# ASSOCIATION OF BAY AREA GOVERNMENTS RETIREE HEALTHCARE PLAN

BARTEL ASSOCIATES, LLC

June 30, 2015 Actuarial Valuation
Final Results

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## AGENDA


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## BENEFITS

| | Tier 1 (Hired < 7/1/09) | Tier 2 (Hired ≥ 7/1/09) |
|---|---|---|
| ■ Eligibility | ■ Retire directly from ABAG under CalPERS | |
| ■ Medical Benefit | ■ Retired<9/1/94 – 100% of Kaiser single premium<br>■ Retired≥9/1/94 – 100% of Kaiser 2-Party premium<br>■ Basic/Supplemental Medicare premium for pre-post-65 | ■ PEMHCA minimum |
| ■ Medical After Retirement Account (MARA) (Not Included in OPEB Valuation) | ■ One time option to enroll<br>■ Must opt out of defined benefit medical plan<br>■ ABAG contributes PEMHCA min if opt in<br>■ Open enrollment ended in 2013 | ■ Must enroll in MARA<br>■ ABAG contributes the $200/mo for management and $100/mo for non-management to individual MARA account |
| ■ Medicare Part B Reimbursement | ■ 100% | |



## PARTICIPANT DATA

| | 6/30/2009 | 6/30/2011 | 6/30/2013 | 6/30/2015 |
|---|---|---|---|---|
| ■ **Tier 1 Actives** | | | | |
| ● Counts | 82 | 73 | 50 | 33 |
| ● Average Age | 46.7 | 48.6 | 52.3 | 52.5 |
| ● ABAG Service | 7.1 | 8.8 | 11.6 | 13.2 |
| ■ **Tier 2 Actives** | | | | |
| ● Counts | - | 5 | 32 | 36 |
| ● Average Age | N/A | 44.2 | 40.3 | 42.6 |
| ● ABAG Service | N/A | 1.1 | 2.7 | 3.8 |

## Participant Data

| | 6/30/2009 | 6/30/2011 | 6/30/2013 | 6/30/2015 |
|---|---|---|---|---|
| **Retiree Count** | | | | |
| Tier 1 (Retired<9/1/94) | 3 | 3 | 3 | 3 |
| Tier 1 (Retired≥9/1/94) | 23 | 26 | 33 | 48 |
| Total | 26 | 29 | 36 | 51 |
| **Retiree Average Age** | 66.0 | 67.6 | 68.0 | 67.1 |
| **Average Retirement Age** | | | | |
| Service | 60.0 | 60.5 | 60.4 | 59.8 |
| Disabled Retirees | N/A | N/A | N/A | 51.8 |



## Assumptions

- **Valuation Date**
  - June 30, 2015 for fiscal years 2016/17 & 2017/18
- **Discount Rate**
  - 7.25% - ARC pre-funded with CalPERS CERBT Fund #1
- **Service Retirement**
  - CalPERS 1997-2011 Experience Study
- **Mortality, Withdrawal, Disability**
  - CalPERS 1997-2011 Experience Study
  - Post-retirement mortality projected fully generational with Scale MP-2014, modified to converge to ultimate rates in 2022
- **Medical Trend**

| Year | Non-Medicare | Medicare |
|---|---|---|
| 2017 | Actual Premiums | Actual Premiums |
| 2018 | 6.5% | 6.7% |
| ↓ | ↓ | ↓ |
| 2021+ | 5.0% | 5.0% |

## Actuarial Obligations

(Amounts in 000's)

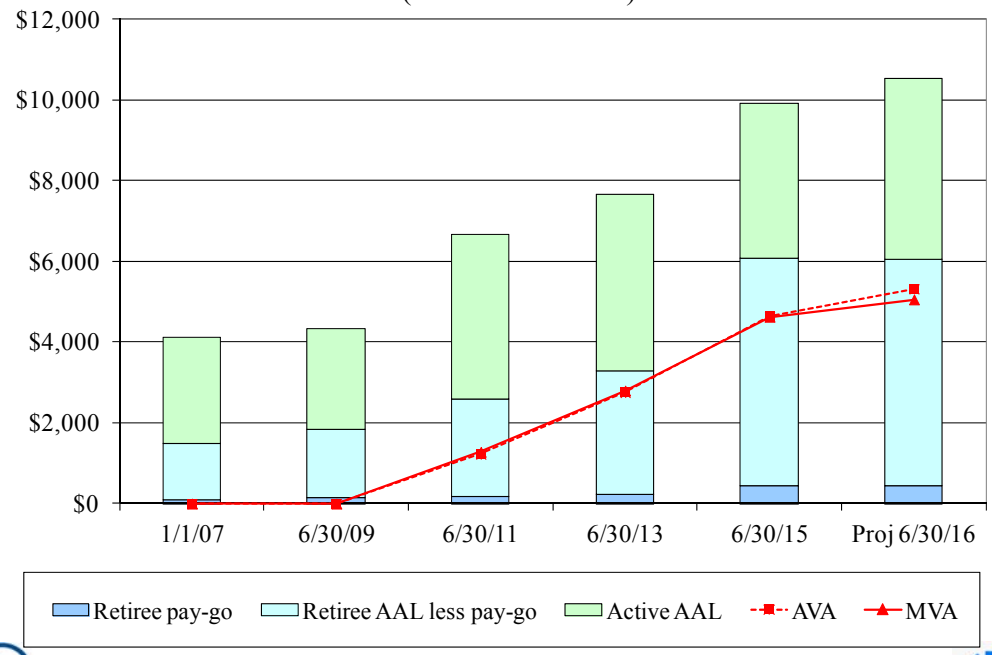
| | 6/30/13 Valuation | | 6/30/15 Valuation | |
|---|---|---|---|---|
| | Actual 6/30/13 | Proj 6/30/14 | Actual 6/30/15 | Proj 6/30/16 |
| **Discount Rate** | 7.61% | | 7.25% | |
| **Actuarial Accrued Liability** | | | | |
| Actives | $ 4,391 | | $ 3,826 | |
| Retirees | 3,284 | | 6,087 | |
| Total | 7,675 | $ 8,457 | 9,913 | $ 10,533 |
| **Actuarial Value of Assets** | 2,754 | 3,710 | 4,637 | 5,324 |
| **Unfunded AAL** | 4,921 | 4,747 | 5,276 | 5,209 |
| **Funded Ratio** | 36% | 44% | 47% | 50% |





## Historical Funded Status

(Amounts in 000's)



## Annual Required Contribution (ARC)

(Amounts in 000's)

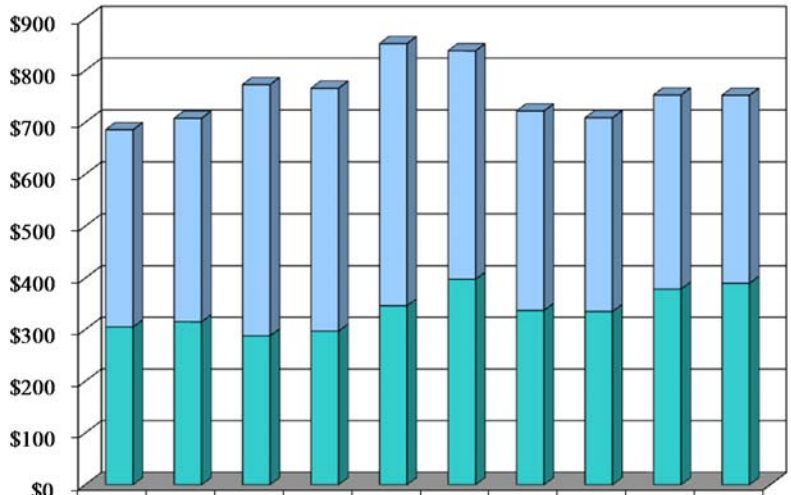
| | 6/30/13 Valuation | | 6/30/15 Valuation | |
|---|---|---|---|---|
| | 14/15 | 15/16 | 16/17 | 17/18 |
| **Discount Rate** | 7.61% | | 7.25% | |
| **ARC - $** | | | | |
| Normal Cost | $ 385 | $ 374 | $ 374 | $ 362 |
| UAAL Amortization | 337 | 335 | 379 | 390 |
| Total | 722 | 709 | 753 | 752 |
| **Projected Payroll** | 6,408 | 6,617 | 6,573 | 6,787 |
| **ARC - %** | 11.3% | 10.7% | 11.5% | 11.1% |





## Historical Annual Required Contributions

(Amounts in 000's)




| | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 |
|---|---|---|---|---|---|---|---|---|---|---|
| Normal Cost | 381 | 393 | 485 | 469 | 506 | 440 | 385 | 374 | 374 | 362 |
| Amortization | 305 | 315 | 288 | 297 | 346 | 398 | 337 | 335 | 379 | 390 |
| ARC | 686 | 708 | 773 | 766 | 852 | 838 | 722 | 709 | 753 | 752 |