



**VENTURA COUNTY TRANSPORTATION COMMISSION
RETIREE HEALTHCARE PLAN**

BARTEL ASSOCIATES, LLC

June 30, 2017 Actuarial Valuation
Plan Funding for 2018/19 and 2019/20

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January 8, 2018

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BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ Retire directly from Commission under CalPERS (age 50¹ and 5 years of CalPERS service or disability) 				
<ul style="list-style-type: none"> ■ Medical Benefit 	<ul style="list-style-type: none"> ■ Full premium for actives ■ Retirees <table border="1" style="margin-left: 20px; width: 100%;"> <thead> <tr> <th style="text-align: center;">Hired < 6/1/10</th> <th style="text-align: center;">Hired ≥ 6/1/10</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Single premium</td> <td style="text-align: center;">PEMHCA minimum (\$128/month in 2017)</td> </tr> </tbody> </table> 	Hired < 6/1/10	Hired ≥ 6/1/10	Single premium	PEMHCA minimum (\$128/month in 2017)
Hired < 6/1/10	Hired ≥ 6/1/10				
Single premium	PEMHCA minimum (\$128/month in 2017)				
<ul style="list-style-type: none"> ■ Surviving Spouse Benefit 	<ul style="list-style-type: none"> ■ Based on CalPERS retirement plan election ■ Same benefit continues to surviving spouse 				
<ul style="list-style-type: none"> ■ Dental, Vision & Life 	<ul style="list-style-type: none"> ■ None 				

¹ Age 52 for Miscellaneous PEPRA members



BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Pay-As-You-Go Costs 	<table border="1"> <thead> <tr> <th style="text-align: left;"><u>Fiscal Year</u></th> <th style="text-align: left;"><u>Medical</u></th> </tr> </thead> <tbody> <tr><td>2016/17</td><td>\$ 54,007</td></tr> <tr><td>2015/16</td><td>53,092</td></tr> <tr><td>2014/15</td><td>46,302</td></tr> <tr><td>2013/14</td><td>39,844</td></tr> <tr><td>2012/13</td><td>46,811</td></tr> <tr><td>2011/12</td><td>37,671</td></tr> <tr><td>2010/11</td><td>27,386</td></tr> <tr><td>2009/10</td><td>24,790²</td></tr> <tr><td>2008/09</td><td>26,866</td></tr> </tbody> </table>	<u>Fiscal Year</u>	<u>Medical</u>	2016/17	\$ 54,007	2015/16	53,092	2014/15	46,302	2013/14	39,844	2012/13	46,811	2011/12	37,671	2010/11	27,386	2009/10	24,790 ²	2008/09	26,866
<u>Fiscal Year</u>	<u>Medical</u>																				
2016/17	\$ 54,007																				
2015/16	53,092																				
2014/15	46,302																				
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2008/09	26,866																				

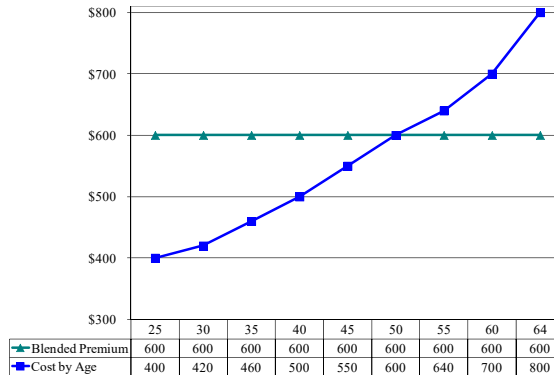
² Reflects 2 month PPO premium holiday



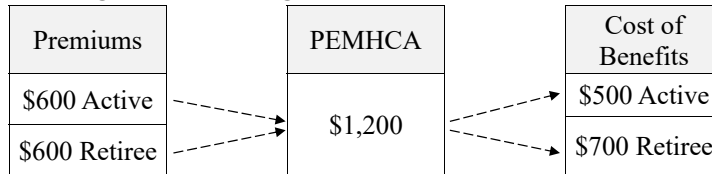
IMPLIED SUBSIDY

Implied Subsidy

- For PEMHCA, employer cost for allowing retirees to participate at active rates
 - General trend:



- Sample active age 40, retire age 60:



IMPLIED SUBSIDY

Implied Subsidy

- GASB defers to actuarial standards of practice
- Previous Actuarial Standards of Practice No. 6³ (ASOP 6) allowed community rated plans to value liability using premiums, resulting in no implied subsidy
- In May 2014, Actuarial Standards Board released revised ASOP 6:
 - Requires implied subsidy valued for community rated plans such as PEMHCA
 - Timing: effective with all valuations on or after March 31, 2015 with earlier implementation encouraged
- Valuations on and after 6/30/13 include the implied subsidy

³ Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



PARTICIPANT STATISTICS

Actives

	6/30/08	6/30/10	6/30/11 ⁴	6/30/13	6/30/15	6/30/17
■ Count						
• Hired < 6/1/10	16	17	17	14	12	11
• Hired ≥ 6/1/10	-	-	-	3	6	8
• Total	16	17	17	17	18	19
■ Average						
• Age	44.1	45.3	46.3	44.4	43.2	47.5
• VCTC Service	8.4	10.2	11.2	10.6	9.7	9.8
• CalPERS Service	13.4	14.9	15.9	14.2	12.6	13.2
• Pay	\$ 96,800	\$ 93,000	\$ 93,000	\$ 86,900	\$ 94,200	\$ 87,000
■ Total Payroll (000's)	1,548	1,580	1,580	1,477	1,696	1,652

⁴ 6/30/10 valuation data used for 6/30/11 valuation



PARTICIPANT STATISTICS

Retirees

	6/30/08	6/30/10	6/30/11	6/30/13	6/30/15	6/30/17
■ Count ⁵	5	5	5	7	9	10
■ Averages						
• Age	64.8	66.9	67.9	68.1	68.3	70.1
• Service Retirement Age	60.0	60.0	60.0	60.6	60.8	61.5

⁵ All retirees are tier 1 (hired before 8/1/2009)



PARTICIPANT STATISTICS

Participant Reconciliation

	Actives	Retirees		Total
		Service	Disabled	
■ June 30, 2015	18	8	1	27
• Terminations	(4)	-	-	(4)
• New Retirees	(1)	1	-	-
• New Survivor	-	-	-	-
• New Hires	6	-	-	6
• Data Corrections	-	-	-	-
■ June 30, 2017	19	9	1	29



PARTICIPANT STATISTICS

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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Discount Rate

■ CERBT Investment Options

	Strategy 1	Strategy 2	Strategy 3
Global Equity	57%	40%	24%
Fixed Income	27%	39%	39%
TIPS	5%	10%	26%
Commodities	3%	3%	3%
REITs	<u>8%</u>	<u>8%</u>	<u>8%</u>
Total	100%	100%	100%

■ Commission currently in Strategy 1.

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Discount Rate

■ Future expected returns

- Stochastic simulations of geometric average returns over 20 years
- 5,000 trials
- 2.75% inflation assumption
- Projections based on 5 independent Investment Advisors 2016 or 2017 (latest currently available) 10-year Capital Market Assumptions and where available, investment advisors anticipated long-term trends:
- Confidence levels:

	Strategy 1	Strategy 2	Strategy 3
50% Confidence Level	6.75%	6.25%	5.50%
55% Confidence Level	6.50%	6.00%	5.50%
60% Confidence Level	6.00%	5.75%	5.25%

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2015 Valuation	June 30, 2017 Valuation
■ Valuation Date	■ June 30, 2015 ■ 2016/17 & 2017/18	■ June 30, 2017 ■ 2018/19 & 2019/20
■ Discount Rate	■ 7.25% - Pre-funded with CalPERS diversified trust Option 1	■ 6.75% - Pre-funded with CalPERS diversified trust Option 1
■ Payroll Increases	■ Aggregate increase – 3.25% ■ Merit increase – CalPERS 1997 – 2011 Experience Study	■ Aggregate increase – 3.00% ■ Merit increase – CalPERS 1997 – 2011 Experience Study
■ PEMHCA Administrative Fee	■ 0.32% of premiums included in liability	■ 0.32% of premiums added to Normal Cost
■ General Inflation	■ 3.00%	■ 2.75%



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2015 Valuation		June 30, 2017 Valuation	
■ PEMHCA Minimum Increase	■ 4.5% annually		■ 4.25% annually	
■ Medical Trend	<u>Increase from Prior Year</u>		<u>Increase from Prior Year</u>	
	<u>Non-Medicare</u>	<u>Medicare</u>	<u>Non-Medicare</u>	<u>Medicare</u>
	<u>HMO & PPO</u>	<u>HMO & PPO</u>	<u>HMO & PPO</u>	<u>HMO & PPO</u>
	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
	2015	2016	2017	2018
	Actual Premiums		Actual 2017 premiums	
	Actual Premiums		Actual 2018 premiums	
	2017	2018	2019	2020
	7.0%	7.2%	7.50%	6.50%
	2018	2019	2020	2021
	6.5%	6.7%	7.50%	6.50%
	2019	2020	2021	↓
	6.0%	6.1%	7.25%	↓
	2020	2021	↓	↓
	5.5%	5.6%	2030	5.20%
	2021+	5.0%	2031-2035	5.05%
			2036-2045	4.90%
			2046-2055	4.75%
			2056-2065	4.60%
			2066-2075	4.30%
			2076+	4.00%



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2015 Valuation	June 30, 2017 Valuation
<ul style="list-style-type: none"> ■ Service Retirement 	<ul style="list-style-type: none"> ■ CalPERS 1997 – 2011 Experience Study (PEPRA 2@62 hired >2012) Level 2%@60 2%@62 ERA ≈ 62.2 ≈ 61.0 	<ul style="list-style-type: none"> ■ CalPERS 1997 – 2011 Experience Study (PEPRA 2@62 hired >2012) Level 2%@60 2%@62 ERA ≈ 60.8 ≈ 62.0
<ul style="list-style-type: none"> ■ Mortality, Withdrawal, Disability 	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022 	<ul style="list-style-type: none"> ■ CalPERS 1997-2011 Experience Study ■ Mortality Improvement Scale MP-2017

ACTUARIAL ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2015 Valuation	June 30, 2017 Valuation
<ul style="list-style-type: none"> ■ Retiree Participation at Retirement 	<ul style="list-style-type: none"> ■ 100% Tier 1 ■ 70% Tier 2 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Spouse Participation 	<ul style="list-style-type: none"> ■ 100% participation for retirees with spouses 	<ul style="list-style-type: none"> ■ 50% participation for retirees with spouses

ACTUARIAL METHODS

	June 30, 2015 Valuation	June 30, 2017 Valuation
■ Cost Method	■ Entry Age Normal	■ Same
■ Amortization Method	■ Level percentage of payroll	■ Same
■ Amortization Period	■ UAAL – 13-year fixed (closed) period	■ UAAL – 7-year fixed (closed) period
■ Actuarial Value of Assets	■ Investment gains and losses spread over a 5-yr open period ■ Not less than 80% nor more than 120% of market value	■ Same



ACTUARIAL METHODS

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ASSETS

Market Value of Plan Assets

(Amounts in 000's)

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	All
■ MVA Beginning of Year	\$ -	\$92	\$203	\$364	\$474	\$634	\$870	\$932	\$985	\$ -
• Contributions	92	99	111	105 ⁶	100	112	61	44	46	769
• Benefit Payments	-	-	-	-	-	-	-	-	-	-
• Expenses	0	0	0	0	(1)	(1)	(1)	(1)	(1)	(5)
• Investment Earnings	0	13	50	6	61	126	1	10	107	373
■ MVA End of Year	92	203	364	474	634	870	932	985	1,137	1,137
■ Approximate Annual Return	n/a	9.3%	22.4%	1.3%	11.5%	18.0%	0.0%	0.9%	10.5%	8.1%

⁶ Includes \$4,328 (Medicare Part D refund paid to Commission) deposited to Trust after 6/30/12



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ASSETS

Actuarial Value of Plan Assets

(Amounts in 000's)

	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
■ AVA Beginning of Year	\$-	\$92	\$199	\$334	\$468	\$611	\$791	\$917	\$1,021
• Contributions	92	99	111	105	100	112	61	44	46
• Benefit Payments	-	-	-	-	-	-	-	-	-
• Credited Earnings	-	8	24	30	43	68	64	60	75
■ AVA End of Year	92	199	334	468	611	791	917	1,021	1,141
■ Approximate Annual Return	n/a	9.0%	11.2%	7.6%	8.3%	10.2%	7.7%	6.3%	7.1%



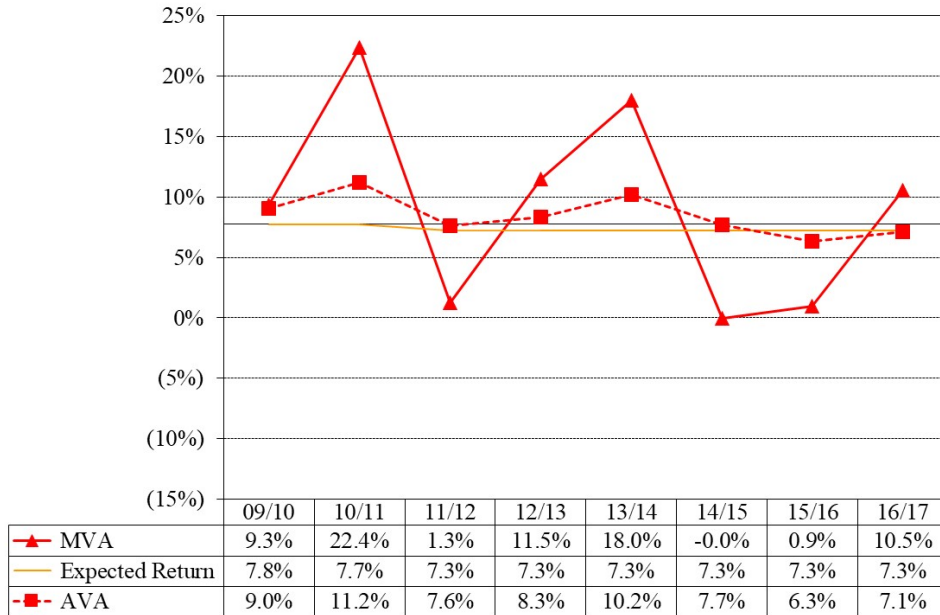
January 8, 2018

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ASSETS

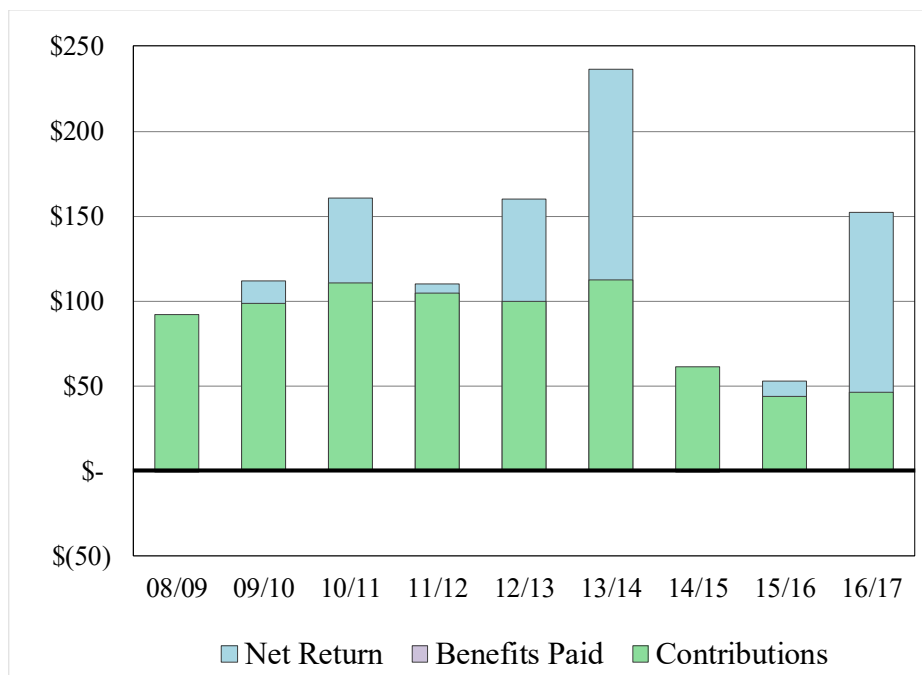
Historical Asset Return



ASSETS

Historical Asset Changes

(Amounts in 000's)



RESULTS

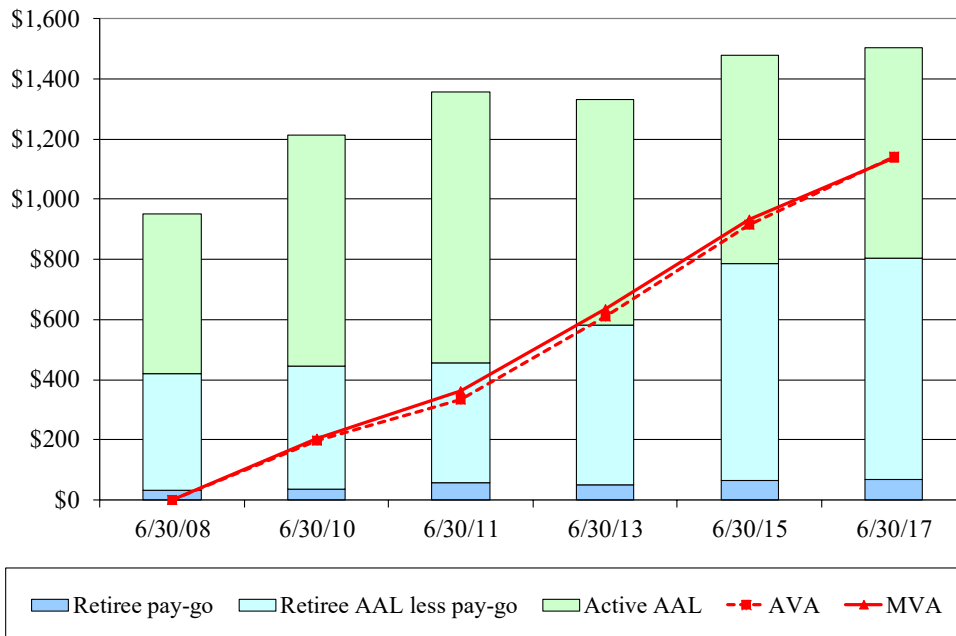
Funded Status (Amounts in 000's)

	6/30/15	6/30/17
■ Present Value of Benefits		
• Actives	\$ 1,052	\$ 1,110
• Retirees	<u>787</u>	<u>804</u>
• Total	1,839	1,914
■ Actuarial Accrued Liability		
• Actives	691	702
• Retirees	<u>787</u>	<u>804</u>
• Total	1,478	1,506
■ Actuarial Value of Assets	<u>917</u>	<u>1,141</u>
■ Unfunded Actuarial Accrued Liability	561	365
■ Normal Cost	53	52
■ Pay-as-you-go Cost	66	68



RESULTS

Funded Status (Amounts in 000's)



RESULTS

Actuarial Liability (Gain)/Loss Analysis

(Amounts in 000's)

	AAL
■ Actual 6/30/15 AAL	\$ 1,478
■ Expected 6/30/17 AAL	1,676
■ (Gains)/Losses	
• Premiums < expected	(230)
• Demographic/Other	20
■ Assumption Changes	
• Medical trend and inflation assumption	49
• Discount rate	104
• Mortality improvement (MP-17)	(41)
• Spouse participation	(66)
• Admin Fee Removed	(6)
■ Total	(170)
■ Actual 6/30/17 AAL	1,506



RESULTS

(Gain)/Loss Summary

(Amounts in 000's)

	6/30/18 UAAL
■ Liability	\$ (183)
■ Other (asset return and contribution timing)	4
■ Total	(179)



RESULTS

Actuarially Determined Contributions (ADC)⁷

(Amounts in 000's)

	6/30/2015 Valuation		6/30/2017 Valuation	
	2016/17	2017/18	2018/19	2019/20
■ ADC - \$				
• Normal Cost ⁸	\$ 53	\$ 51	\$ 52	\$ 52
• UAAL Amortization	<u>56</u>	<u>57</u>	<u>56</u>	<u>57</u>
• Total	109	109	108	109
■ Projected Payroll	1,751	1,808	1,753	1,805
■ ADC - %				
• Normal Cost	3.0%	2.8%	3.0%	2.9%
• UAAL Amortization	<u>3.2%</u>	<u>3.2%</u>	<u>3.2%</u>	<u>3.2%</u>
• Total	6.2%	6.0%	6.1%	6.0%

⁷ Annual Required Contribution under GASBS 45 for 2016/17 and 2017/18.

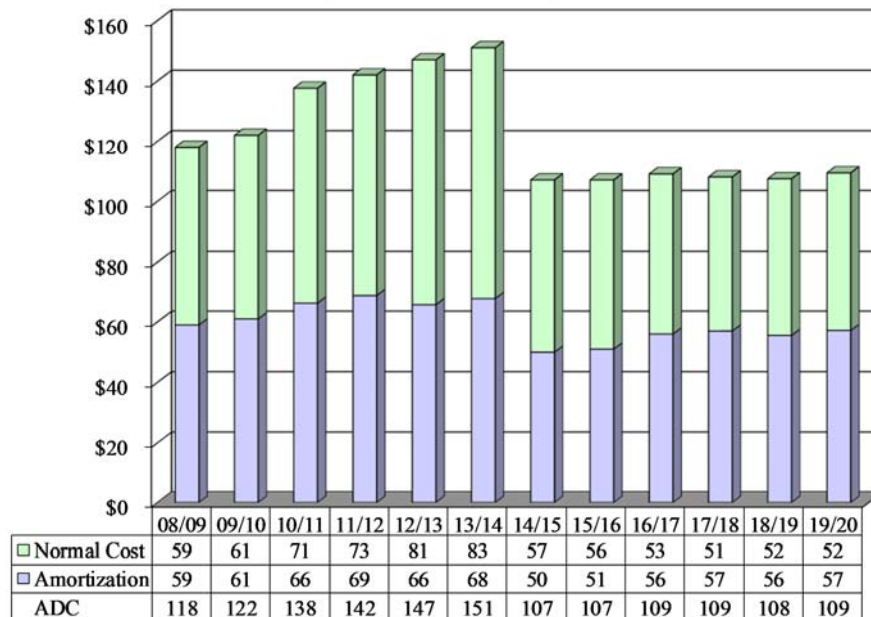
⁸ 2018/19 and 2019/20 include \$186 and \$211 for expected administrative fees respectively.



RESULTS

Actuarially Determined Contributions (ADC)⁹

(Amounts in 000's)



⁹ Annual Required Contribution (ARC) for years before 2017/18.



RESULTS

Amortization Bases

(Amounts in 000's)

	6/30/2015 Valuation		6/30/2017 Valuation	
	6/30/16	6/30/17	6/30/18	6/30/19
■ Outstanding Balance <ul style="list-style-type: none"> • Initial UAAL • (Gains)/Losses & Assumption Changes <ul style="list-style-type: none"> ➤ 2010 valuation ➤ 2011 valuation ➤ 2013 valuation ➤ 2015 valuation ➤ 2017 valuation • Total 	\$ 1,011	\$ 981	\$ 945	\$ 849
	34	33	30	28
	(16)	(16)	(15)	(14)
	(375)	(364)	(350)	(315)
	(111)	(108)	(104)	(93)
	<u>-</u>	<u>-</u>	<u>(179)</u>	<u>(161)</u>
	543	526	328	294

RESULTS

Amortization Payments

(Amounts in 000's)

	6/30/2015 Valuation		6/30/2017 Valuation	
	2016/17	2017/18	2018/19	2019/20
■ Amortization Payments <ul style="list-style-type: none"> • Initial UAAL • (Gains)/Losses & Assumption Changes <ul style="list-style-type: none"> ➤ 2010 valuation ➤ 2011 valuation ➤ 2013 valuation ➤ 2015 valuation ➤ 2017 valuation • Total • Avg Amort Period 	\$ 104	\$ 107	\$160	\$165
	3	4	5	5
	(2)	(2)	(3)	(3)
	(38)	(40)	(59)	(60)
	(11)	(12)	(18)	(18)
	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(31)</u>
	56	57	56	57
	13	12	7	6

RESULTS

Net OPEB Obligation (NOO)

(Amounts in 000's)

	2015/16	2016/17
■ NOO at Beginning of Year	\$ -	\$ -
■ Annual OPEB Cost		
• Annual Required Contribution	107	109
• Interest on NOO	-	-
• Amortization of NOO	<u>-</u>	<u>-</u>
• Annual OPEB Cost	107	109
■ Contributions		
• Benefit Payments		
➢ Cash	53	54
➢ Implied Subsidy	10	9
• Trust Pre-Funding	<u>44</u>	<u>46</u>
• Total Contribution	107	109
■ NOO at End of Year	-	-

RESULTS

Funding Projection

(Amounts in 000's)

Fiscal Year	Cash BP	IS BP	Pre Funding	Total Contribution	Actuarially Determined Contribution	Payroll	Contrib % of Payroll
2018/19	\$ 58	\$ 10	\$ 39	\$ 108	\$ 108	\$ 1,753	6.1%
2019/20	66	16	27	109	109	1,805	6.0%
2020/21	70	17	24	111	111	1,859	6.0%
2021/22	75	15	23	113	113	1,915	5.9%
2022/23	77	10	27	114	114	1,973	5.8%
2023/24	81	9	26	116	116	2,032	5.7%
2024/25	88	14	16	118	118	2,093	5.6%
2025/26	95	14	(57)	52	52	2,155	2.4%
2026/27	97	12	(57)	52	52	2,220	2.3%
2027/28	105	18	(71)	52	52	2,287	2.3%

RESULTS

Actuarial Obligations

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits			
• Actives	\$ 885	\$ 225	\$ 1,110
• Retirees	<u>752</u>	<u>52</u>	<u>804</u>
• Total	1,637	277	1,914
■ Actuarial Accrued Liability			
• Actives	587	115	702
• Retirees	<u>752</u>	<u>52</u>	<u>804</u>
• Total	1,339	167	1,506
■ Actuarial Value of Assets¹⁰	<u>1,015</u>	<u>127</u>	<u>1,141</u>
■ Unfunded Liability	324	40	365
■ 2018/19 Normal Cost	38	13	52
■ 2018/19 Pay-As-You-Go Cost	58	10	68

¹⁰ Allocated based on AAL



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RESULTS

Actuarially Determined Contribution (ADC) for FY 18/19

(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ ADC - \$			
• Normal Cost	\$ 38	\$ 13	\$ 52
• UAAL Amortization ¹¹	<u>49</u>	<u>6</u>	<u>56</u>
• Total ADC	88	20	108
■ Total Payroll	1,753	1,753	1,753
■ ADC - % of Total Payroll			
• Normal Cost	2.2%	0.8%	2.9%
• UAAL Amortization	<u>2.8%</u>	<u>0.4%</u>	<u>3.2%</u>
• Total ADC	5.0%	1.1%	6.1%

¹¹ Allocated based on AAL



January 8, 2018



ACTUARIAL CERTIFICATION

This report presents the Ventura County Transportation Commission Retiree Healthcare Plan ("Plan") June 30, 2017 actuarial valuation. The purpose of this valuation is to:

- Determine the June 30, 2017 Benefit Obligations,
- Determine the Plan's June 30, 2017 Funded Status, and
- Calculate the 2018/19 and 2019/20 Actuarially Determined Contribution.

The report provides information intended for plan funding, but may not be appropriate for other purposes. Information provided in this report may be useful to the Commission for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data, and asset provided by the Commission as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Doug Pryor, ASA, MAAA, EA
Vice President
Bartel Associates, LLC
January 8, 2018



Katherine Moore, ASA, MAAA
Associate Actuary
Bartel Associates, LLC
January 8, 2018



ACTUARIAL CERTIFICATION

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PREMIUMS

2017 PEMHCA Monthly Premiums
Los Angeles

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$592.78	\$1,185.56	\$1,541.23	n/a	n/a	n/a
Anthem HMO Traditional	713.69	1,427.38	1,855.59	n/a	n/a	n/a
Blue Shield Access+	675.98	1,351.96	1,757.55	n/a	n/a	n/a
Health Net Salud y Más	414.79	829.58	1,078.45	n/a	n/a	n/a
Health Net SmartCare	526.73	1,053.46	1,369.50	n/a	n/a	n/a
Kaiser	573.89	1,147.78	1,492.11	\$300.48	\$600.96	\$945.29
UnitedHealthcare	545.71	1,091.42	1,418.85	324.21	648.42	975.85
PERS Choice	637.53	1,275.06	1,657.58	353.63	707.26	1,089.78
PERS Select	565.33	1,130.66	1,469.86	353.63	707.26	1,046.46
PERSCare	715.88	1,431.76	1,861.29	389.76	779.52	1,209.05



PREMIUMS

2018 PEMHCA Monthly Premiums
Los Angeles

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	\$660.17	\$1,320.34	\$1,716.44	n/a	n/a	n/a
Anthem HMO Traditional	784.72	1,569.44	2,040.27	\$370.34	\$740.68	\$1,211.51
Blue Shield Access+	613.29	1,226.58	1,594.55	n/a	n/a	n/a
Health Net Salud y Más	404.32	808.64	1,051.23	n/a	n/a	n/a
Health Net SmartCare	577.15	1,154.30	1,500.59	n/a	n/a	n/a
Kaiser	642.70	1,285.40	1,671.02	316.34	632.68	1,018.30
UnitedHealthcare	602.78	1,205.56	1,567.23	330.76	661.52	1,023.19
PERS Choice	620.39	1,240.78	1,613.01	345.97	691.94	1,064.17
PERS Select	573.21	1,146.42	1,490.35	345.97	691.94	1,035.87
PERSCare	673.73	1,347.46	1,751.70	382.30	764.60	1,168.84



DATA SUMMARY

Medical Plan Participation
Non-Waived Participants

Medical Plan	Actives	Retirees		
		< 65	> 65	Total
Anthem Traditional	6%	0%	0%	0%
Blue Shield Access+	26%	0%	0%	0%
Kaiser	42%	50%	12%	20%
UnitedHealthcare	0%	0%	12%	10%
PERS Choice	0%	0%	12%	10%
PERSCare	26%	50%	64%	60%
Total	100%	100%	100%	100%



DATA SUMMARY

Active Medical Coverage

Medical Plan	Single	2-Party	Family	Total
Anthem Traditional	1	-	-	1
Blue Shield Access+	1	1	3	5
Kaiser	1	-	7	8
PERSCare	2	1	2	5
Total	5	2	12	19



DATA SUMMARY

Retiree Medical Coverage
Under Age 65

Medical Plan	Single	2-Party	Family	Total
Kaiser	1	-	-	1
UnitedHealthcare	-	-	-	-
PERS Choice	-	-	-	-
PERSCare	1	-	-	1
Total	2	-	-	2



DATA SUMMARY

Retiree Medical Coverage
Over Age 65

Medical Plan	Single	2-Party	Family	Total
Kaiser	-	1	-	1
UnitedHealthcare	1	-	-	1
PERS Choice	-	1	-	1
PERSCare	4	1	-	5
Total	5	3	-	8



DATA SUMMARY

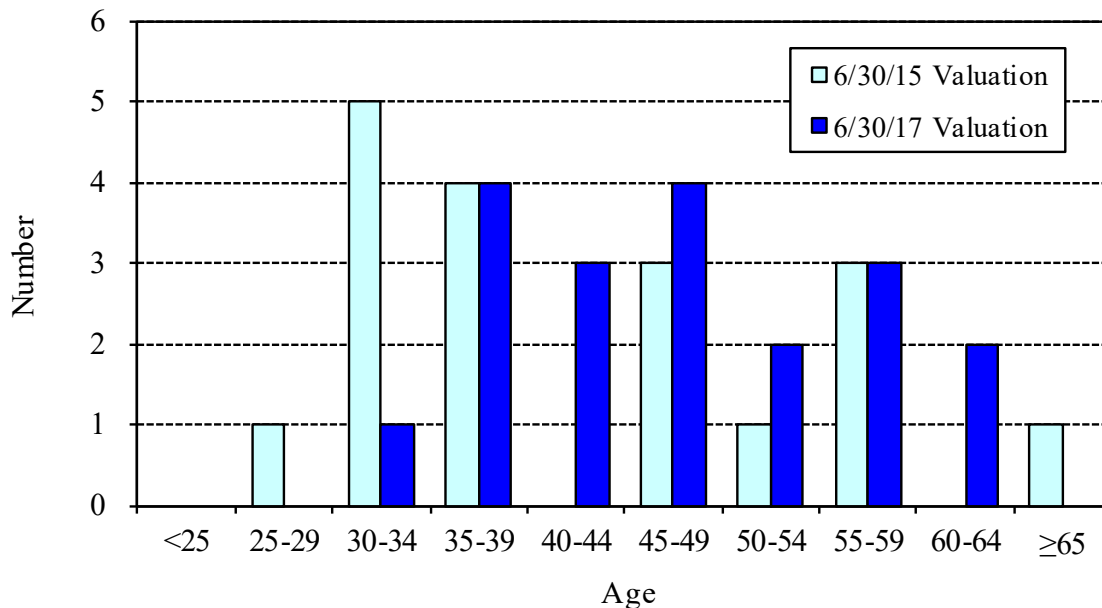
Actives by Age and Commission Service

Age	Commission Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	1	-	-	-	1
35-39	-	1	1	2	-	-	-	4
40-44	-	2	1	-	-	-	-	3
45-49	1	3	-	-	-	-	-	4
50-54	-	-	1	-	-	1	-	2
55-59	-	-	-	-	1	1	1	3
60-64	-	1	-	-	1	-	-	2
≥ 65	-	-	-	-	-	-	-	-
Total	1	7	3	3	2	2	1	19



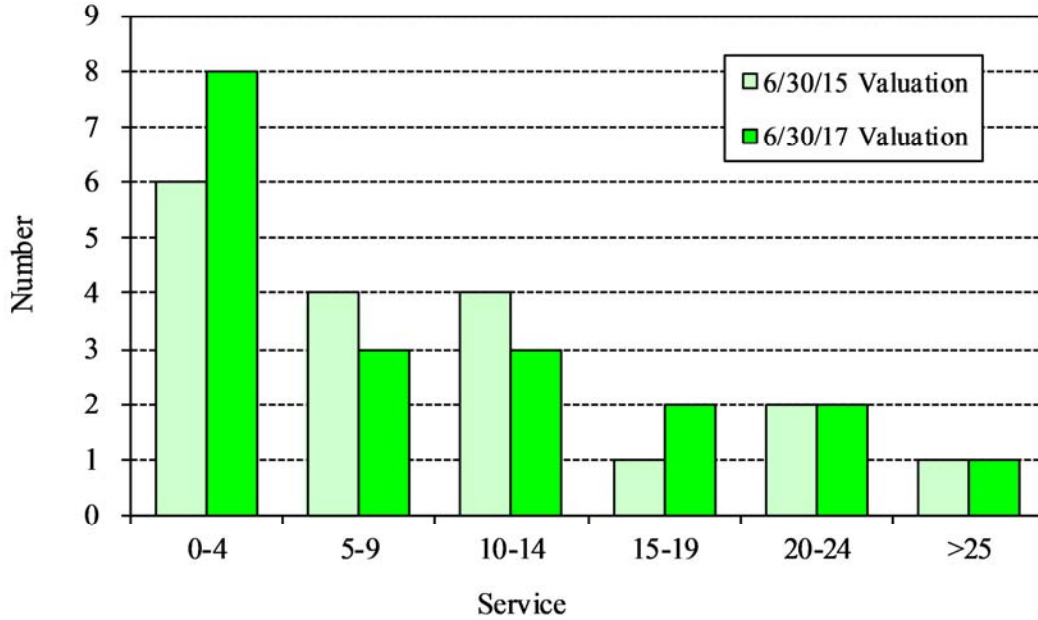
DATA SUMMARY

Active Age Distribution



DATA SUMMARY

Active Service Distribution



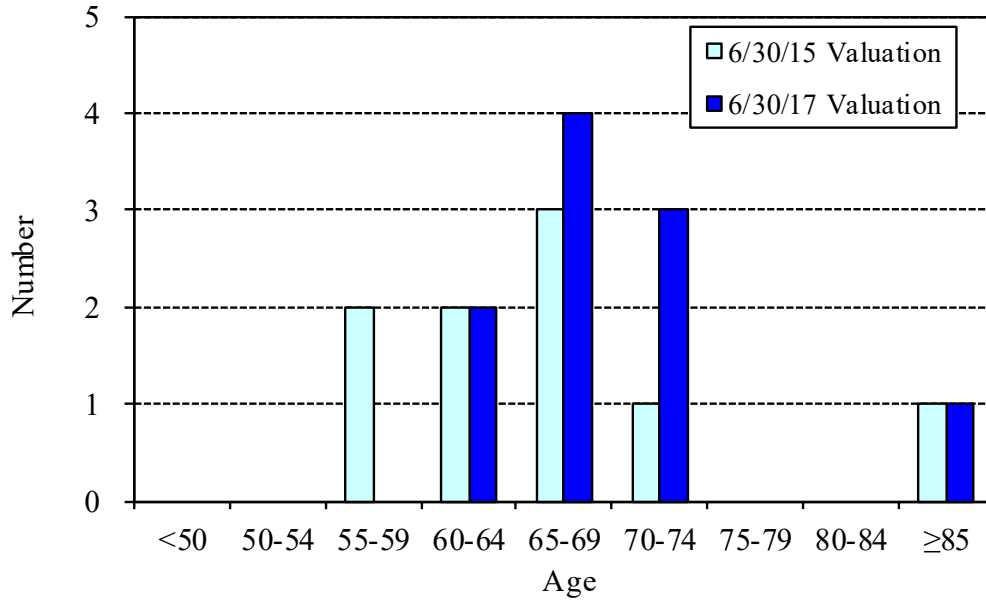
DATA SUMMARY

Retiree Medical Coverage by Age Group

Age	Single	2-Party	Family	Total
Under 50	-	-	-	-
50-54	-	-	-	-
55-59	-	-	-	-
60-64	2	-	-	2
65-69	2	2	-	4
70-74	2	1	-	3
75-79	-	-	-	-
80-84	-	-	-	-
Over 85	1	-	-	1
Total	7	3	-	10
Average Age	70.2	70.1	n/a	70.1

DATA SUMMARY

Retiree Age Distribution



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation	June 30, 2017 Valuation
■ Participation at Retirement	■ 100% Tier 1 ■ 70% Tier 2	■ Same
■ Medical Plan at Retirement	■ Same as current election	■ Same
■ Marital Status at Retirement	■ Same as current marital status	■ Same
■ Medicare Eligibility	■ 100% ■ Everyone eligible for Medicare will elect Part B coverage	■ Same
■ PPACA Excise Tax	■ 2% load on cash subsidy	■ Same

ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2015 Valuation	June 30, 2017 Valuation
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> ■ Actives – males 3 years older than females ■ Retirees – males 3 years older than females if spouse birth date not provided 	<ul style="list-style-type: none"> ■ Same



ACTUARIAL ASSUMPTIONS

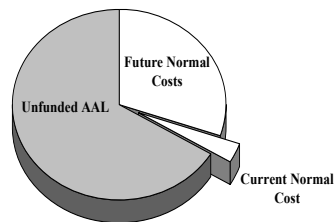
Assumptions	June 30, 2017 Valuation					
<ul style="list-style-type: none"> ■ Medical Claims Costs 2017/18 PEMHCA Implied Subsidy Estimate 	<ul style="list-style-type: none"> ■ Sample estimated monthly claims costs: 					
	Los Angeles Area - Non-Medicare Eligible					
			<u>Kaiser</u>		<u>PERSCare</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	
	25	\$ 206	\$ 405	\$ 225	\$ 370	
	35	270	496	334	513	
	45	430	521	530	580	
	55	719	727	784	758	
	60	918	858	941	870	
	64	1,115	1,007	1,125	1,027	
Los Angeles Area - Medicare Eligible						
		<u>Kaiser</u>		<u>PERSCare</u>		
<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>		
65	\$ 296	\$ 274	\$ 364	\$ 382		
70	278	266	347	369		
75	348	312	391	407		
80	373	331	405	420		



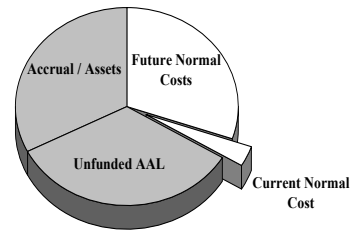
DEFINITIONS

Present Value of Benefits (PVB)

Without Assets



With Assets



■ **PVB - Present Value of all Benefits**

- Discounted value, at measurement date (valuation date) of all future expected benefit payments
- Expected benefit payments based on various actuarial assumptions

DEFINITIONS

■ **AAL – Actuarial Accrued Liability / Actuarial Obligation**

- Discounted value at measurement date (valuation date) of benefits “earned” through measurement date based on actuarial cost method
- Portion of PVB “earned” at measurement

■ **NC - Normal Cost**

- Value of benefits “earned” during current year
- Portion of PVB allocated to current year

■ **Actuarial Cost Method**

- Determines how benefits are “earned” or allocated to each year of service
- Has no effect on PVB
- Has significant effect on Actuarial Obligations and Normal Cost

■ **Pay-As-You-Go Cost (PayGo)**

- Cash Subsidy – Actual cash benefit payments to retirees
- Implied Subsidy – Difference between cost of retiree benefits and retiree premiums
- PayGo is the expected retiree benefit payments for the year while Normal Cost is the cost of benefits accrued by active employees during the year