



BARTEL
ASSOCIATES, LLC

**COUNTY OF NAPA
RETIREE HEALTHCARE PLAN**

**June 30, 2021 OPEB Actuarial Valuation
Plan Funding for 2023/24 and 2024/25**

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Bartel Associates, LLC

November 2, 2022

Contents

<u>Topic</u>	<u>Page</u>
Benefit Summary	1
Implied Subsidy	9
Participant Statistics	11
Actuarial Assumptions Highlights	17
Actuarial Methods	23
Assets	25
Results	29
Actuarial Certification	42
Exhibits	
Premiums	E - 1
Data Summary	E - 5
Actuarial Assumptions	E - 34
Definitions	E - 49



BENEFIT SUMMARY

Retiree Healthcare Benefits

Overview:

Group Covered ¹		Benefit ²
All employees		Sick Leave Conversion (SLC)
Management/Public Service		Long-Term Service Benefit (LTSB)
Management ³	Participation < 2013	Lifetime Benefit
	Participation ≥ 2013	Officer's Service Conversion Benefit

■ Since County participates in PEMHCA, benefit not less than PEMHCA minimum using the 5% 'unequal method':

- County joined PEMHCA in 2002
- 2021 benefit \$141.55 (95% of \$149)
- 2022 benefit \$151.00 (100% of \$151)

¹ Management includes Confidential, Classified, Non-Classified and Court employees in the same classification.

Public Service includes Court employees in the same classification hired prior to 1/1/2001

² Retirees get to choose from one of the benefits if eligible

³ Hired and appointed, or elected, prior to or after 1/1/2013.



BENEFIT SUMMARY

Sick Leave Conversion

Eligibility

- Service or Disability retire directly from County under CalPERS
- Minimum 120 hours unused sick leave
- One time choice at retirement
- Cannot be banked to use at a future date

Benefit

- Sick leave hours pay for medical, Medicare Part B and dental premiums
- Monthly limit of Kaiser Bay Area non-Medicare premium
- PEMHCA minimum only if waive and re-elect

Sick Leave

	Law Enforcement	Management	Public Service
Accrual per year	■ 96 hours	■ 98.8 hours	■ 98.8 hours
Conversion Rate	■ 8 hrs = 1 month EE coverage		■ Max – 1,248 hours
	■ 16 hrs = 1 month EE+1 coverage		
Surviving Spouse Benefit	■ Max – 1,800 hours		
	■ Based on retirement plan election	■ None	



BENEFIT SUMMARY

Long-Term Service Benefit

■ Eligibility	<ul style="list-style-type: none"> ■ Management/Public Service employees ■ Retire Age 50 & 20 years of County service
■ Benefit	<ul style="list-style-type: none"> ■ County pays lesser of retiree single premium and cap until age 65 ■ Cap is the most common active employee non-Medicare premium (Currently Kaiser Bay Area) ■ Sick leave conversion can be used for dental or sick leave hours applied to CalPERS service credit
■ Other	<ul style="list-style-type: none"> ■ No benefit (other than PEMHCA minimum) for: <ul style="list-style-type: none"> ● surviving spouses ● waived retirees who re-elect coverage



BENEFIT SUMMARY

Lifetime Benefit

■ Eligibility	<ul style="list-style-type: none"> ■ Non-Classified Department Head & Elected Officials⁴ ■ Hired < 1/1/2013 ■ 8 yrs of County service, with 5+ yrs in Non-Classified (deferred termination benefit) 									
■ Benefit	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">DOP⁵</th> <th>Benefit</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 7/10/07</td> <td>County pays medical/dental/vision/Medicare Part B reimbursement family coverage for life</td> </tr> <tr> <td style="text-align: center;">7/10/07 - 12/31/12</td> <td>County pays medical/ dental/vision/ Medicare Part B EE+1 for life. Medical capped at most enrolled active plan (Kaiser non-Medicare)</td> </tr> <tr> <td style="text-align: center;">≥ 1/1/13</td> <td>Not eligible. Eligible Officer Serv Conv Ben</td> </tr> </tbody> </table>		DOP ⁵	Benefit	< 7/10/07	County pays medical/dental/vision/Medicare Part B reimbursement family coverage for life	7/10/07 - 12/31/12	County pays medical/ dental/vision/ Medicare Part B EE+1 for life. Medical capped at most enrolled active plan (Kaiser non-Medicare)	≥ 1/1/13	Not eligible. Eligible Officer Serv Conv Ben
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7/10/07 - 12/31/12	County pays medical/ dental/vision/ Medicare Part B EE+1 for life. Medical capped at most enrolled active plan (Kaiser non-Medicare)									
≥ 1/1/13	Not eligible. Eligible Officer Serv Conv Ben									
■ Other	<ul style="list-style-type: none"> ■ Benefit continues to surviving spouse ■ No sick leave conversion benefit (sick leave hours would be used for additional CalPERS service credit) 									

⁴ Only Elected Officials elected prior to 1/1/2013.

⁵ Date of election or appointment



BENEFIT SUMMARY

Officer's Service Conversion Benefit

■ Eligibility	<ul style="list-style-type: none">■ All officers■ Elected or appointed after 1/1/2013⁶■ 15 months of County service
■ Benefit	<ul style="list-style-type: none">■ 1 month EE premiums paid for each month County service■ 1 month EE+1 premiums paid for each 2 months County service■ Max 225 months■ Cap is the most common active employee non-Medicare premium (Currently Kaiser Bay Area)

⁶ Choose between Officers' Service Conversion Benefits, Long Term Service Benefits, or Sick Leave Conversion benefits.



BENEFIT SUMMARY

Court Benefits

■ Eligibility	<ul style="list-style-type: none">■ Retired < 1/1/01 – County responsible for retiree healthcare benefits■ Hired < 1/1/01 – County share based on service as of 1/1/01■ Hired > 1/1/01 – Not County responsibility
■ Benefit	<ul style="list-style-type: none">■ JRS pays full healthcare premium and Medicare Part B for retired judges. County reimburses the rest if any.



BENEFIT SUMMARY

■ Pay-As-You-Go Costs (000's)	Fiscal Year	Cash	Implied Subsidy	Total
	2020/21	\$ 3,537	\$ 1,203	\$ 4,740
	2019/20	3,255	1,025	4,280
	2018/19	2,978	1,115	4,093
	2017/18	2,757	939	3,696
	2016/17	2,148	851	2,999
	2015/16	2,257	786	3,043
	2014/15	2,453	-	2,453
	2013/14	2,323	-	2,323



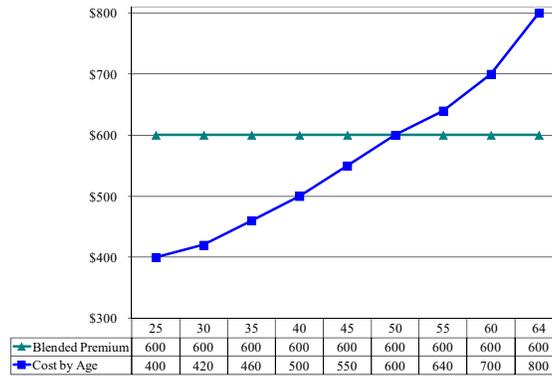
BENEFIT SUMMARY

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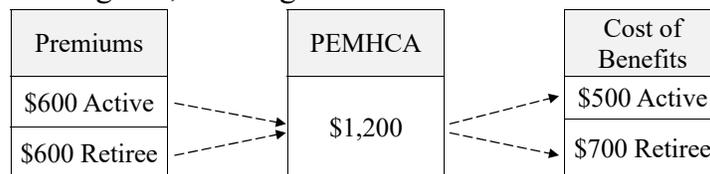


IMPLIED SUBSIDY

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



- Sample active age 40, retire age 60:



IMPLIED SUBSIDY

- GASBS 75 defers to actuarial standards of practice.
- Previous Actuarial Standards of Practice No. 6⁷ (ASOP 6) allows 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.
- County implemented early
- June 30, 2013 valuation and later valuations include the implied subsidy.

⁷ Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions.



PARTICIPANT STATISTICS

Actives⁸

	6/30/11 ⁹	6/30/13	6/30/15	6/30/17	6/30/19	6/30/21
■ Count	1,307	1,314	1,370	1,389	1,413	1,366
■ Average Age	46.2	45.9	45.9	45.7	45.2	44.6
■ Average County Service	10.8	10.9	11.0	10.5	10.3	10.2
■ Unused Sick Leave Hours						
• Average	339	353	349	343	331	352
• Total (000s)	443	464	478	476	467	481
■ Salary						
• Average	\$70,900	\$71,500	\$78,000	\$81,300	\$87,000	\$91,300
• Total (000s)	89,105	94,003	106,827	112,931	123,349	124,737

⁸ Excludes Court employees hired after 1/1/01.

⁹ Based on 6/30/10 census data, including corrected counts for Management Classified and Management Non-Classified.



PARTICIPANT STATISTICS

Inactives

	6/30/11 ¹⁰	6/30/13	6/30/15	6/30/17 ¹¹	6/30/19	6/30/21
■ Service Retirees ¹²						
• Total Count	386	470	481	834	910	1,009
• Avg. Age	68.3	68.1	68.6	70.9	71.2	71.1
• Avg. Ret. Age ¹³	59.0	59.6	59.6	59.4	59.6	59.7
■ Disabled Retirees						
• Total Count	6	19	17	53	57	56
• Avg. Age	62.3	62.8	66.5	65.3	66.2	65.4
• Avg. Ret. Age	56.4	51.8	52.0	46.3	47.1	46.4
■ Vested Term						
• Total Count	3	1	1	2	2	2
• Avg. Age	57.5	57.9	52.9	58.4	56.8	58.8

¹⁰ Based on 6/30/10 census data.

¹¹ CalPERS PEMHCA data used for the 6/30/17 valuation. It includes 323 retirees/survivors not in the 6/30/15 valuation: 310 waived, 10 receiving PEMHCA Minimum only, 2 lifetime benefitting survivors, and 1 retiree with sick leave conversion.

¹² Includes surviving spouses.

¹³ Excludes surviving spouses.



PARTICIPANT STATISTICS

Actives - Courts¹⁴

	6/30/11 ¹⁵	6/30/13	6/30/15	6/30/17	6/30/19	6/30/21
■ Count	51	42	34	33	25	18
■ Average Age	49.7	51.0	51.7	53.3	54.4	56.4
■ Average County Service	17.8	19.4	20.2	20.5	22.7	24.2
■ Unused Sick Leave Hours:						
• Average	336	385	495	580	642	658
• Total (000s)	17	16	17	19	16	12
■ Salary						
• Average	n/a	n/a	n/a	n/a	n/a	n/a
• Total (000s)	n/a	n/a	n/a	n/a	n/a	n/a

¹⁴ Excludes Court employees hired after 1/1/01.

¹⁵ Based on 6/30/10 census data.



PARTICIPANT STATISTICS

Inactives - Courts

	6/30/11	6/30/13	6/30/15	6/30/17	6/30/19	6/30/21
■ Count:						
• Count < 65	8	11	13	13	14	15
• Count ≥ 65	<u>5</u>	<u>10</u>	<u>13</u>	<u>14</u>	<u>19</u>	<u>19</u>
• Total Count	13	21	26	27	33	34
■ Avg. Age	62.8	63.3	64.9	66.6	67.3	65.9
■ Avg. Ret. Age	58.2	57.4	57.7	57.7	58.5	57.9



PARTICIPANT STATISTICS

Participant Reconciliation - County

	Actives	Retirees				
		Service	Disabled	Survivors	VT	Total
■ June 30, 2019	1,413	822	57	88	2	969
• Terminations	(117)	-	-	-	-	-
• New Retirees	(144)	140	4	-	-	144
• Retiree Deaths w/o Survivor ¹⁶	-	(39)	(3)	(15)	-	(57)
• Retiree Deaths w Survivor	-	(6)	(3)	9	-	-
• New Hires	214	-	-	-	-	-
• Rehires	-	-	-	-	-	-
• Data Corrections ¹⁷	-	<u>3</u>	<u>1</u>	<u>7</u>	-	<u>11</u>
■ June 30, 2021	1,366	920	56	89	2	1,067

¹⁶ 6/30/19 retirees not in 6/30/21 data are assumed to be deceased.

¹⁷ Includes 10 waived retirees and 1 retiree with age 81. The impact on liability is very small.



PARTICIPANT STATISTICS

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ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ June 30, 2019 ■ FY 2021/22 & 2022/23 (end of year payment) ■ 2-year lag period 	<ul style="list-style-type: none"> ■ June 30, 2021 ■ FY 2023/24 & 2024/25 (end of year payment) ■ 2-year lag period
■ Funding Policy	■ Full ADC contribution	■ Same
■ General Inflation	■ 2.75%	■ 2.50%
■ Payroll Increases	<ul style="list-style-type: none"> ■ Aggregate Increases – 3.00% ■ Merit Increases – CalPERS 1997-2015 Experience Study 	<ul style="list-style-type: none"> ■ Aggregate Increases – 2.75% ■ Merit Increases – CalPERS 2000-2019 Experience Study
■ Discount Rate	<ul style="list-style-type: none"> ■ PARS Balanced Fund ■ 6.25% ■ Assets transferred to PARS in March 2019 	<ul style="list-style-type: none"> ■ PARS Balanced Fund ■ 5.75%



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Mortality, Withdrawal, Disability	<ul style="list-style-type: none"> ■ CalPERS 1997-2015 Experience Study ■ Mortality Improvement Scale MP-2019 	<ul style="list-style-type: none"> ■ CalPERS 2000-2019 Experience Study ■ Mortality Improvement Scale MP-2021
■ Retirement	■ CalPERS 1997-2015 Experience Study	■ CalPERS 2000-2019 Experience Study



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation			June 30, 2021 Valuation				
■ Healthcare Trend		Non-Medicare	Medicare		Non-Medicare	Medicare		
		<u>Year</u>	<u>All Plans</u>	<u>Medicare</u>	<u>Year</u>	<u>All Plans</u>	<u>Non-Kaiser</u>	<u>Kaiser</u>
		2019	Actual Premiums		2019	n/a		
		2020	Actual Premiums		2020	n/a		
		2021	7.25%	6.30%	2021	Actual Premiums		
		2022	7.00%	6.10%	2022	Actual Premiums		
		2023	6.75%	5.90%	2023	6.50%	5.65%	4.60%
		2024	6.50%	5.70%	2024	6.25%	5.45%	4.45%
		↓	↓	↓	↓	↓	↓	↓
		2030	5.20%	4.70%	2030	4.95%	4.45%	4.05%
		31-35	5.05%	4.60%	31-35	4.80%	4.35%	4.00%
		36-45	4.90%	4.50%	36-45	4.65%	4.25%	3.95%
		46-55	4.75%	4.45%	46-55	4.50%	4.20%	3.90%
		56-65	4.60%	4.40%	56-65	4.35%	4.15%	3.85%
		66-75	4.30%	4.20%	66-75	4.05%	3.95%	3.80%
		2076+	4.00%	4.00%	2076+	3.75%	3.75%	3.75%



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation			June 30, 2021 Valuation			
■ PEMHCA Minimum Increases		PEMHCA	Unequal		PEMHCA	Unequal	
		<u>Year</u>	<u>Minimum</u>	<u>Method</u>	<u>Year</u>	<u>Minimum</u>	<u>Method</u>
		2019	\$ 136.00	\$ 115.60	2021	\$ 143.00	\$ 135.85
		2020	139.00	125.10	2022	149.00	149.00
		2021	143.00 (est. ¹⁸)	135.85	2023	151.00	151.00
		2022+	Increases at CPI-U Medical (4.25%)	Increase per AB 2544	2024+	Increases at CPI-U Medical (4.00%)	
■ Dental and Vision Increases	■ 2.75%			■ 2.50%			

¹⁸ CalPERS has not formally released the 2021 PEMHCA minimum amount at the time this valuation was completed.



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation			June 30, 2021 Valuation		
	<u>Year</u>	<u>Active</u>	<u>Retiree</u>	<u>Year</u>	<u>Active</u>	<u>Retiree</u>
■ Medicare B Premium Increases	2019	\$135.50	Current	2021	\$148.50	Current
	2020	144.60	Premium	2022	170.10	Premium
	2021	5.10%		2023+	Increase with Post-Medicare Health Trend	
	2022+	Increase with Post-Medicare Health Trend				



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ PEMHCA Administration Fee	<ul style="list-style-type: none"> ■ PEMHCA - 0.27% of retiree premium added to Normal Cost ■ PARS - 0.13% of assets added to Normal Cost 	<ul style="list-style-type: none"> ■ PEMHCA - 0.25% of retiree premium added to Normal Cost ■ PARS - 0.16% of assets added to Normal Cost



ACTUARIAL ASSUMPTIONS HIGHLIGHTS

	June 30, 2019 Valuation	June 30, 2021 Valuation																								
<p>■ Medical Plan at Retirement</p>	<p>■ Actives</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Medical Plan</u></th> <th style="text-align: center;"><u>Pre-65</u></th> <th style="text-align: center;"><u>Post-65</u></th> </tr> </thead> <tbody> <tr> <td>Kaiser</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">65%</td> </tr> <tr> <td>PERS Choice</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td>PERSCare</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table> <p>■ Retirees < 65:</p> <ul style="list-style-type: none"> • Pre-65: Same as current election • Post 65: Post 65 assumptions for actives <p>■ Retirees ≥ 65: Same as current election</p>	<u>Medical Plan</u>	<u>Pre-65</u>	<u>Post-65</u>	Kaiser	75%	65%	PERS Choice	20%	25%	PERSCare	5%	10%	<p>■ Actives</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Medical Plan</u></th> <th style="text-align: center;"><u>Pre-65</u></th> <th style="text-align: center;"><u>Post-65</u></th> </tr> </thead> <tbody> <tr> <td>Kaiser</td> <td style="text-align: center;">75%</td> <td style="text-align: center;">70%</td> </tr> <tr> <td>PERS Choice</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>PERSCare</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table> <p>■ Retirees < 65:</p> <ul style="list-style-type: none"> • Pre-65: Same • Post 65: Same <p>Retirees ≥ 65: Same</p>	<u>Medical Plan</u>	<u>Pre-65</u>	<u>Post-65</u>	Kaiser	75%	70%	PERS Choice	20%	20%	PERSCare	5%	10%
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<p>■ Sick Leave Usage</p>	<p>■ 50%</p> <p>■ Based on current experience</p>	<p>■ 60%</p> <p>■ Based on current experience</p> <p>■ We will continue to monitor this assumption</p>																								



ACTUARIAL METHODS

	June 30, 2019 Valuation	June 30, 2021 Valuation
<p>■ Unfunded Liability Amortization</p>	<p>■ 20-yr fixed (closed) period for initial 6/30/2009 UAAL (8 years remaining on 6/30/2021)</p> <p>■ 20-yr fixed (closed) period for plan changes</p> <p>■ 15-yr fixed (closed) period for experience and contribution gains and losses, method changes, and assumption changes</p> <p>■ Maximum 30-yr combined period</p>	<p>■ 15-yr fresh start for 2023/24 ADC</p>
<p>■ Future New Entrants</p>	<p>■ No future hires included in valuation</p>	



ASSETS

PARS Balance Fund – Real Rates of Return

	Policy Target Allocation	Advisor Average Real Rates of Return ¹⁹		
		1st 10 years	After 10 years	Geometric Average
■ Global Equity	60.0%	3.81%	5.31%	4.56%
■ Fixed Income	35.0%	-0.48%	2.06%	0.78%
■ Cash	<u>5.0%</u>	-1.21%	0.21%	-0.50%
■ Total	100.0%			

¹⁹ Bartel Associates discount rate analysis based on capital market assumptions from 8 investment advisors: JP Morgan, BNY Mellon, Callan, NEPC, Verus, Meketa, PFM, Wilshire (Mar. 2021)



ASSETS

PARS Balance Fund – Expected Discount Rate

	Balance Fund
■ Target Allocation	
• Global Equity	60.0%
• Fixed Income	35.0%
• Cash	<u>5.0%</u>
• Total	100.0%
■ Discount Rate - 50% Confidence Level	5.97%
• Investment Fees	<u>-0.15%</u>
• Net Return	5.82%
• Rounded Net Return	5.75%



ASSETS

Market Value of Plan Assets

(Amounts in 000's)

	2019/20	2020/21	Projected 2021/22 ²⁰	Projected 2022/23 ²⁰
■ Market Value (Beginning of Year)	\$75,058	\$82,284	\$109,040	\$112,789
• Employer Contribution	4,635	4,332	3,946	3,543
• Benefit Payment ²¹	-	-	-	-
• Administrative Expenses	(113)	(131)	(170)	(176)
• Investment Return	<u>2,704</u>	<u>22,554</u>	<u>-</u>	<u>6,480</u>
■ Market Value (End of Year)	82,284	109,040	112,789	122,636
■ Approximate Annual Return	3.5%	26.9%	0.0%	5.7%

²⁰ Projected using 0% rate of return for 2021/22 and 5.75% for 2022/23

²¹ All benefit payments made by the County outside of the trust. Contributions made to trust are net of benefit payments.



ASSETS

Actuarial Value of Plan Assets

(Amounts in 000's)

	2019/20	2020/21	Projected 2021/22	Projected 2022/23
■ AVA (Beginning of Year)	\$75,838	\$84,616	\$97,167	\$103,291
• Employer Contribution	4,635	4,332	3,919	3,543
• Benefit Payment	-	-	-	-
• Expected Investment Return	<u>4,726</u>	<u>5,251</u>	<u>(170)</u>	<u>5,758</u>
■ Expected AVA (End of Year)	85,200	94,199	100,916	112,591
■ MVA (End of Year)	82,284	109,040	112,789	122,636
■ MVA – Expected AVA	(2,916)	14,841	11,873	10,045
■ 1/5 of (MVA – Expected AVA)	(583)	2,968	2,375	2,009
■ Preliminary AVA²²	84,616	97,167	103,291	114,600
• Minimum AVA (80% of MVA)	65,827	87,232	90,231	98,109
• Maximum AVA (120% of MVA)	98,740	130,849	135,347	147,163
■ AVA (End of Year)	84,616	97,167	103,291	114,600
■ Approximate Annual Return	5.5%	9.7%	2.4%	7.7%

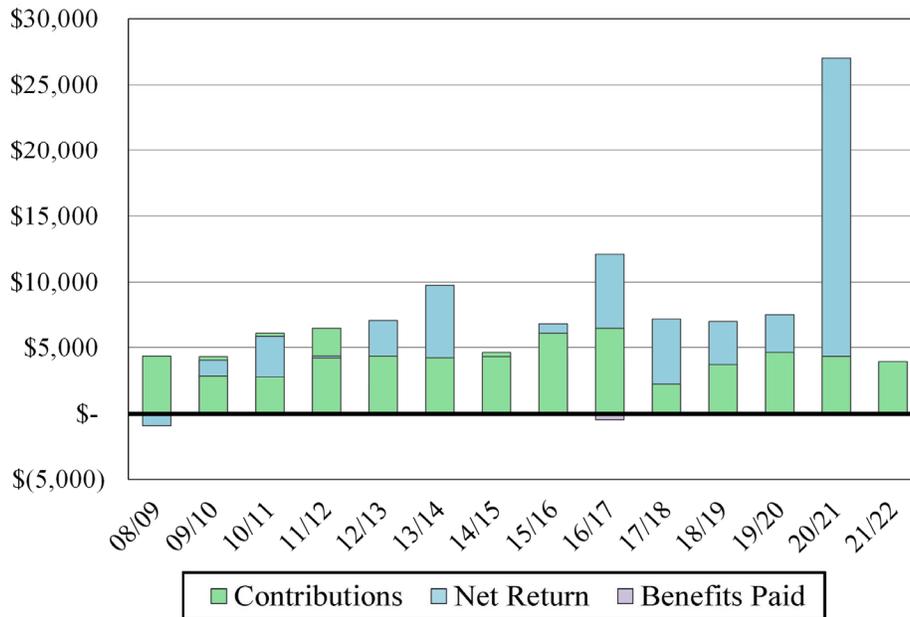
²² Expected AVA plus 20% of the difference between the MVA and expected AVA.



ASSETS

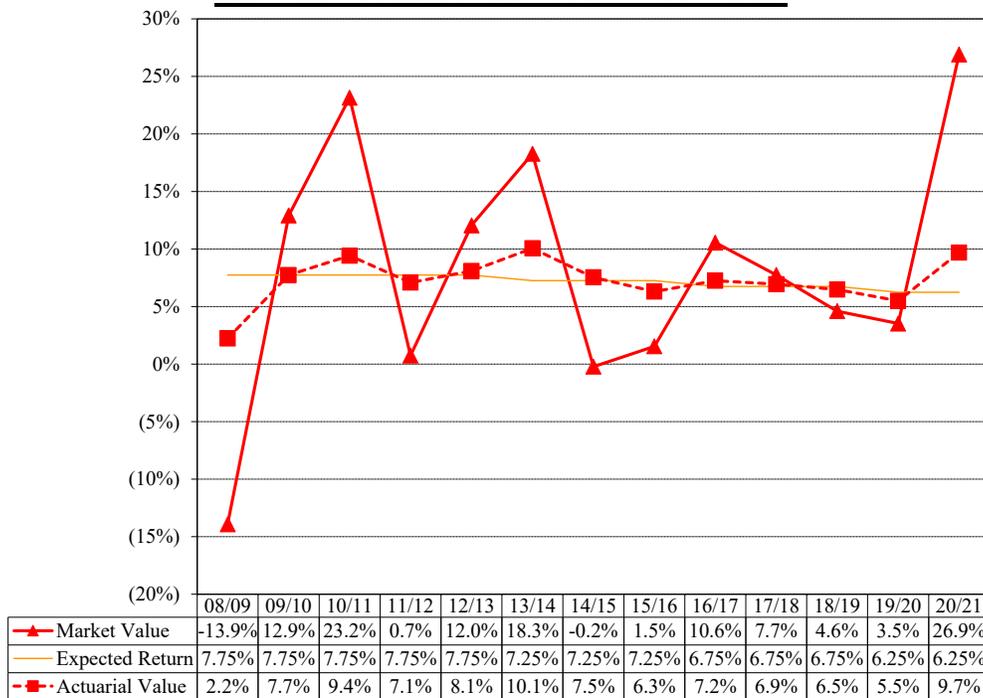
Historical Market Value of Asset Changes

(Amounts in 000's)



ASSETS

Historical Annualized Asset Returns



RESULTS

Actuarial Obligations

(Amounts in 000's)

	6/30/19	6/30/21	Projected 6/30/23
■ Present Value of Benefits			
• Actives	\$ 110,628	\$109,573	
• Retirees	<u>36,498</u>	<u>41,031</u>	
• Total	147,126	150,604	
■ Actuarial Accrued Liability			
• Actives	61,926	59,985	
• Retirees	<u>36,498</u>	<u>41,031</u>	
• Total	98,424	101,016	\$112,807
■ Actuarial Value of Assets	<u>75,838</u>	<u>97,167</u>	<u>114,600</u>
■ Unfunded Liability	22,586	3,849	(1,793)
■ Funded Ratio	77.1%	96.2%	101.6%
■ Normal Cost²³	5,713	n/a	5,261
■ Pay-As-You-Go Cost²⁴	4,740	4,749	5,580

²³ Normal costs for fiscal years 21/22, and 23/24.

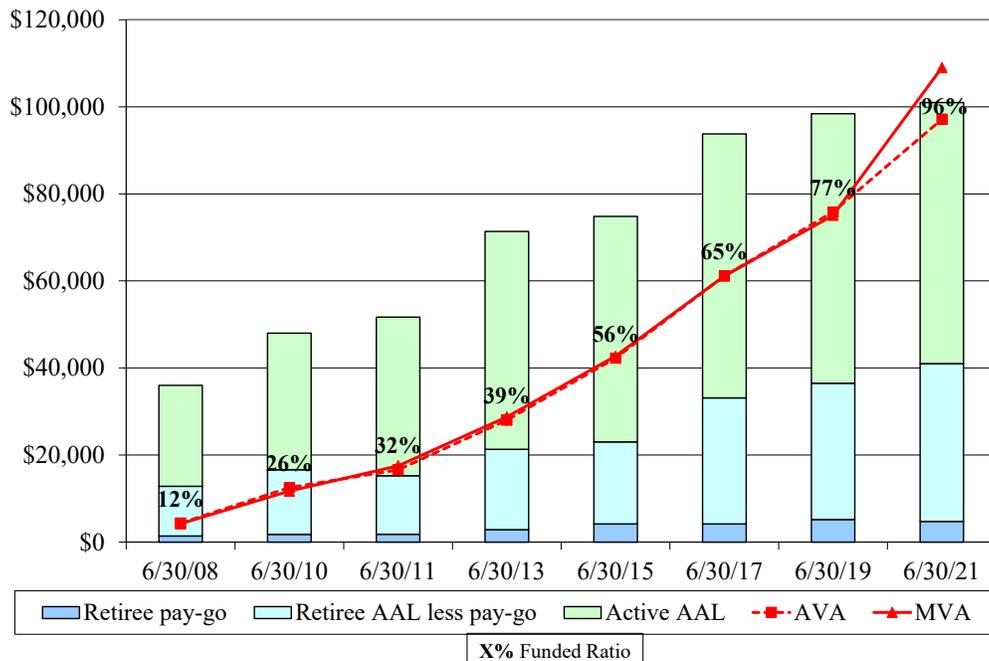
²⁴ Actual amounts for fiscal year 20/21. Projected amount for fiscal year 21/22, and 23/24. Includes implied subsidy amounts.



RESULTS

Historical Funded Status

(Amounts in 000's)



RESULTS

Estimated Actuarial Gains & Losses

(Amounts in 000's)

	AAL	AVA	UAAL
■ 6/30/2019 Actual Value	\$98,424	\$75,838	\$22,586
■ 6/30/2023 Expected Value	127,490	112,873	14,617
■ Experience (Gains)/Losses			
• Premiums and caps less than expected	(9,003)	-	(9,003)
• Demographic & Other	(3,611)	-	(3,611)
■ Assumption (Gains)/Losses			
• Sick Leave Usage assumption change	(2,056)	-	(2,056)
• CalPERS Experience Study	(1,778)	-	(1,778)
• Mortality improvement MP-21	(349)	-	(349)
• Medical Plan Election at Retirement	(241)	-	(241)
• Kaiser Medicare Trend	(553)	-	(553)
• Inflation (Includes DR change 6.25%→6.00%)	90	-	90
• Discount rate change 6.00%→5.75%	2,819	-	2,819
■ Contribution and Asset Gains/(Losses)	-	1,727	(1,727)
■ Total Changes	(14,683)	1,727	(16,410)
■ 6/30/2023 Actual Value	112,807	114,600	(1,793)



RESULTS

Schedule of Funding Progress

(Amounts in 000's)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
6/30/2008	\$ 4,363	\$ 36,040	\$ 31,677	12.1%	\$ 86,030	36.8%
6/30/2010	12,519	48,008	35,489	26.1%	86,300	41.1%
6/30/2011 ²⁵	16,613	51,697	35,084	32.1%	89,105	39.4%
6/30/2013	28,016	71,369	43,353	39.3%	94,003	46.1%
6/30/2015	42,266	74,812	32,546	56.5%	106,827	30.5%
6/30/2017	61,134	93,781	32,647	65.2%	122,622	26.6%
6/30/2019	75,838	98,424	22,586	77.1%	132,830	17.0%
6/30/2021	97,167	101,016	3,849	96.2%	128,167	3.0%

²⁵ Based on 6/30/10 valuation data.
Covered payroll projected from 6/30/10 by 3.25% increase.



RESULTS

Actuarially Determined Contribution (ADC)

(Amount in 000's)

	6/30/19 Valuation		6/30/21 Valuation	
	2021/22	2022/23	2023/24	2024/25
■ ADC - \$				
• Normal Cost ²⁶	\$ 5,713	\$ 5,884	\$ 5,470	\$ 5,625
• UAAL Amortization	<u>2,955</u>	<u>3,044</u>	<u>(153)</u>	<u>(326)</u>
• Total ADC	8,668	8,928	5,316	5,299
■ Projected Payroll	132,830	136,815	135,313	139,035
■ ADC- % of Total County Payroll				
• Normal Cost	4.3%	4.3%	4.0%	4.0%
• UAAL Amortization	<u>2.2%</u>	<u>2.2%</u>	<u>(0.1)%</u>	<u>(0.3)%</u>
• Total ADC	6.5%	6.5%	3.9%	3.8%
■ Pay-As-You-Go Cost				
• Cash Subsidy	\$4,025	\$4,574	\$4,158	\$4,452
• Implied Subsidy	<u>1,141</u>	<u>1,315</u>	<u>1,079</u>	<u>1,128</u>
• Total	5,166	5,889	5,237	5,580
■ Net Contributions	\$ 3,502	\$ 3,039	\$ 79	\$ (281)

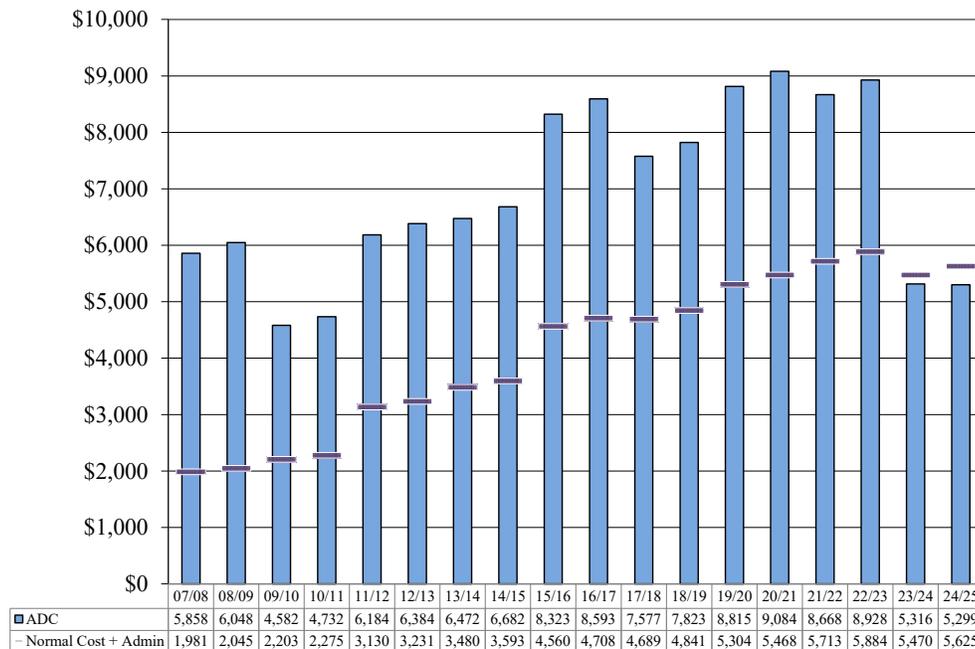
²⁶ Administration fees are included in normal costs.



RESULTS

Annual Required Contributions/Actuarial Determined Contributions

(Amounts in 000's)



RESULTS

Amortization Bases

(Amounts in 000's)

	June 30, 2019 Valuation		June 30, 2021 Valuation	
	6/30/21	6/30/22	6/30/23	6/30/24
■ Outstanding Balance				
• Initial UAAL	\$ 21,850	\$ 19,988		
• Changes from 6/30/10 valuation	4,030	3,621		
• Changes from 6/30/11 valuation	(1,121)	(1,004)		
• Changes from 6/30/13 valuation	9,820	9,793		
• Changes from 6/30/15 valuation	(9,962)	(9,466)		
• Changes from 6/30/17 valuation	5,704	5,503		
• Changes from 6/30/19 valuation	(7,833)	(7,639)		
• Contribution (Gain)/Loss	(1,637)	(1,596)		
• Fresh Start of UAAL	n/a	n/a	\$ (1,794)	\$ (3,606)
• Total	20,851	19,199	(1,794)	(3,606)



RESULTS

Amortization Payments

(Amounts in 000's)

	June 30, 2019 Valuation		June 30, 2021 Valuation	
	2021/22	2022/23	2023/24	2024/25
■ Amortization Payment - \$				
• Initial UAAL	\$ 3,227	\$ 3,324		
• Changes from 6/30/10 valuation	661	680		
• Changes from 6/30/11 valuation	(186)	(192)		
• Changes from 6/30/13 valuation	641	660		
• Changes from 6/30/15 valuation	(1,118)	(1,152)		
• Changes from 6/30/17 valuation	558	575		
• Changes from 6/30/19 valuation	(683)	(704)		
• Contribution (Gain)/Loss	(143)	(147)		
• Fresh Start of UAAL	n/a	n/a	\$ (153)	\$ (326)
• Total	2,955	3,044	(153)	(326)
■ Average Amortization Years	8.4	7.4	15.0	14.0



RESULTS

Actuarial Obligations – By Bargaining Group²⁷

June 30, 2021

(Amounts in 000's)

	Law Enforce.		Management			Public Service		Courts	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.		
■ PVB									
• Actives	\$11,036	\$3,373	\$1,858	\$15,923	\$2,877	\$62,947	\$11,141	\$419	\$109,573
• Retirees	<u>3,660</u>	<u>2,178</u>	<u>592</u>	<u>7,500</u>	<u>6,936</u>	<u>16,168</u>	<u>3,391</u>	<u>605</u>	<u>41,031</u>
• Total	14,696	5,551	2,450	23,423	9,813	79,115	14,532	1,024	150,604
■ AAL									
• Actives	4,879	2,068	849	9,743	1,994	32,892	7,199	363	59,985
• Retirees	<u>3,660</u>	<u>2,178</u>	<u>592</u>	<u>7,500</u>	<u>6,936</u>	<u>16,168</u>	<u>3,391</u>	<u>605</u>	<u>41,031</u>
• Total	8,539	4,246	1,441	17,243	8,930	49,060	10,590	968	101,016
■ AVA²⁸	<u>8,214</u>	<u>4,084</u>	<u>1,386</u>	<u>16,586</u>	<u>8,590</u>	<u>47,191</u>	<u>10,186</u>	<u>931</u>	<u>97,167</u>
■ UAAL	325	162	55	657	340	1,869	404	37	3,849
■ 2023/24 NC	642	156	107	726	153	3,011	452	12	5,261
■ 2023/24 BP	598	234	81	1,024	596	2,457	492	97	5,580

²⁷ 11 retirees not in the 6/30/21 valuation missing group information. Their PVB, AAL, and BP allocated to current retirees.

²⁸ AVA allocation based on AAL.



RESULTS

Actuarially Determined Contribution (ADC) – By Bargaining Group

2023/24 Fiscal Year

(Amounts in 000's)

	Law Enforce.		Management			Public Service		Courts	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.		
■ ADC - \$									
• Normal Cost	\$660	\$165	\$110	\$760	\$170	\$3,115	\$474	\$14	\$ 5,470
• UAAL Amort. ²⁹	<u>(13)</u>	<u>(6)</u>	<u>(2)</u>	<u>(25)</u>	<u>(12)</u>	<u>(76)</u>	<u>(16)</u>	<u>(1)</u>	<u>(153)</u>
• Total	647	159	108	735	157	3,039	458	13	5,316
■ Proj. Payroll	10,884	3,065	2,026	23,002	4,116	77,767	12,844	1,609	135,313
■ ADC - %Pay									
• Normal Cost	6.1%	5.4%	5.4%	3.3%	4.1%	4.0%	3.7%	0.9%	4.0%
• UAAL Amort.	<u>(0.1)%</u>	<u>(0.2)%</u>	<u>(0.1)%</u>	<u>(0.1)%</u>	<u>(0.3)%</u>	<u>(0.1)%</u>	<u>(0.1)%</u>	<u>(0.1)%</u>	<u>(0.1)%</u>
• Total	5.9%	5.1%	5.3%	3.2%	3.8%	3.9%	3.5%	0.8%	3.9%

²⁹ Allocated in proportion to Unfunded Actuarial Accrued Liability.



RESULTS

Actuarial Obligations – By Cash & Implied Subsidy

June 30, 2021
(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ PVB			
• Actives	\$ 84,568	\$ 25,005	\$ 109,573
• Retirees	<u>34,968</u>	<u>6,063</u>	<u>41,031</u>
• Total	119,536	31,068	150,604
■ AAL			
• Actives	46,250	13,735	59,985
• Retirees	<u>34,968</u>	<u>6,063</u>	<u>41,031</u>
• Total	81,218	19,798	101,016
■ AVA³⁰	<u>78,123</u>	<u>19,044</u>	<u>97,167</u>
■ UAAL	3,095	754	3,849
■ 2023/24 NC	4,078	1,183	5,261
■ 2023/24 BP	4,452	1,128	5,580

³⁰ AVA allocation based on AAL.



RESULTS

Actuarially Determined Contribution (ADC) – By Cash & Implied Subsidy

2023/24 Fiscal Year
(Amounts in 000's)

	Cash Subsidy	Implied Subsidy	Total
■ ADC - \$			
• Normal Cost	\$ 4,287	\$ 1,183	\$ 5,470
• UAAL Amort. ³¹	<u>(123)</u>	<u>(30)</u>	<u>(153)</u>
• Total	4,164	1,153	5,316
■ Proj. Payroll	135,313	135,313	135,313
■ ADC - %Pay			
• Normal Cost	3.2%	0.9%	4.0%
• UAAL Amort.	<u>(0.1)%</u>	<u>(0.0)%</u>	<u>(0.1)%</u>
• Total	3.1%	0.9%	3.9%

³¹ Allocated in proportion to Unfunded Actuarial Accrued Liability.



RESULTS

10-Year Projection Illustration

(Amounts in 000's)

FYE	ADC	Contribution				Total County Payroll	ADC % of Total Pay	Contr % of Total Pay
		Cash BP	IS	Pre- Fund	Total Contrib			
2024	\$5,316	\$4,452	\$1,128	\$ (264)	\$5,316	\$135,313	3.9%	3.9%
2025	5,299	4,677	1,211	(589)	5,299	139,035	3.8%	3.8%
2026	5,295	5,050	1,344	(1,099)	5,295	142,858	3.7%	3.7%
2027	5,300	5,397	1,481	(1,578)	5,300	146,787	3.6%	3.6%
2028	5,314	5,732	1,588	(2,006)	5,314	150,823	3.5%	3.5%
2029	5,333	6,057	1,650	(2,374)	5,333	154,971	3.4%	3.4%
2030	5,357	6,392	1,752	(2,787)	5,357	159,233	3.4%	3.4%
2031	5,381	6,712	1,864	(3,195)	5,381	163,611	3.3%	3.3%
2032	5,403	6,950	1,906	(3,453)	5,403	168,111	3.2%	3.2%
2033	5,421	7,244	2,046	(3,869)	5,421	172,734	3.1%	3.1%



ACTUARIAL CERTIFICATION

This report presents the County of Napa Retiree Healthcare Plan ("Plan") June 30, 2021 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan's June 30, 2021 Benefit Obligations,
- Determine the Plan's June 30, 2021 Funded Status, and
- Calculate the 2023/24 and 2024/25 Actuarially Determined Contributions.

Information provided in this report may be useful to the County for the Plan's financial management. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as: plan experience differing from that anticipated by the assumptions; changes in assumptions; changes expected as part of the natural progression of the plan; and changes in plan provisions or applicable law. Actuarial models necessarily rely on the use of estimates and are sensitive to changes. Small variations in estimates may lead to significant changes in actuarial measurements. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of such measurements.

The valuation is based on Plan provisions, participant data, and asset information provided by the County 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, EA, MAAA
Bartel Associates, LLC



Bianca Lin, FSA, EA, MAAA, FCA
Bartel Associates, LLC



EXHIBITS

Topic	Page
Premiums	E - 1
Data Summary	E - 5
Actuarial Assumptions	E - 34
Definitions	E - 49



PREMIUMS

2021 PEMHCA Monthly Premiums
Region 1

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$925.60	\$1,851.20	\$2,406.56	\$383.37	\$766.74	\$1,150.11
Anthem Traditional	1,307.86	2,615.72	3,400.44	383.37	766.74	1,150.11
Blue Shield Access+	1,170.08	2,340.16	3,042.21	n/a	n/a	n/a
Blue Shield Trio	880.50	1,761.00	2,289.30	n/a	n/a	n/a
Health Net SmartCare	1,120.21	2,240.42	2,912.55	n/a	n/a	n/a
Kaiser	813.64	1,627.28	2,115.46	324.48	648.96	973.44
UnitedHealthcare	941.17	1,882.34	2,447.04	311.56	623.12	934.68
Western Health Advantage	757.02	1,514.04	1,968.25	n/a	n/a	n/a
PERS Choice	935.84	1,871.68	2,433.18	349.97	699.94	1,049.91
PERS Select	566.67	1,133.34	1,473.34	349.97	699.94	1,049.91
PERSCare	1,294.69	2,589.38	3,366.19	381.25	762.50	1,143.75
PORAC	799.00	1,725.00	2,199.00	513.00	1,022.00	1,635.00



PREMIUMS

2022 PEMHCA Monthly Premiums

Region 1

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem Select	\$1,015.81	\$2,031.62	\$2,641.11	\$360.19	\$720.38	\$1,080.57
Anthem Traditional	1,304.00	2,608.00	3,390.40	360.19	720.38	1,080.57
Blue Shield Access+	1,116.01	2,232.02	2,901.63	353.11	706.22	1,059.33
Blue Shield Trio	898.54	1,797.08	2,336.20	353.11	706.22	1,059.33
Health Net SmartCare	1,153.00	2,306.00	2,997.80	n/a	n/a	n/a
Kaiser	857.06	1,714.12	2,228.36	302.53	605.06	907.59
UnitedHealthcare Alliance	1,020.28	2,040.56	2,652.73	n/a	n/a	n/a
UnitedHealthcare Group	n/a	n/a	n/a	294.65	589.30	883.95
UnitedHealthcare Edge	n/a	n/a	n/a	347.21	694.42	1,041.63
Western Health Advantage	741.26	1,482.52	1,927.28	314.94	629.88	944.82
PERS Platinum	1,057.01	2,114.02	2,748.23	381.94	763.88	1,145.82
PERS Gold	701.23	1,402.46	1,823.20	377.41	754.82	1,132.23
PORAC	799.00	1,725.00	2,219.00	461.00	919.00	1,471.00



PREMIUMS

Delta Dental Monthly Composite Rates

Plan	2021			2022		
	EE	EE+1	Family	EE	EE+1	Family
Delta Dental PPO	\$ 88.30	\$ 88.30	\$ 88.30	\$ 88.30	\$ 88.30	\$ 88.30
Delta Dental DMO	36.10	36.10	36.10	36.10	36.10	36.10



PREMIUMS

Vision Monthly Premiums

Plan	2021			2022		
	EE	EE+1	Family	EE	EE+1	Family
Low Option	\$ 5.36	\$ 10.08	\$ 15.26	\$ 5.36	\$ 10.08	\$ 15.26
High Option	10.70	19.44	27.58	10.70	19.44	27.58



DATA SUMMARY

Active Participant Statistics³²

June 30, 2021

	Law Enforcement		Management			Public Service		Courts	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.		
■ Count	84	19	26	151	20	928	120	18	1,366
■ Avg. Age	40.1	43.4	47.7	47.7	54.1	43.7	47.3	56.4	44.6
■ Avg. Co. Svc	7.7	13.5	7.8	11.7	14.3	9.3	13.7	24.2	10.2
■ Unused Sick Leave Hours:									
• Average	510	910	298	582	634	264	462	658	352
• Total (000s)	43	17	8	88	13	245	55	12	481
■ CY 2021 Pay									
• Average	119,440	148,708	71,862	140,422	189,682	77,251	98,668	n/a	91,315
• Total (000s)	10,033	2,825	1,868	21,203	3,794	71,689	11,840	n/a	123,254

³² Exclude Court employees hired after 1/1/01.



DATA SUMMARY

Active Participant Statistics³³

June 30, 2019

	Law Enforcement		Management			Public Service		Courts	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.		
■ Count	83	19	21	153	20	971	121	25	1,413
■ Avg. Age	40.2	43.3	49.3	49.3	55.3	44.1	48.2	54.4	45.2
■ Avg. Co. Svc	8.1	15.4	9.0	12.6	12.6	9.2	14.1	22.7	10.3
■ Unused Sick Leave Hours:									
• Average	475	940	277	604	394	239	464	642	331
• Total (000s)	39	18	6	92	8	232	56	16	467
■ CY 2019 Pay ³⁴									
• Average	116,934	139,192	72,336	140,293	191,585	74,522	97,707	n/a	87,296
• Total (000s)	9,706	2,645	1,519	21,465	3,832	72,361	11,823	n/a	123,349

³³ Exclude Court employees hired after 1/1/01.

³⁴ Annualized pay from December 2019 biweekly payroll.



DATA SUMMARY

Inactive Participant Statistics

June 30, 2021

	Law Enforcement		Management			Public Service		Courts	N/A ³⁵	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.			
■ Service Retirees ³⁶										
• Total Count	38	12	16	161	44	538	94	34	72	1,009
• Avg. Age	66.0	56.8	70.5	69.5	73.8	71.3	70.3	65.9	79.5	71.1
• Avg. Ret. Age	54.9	53.6	62.9	58.7	59.0	60.6	59.8	57.8	56.9	59.7
■ Disabled Retirees:										
• Total Count	24	1	-	4	-	22	-	-	5	56
• Avg. Age	60.5	52.5	n/a	73.3	n/a	68.5	n/a	n/a	71.3	65.4
• Avg. Ret. Age	45.4	48.3	n/a	54.0	n/a	47.8	n/a	n/a	38.9	46.4
■ Vested Term.:										
• Total Count	-	-	-	-	2	-	-	-	-	2
• Avg. Age	n/a	n/a	n/a	n/a	58.8	n/a	n/a	n/a	n/a	58.8

³⁵ Missing group information, including 71 waived (7 pre-65 and 64 post-65) and 6 PEMHCA minimum only retirees

³⁶ Count and average age includes 89 surviving spouses. Average retirement age excludes surviving spouses.



DATA SUMMARY

Inactive Participant Statistics

June 30, 2019

	Law Enforcement		Management			Public Service		Courts	N/A ³⁷	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.			
■ Service Retirees ³⁸										
•Total Count	36	8	13	140	43	479	81	32	78	910
•Avg. Age	65.5	57.4	69.4	68.6	73.5	71.3	69.6	67.1	81.5	71.2
•Avg. Ret. Age	54.9	54.8	62.3	58.3	58.4	60.7	59.4	58.2	56.8	59.6
■ Disabled Retirees:										
•Total Count	22	1	-	4	-	21	-	1	8	57
•Avg. Age	61.3	50.5	n/a	80.6	n/a	67.6	n/a	71.0	70.6	66.2
•Avg. Ret. Age	46.1	48.3	n/a	54.6	n/a	48.0	n/a	67.2	40.8	47.1
■ Vested Term.:										
•Total Count	-	-	-	-	2	-	-	-	-	2
•Avg. Age	n/a	n/a	n/a	n/a	56.8	n/a	n/a	n/a	n/a	56.8

³⁷ Missing group information, including 81 waived (4 pre-65 and 77 post-65) and 5 PEMHCA minimum only retirees

³⁸ Count and average age includes 88 surviving spouses. Average retirement age excludes surviving spouses.



November 2, 2022

E-8



DATA SUMMARY

Active Participant Statistics - Courts³⁹

June 30, 2021

	Management			Public Service		Total
	Conf.	Class.	NC/Judge	PSE	PSE Supv.	
■ Count	-	3	-	15	-	18
■ Avg. Age	-	54.0	-	56.9	-	56.4
■ Avg. Co. Svc	-	23.5	-	24.3	-	24.2
■ Unused SLH						
•Average	-	884	-	613	-	658
•Total (000s)	-	3	-	9	-	12
■ CY 2021 Pay						
•Average	n/a	n/a	n/a	n/a	n/a	n/a
•Total (000s)	n/a	n/a	n/a	n/a	n/a	n/a

³⁹ Exclude Court employees hired after 1/1/01.



November 2, 2022

E-9



DATA SUMMARY

Active Participant Statistics - Courts⁴⁰
June 30, 2019

	Management			Public Service		Total
	Conf.	Class.	NC/Judge	PSE	PSE Supv.	
■ Count	1	3	-	18	3	25
■ Avg. Age	53.2	53.2	-	54.6	54.6	54.4
■ Avg. Co. Svc	23.9	27.3	-	22.0	22.2	22.7
■ Unused SLH						
• Average	2,250	845	-	494	794	642
• Total (000s)	2	3	-	9	2	16
■ CY 2019 Pay						
• Average	n/a	n/a	n/a	n/a	n/a	n/a
• Total (000s)	n/a	n/a	n/a	n/a	n/a	n/a

⁴⁰ Exclude Court employees hired after 1/1/01.



DATA SUMMARY

Inactive Participant Statistics - Courts
June 30, 2021

	Management			Public Service		Total
	Conf.	Class.	NC/Judge ⁴¹	PSE	PSE Supv.	
■ Count:						
• Count < 65	-	2	-	13	-	15
• Count ≥ 65	-	3	1	11	4	19
• Total Count	-	5	1	24	4	34
■ Avg. Age	n/a	67.7	75.5	64.3	70.8	65.9
■ Avg. Ret. Age	n/a	58.7	64.3	56.6	63.0	57.9

⁴¹ Includes 1 Judge. JRS covers costs of medical plan plus basic Medicare Part B. County reimburses Medicare charges that JRS doesn't cover. County is currently paying nothing for the Court Executive Officer.



DATA SUMMARY

Inactive Participant Statistics - Courts

June 30, 2019

	Management			Public Service		Total
	Conf.	Class.	NC/Judge ⁴²	PSE	PSE Supv.	
■ Count:						
•Count < 65	-	1	-	13	-	14
•Count ≥ 65	<u>-</u>	<u>3</u>	<u>6</u>	<u>7</u>	<u>3</u>	<u>19</u>
•Total Count	-	4	6	20	3	33
■ Avg. Age	n/a	67.9	76.1	64.2	69.3	67.3
■ Avg. Ret. Age	n/a	58.9	62.4	57.0	61.1	58.5

⁴² Includes 4 Judges, 1 survivor of Judge, and 1 Court Executive Officer. JRS covers costs of medical plan plus basic Medicare Part B. County reimburses Medicare charges that JRS doesn't cover. County is currently paying nothing for the Court Executive Officer.



November 2, 2022

E-12



DATA SUMMARY

Inactive by Benefit Type

June 30, 2021

	Law Enforcement		Management			Public Service		Courts	N/A	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.			
	SLC ⁴³	17	8	3	16	-	72			
LTSC	-	-	2	15	-	60	12	11	9	109
Lifetime Benefit	-	-	-	-	41	-	-	1	-	42
PEMHCA min. only	<u>40</u>	<u>-</u>	<u>10</u>	<u>112</u>	<u>5</u>	<u>428</u>	<u>66</u>	<u>16</u>	<u>84</u>	<u>761</u>
Total	57	8	15	143	46	560	94	34	110	1,067

⁴³ Includes 1 retiree with waived medical plans and use sick leave hours for dental only.



November 2, 2022

E-13



DATA SUMMARY

Inactive by Benefit Type
June 30, 2019

	Law Enforcement		Management			Public Service		Courts	N/A	Total
	LE	LE Supv.	Conf.	Class.	NC	PSE	PSE Supv.			
SLC ⁴⁴	18	7	4	24	-	72	15	4	-	144
LTSC	-	-	2	19	-	47	12	11	-	91
Lifetime Benefit	-	-	-	-	44	-	-	6	-	50
PEMHCA min. only	<u>40</u>	<u>2</u>	<u>7</u>	<u>101</u>	<u>1</u>	<u>381</u>	<u>54</u>	<u>12</u>	<u>86</u>	<u>684</u>
Total	58	9	13	144	45	500	81	33	86	969

⁴⁴ Includes 5 retirees with waived medical plans and use sick leave hours for dental only.



DATA SUMMARY

Medical Plan Participation
Non-Waived Participants

Plan	Actives	Retirees ⁴⁵		
		Pre-65	Post-65	Total
Anthem Select	0%	0%	0%	0%
Anthem Traditional	1%	0%	0%	0%
Blue Shield Access+	0%	0%	0%	0%
Health Net SmartCare	1%	1%	0%	0%
Kaiser	86%	68%	67%	67%
UnitedHealthcare	0%	0%	3%	2%
Western Health Advantage	2%	3%	0%	1%
PERS Choice	5%	19%	19%	19%
PERS Select	3%	3%	1%	2%
PERSCare	1%	5%	10%	8%
PORAC	1%	1%	0%	1%
Total	100%	100%	100%	100%

⁴⁵ Excludes 1 judge without medical plan information. County only reimburses a portion of Medicare premiums for judges.



DATA SUMMARY

Current Active Medical Plan Coverage

Plan	EE	EE+1	Family	Waived	Total
Anthem Select	1	-	1	-	2
Anthem Traditional	4	-	1	-	5
Blue Shield Access+	-	-	1	-	1
Health Net SmartCare	2	3	1	-	6
Kaiser	341	231	488	-	1,060
Western Health Advantage	10	-	15	-	25
PERS Choice	15	11	30	-	56
PERS Select	14	11	10	-	35
PERSCare	2	-	2	-	4
PORAC	-	1	4	-	5
Waived	-	-	-	167	167
Total	389	257	553	167	1,366



DATA SUMMARY

Retiree Medical Plan Coverage - Pre 65⁴⁶

Plan	EE	EE+1	Family	N/A	Total
Anthem Traditional	1	-	-	-	1
Health Net SmartCare	2	-	-	-	2
Kaiser	111	31	16	-	158
Western Health Advantage	3	2	1	-	6
PERS Choice	34	9	1	-	44
PERS Select	5	2	1	-	8
PERSCare	8	1	2	-	11
Private Insurance	-	-	-	-	-
Not Eligible ⁴⁷	-	-	-	62	62
PORAC	-	3	-	-	3
Judge	-	-	-	-	-
Total	164	48	21	62	295

⁴⁶ Includes 1 vested terminated members.

⁴⁷ Includes waived retirees who will be eligible for PEMHCA minimum if re-elect.



DATA SUMMARY

Retiree Medical Plan Coverage - Post 65⁴⁸

Plan	EE	EE+1	Family	N/A	Total
Anthem Traditional	2	-	-	-	2
Kaiser	212	82	2	-	296
UnitedHealthcare	10	4	-	-	14
Western Health Advantage	-	-	-	-	-
PERS Choice	62	24	-	-	86
PERS Select	1	2	-	-	3
PERSCare	21	23	-	-	44
Private Insurance	1	1	-	-	2
Not Eligible ⁴⁹	-	-	-	323	323
PORAC	1	-	-	-	1
Judges ⁵⁰	-	-	-	1	1
Total	310	136	2	324	772

⁴⁸ Includes 1 vested terminated member.

⁴⁹ Includes waived retirees.

⁵⁰ JRS pays full premiums and Medicare Part B. County reimburses the rest of the Medicare costs. Their medical plan information isn't available.



DATA SUMMARY

Delta Dental Plan Coverage

Actives

Plan	EE	EE+1	Family	Waived	Total
Delta Dental PPO	330	302	701	-	1,333
Delta Dental DMO	10	12	10	-	32
Waived	-	-	-	1	1
Total	340	314	711	1	1,366

Retirees

Plan	EE	EE+1	Family	Waived	Total
Delta Dental PPO ⁵¹	6	17	1	-	24
Lifetime Waived ⁵²	-	-	-	26	26
Self-Paid/Waived ⁵³	14	25	10	968	1,017
Total	20	42	11	994	1,067

⁵¹ Lifetime benefit and Sick Leave Conversion benefit retirees eligible for dental.

⁵² Lifetime benefit retirees eligible for dental if re-elect. Sick Leave Conversion benefit retirees are not eligible for dental if re-elect once waived dental Plans.

⁵³ Includes 49 self-paid retirees in Delta Dental plan.



DATA SUMMARY

Vision Plan Coverage

Actives

Plan	EE	EE+1	Family	Waived	Total
Low Option Plan	161	104	166	-	431
High Option Plan	170	117	168	-	455
Waived	-	-	-	480	480
Total	331	221	334	480	1,366

Retirees

Plan	EE	EE+1	Family	Waived	Total
Low Option Plan	-	1	-	-	1
High Option Plan	-	9	1	-	10
Lifetime Waived ⁵⁴	-	-	-	30	30
Self-Paid/Waived ⁵⁵	87	70	14	855	1,026
Total	87	80	15	885	1,067

⁵⁴ Lifetime benefit retirees eligible for vision.

⁵⁵ Includes 160 self-paid.



DATA SUMMARY

Retirees Medical Plan Coverage by Age – Miscellaneous

Age	Medical Coverage				Total
	EE	EE+1	Family	N/A	
Under 50	-	-	-	3	3
50-54	11	1	1	3	16
55-59	49	9	5	6	69
60-64	85	18	5	37	145
65-69	84	43	1	70	198
70-74	92	39	1	87	219
75-79	64	24	-	68	156
80-84	30	11	-	40	81
85 & Over	22	5	-	42	69
Total	437	150	13	356	956
Average Age	69.8	70.9	60.2	73.9	71.4



DATA SUMMARY

Retirees Medical Plan Coverage by Age – Safety

Age	Medical Coverage				Total
	EE	EE+1	Family	N/A	
Under 50	1	-	-	4	5
50-54	5	2	7	3	17
55-59	8	8	1	1	18
60-64	5	10	2	5	22
65-69	5	2	-	5	12
70-74	3	4	-	6	13
75-79	4	4	-	2	10
80-84	2	2	-	2	6
85 & Over	3	1	-	4	8
Total	36	33	10	32	111
Average Age	65.7	65.8	55.0	67.1	65.2



DATA SUMMARY

Actives by Age and Service – Miscellaneous

Age	County Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	25+	
< 25	1	5	1	-	-	-	-	7
25-29	22	61	10	-	-	-	-	93
30-34	23	89	47	6	-	-	-	165
35-39	12	60	65	37	9	-	-	183
40-44	13	45	60	53	39	11	-	221
45-49	2	26	29	35	42	28	2	164
50-54	5	27	24	25	34	34	14	163
55-59	3	17	20	25	30	26	19	140
60-64	1	4	14	14	20	14	8	75
≥ 65	-	5	7	7	3	12	8	42
Total	82	339	277	202	177	125	51	1,253



DATA SUMMARY

Actives by Age and Service – Safety

Age	County Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	25+	
< 25	-	1	-	-	-	-	-	1
25-29	1	7	-	-	-	-	-	8
30-34	1	10	5	1	-	-	-	17
35-39	3	9	6	4	-	-	-	22
40-44	-	3	8	4	6	1	-	22
45-49	-	4	4	4	5	8	1	26
50-54	-	3	1	3	5	3	1	16
55-59	-	-	-	-	-	1	-	1
60-64	-	-	-	-	-	-	-	-
≥ 65	-	-	-	-	-	-	-	-
Total	5	37	24	16	16	13	2	113



DATA SUMMARY

Actives by Age and Service – Total

Age	County Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	25+	
< 25	1	6	1	-	-	-	-	8
25-29	23	68	10	-	-	-	-	101
30-34	24	99	52	7	-	-	-	182
35-39	15	69	71	41	9	-	-	205
40-44	13	48	68	57	45	12	-	243
45-49	2	30	33	39	47	36	3	190
50-54	5	30	25	28	39	37	15	179
55-59	3	17	20	25	30	27	19	141
60-64	1	4	14	14	20	14	8	75
≥ 65	-	5	7	7	3	12	8	42
Total	87	376	301	218	193	138	53	1,366



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ June 30, 2019 ■ FY 2021/22 & 2022/23 (end of year payment) ■ 2-year lag period 	<ul style="list-style-type: none"> ■ June 30, 2021 ■ FY 2023/24 & 2024/25 (end of year payment) ■ 2-year lag period
■ General Inflation	<ul style="list-style-type: none"> ■ 2.75% 	<ul style="list-style-type: none"> ■ 2.50%
■ Payroll Increases	<ul style="list-style-type: none"> ■ Aggregate Increases – 3.00% ■ Merit Increases – CalPERS 1997-2015 Experience Study 	<ul style="list-style-type: none"> ■ Aggregate Increases – 2.75% ■ Merit Increases – CalPERS 2000-2019 Experience Study
■ Discount Rate	<ul style="list-style-type: none"> ■ PARS Balanced Fund ■ 6.25% 	<ul style="list-style-type: none"> ■ PARS Balanced Fund ■ 5.75%
■ Mortality, Withdrawal, Disability	<ul style="list-style-type: none"> ■ CalPERS 1997-2015 Experience Study ■ Mortality Improvement Scale MP-2019 	<ul style="list-style-type: none"> ■ CalPERS 2000-2019 Experience Study ■ Mortality Improvement Scale MP-2021



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Retirement	<ul style="list-style-type: none"> ■ CalPERS 1997-2015 Experience Study 	<ul style="list-style-type: none"> ■ CalPERS 2000-2019 Experience Study
■ Deferred Retirement Age	<ul style="list-style-type: none"> ■ Age 50 or immediate retirement if older than age 50 	<ul style="list-style-type: none"> ■ Same



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation			June 30, 2021 Valuation			
■ Healthcare Trend	<u>Year</u>	Increase from Prior Year		Non-Medicare Medicare			
	2019-20	Actual Premiums		<u>Year</u>	<u>All Plans</u>	<u>Non-Kaiser</u>	<u>Kaiser</u>
	2021	7.25%	6.30%	2019	n/a		
	2022	7.00%	6.10%	2020	n/a		
	2023	6.75%	5.90%	2021	Actual Premiums		
	2024	6.50%	5.70%	2022	Actual Premiums		
	2025	6.25%	5.50%	2023	6.50%	5.65%	4.60%
	2026	6.00%	5.30%	2024	6.25%	5.45%	4.45%
	2027	5.80%	5.15%	↓	↓	↓	↓
	2028	5.60%	5.00%	2030	4.95%	4.45%	4.05%
	2029	5.40%	4.85%	31-35	4.80%	4.35%	4.00%
	2030	5.20%	4.70%	36-45	4.65%	4.25%	3.95%
	2031-35	5.05%	4.60%	46-55	4.50%	4.20%	3.90%
	2036-45	4.90%	4.50%	56-65	4.35%	4.15%	3.85%
	2046-55	4.75%	4.45%	66-75	4.05%	3.95%	3.80%
	2056-65	4.60%	4.40%	2076+	3.75%	3.75%	3.75%
2066-75	4.30%	4.20%					
2076+	4.00%	4.00%					



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation			June 30, 2021 Valuation		
■ PEMHCA Minimum Increases	<u>Year</u>	<u>PEMHCA Minimum</u>	<u>Unequal Method</u>	<u>Year</u>	<u>PEMHCA Minimum</u>	<u>Unequal Method</u>
	2019	\$ 136.00	\$ 115.60	2021	\$ 143.00	\$ 135.85
	2020	139.00	125.10	2022	149.00	149.00
	2021	143.00 (est.)	135.85	2023	151.00	151.00
	2022+	Increases at CPI-U Medical (4.25%)	Increase per AB 2544	2024+	Increases at CPI-U Medical (4.00%)	
■ AB 2544 Maximum \$100 Annual Increase	■ Does not increase in the future			■ Same		
■ Medical Cap Increases	■ Pre-Medicare Health Trend			■ Same		



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation																					
■ Dental and Vision Increases	■ 2.75%	■ 2.50%																					
■ Medicare B Premium Increases	<table border="0"> <tr> <td><u>Year</u></td> <td><u>Active</u></td> <td><u>Retiree</u></td> </tr> <tr> <td>2019</td> <td>\$135.50</td> <td>Current</td> </tr> <tr> <td>2020</td> <td>144.60</td> <td>Premium</td> </tr> <tr> <td>2021</td> <td></td> <td>5.10%</td> </tr> <tr> <td>2022+</td> <td colspan="2">Increase with Post-Medicare Health Trend</td> </tr> </table>	<u>Year</u>	<u>Active</u>	<u>Retiree</u>	2019	\$135.50	Current	2020	144.60	Premium	2021		5.10%	2022+	Increase with Post-Medicare Health Trend		<table border="0"> <tr> <td><u>Year</u></td> <td><u>Active</u></td> <td><u>Retiree</u></td> </tr> <tr> <td>2022+</td> <td colspan="2">Increase with Post-Medicare Health Trend</td> </tr> </table>	<u>Year</u>	<u>Active</u>	<u>Retiree</u>	2022+	Increase with Post-Medicare Health Trend	
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<u>Year</u>	<u>Active</u>	<u>Retiree</u>																					
2022+	Increase with Post-Medicare Health Trend																						
■ PEMHCA Administration Fee	<ul style="list-style-type: none"> ■ PEMHCA - 0.27% of retiree premium added to Normal Cost ■ PARS - 0.13% of assets added to Normal Cost 	<ul style="list-style-type: none"> ■ PEMHCA - 0.25% of retiree premium added to Normal Cost ■ PARS - 0.16% of assets added to Normal Cost 																					



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation																
■ Non-County CalPERS Service	■ Actual CalPERS service	■ Same																
■ Participation at Retirement	<ul style="list-style-type: none"> ■ Supplemental benefit: <ul style="list-style-type: none"> ● Currently covered: 100% ● Currently waived: 90% ■ PEMHCA min only: <ul style="list-style-type: none"> ● Currently with SLC or LTSC benefits: <table border="0" style="margin-left: 20px;"> <tr> <td><u>Year</u></td> <td><u>Participation</u></td> </tr> <tr> <td>2008</td> <td>50%</td> </tr> <tr> <td>2009</td> <td>52%</td> </tr> <tr> <td>2010</td> <td>54%</td> </tr> <tr> <td>2011</td> <td>56%</td> </tr> <tr> <td>2012</td> <td>58%</td> </tr> <tr> <td>⋮</td> <td>⋮</td> </tr> <tr> <td>2022+</td> <td>80%</td> </tr> </table> 	<u>Year</u>	<u>Participation</u>	2008	50%	2009	52%	2010	54%	2011	56%	2012	58%	⋮	⋮	2022+	80%	■ Same
<u>Year</u>	<u>Participation</u>																	
2008	50%																	
2009	52%																	
2010	54%																	
2011	56%																	
2012	58%																	
⋮	⋮																	
2022+	80%																	
	New Retirees: 50%																	



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation
■ Benefit Coordination	<ul style="list-style-type: none"> ■ Always elect lifetime benefit if eligible ■ SLC eligible participant always chooses medical coverage over dental coverage (more expensive benefit) 	■ Same



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation																								
■ Medical Plan at Retirement	<ul style="list-style-type: none"> ■ Actives <table border="0" style="margin-left: 20px;"> <thead> <tr> <th><u>Medical Plan</u></th> <th><u>Pre-65</u></th> <th><u>Post-65</u></th> </tr> </thead> <tbody> <tr> <td>Kaiser</td> <td align="center">75%</td> <td align="center">65%</td> </tr> <tr> <td>PERS Choice</td> <td align="center">20%</td> <td align="center">25%</td> </tr> <tr> <td>PERSCare</td> <td align="center">5%</td> <td align="center">10%</td> </tr> </tbody> </table> ■ Retirees < 65: <ul style="list-style-type: none"> • Pre-65: Same as current election • Post 65: Post 65 assumptions for actives ■ Retirees ≥ 65: Same as current election 	<u>Medical Plan</u>	<u>Pre-65</u>	<u>Post-65</u>	Kaiser	75%	65%	PERS Choice	20%	25%	PERSCare	5%	10%	<ul style="list-style-type: none"> ■ Actives <table border="0" style="margin-left: 20px;"> <thead> <tr> <th><u>Medical Plan</u></th> <th><u>Pre-65</u></th> <th><u>Post-65</u></th> </tr> </thead> <tbody> <tr> <td>Kaiser</td> <td align="center">75%</td> <td align="center">70%</td> </tr> <tr> <td>PERS Choice</td> <td align="center">20%</td> <td align="center">20%</td> </tr> <tr> <td>PERSCare</td> <td align="center">5%</td> <td align="center">10%</td> </tr> </tbody> </table> ■ Retirees < 65: <ul style="list-style-type: none"> • Pre-65: Same • Post 65: Same ■ Retirees ≥ 65: Same 	<u>Medical Plan</u>	<u>Pre-65</u>	<u>Post-65</u>	Kaiser	75%	70%	PERS Choice	20%	20%	PERSCare	5%	10%
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PERS Choice	20%	20%																								
PERSCare	5%	10%																								
■ Dental at Retirement	■ Delta Dental PPO	■ Same																								
■ Vision at Retirement	■ Current plan	■ Same																								



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation								
<ul style="list-style-type: none"> ■ Waived retiree re-election (PEMHCA minimum only) 	<ul style="list-style-type: none"> ■ Currently over 65 – none ■ Currently under 65 – 20% re-elect at age 65 	<ul style="list-style-type: none"> ■ Same 								
<ul style="list-style-type: none"> ■ Future Sick Leave Accrual 	<table style="margin-left: 40px;"> <tr> <td></td> <td align="center"><u>LE</u></td> <td align="center"><u>Mgmt</u></td> <td align="center"><u>PSE</u></td> </tr> <tr> <td>Hrs/Yr</td> <td align="center">96</td> <td align="center">98.8</td> <td align="center">98.8</td> </tr> </table>		<u>LE</u>	<u>Mgmt</u>	<u>PSE</u>	Hrs/Yr	96	98.8	98.8	<ul style="list-style-type: none"> ■ Same
	<u>LE</u>	<u>Mgmt</u>	<u>PSE</u>							
Hrs/Yr	96	98.8	98.8							
<ul style="list-style-type: none"> ■ Sick Leave Usage 	<ul style="list-style-type: none"> ■ 50% ■ Based on current experience 	<ul style="list-style-type: none"> ■ 60% ■ Based on current experience 								
<ul style="list-style-type: none"> ■ Marital Status 	<ul style="list-style-type: none"> ■ Currently covered: based on current coverage status ■ Currently waived: 80% married 	<ul style="list-style-type: none"> ■ Same 								



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> ■ Males 3 years older than females if birth date not available 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Surviving Spouse participation 	<ul style="list-style-type: none"> ■ 100% 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Dependents at Retirement 	<ul style="list-style-type: none"> ■ Pre-65: <ul style="list-style-type: none"> • Actives: 15% • Retirees: Current coverage ■ Post-65: 0% 	<ul style="list-style-type: none"> ■ Same



ACTUARIAL ASSUMPTIONS

	June 30, 2019 Valuation	June 30, 2021 Valuation
<ul style="list-style-type: none"> ■ Medicare Participation Rate 	<ul style="list-style-type: none"> ■ Actives and pre-65 retirees:100% ■ Post-65 retirees: current status ■ Everyone eligible for Medicare will elect Part B coverage 	<ul style="list-style-type: none"> ■ Same



ACTUARIAL ASSUMPTIONS

	June 30, 2021 Valuation						
<ul style="list-style-type: none"> ■ HMO Medical Claims Costs 2021 PEMHCA Implied Subsidy Estimate 	<ul style="list-style-type: none"> ■ Sample estimated monthly claims costs 						
	Region 1 - Non-Medicare Eligible						
		<u>HNS Care</u>		<u>Kaiser</u>		<u>Western Health</u>	
	<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>
	25	\$380	\$665	\$298	\$522	\$261	\$456
	35	484	821	380	645	332	563
	45	691	1,008	543	791	475	691
	55	1,147	1,337	902	1,049	788	916
	60	1,447	1,519	1,138	1,192	994	1,041
	65	1,790	1,762	1,407	1,383	1,229	1,208
	70	2,175	2,089	1,709	1,639	1,493	1,432
	75	2,582	2,440	2,029	1,914	1,773	1,672
	80	2,997	2,810	2,356	2,205	2,058	1,926
	Region 1 - Medicare Eligible						
	<u>HNS Care</u>		<u>Kaiser</u>		<u>Western Health</u>		
<u>Age</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	
65	n/a	n/a	n/a	n/a	n/a	n/a	
70	n/a	n/a	n/a	n/a	n/a	n/a	
75	n/a	n/a	n/a	n/a	n/a	n/a	
80	n/a	n/a	n/a	n/a	n/a	n/a	



ACTUARIAL ASSUMPTIONS

June 30, 2021 Valuation																																																																																																																						
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ACTUARIAL ASSUMPTIONS

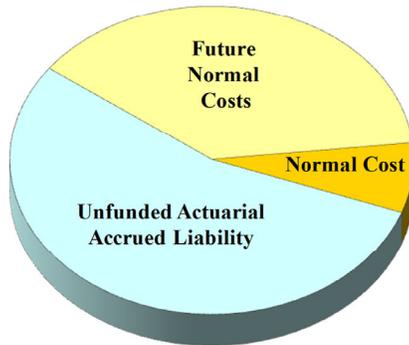
June 30, 2021 Valuation	
■ Basis for Assumptions	<ul style="list-style-type: none"> ■ No experience study performed for this Plan ■ CalPERS 2021 experience study covering 2000 to 2019 experience was used ■ Mortality improvement is a Society of Actuaries table ■ Inflation based on our estimate for the Plan’s long time horizon ■ Capital market assumptions based on 2021 Bartel Associates stochastic analysis, taking into account capital market assumptions of investment advisory firms ■ Age-based claims costs are based on tables published by the Society of Actuaries and tables developed by Axene Health Partners based on demographic data for the CalPERS health plans provided by CalPERS and Axene’s proprietary AHP Cost Model ■ Short-term medical trend was developed in consultation with Axene Health Partners’ healthcare actuaries. Long term medical trend developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends ■ Medical coverage and participation based in part on Plan experience



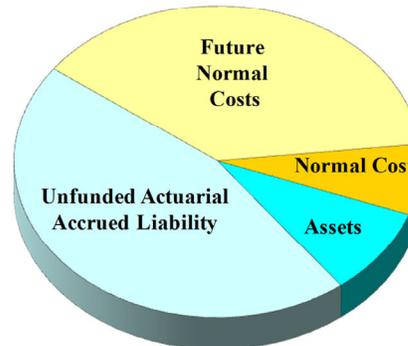
DEFINITIONS

Present Value of Benefits

Present Value of Benefits
(Without Plan Assets)



Present Value of Benefits
(With Plan Assets)



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.

