                   | 8.5% | 8.8%     | 5.0%   | 3.0%           | 8.5%             |
| 7/1/2011                  | 8.0%                   | 8.0% | 8.3%     | 4.5%   | 3.0%           | 8.0%             |
| 7/1/2012                  | 7.0%                   | 7.0% | 7.3%     | 4.5%   | 3.0%           | 7.0%             |
| 7/1/2013                  | 6.0%                   | 6.0% | 6.3%     | 4.5%   | 3.0%           | 6.0%             |
| 7/1/2014                  | 5.0%                   | 5.0% | 5.3%     | 4.5%   | 3.0%           | 5.0%             |
| 7/1/2015<br>and<br>Beyond | 5.0%                   | 5.0% | 5.0%     | 4.5%   | 3.0%           | 5.0%             |

(1) Also applied to base retiree contributions (before State Subsidy service adjustments)

(2) 2008 and 2009 Medical Trend is net of Board approved PPO provision indexing and HMO cost reduction strategies

**Mortality:**

**Healthy Lives**

*Regular Employees*

RP-2000 Combined Health Table, set forward one year for females

*Police & Fire*

RP-2000 combined Healthy Table, set forward one year

**Disabled Members**

*Regular Employees*

Males: RP-2000 Disabled Retiree Table, set back three years

Females: RP-2000 Disabled Retiree Table, set forward eight years

*Police & Fire*

Males: RP-2000 Combined Healthy Table, set forward ten years

Females: RP-2000 Disabled Retiree Table, set forward eight years

**Retirement Rates:** Retirement rates vary by employee group and are shown below.

| Regular Employees |      |       |       |            |
|-------------------|------|-------|-------|------------|
| Years of Service  |      |       |       |            |
| Age               | 5-19 | 20-24 | 25-29 | 30 or more |
| 45-49             | 0%   | 1%    | 8%    | --%        |
| 50-54             | 2%   | 2%    | 10%   | 25%        |
| 55-59             | 4%   | 7%    | 15%   | 30%        |
| 60-61             | 13%  | 20%   | 25%   | 30%        |
| 62-64             | 15%  | 20%   | 25%   | 30%        |
| 65-69             | 22%  | 25%   | 30%   | 30%        |
| 70 & Older        | 100% | 100%  | 100%  | 100%       |

**SECTION VIII  
VALUATION METHODS AND ASSUMPTIONS**

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**Retirement Rates (con't.)**

| <b>Police &amp; Fire</b> |            |              |              |              |                   |
|--------------------------|------------|--------------|--------------|--------------|-------------------|
| <b>Years of Service</b>  |            |              |              |              |                   |
| <b>Age</b>               | <b>5-9</b> | <b>10-19</b> | <b>20-24</b> | <b>25-29</b> | <b>30 or more</b> |
| 40-44                    | 0%         | 1%           | 1%           | --           | --                |
| 45-49                    | 0%         | 1%           | 3%           | 15%          | 15%               |
| 50-54                    | 1%         | 5%           | 12%          | 15%          | 25%               |
| 55-59                    | 5%         | 12%          | 20%          | 25%          | 35%               |
| 60-64                    | 10%        | 20%          | 25%          | 25%          | 35%               |
| 65 & Older               | 100%       | 100%         | 100%         | 100%         | 100%              |

**Withdrawal Rates:** Withdrawal rates vary by employee group and are shown below.

| <b>Regular Employees</b> |             |
|--------------------------|-------------|
| <b>Years of Service</b>  | <b>Rate</b> |
| 0                        | 18.25%      |
| 1                        | 13.00%      |
| 2                        | 9.80%       |
| 3                        | 7.75%       |
| 4                        | 6.50%       |
| 5                        | 6.00%       |
| 6                        | 5.00%       |
| 7                        | 4.65%       |
| 8                        | 3.90%       |
| 9                        | 3.70%       |
| 10                       | 3.30%       |
| 11 or more               | 2.00%       |

| <b>Police &amp; Fire</b> |             |
|--------------------------|-------------|
| <b>Years of Service</b>  | <b>Rate</b> |
| 0                        | 13.00%      |
| 1                        | 6.50%       |
| 2                        | 5.50%       |
| 3                        | 4.00%       |
| 4                        | 3.90%       |
| 5                        | 3.75%       |
| 6 or more                | 2.00%       |

**Disability Rates:** Disability rates vary by employee group and are shown below.

| <b>Age</b> | <b>Regular Employees</b> | <b>Police &amp; Fire</b> |
|------------|--------------------------|--------------------------|
| 22         | 0.01%                    | 0.05%                    |
| 27         | 0.02%                    | 0.05%                    |
| 32         | 0.06%                    | 0.06%                    |
| 37         | 0.09%                    | 0.09%                    |
| 42         | 0.18%                    | 0.37%                    |
| 47         | 0.31%                    | 0.53%                    |
| 52         | 0.50%                    | 0.66%                    |
| 57         | 0.69%                    | 0.60%                    |
| 62         | 0.50%                    | 0.60%                    |

## SECTION VIII VALUATION METHODS AND ASSUMPTIONS

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**Salary** Benefits do not depend on salary. Salary is used to produce results under the Entry Age Normal (level % of pay) cost methods. PEBP provided total payroll for the active population as of July 1, 2008. Based upon analysis of payroll information from prior years, we allocated average pay for age bands using regression analysis.

**Salary Scale:** The salary increase assumption varies by employee group and years of service.

| <b>Regular Employees</b> |             |
|--------------------------|-------------|
| <b>Years of Service</b>  | <b>Rate</b> |
| 1                        | 9.75%       |
| 2                        | 8.25%       |
| 3                        | 7.75%       |
| 4                        | 7.50%       |
| 5                        | 7.25%       |
| 6                        | 7.00%       |
| 7                        | 6.75%       |
| 8                        | 6.25%       |
| 9                        | 5.75%       |
| 10                       | 5.50%       |
| 11                       | 5.10%       |
| 12                       | 4.90%       |
| 13 or more               | 4.50%       |

| <b>Police &amp; Fire</b> |             |
|--------------------------|-------------|
| <b>Years of Service</b>  | <b>Rate</b> |
| 1                        | 14.75%      |
| 2                        | 10.75%      |
| 3                        | 10.20%      |
| 4                        | 9.80%       |
| 5                        | 9.40%       |
| 6                        | 9.00%       |
| 7                        | 8.25%       |
| 8                        | 7.75%       |
| 9                        | 7.25%       |
| 10 or more               | 6.50%       |

**PERS Assumptions:** The mortality, retirement, withdrawal, disability and salary scale assumptions are the same as those used for the 6/30/08 Public Employees' Retirement System (PERS) for the State of Nevada pension valuation.

**Participation Rate:** 90% of current eligible actives 25% of current terminated vested employees will elect the retiree plan coverage

**Spouse Coverage:** 43% of active males will elect retiree spouse coverage; 18% of active females will elect retiree spouse coverage. Actual spousal data was used for current retirees. It is assumed all surviving spouses retained coverage until death.

**Age Difference:** Male participants are assumed to be 4 years older than spouses; female participants are assumed to be 2 years younger than spouses.

## SECTION VIII VALUATION METHODS AND ASSUMPTIONS

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|                                  |  |
|----------------------------------|--|
| <b>Employees Covered:</b>        | <i>Medical, Dental, Rx:</i> All actives, terminated vesteds, current retirees and survivors electing healthcare coverage;<br><i>Life Insurance:</i> All active employees and current retirees that elected healthcare coverage. Reinstated retirees and survivors are not eligible to receive the life insurance benefit   |
| <b>Non-State Employees:</b>      | Non-State employees with State service credit of 5 years or more were valued assuming a pro rata distribution of the state subsidy adjustment.   |
| <b>Medical Plans:</b>            | All current retirees and survivors continue to participate in their current medical plan; actives enrolled in the PPO plan will assume to participate in this plan upon retirement; actives enrolled in an HMO plan, assume 62% of those in the HTH plan will participate in the PPO plan, and 58% of those in the HPN plan will participate in the PPO plan.  |
| <b>Medicare Eligibility:</b>     | Certain retirees over age 65 are not eligible for Medicare Parts A as indicated on the data. For these participants, we have assumed they will not become eligible for Medicare Part A and/or B at any time in the future. Current active employees are assumed to be eligible for Medicare Part A.  |
| <b>Missing/Incomplete Data:</b>  | Missing or incomplete data (e.g., salary, hire date, retirement date, class, relationship, eligibility) will be substituted by averages determined from complete records.  |
| <b>Health Care Claims Costs:</b> | Annual per capita medical and prescription drug claims costs are shown on the following pages. The costs represent estimated claims based on the plan design in effect on November 1, 2009. Expenses are shown separately. The retiree costs for active employees currently enrolled in an HMO plan are a blend of their current HMO plan and the PPO plan, using the blending percentages stated above. |

**SECTION VIII**  
**VALUATION METHODS AND ASSUMPTIONS**

**Health Care Claims Cost**

| Age | HMO-North (HTH) |           |               |           |       |
|-----|-----------------|-----------|---------------|-----------|-------|
|     | Medical         |           |               |           | Admin |
|     | Male            |           | Female        |           |       |
|     | Non- Medicare   | Medicare  | Non- Medicare | Medicare  |       |
| 30  | 3,436.75        | 3,436.75  | 5,931.50      | 5,931.50  |       |
| 31  | 3,565.23        | 3,565.23  | 5,885.25      | 5,885.25  | 38.93 |
| 32  | 3,698.52        | 3,698.52  | 5,839.37      | 5,839.37  | 38.93 |
| 33  | 3,836.79        | 3,836.79  | 5,793.85      | 5,793.85  | 38.93 |
| 34  | 3,980.23        | 3,980.23  | 5,748.68      | 5,748.68  | 38.93 |
| 35  | 4,129.03        | 4,129.03  | 5,703.86      | 5,703.86  | 38.93 |
| 36  | 4,297.45        | 4,297.45  | 5,673.84      | 5,673.84  | 38.93 |
| 37  | 4,472.74        | 4,472.74  | 5,643.97      | 5,643.97  | 38.93 |
| 38  | 4,655.17        | 4,655.17  | 5,614.26      | 5,614.26  | 38.93 |
| 39  | 4,845.05        | 4,845.05  | 5,584.71      | 5,584.71  | 38.93 |
| 40  | 5,042.68        | 5,042.68  | 5,555.31      | 5,555.31  | 38.93 |
| 41  | 5,265.98        | 5,265.98  | 5,647.01      | 5,647.01  | 38.93 |
| 42  | 5,499.17        | 5,499.17  | 5,740.22      | 5,740.22  | 38.93 |
| 43  | 5,742.68        | 5,742.68  | 5,834.97      | 5,834.97  | 38.93 |
| 44  | 5,996.98        | 5,996.98  | 5,931.28      | 5,931.28  | 38.93 |
| 45  | 6,262.54        | 6,262.54  | 6,029.19      | 6,029.19  | 38.93 |
| 46  | 6,579.41        | 6,579.41  | 6,212.15      | 6,212.15  | 38.93 |
| 47  | 6,912.32        | 6,912.32  | 6,400.67      | 6,400.67  | 38.93 |
| 48  | 7,262.07        | 7,262.07  | 6,594.91      | 6,594.91  | 38.93 |
| 49  | 7,629.51        | 7,629.51  | 6,795.05      | 6,795.05  | 38.93 |
| 50  | 8,015.55        | 8,015.55  | 7,001.26      | 7,001.26  | 38.93 |
| 51  | 8,280.06        | 8,280.06  | 7,232.30      | 7,232.30  | 38.93 |
| 52  | 8,553.30        | 8,553.30  | 7,470.96      | 7,470.96  | 38.93 |
| 53  | 8,835.56        | 8,835.56  | 7,717.51      | 7,717.51  | 38.93 |
| 54  | 9,127.14        | 9,127.14  | 7,972.18      | 7,972.18  | 38.93 |
| 55  | 9,428.33        | 9,428.33  | 8,235.26      | 8,235.26  | 38.93 |
| 56  | 9,767.75        | 9,767.75  | 8,531.73      | 8,531.73  | 38.93 |
| 57  | 10,119.39       | 10,119.39 | 8,838.88      | 8,838.88  | 38.93 |
| 58  | 10,483.69       | 10,483.69 | 9,157.08      | 9,157.08  | 38.93 |
| 59  | 10,861.10       | 10,861.10 | 9,486.73      | 9,486.73  | 38.93 |
| 60  | 11,252.10       | 11,252.10 | 9,828.25      | 9,828.25  | 38.93 |
| 61  | 11,724.69       | 11,724.69 | 10,241.04     | 10,241.04 | 38.93 |
| 62  | 12,217.13       | 12,217.13 | 10,671.16     | 10,671.16 | 38.93 |
| 63  | 12,730.25       | 12,730.25 | 11,119.35     | 11,119.35 | 38.93 |
| 64  | 13,264.92       | 13,264.92 | 11,586.37     | 11,586.37 | 38.93 |
| 65  | 13,822.04       | 3,574.43  | 12,072.99     | 3,404.43  | 38.93 |
| 66  | 14,236.71       | 3,681.67  | 12,435.18     | 3,506.56  | 38.93 |
| 67  | 14,663.81       | 3,792.12  | 12,808.23     | 3,611.76  | 38.93 |
| 68  | 15,103.73       | 3,905.88  | 13,192.48     | 3,720.11  | 38.93 |
| 69  | 15,556.84       | 4,023.06  | 13,588.26     | 3,831.72  | 38.93 |
| 70  | 16,023.54       | 4,143.75  | 13,995.91     | 3,946.67  | 38.93 |
| 71  | 16,424.12       | 4,247.34  | 14,345.80     | 4,045.33  | 38.93 |
| 72  | 16,834.73       | 4,353.53  | 14,704.45     | 4,146.47  | 38.93 |
| 73  | 17,255.60       | 4,462.36  | 15,072.06     | 4,250.13  | 38.93 |
| 74  | 17,686.99       | 4,573.92  | 15,448.86     | 4,356.38  | 38.93 |
| 75  | 18,129.16       | 4,688.27  | 15,835.09     | 4,465.29  | 38.93 |

**SECTION VIII**  
**VALUATION METHODS AND ASSUMPTIONS**

**Health Care Claims Cost (continued)**

| <b>Age</b> | <b>HMO-South (HPN)</b> |                 |                      |                 |              |
|------------|------------------------|-----------------|----------------------|-----------------|--------------|
|            | <b>Medical</b>         |                 |                      |                 | <b>Admin</b> |
|            | <b>Male</b>            |                 | <b>Female</b>        |                 |              |
|            | <b>Non- Medicare</b>   | <b>Medicare</b> | <b>Non- Medicare</b> | <b>Medicare</b> |              |
| 30         | 2,045.30               | 2,045.30        | 3,471.70             | 3,471.70        |              |
| 31         | 2,121.77               | 2,121.77        | 3,444.63             | 3,444.63        | 38.93        |
| 32         | 2,201.09               | 2,201.09        | 3,417.78             | 3,417.78        | 38.93        |
| 33         | 2,283.38               | 2,283.38        | 3,391.13             | 3,391.13        | 38.93        |
| 34         | 2,368.74               | 2,368.74        | 3,364.69             | 3,364.69        | 38.93        |
| 35         | 2,457.30               | 2,457.30        | 3,338.46             | 3,338.46        | 38.93        |
| 36         | 2,557.53               | 2,557.53        | 3,320.89             | 3,320.89        | 38.93        |
| 37         | 2,661.85               | 2,661.85        | 3,303.41             | 3,303.41        | 38.93        |
| 38         | 2,770.42               | 2,770.42        | 3,286.02             | 3,286.02        | 38.93        |
| 39         | 2,883.42               | 2,883.42        | 3,268.72             | 3,268.72        | 38.93        |
| 40         | 3,001.03               | 3,001.03        | 3,251.51             | 3,251.51        | 38.93        |
| 41         | 3,133.93               | 3,133.93        | 3,305.19             | 3,305.19        | 38.93        |
| 42         | 3,272.70               | 3,272.70        | 3,359.74             | 3,359.74        | 38.93        |
| 43         | 3,417.63               | 3,417.63        | 3,415.20             | 3,415.20        | 38.93        |
| 44         | 3,568.97               | 3,568.97        | 3,471.57             | 3,471.57        | 38.93        |
| 45         | 3,727.01               | 3,727.01        | 3,528.87             | 3,528.87        | 38.93        |
| 46         | 3,915.59               | 3,915.59        | 3,635.96             | 3,635.96        | 38.93        |
| 47         | 4,113.71               | 4,113.71        | 3,746.30             | 3,746.30        | 38.93        |
| 48         | 4,321.85               | 4,321.85        | 3,859.99             | 3,859.99        | 38.93        |
| 49         | 4,540.53               | 4,540.53        | 3,977.13             | 3,977.13        | 38.93        |
| 50         | 4,770.27               | 4,770.27        | 4,097.82             | 4,097.82        | 38.93        |
| 51         | 4,927.69               | 4,927.69        | 4,233.05             | 4,233.05        | 38.93        |
| 52         | 5,090.30               | 5,090.30        | 4,372.74             | 4,372.74        | 38.93        |
| 53         | 5,258.28               | 5,258.28        | 4,517.04             | 4,517.04        | 38.93        |
| 54         | 5,431.81               | 5,431.81        | 4,666.11             | 4,666.11        | 38.93        |
| 55         | 5,611.06               | 5,611.06        | 4,820.09             | 4,820.09        | 38.93        |
| 56         | 5,813.05               | 5,813.05        | 4,993.61             | 4,993.61        | 38.93        |
| 57         | 6,022.32               | 6,022.32        | 5,173.38             | 5,173.38        | 38.93        |
| 58         | 6,239.13               | 6,239.13        | 5,359.62             | 5,359.62        | 38.93        |
| 59         | 6,463.74               | 6,463.74        | 5,552.57             | 5,552.57        | 38.93        |
| 60         | 6,696.43               | 6,696.43        | 5,752.46             | 5,752.46        | 38.93        |
| 61         | 6,977.68               | 6,977.68        | 5,994.06             | 5,994.06        | 38.93        |
| 62         | 7,270.74               | 7,270.74        | 6,245.82             | 6,245.82        | 38.93        |
| 63         | 7,576.11               | 7,576.11        | 6,508.14             | 6,508.14        | 38.93        |
| 64         | 7,894.31               | 7,894.31        | 6,781.48             | 6,781.48        | 38.93        |
| 65         | 8,225.87               | 2,412.33        | 7,066.31             | 2,379.96        | 38.93        |
| 66         | 8,472.65               | 2,484.70        | 7,278.29             | 2,451.36        | 38.93        |
| 67         | 8,726.83               | 2,559.24        | 7,496.64             | 2,524.90        | 38.93        |
| 68         | 8,988.63               | 2,636.02        | 7,721.54             | 2,600.65        | 38.93        |
| 69         | 9,258.29               | 2,715.10        | 7,953.19             | 2,678.67        | 38.93        |
| 70         | 9,536.04               | 2,787.20        | 8,191.78             | 2,759.03        | 38.93        |
| 71         | 9,774.44               | 2,856.88        | 8,396.58             | 2,828.00        | 38.93        |
| 72         | 10,018.80              | 2,928.30        | 8,606.49             | 2,898.70        | 38.93        |
| 73         | 10,269.27              | 3,001.51        | 8,821.65             | 2,971.17        | 38.93        |
| 74         | 10,526.00              | 3,076.55        | 9,042.19             | 3,045.45        | 38.93        |
| 75         | 10,789.16              | 3,142.89        | 9,268.25             | 3,121.59        | 38.93        |

**SECTION VIII**  
**VALUATION METHODS AND ASSUMPTIONS**

**Health Care Claims Cost (continued)**

| <b>Age</b> | <b>Senior Dimensions HMO (South)</b> |               |              |
|------------|--------------------------------------|---------------|--------------|
|            | <b>Medical</b>                       |               | <b>Admin</b> |
|            | <b>Medicare</b>                      |               |              |
|            | <b>Male</b>                          | <b>Female</b> |              |
| 30         | 2,045.30                             | 3,471.70      | 38.93        |
| 31         | 2,121.77                             | 3,444.63      | 38.93        |
| 32         | 2,201.09                             | 3,417.78      | 38.93        |
| 33         | 2,283.38                             | 3,391.13      | 38.93        |
| 34         | 2,368.74                             | 3,364.69      | 38.93        |
| 35         | 2,457.30                             | 3,338.46      | 38.93        |
| 36         | 2,557.53                             | 3,320.89      | 38.93        |
| 37         | 2,661.85                             | 3,303.41      | 38.93        |
| 38         | 2,770.42                             | 3,286.02      | 38.93        |
| 39         | 2,883.42                             | 3,268.72      | 38.93        |
| 40         | 3,001.03                             | 3,251.51      | 38.93        |
| 41         | 3,133.93                             | 3,305.19      | 38.93        |
| 42         | 3,272.70                             | 3,359.74      | 38.93        |
| 43         | 3,417.63                             | 3,415.20      | 38.93        |
| 44         | 3,568.97                             | 3,471.57      | 38.93        |
| 45         | 3,727.01                             | 3,528.87      | 38.93        |
| 46         | 3,915.59                             | 3,635.96      | 38.93        |
| 47         | 4,113.71                             | 3,746.30      | 38.93        |
| 48         | 4,321.85                             | 3,859.99      | 38.93        |
| 49         | 4,540.53                             | 3,977.13      | 38.93        |
| 50         | 4,770.27                             | 4,097.82      | 38.93        |
| 51         | 4,927.69                             | 4,233.05      | 38.93        |
| 52         | 5,090.30                             | 4,372.74      | 38.93        |
| 53         | 5,258.28                             | 4,517.04      | 38.93        |
| 54         | 5,431.81                             | 4,666.11      | 38.93        |
| 55         | 5,611.06                             | 4,820.09      | 38.93        |
| 56         | 5,813.05                             | 4,993.61      | 38.93        |
| 57         | 6,022.32                             | 5,173.38      | 38.93        |
| 58         | 6,239.13                             | 5,359.62      | 38.93        |
| 59         | 6,463.74                             | 5,552.57      | 38.93        |
| 60         | 6,696.43                             | 5,752.46      | 38.93        |
| 61         | 6,977.68                             | 5,994.06      | 38.93        |
| 62         | 7,270.74                             | 6,245.82      | 38.93        |
| 63         | 7,576.11                             | 6,508.14      | 38.93        |
| 64         | 7,894.31                             | 6,781.48      | 38.93        |
| 65         | 864.20                               | 869.84        | 38.93        |
| 66         | 890.13                               | 895.93        | 38.93        |
| 67         | 916.83                               | 922.81        | 38.93        |
| 68         | 944.33                               | 950.50        | 38.93        |
| 69         | 972.66                               | 979.01        | 38.93        |
| 70         | 1,001.84                             | 1,008.38      | 38.93        |
| 71         | 1,026.89                             | 1,033.59      | 38.93        |
| 72         | 1,052.56                             | 1,059.43      | 38.93        |
| 73         | 1,078.88                             | 1,085.92      | 38.93        |
| 74         | 1,105.85                             | 1,113.07      | 38.93        |
| 75         | 1,133.49                             | 1,140.89      | 38.93        |

**SECTION VIII**  
**VALUATION METHODS AND ASSUMPTIONS**

**Health Care Claims Cost (continued)**

| Age | PPO           |          |               |          |        |
|-----|---------------|----------|---------------|----------|--------|
|     | Medical       |          |               |          | Admin  |
|     | Male          |          | Female        |          |        |
|     | Non- Medicare | Medicare | Non- Medicare | Medicare |        |
| 30  | 1,520.26      | 1,520.31 | 4,292.83      | 4,292.59 |        |
| 31  | 1,577.10      | 1,577.35 | 4,259.37      | 4,258.93 | 368.33 |
| 32  | 1,636.06      | 1,636.25 | 4,226.16      | 4,226.20 | 368.33 |
| 33  | 1,697.22      | 1,697.03 | 4,193.21      | 4,193.48 | 368.33 |
| 34  | 1,760.67      | 1,760.61 | 4,160.52      | 4,160.75 | 368.33 |
| 35  | 1,826.50      | 1,826.06 | 4,128.09      | 4,128.03 | 368.33 |
| 36  | 1,901.00      | 1,900.86 | 4,106.36      | 4,106.52 | 368.33 |
| 37  | 1,978.53      | 1,978.46 | 4,084.74      | 4,085.02 | 368.33 |
| 38  | 2,059.24      | 2,058.87 | 4,063.24      | 4,063.51 | 368.33 |
| 39  | 2,143.23      | 2,143.02 | 4,041.85      | 4,042.01 | 368.33 |
| 40  | 2,230.65      | 2,230.91 | 4,020.58      | 4,020.50 | 368.33 |
| 41  | 2,329.43      | 2,329.09 | 4,086.94      | 4,086.89 | 368.33 |
| 42  | 2,432.58      | 2,432.87 | 4,154.40      | 4,154.21 | 368.33 |
| 43  | 2,540.30      | 2,540.40 | 4,222.97      | 4,223.40 | 368.33 |
| 44  | 2,652.79      | 2,652.60 | 4,292.68      | 4,292.59 | 368.33 |
| 45  | 2,770.26      | 2,770.41 | 4,363.54      | 4,363.65 | 368.33 |
| 46  | 2,910.43      | 2,910.66 | 4,495.96      | 4,496.42 | 368.33 |
| 47  | 3,057.69      | 3,057.45 | 4,632.39      | 4,631.99 | 368.33 |
| 48  | 3,212.41      | 3,212.66 | 4,772.97      | 4,773.18 | 368.33 |
| 49  | 3,374.95      | 3,375.35 | 4,917.82      | 4,918.10 | 368.33 |
| 50  | 3,545.71      | 3,545.52 | 5,067.06      | 5,066.77 | 368.33 |
| 51  | 3,662.72      | 3,662.40 | 5,234.27      | 5,234.13 | 368.33 |
| 52  | 3,783.59      | 3,783.95 | 5,407.00      | 5,407.11 | 368.33 |
| 53  | 3,908.45      | 3,908.30 | 5,585.43      | 5,585.69 | 368.33 |
| 54  | 4,037.43      | 4,037.33 | 5,769.75      | 5,769.89 | 368.33 |
| 55  | 4,170.66      | 4,171.04 | 5,960.15      | 5,959.69 | 368.33 |
| 56  | 4,320.81      | 4,320.64 | 6,174.72      | 6,174.74 | 368.33 |
| 57  | 4,476.36      | 4,476.78 | 6,397.01      | 6,397.27 | 368.33 |
| 58  | 4,637.51      | 4,637.60 | 6,627.30      | 6,627.28 | 368.33 |
| 59  | 4,804.46      | 4,804.03 | 6,865.88      | 6,865.71 | 368.33 |
| 60  | 4,977.42      | 4,977.01 | 7,113.06      | 7,113.48 | 368.33 |
| 61  | 5,186.47      | 5,186.45 | 7,411.80      | 7,411.75 | 368.33 |
| 62  | 5,404.30      | 5,404.30 | 7,723.10      | 7,723.10 | 368.33 |
| 63  | 5,631.28      | 5,631.51 | 8,047.47      | 8,047.55 | 368.33 |
| 64  | 5,867.79      | 5,868.06 | 8,385.46      | 8,385.08 | 368.33 |
| 65  | 6,114.24      | 1,453.93 | 8,737.65      | 1,339.86 | 368.33 |
| 66  | 6,297.67      | 1,497.87 | 8,999.78      | 1,380.06 | 368.33 |
| 67  | 6,486.60      | 1,542.75 | 9,269.77      | 1,421.20 | 368.33 |
| 68  | 6,681.20      | 1,589.50 | 9,547.87      | 1,464.21 | 368.33 |
| 69  | 6,881.63      | 1,636.25 | 9,834.30      | 1,508.16 | 368.33 |
| 70  | 7,088.08      | 1,685.81 | 10,129.33     | 1,553.04 | 368.33 |
| 71  | 7,265.29      | 1,727.88 | 10,382.56     | 1,591.37 | 368.33 |
| 72  | 7,446.92      | 1,770.89 | 10,642.13     | 1,631.58 | 368.33 |
| 73  | 7,633.09      | 1,815.77 | 10,908.18     | 1,672.72 | 368.33 |
| 74  | 7,823.92      | 1,860.65 | 11,180.89     | 1,713.86 | 368.33 |
| 75  | 8,019.52      | 1,907.40 | 11,460.40     | 1,756.87 | 368.33 |

**SECTION VIII**  
**VALUATION METHODS AND ASSUMPTIONS**

**Health Care Claims Cost (continued)**

| Age | PPO      |          |        |        |
|-----|----------|----------|--------|--------|
|     | Pharmacy |          | Dental |        |
|     | Male     | Female   | Male   | Female |
| 30  | 394.56   | 1,195.20 | 734.00 | 703.00 |
| 31  | 408.96   | 1,185.60 | 734.00 | 703.00 |
| 32  | 424.32   | 1,176.96 | 734.00 | 703.00 |
| 33  | 440.64   | 1,167.36 | 734.00 | 703.00 |
| 34  | 456.96   | 1,158.72 | 734.00 | 703.00 |
| 35  | 473.28   | 1,149.12 | 734.00 | 703.00 |
| 36  | 493.44   | 1,143.36 | 734.00 | 703.00 |
| 37  | 513.60   | 1,137.60 | 734.00 | 703.00 |
| 38  | 533.76   | 1,130.88 | 734.00 | 703.00 |
| 39  | 555.84   | 1,125.12 | 734.00 | 703.00 |
| 40  | 578.88   | 1,119.36 | 734.00 | 703.00 |
| 41  | 603.84   | 1,137.60 | 734.00 | 703.00 |
| 42  | 630.72   | 1,156.80 | 734.00 | 703.00 |
| 43  | 658.56   | 1,176.00 | 734.00 | 703.00 |
| 44  | 688.32   | 1,195.20 | 734.00 | 703.00 |
| 45  | 718.08   | 1,215.36 | 734.00 | 703.00 |
| 46  | 754.56   | 1,251.84 | 734.00 | 703.00 |
| 47  | 792.96   | 1,290.24 | 734.00 | 703.00 |
| 48  | 833.28   | 1,328.64 | 734.00 | 703.00 |
| 49  | 875.52   | 1,368.96 | 734.00 | 703.00 |
| 50  | 919.68   | 1,411.20 | 734.00 | 703.00 |
| 51  | 950.40   | 1,457.28 | 734.00 | 703.00 |
| 52  | 981.12   | 1,505.28 | 734.00 | 703.00 |
| 53  | 1,013.76 | 1,555.20 | 734.00 | 703.00 |
| 54  | 1,047.36 | 1,606.08 | 734.00 | 703.00 |
| 55  | 1,081.92 | 1,659.84 | 734.00 | 703.00 |
| 56  | 1,120.32 | 1,719.36 | 734.00 | 703.00 |
| 57  | 1,160.64 | 1,780.80 | 734.00 | 703.00 |
| 58  | 1,202.88 | 1,845.12 | 734.00 | 703.00 |
| 59  | 1,246.08 | 1,911.36 | 734.00 | 703.00 |
| 60  | 1,291.20 | 1,980.48 | 734.00 | 703.00 |
| 61  | 1,344.96 | 2,064.00 | 734.00 | 703.00 |
| 62  | 1,401.60 | 2,150.40 | 734.00 | 703.00 |
| 63  | 1,460.16 | 2,240.64 | 734.00 | 703.00 |
| 64  | 1,521.60 | 2,334.72 | 734.00 | 703.00 |
| 65  | 1,077.12 | 1,248.96 | 734.00 | 703.00 |
| 66  | 1,108.80 | 1,286.40 | 734.00 | 703.00 |
| 67  | 1,142.40 | 1,324.80 | 734.00 | 703.00 |
| 68  | 1,176.96 | 1,364.16 | 734.00 | 703.00 |
| 69  | 1,211.52 | 1,405.44 | 734.00 | 703.00 |
| 70  | 1,248.00 | 1,447.68 | 734.00 | 703.00 |
| 71  | 1,279.68 | 1,484.16 | 734.00 | 703.00 |
| 72  | 1,311.36 | 1,520.64 | 734.00 | 703.00 |
| 73  | 1,344.00 | 1,559.04 | 734.00 | 703.00 |
| 74  | 1,377.60 | 1,598.40 | 734.00 | 703.00 |
| 75  | 1,412.16 | 1,637.76 | 734.00 | 703.00 |

## SECTION IX GLOSSARY

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The Government Accounting Standards Board (GASB) has issued Statements No. 43 and 45 for the recognition and disclosure for public entities sponsoring other (than pensions) post-retirement benefit plans.

This Exhibit summarizes pertinent issues from the above statements and includes comments about GASB's OPEB standard.

### **Allocating Costs (Attribution)**

The attribution period is the period over which the total postretirement benefit is earned. Unless the plan states that post-retirement benefits are not earned until a later date, the attribution period is from the employee's hire date until the employee is first eligible for the benefit. The GASB statements do not restrict entities to a single attribution method, but instead allows sponsors (and actuaries) to choose from several acceptable methods (similar to GASB 27). GASB allows all six funding methods shown in the statement. GASB allows attribution to the expected retirement age rather than the earliest eligibility age.

### **Defining the Plan**

The substantive plan may differ from the written plan in that it reflects the employer's cost sharing policy based on past practice or communication of intended changes, or a past practice of cost increases in monetary benefits. GASB requires entities to recognize the underlying promise, not just the written plan. GASB also requires the plan sponsor to recognize any implied subsidy when retirees participate in the active healthcare plan, but are charged a rate based on composite active and retiree experience.

### **Actuarial Assumptions**

Generally, GASB requires explicit assumptions.

In the statement GASB requires the discount rate be based on the source of funds used to pay the benefits. This means the underlying expected long-term rate of return on plan assets for funded plans. However, since the source of funds for unfunded plans is usually the agency's general fund, and agencies are usually restricted by State law as to what investments they can have in their general fund, unfunded plans will need to use a relatively low discount rate. For PEBP, we have examined historical returns in the portfolio of funds from which benefits are currently being paid to set the discount rate assumption.

### **Transition Issues**

Because historical annual required contribution information will rarely be available, *GASB is taking a prospective approach on transition issues.* This means there will be no requirement for any initial transition obligation.

## SECTION IX GLOSSARY

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### **Effective Dates**

The new standard will have staggered effective dates as follows:

|           | Annual Revenue                      | Effective for Fiscal Years Beginning After |                   |
|-----------|-------------------------------------|--|-------------------|
|           |                                     | GASB 43                                    | GASB 45           |
| Phase I   | ≥ \$100 million                     | December 15, 2005                          | December 15, 2006 |
| Phase II  | ≥ \$10 million, but < \$100 million | December 15, 2006                          | December 15, 2007 |
| Phase III | < \$10 million                      | December 15, 2007                          | December 15, 2008 |

### **Actuarial Accrued Liability (AAL)**

As determined by a particular Actuarial Cost Method, the portion of the Actuarial Present Value of plan benefits and expenses which is attributable to past service, and thus not provided for by future Normal Costs.

### **Actuarial Assumptions**

Assumptions as to the occurrence of future events affecting benefit costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and employer provided benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items. The Actuarial Assumptions are used in connection with the Actuarial Cost Method to allocate plan costs over the working lifetime of plan participants.

### **Actuarial Cost Method**

A procedure for determining the Actuarial Present Value of plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods (e.g., past service, future service), usually in the form of a Normal Cost and an Actuarial Accrued Liability.

### **Actuarial Experience Gain or Loss**

A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation Dates, as determined in accordance with a particular Actuarial Cost Method.

### **Actuarial Present Value**

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.).

## SECTION IX GLOSSARY

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- b. multiplied by the probability of the occurrence of an event (such as survival, death disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

### **Actuarial Present Value of Total Projected Benefits or Present Value of Benefits (PVB)**

Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

### **Actuarial Valuation**

The determination, as of a Valuation Date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a benefit plan.

### **Actuarial Valuation Date**

The date as of which an actuarial valuation is performed.

### **Actuarial Value of Assets**

The value of cash, investments, and other property belonging to a benefit plan, as used by the actuary for the purpose of an Actuarial Valuation.

### **Amortization (of Unfunded Actuarial Accrued Liability)**

The portion of benefit plan costs or contributions which is designed to pay off principal and interest on the Unfunded Actuarial Accrued Liability.

### **Annual OPEB Cost (AOC)**

An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

### **Annual Required Contributions of the Employer (ARC)**

The employer's periodic required contributions to a Defined Benefit OPEB Plan, which is the basis for determining an employer's Annual OPEB Cost.

## SECTION IX GLOSSARY

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### **Covered Group**

Plan members included in an actuarial valuation.

### **Deferred Inactives**

Former employees, not yet receiving retirement benefits, who are eligible for plan benefits in the future.

### **Defined Benefit OPEB Plan**

An OPEB plan having terms that specify the benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

### **Discount Rate (Investment Return Assumption)**

The rate used to adjust a series of future payments to determine the present value by reflecting 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 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) of plan administrator. Employer contributions generally do not necessarily equate to benefits paid.

### **Entry Age Normal Actuarial Cost Method**

A method under which 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 or service of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

### **Funded Ratio**

The actuarial value of assets expressed as a percentage of the Actuarial Accrued Liability.

### **Funding Excess**

The excess of the Actuarial Value of Assets over the Actuarial Accrued Liability.

## SECTION IX GLOSSARY

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### **Funding Policy**

The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities to provide the benefits specified by an OPEB plan.

### **Healthcare Cost Trend Rate**

The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

### **Implicit Rate Subsidy**

The differential between utilizing a blend of active and non-Medicare retiree experience for cost of benefits, and utilizing solely the expected retiree experience. Blending a lower cost active cohort with retirees results in an implicit rate subsidy for the retirees of the entire group.

### **Inactives**

Certain former employees with a minimum amount of years of creditable service who have benefits payable from the retirement system.

### **Level Dollar Amortization Method**

The dollar 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 principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.

### **Level Percentage of Projected Payroll Amortization Method**

Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases (e.g., due to inflation); in dollars adjusted for inflation, the payments can be expected to remain level.

### **Market-Related Value of Plan Assets**

A term used with reference to the actuarial value of assets. A market related value may be fair value, market value (or estimated market value), or a calculated value that recognizes changes in fair or market value over a period of, for example, three to five years.

### **Net OPEB Obligation (NOO)**

The cumulative difference since the effective date of this Statement between Annual OPEB Cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

## SECTION IX GLOSSARY

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### **Normal Cost**

The portion of the Actuarial Present Value of plan benefits and expenses that is allocated to a valuation year by the Actuarial Cost Method.

### **OPEB Assets**

The amount recognized by an employer for contributions to an OPEB plan greater than OPEB expense.

### **OPEB Expenditures**

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the modified accrual basis of accounting.

### **OPEB Expense**

The amount recognized by an employer in each accounting period for contributions to an OPEB plan on the accrual basis of accounting.

### **OPEB Liabilities**

The amount recognized by an employer for contributions to an OPEB plan less than OPEB expense/expenditures.

### **Other Postemployment Benefits (OPEB)**

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

### **Pay-As-You-Go**

A method of financing a plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

### **Plan Assets**

Resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan.

## **SECTION IX GLOSSARY**

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### **Plan Members**

The individuals covered by the terms of an OPEB plan. The plan membership generally includes employees in active service, terminated employees who have accumulated benefits but are not yet receiving them, and retired employees and beneficiaries currently receiving benefits.

### **Postemployment**

The period between termination of employment and retirement as well as the period after retirement.

### **Postemployment Healthcare Benefits**

Medical, dental, vision, and other health-related benefits provided to terminated or retired employees and their dependents and beneficiaries.

### **Postretirement Benefit Increase**

An increase in the benefits of retirees or beneficiaries granted to compensate for the effects of inflation (cost-of-living adjustment) or for other reasons. Ad hoc increases may be granted periodically by a decision of the board of trustees, legislature, or other authoritative body; both the decision to grant an increase and the amount of the increase are discretionary. Automatic increases are periodic increases specified in the terms of the plan; they are nondiscretionary except to the extent that the plan terms can be changed.

### **Projected Benefits**

Those plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. That portion of an individual's Projected Benefit allocated to service to date, determined in accordance with the terms of a plan and based on future compensation as projected to retirement, is called the Credited Projected Benefit.

### **Required Supplementary Information (RSI)**

Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

### **Single-Employer Plan**

A plan that covers the current and former employees, including beneficiaries, of only one employer.

## **SECTION IX GLOSSARY**

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### **Sponsor**

The entity that established the plan. The sponsor generally is the employer or one of the employers that participate in the plan to provide benefits for their employees and employees of other employers.

### **Substantive Plan**

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

### **Transition Year**

The fiscal year in which this Statement is first implemented.

### **Unfunded Actuarial Accrued Liability (Unfunded Actuarial Liability)**

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.