



PERALTA COMMUNITY COLLEGE DISTRICT RETIREE HEALTHCARE PLAN

June 30, 2008 GASB 45 Actuarial Valuation

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May 18, 2009

Agenda

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BENEFIT SUMMARY

	Peralta Federation of Teachers (PFT)	Local 39 & SEIU	Non Union
<ul style="list-style-type: none"> ■ Eligibility 	<ul style="list-style-type: none"> ■ STRS retirement ■ Age 55 with: <ul style="list-style-type: none"> ➢ Hired < 7/1/04: 5 YOS ➢ Hired ≥ 7/1/04: 10 YOS 	<ul style="list-style-type: none"> ■ PERS retirement (Service or Disability) ■ Age 50 w/ 10 YOS 	<ul style="list-style-type: none"> ■ STRS retirement: <ul style="list-style-type: none"> ➢ Age 55 w/ 10 YOS ■ PERS retirement (Service or Disability): <ul style="list-style-type: none"> ➢ Age 50 w/ 10 YOS ■ Trustees are eligible for Retiree Healthcare Benefits
<ul style="list-style-type: none"> ■ Medical Benefit 	<ul style="list-style-type: none"> ■ Hired < 7/1/04: District paid full coverage for lifetime of retiree ■ Hired ≥ 7/1/04: District paid full coverage for lifetime of retiree or until participant age 65 ■ Includes prescription drug benefit 		
<ul style="list-style-type: none"> ■ Surviving Spouse 	<ul style="list-style-type: none"> ■ Self paid participation available for the following periods: <ul style="list-style-type: none"> ➢ Hired < 7/1/04: for life ➢ Hired ≥ 7/1/04: until age 65 		



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BENEFIT SUMMARY

	Peralta Federation of Teachers (PFT)	Local 39 & SEIU	Non Union				
<ul style="list-style-type: none"> ■ Medicare Premiums 	<ul style="list-style-type: none"> ■ District covers Medicare Part A & B premiums if eligible for District paid benefit¹ 						
<ul style="list-style-type: none"> ■ Life Insurance 	<ul style="list-style-type: none"> ■ Coverage: Age 50 through age 65 ■ Amount: 1.5 x Pay, \$100,000 maximum 						
<ul style="list-style-type: none"> ■ Dental / Vision 	<ul style="list-style-type: none"> ■ None ■ Certain medical coverage includes dental and/or vision coverage (see Premiums Section for details) 						
<ul style="list-style-type: none"> ■ Pay-As-You-Go Costs 	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Fiscal Year</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td>2007/08</td> <td>\$5.4 million</td> </tr> </tbody> </table>	<u>Fiscal Year</u>	<u>Amount</u>	2007/08	\$5.4 million		
<u>Fiscal Year</u>	<u>Amount</u>						
2007/08	\$5.4 million						

¹ 2008 & 2009 Premiums: no cost (Part A) & \$96.40 (Part B) – Assumes ≥ 40 quarters of paid Medicare taxes, enrollment in Medicare at eligibility, & annual individual income < \$80,000



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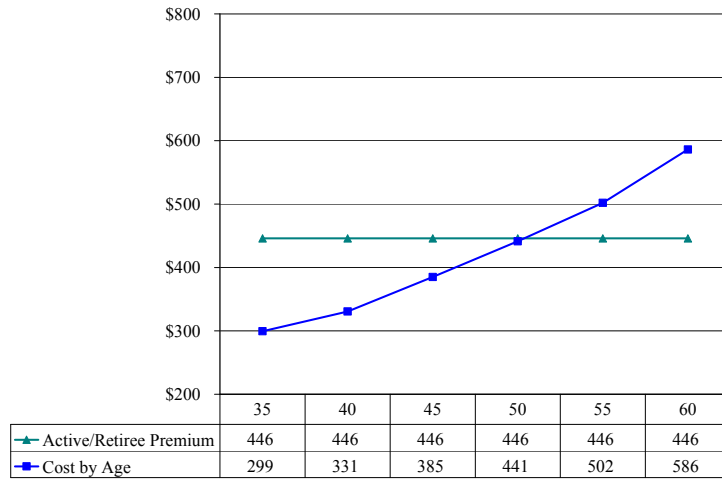
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BENEFIT SUMMARY

■ Implied Subsidy

■ Participating retirees paying active rates vs. actual cost



- Community rated plans not required to value implied subsidy
- Plan is not community rated, therefore implied subsidy until age 65 included in valuation for plans available to those retire after 2004



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BENEFIT SUMMARY

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DATA SUMMARY

Active Participant Statistics June 30, 2008

	PFT	Local 39	SEIU	Non Union ²	Total
■ Count	323	83	313	79	798
■ Average Age	53.4	49.2	47.9	53.9	50.9
■ Average Service ³	11.2	10.4	10.3	7.3	10.4
■ Average Pay	\$80,500	\$43,900	\$48,600	\$101,600	\$66,300
■ Total Pay (000's) ⁴	\$26,004	\$3,645	\$15,209	\$8,029	\$52,887

² Includes 26 actives with "MGR" union code and 12 with "CONF" union code

³ From date of reinstatement

⁴ Includes 6 Trustees with zero pay

Assumes 6 Trustees, 1 "ADM", and 1 active waiving a pension plan with PERS pension plans



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DATA SUMMARY

Active Participant Statistics July 1, 2005

	PFT	Local 39	SEIU ⁵	Non Union	Total
■ Count	334	80	271	76	761
■ Average Age	53.2	48.5	47.8	52.0	50.7
■ Average Service	11.7	10.5	11.6	7.7	11.1
■ Average Pay	\$59,100	\$37,000	\$41,700	\$81,400	\$52,800
■ Total Payroll (000's)	\$19,729	\$2,961	\$11,289	\$6,184	\$40,164

⁵ Changed to SEIU from Local 790 between 7/1/05 and current valuations



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DATA SUMMARY

**Retiree Participant Statistics⁶
June 30, 2008**

	PFT⁷	Local 39	SEIU⁸	Non Union	Total
■ Count					
➤ Under 65 ⁹	19	10	46	11	86
➤ Over 65	370	44	103	33	550
➤ Total	389	54	149	44	636
■ Average Age	76.2	72.3	71.2	71.8	74.4
■ Avg. Retirement Age	63.5	61.7	60.0	60.5	62.3

⁶ Assumes all retirees are service retired

⁷ Includes 1 retiree under PERS retirement

⁸ Includes survivor Guerrero, missing union code

⁹ Includes 2 survivors with Kaiser coverage. Survivors under CoreSource plan not provided.



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DATA SUMMARY

**Retiree Participant Statistics
July 1, 2005**

	PFT	Local 39	SEIU¹⁰	Non Union	Total
■ Count	414	56	146	58	674
■ Average Age	74.4	71.2	71.2	71.3	73.3
■ Avg. Retirement Age	61.9	61.1	60.0	62.0	61.3

¹⁰ Changed to SEIU from Local 790 between 7/1/05 and current valuations



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METHODS & ASSUMPTIONS HIGHLIGHTS

	July 1, 2005 Valuation	June 30, 2008 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ July 1, 2005 ■ Fiscal Years 2007/08 & 2008/09 	<ul style="list-style-type: none"> ■ June 30, 2008¹¹ ■ Fiscal Years 2009/10 & 2010/11
■ Discount Rate	<ul style="list-style-type: none"> ■ 4.5% (not pre-funded & assets invested in District Fund) ■ 7.0% (pre-funded & assets diversified in separate trust) 	<ul style="list-style-type: none"> ■ 7.0% Assets invested in Retiree Health Benefit Program Fund
■ General Inflation	<ul style="list-style-type: none"> ■ 3.00% 	<ul style="list-style-type: none"> ■ Same
■ Aggregate Payroll	<ul style="list-style-type: none"> ■ 3.25% 	<ul style="list-style-type: none"> ■ Same ■ CalPERS assumes 3.25% ■ CalSTRS assumes 4.25%

¹¹ Our understanding is District auditors will accept 3 years between valuation dates.



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METHODS & ASSUMPTIONS HIGHLIGHTS

	July 1, 2005 Valuation			June 30, 2008 Valuation		
■ Medical Trend		<u>Kaiser</u>	<u>CS</u>		<u>Non-Medicare</u>	
	Initial	12%	13%	<u>Year</u>	<u>Kaiser</u>	<u>CoreSource</u>
	Ultimate	5%	5%	2008/09	<i>Actual 2008/09 Premiums</i>	
	Years	10 yr	10 yr	2009/10	9.1%	9.8%
				2010/11	8.4%	9.0%
				↓	↓	↓
				2017/18+	4.5%	4.5%
					<u>Medicare</u>	
				<u>Year</u>	<u>Kaiser</u>	<u>CoreSource</u>
				2008/09	<i>Actual 2008/09 Premiums</i>	
			2009/10	9.4%	10.1%	
			2010/11	8.7%	9.3%	
			↓	↓	↓	
			2017/18+	4.5%	4.5%	



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METHODS & ASSUMPTIONS HIGHLIGHTS

	July 1, 2005 Valuation	June 30, 2008 Valuation
<p>■ Retirement</p>	<p>■ CalPERS 1997-2002 Experience Study</p> <p style="padding-left: 40px;"><u>Benefit</u> Misc 2% @ 55 (School)</p> <p style="padding-left: 40px;"><u>ERA</u> 61.2</p> <p>■ CalSTRS 2003 Experience Study</p> <p style="padding-left: 40px;"><u>Benefit</u> Defined Benefit</p> <p style="padding-left: 40px;"><u>ERA</u> 64.6</p>	<p>■ CalPERS 1997-2002 Experience Study</p> <p style="padding-left: 40px;"><u>Benefit</u> Misc 2% @ 55 (School)</p> <p style="padding-left: 40px;"><u>ERA</u> 61.4</p> <p>■ CalSTRS 2007 Experience Study</p> <p style="padding-left: 40px;"><u>Benefit</u> Defined Benefit</p> <p style="padding-left: 40px;"><u>ERA</u> 64.6</p>
<p>■ Participation at Retirement</p>	<p>■ Medical:</p> <ul style="list-style-type: none"> ➤ Currently covered: 100% ➤ Not currently covered: 80% <p>■ Life: 100%</p>	<p>■ Same</p>



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METHODS & ASSUMPTIONS HIGHLIGHTS

Method	Comments
<p>■ Amortization Method</p>	<p>■ Level percent of payroll (same as CalPERS)</p>
<p>■ Amortization Periods</p>	<p>■ Initial Unfunded Liability - 30 years from 6/30/07 (29 years from 6/30/08)</p> <p>■ Benefit Changes –Fixed 30 years</p> <p>■ Method and Assumption Changes –Fixed 20 years</p> <p>■ Gains/Losses – Rolling 15 years</p> <p>■ Minimum 30 years combined amortization period</p>
<p>■ "Implied Subsidy"</p>	<p>■ Employer cost for allowing retirees to participate, irrespective of employer contribution</p> <p>■ Value implied subsidy until age 65 for plans available to those retired after 2004</p>
<p>■ Minimum ARC</p>	<p>■ Not less than Normal Cost plus UAAL amortized over 30-years</p>



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ASSET INFORMATION

Retiree Health Benefit Program Fund Asset Reconciliation
January 2006 through October 2008
(000's Omitted)

	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09¹²</u>	<u>Total</u>
■ MVA (BoY)	\$ -	\$ 150,475	\$ 176,154	\$ 160,571	\$ -
• Employer Contribution	150,307 ¹³	2,015	-	-	152,322
• Benefit Payments	(1,000)	-	(5,800)	- ¹⁴	(6,800)
• Expenses					
> Fees/Commissions	(391)	(745)	(828)	(383)	(2,347)
> District Paid	161	360	381	182	1,085
• Investment Return ¹⁵	1,398	24,049	(9,335)	(34,090)	(17,979)
■ MVA (EoY)	150,475	176,154	160,571	126,281	126,281
■ Approx. Net Return	0.7%	15.4%	-5.8%	-21.5%	-5.3% ¹⁶

¹² Through October 31, 2008

¹³ Initial contributions in January 2006

¹⁴ No adjustment for anticipated pay-go reimbursement.

¹⁵ Balancing item based on other entries provided by Lehman Brothers

¹⁶ Annualized return



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ASSET INFORMATION

Investment Policy

<u>Asset Class</u>	<u>Strategic Target</u>	<u>Tactical Range</u>	<u>Benchmark</u>
Fixed Income ¹⁷	35%	30% – 40%	Lehman Aggregate Index
Large Cap Equity	30%	25% - 35%	S&P 500 Index
International Equity	20%	15% - 25%	MSCI EAFE Index
Small Cap Equity	10%	5% - 15%	Russell 2000 Index
Real Estate	5%	0% - 10%	NAREIT Equity REIT Index

¹⁷ Includes cash



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ASSET INFORMATION

Asset Allocation

	<u>District Fund</u>	<u>CalPERS</u>
■ Domestic Equity (6.5%)	40%	28%
■ International Equity (7.0%)	20%	28%
■ Real Estate (4.75%)	5%	10%
■ Alternative Investments (4.0%)	0%	10%
■ Fixed Income (2.5%)	30%	19%
■ Inflation Linked Securities (0.0%)	0%	5%
■ Cash (-1.5%)	<u>5%</u> ¹⁸	<u>0%</u>
■ Total	100.0%	100.0%

¹⁸ Overall District Fund cash assumed to be 5%



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ASSET INFORMATION

Expected Asset Returns

	<u>District Fund</u>	<u>CalPERS</u>
■ Real return	4.91%	5.13%
■ Inflation	<u>3.00%</u>	<u>3.00%</u>
■ Total Return	7.91%	8.13%
■ Expenses ¹⁹	<u>-0.75%</u>	<u>-0.30%</u>
■ Net Return	7.13%	7.83%
■ Assumption	7.00%	7.75%

¹⁹ 40 basis points investment management fees, 10 for transaction fees, and 25 for plan administrative fees.



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RESULTS

Actuarial Obligations

(000's Omitted)

	Actual July 1, 2005	Actual June 30, 2008	Projected June 30, 2009
■ Present Value of Benefits			
• Actives	\$ 74,992	\$ 82,349	
• Retirees	58,829	70,681	
• Total	133,821	153,031	
■ Actuarial Accrued Liability			
• Actives	44,407	53,323	
• Retirees	58,829	70,681	
• Total	103,236	124,005	\$ 130,503
■ GASB 45 Assets²⁰	-	-	-
■ Unfunded AAL	103,236	124,005	130,503
■ Normal Cost²¹	3,390	4,112	4,246
■ Benefit Payments²²	4,754	6,085	6,803

²⁰ Retiree Health Benefit Program Fund not classified as GASB 45 irrevocable trust.

²¹ 05/06 NC in 6/30/05 column, 08/09 NC in 6/30/08 column, 09/10 NC in 6/30/09 column

²² 05/06 BP in 6/30/05 column, 08/09 BP in 6/30/08 column, 09/10 BP in 6/30/09 column



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RESULTS

Unfunded Actuarial Accrued Liability (UAAL) Reconciliation

(000's Omitted)

	AAL	Assets	UAAL
■ Actual @ 7/1/2005	\$ 103,236	n/a	\$ 103,236
■ Expected @ 6/30/2008	120,457	n/a	120,457
• Plan Change ²³	\$ 1,575		
• Healthcare Trend Assumption Change	(7,424)		
• Medical Premiums Increased < Expected	(3,559)		
• Other Assumption Changes	3,451		
• Demographic & Other	9,505		
• Total Increase/(Decrease)	3,548		3,548
■ Actual @ 6/30/2008	124,005	n/a	124,005
■ Projected @ 6/30/2009	130,503	n/a	130,503

²³ Surviving spouse cash benefit not included in 2008 study, and District reimbursements Medicare Part B premiums



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RESULTS

Actuarial Obligations and Non-GASB 45 Assets

(000's Omitted)

	<u>July 1, 2005</u>	<u>June 30, 2008</u>	<u>October 31, 2008</u>
■ Present Value of Benefits	\$ 133,821	\$ 153,031	\$ 154,470
■ Actuarial Accrued Liability	103,236	124,005	126,092
■ Non-GASB 45 Assets	<u>(150,307)²⁴</u>	<u>(160,571)</u>	<u>(126,281)</u>
■ AAL Less Non-GASB 45 Assets	(47,071)	(36,566)	(189)

²⁴ Initial contributions made in January 2006



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RESULTS

Annual Required Contribution (ARC)

(000's Omitted)

	<u>July 1, 2005 Val²⁵</u>		<u>June 30, 2008 Val</u>	
	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>
■ ARC - \$				
• Normal Cost	\$ 3,739	\$ 3,860	\$ 4,246	\$ 4,384
• UAAL Amortization ²⁶	<u>6,552</u>	<u>6,765</u>	<u>8,162</u>	<u>8,428</u>
• Total ARC	10,291	10,625	12,408	12,811
■ Projected Payroll	42,817	44,209	54,606	56,381
■ ARC - %				
• Normal Cost	8.7%	8.7%	7.8%	7.8%
• UAAL Amortization	<u>15.3%</u>	<u>15.3%</u>	<u>14.9%</u>	<u>14.9%</u>
• Total ARC	24.0%	24.0%	22.7%	22.7%

²⁵ 2007/08 and 2008/09 ARCs based on June 30, 2007 UAAL (roll-forwarded from June 30, 2005)

²⁶ Initial UAAL amortized as level percent of pay over closed 30 year period starting 2007/08. Plan Amendments amortized as level percent of pay over fixed 30 years. Assumption changes amortized as level percent of pay over fixed 20 years. Gains/losses amortized as level percent of pay over a rolling 15 year period. See Amortization Schedule Details section for details.



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RESULTS

Actuarial Obligations

June 30, 2008

(000's Omitted)

	<u>PFT</u>	<u>Local 39</u>	<u>SEIU</u>	<u>Non Union</u>	<u>Total</u>
■ PVPB					
• Actives	\$ 42,331	\$ 7,941	\$ 26,788	\$ 5,289	\$ 82,349
• Retirees	41,007	6,399	17,464	5,811	70,681
• Total	83,338	14,340	44,252	11,100	153,031
■ AAL					
• Actives	25,577	5,549	18,803	3,394	53,323
• Retirees	41,007	6,399	17,464	5,811	70,681
• Total	66,584	11,948	36,267	9,205	124,005
■ 09/10 Normal Cost	2,574	304	1,068	300	4,246
■ 09/10 Pay-Go Cost	4,149	607	527	1,520	6,803



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RESULTS

Annual Required Contribution (ARC)

2009/10 Fiscal Year

(000's Omitted)

	<u>PFT</u>	<u>Local 39</u>	<u>SEIU</u>	<u>Non Union</u>	<u>Total</u>
■ ARC - \$					
• Normal Cost	\$ 2,574	\$ 304	\$ 1,068	\$ 300	\$ 4,246
• UAAL Amort. ²⁷	4,371	782	2,461	549	8,162
• Total ARC	6,945	1,085	3,528	849	12,408
■ Total Salary	26,850	3,763	15,703	8,290	54,606
■ ARC - %					
• Normal Cost	9.6%	8.1%	6.8%	3.6%	7.8%
• UAAL Amort.	16.3%	20.7%	15.7%	6.6%	14.9%
• Total ARC	25.9%	28.8%	22.5%	10.2%	22.7%

²⁷ Total based on initial UAAL amortized as level percent of pay over closed 30 year period starting 2007/08. Plan Amendments amortized as level percent of pay over fixed 30 years. Assumption changes amortized as level percent of pay over fixed 20 years. Gains/losses amortized as level percent of pay over a rolling 15 year period. See Amortization Schedule Details section for details.
Amortization amount allocated based on June 30, 2008 AAL.



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RESULTS

Actuarial Obligations

June 30, 2008

(000's Omitted)

	Cash	Implied Subsidy	Total
■ PVPB			
• Actives	\$ 79,194	\$ 3,155	\$ 82,349
• Retirees	70,332	349	70,681
• Total	149,526	3,504	153,031
■ AAL			
• Actives	51,653	1,670	53,323
• Retirees	70,332	349	70,681
• Total	121,985	2,019	124,005
■ 09/10 Normal Cost	4,068	178	4,246
■ 09/10 Pay-Go Cost	6,673	131	6,803



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RESULTS

Annual Required Contribution (ARC)

2009/10 Fiscal Year

(000's Omitted)

	Cash	Implied Subsidy	Total
■ ARC - \$			
• Normal Cost	\$ 4,068	\$ 178	\$ 4,246
• UAAL Amort. ²⁸	8,029	133	8,162
• Total ARC	12,097	311	12,408
■ Total Salary	54,606	54,606	54,606
■ ARC - %			
• Normal Cost	7.4%	0.3%	7.8%
• UAAL Amort.	14.7%	0.2%	14.9%
• Total ARC	22.2%	0.6%	22.7%

²⁸ Total based on initial UAAL amortized as level percent of pay over closed 30 year period starting 2007/08. Plan Amendments amortized as level percent of pay over fixed 30 years. Assumption changes amortized as level percent of pay over fixed 20 years. Gains/losses amortized as level percent of pay over a rolling 15 year period. See Amortization Schedule Details section for details.
Amortization amount allocated based on June 30, 2008 AAL.



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RESULTS

Estimated Net OPEB Obligation

(000's Omitted)

	No Pre-Funding
■ NOO 6/30/07	\$ -
• 2007/08 AOC (= ARC)	10,291
• Contributions ²⁹	(5,921)
■ NOO 6/30/08³⁰	4,370
• 2008/09 AOC	10,668
• Contributions ²⁹	(6,085)
■ Estimated NOO 6/30/09³¹	8,952

²⁹ Estimated benefit payments.

³⁰ Actual NOO will depend on actual benefit payments for 2007/08

³¹ Actual NOO will depend on actual benefit payments for 2008/09



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RESULTS

Pay-Go Illustration³²

(000's Omitted)

FYE June 30,	Beginning of Year Net OPEB Obligation	Contribution	Annual OPEB Cost (AOC)	Payroll	Contribution as % of Payroll
2010	\$ 8,952	\$ 6,803	\$ 12,195	\$ 54,606	12.5%
2011	14,345	7,555	12,470	56,381	13.4%
2012	19,260	8,273	12,770	58,213	14.2%
2013	23,757	8,950	13,093	60,105	14.9%
2014	27,900	9,547	13,438	62,058	15.4%
2015	31,791	10,179	13,804	64,075	15.9%
2016	35,417	10,717	14,191	66,158	16.2%
2017	38,891	11,247	14,597	68,308	16.5%
2018	42,241	11,696	15,022	70,528	16.6%
2019	45,567	12,068	15,464	72,820	16.6%

³² Initial UAAL amortized as level percent of pay over closed 30 year period starting 2007/08. Plan Amendments amortized as level percent of pay over fixed 30 years. Assumption changes amortized as level percent of pay over fixed 20 years. Gains/losses amortized as level percent of pay over a rolling 15 year period. See Amortization Schedule Details section for details.



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RESULTS

2007/08 Implied Subsidy Illustration³³ (000's Omitted)

Before GASB 45

	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
■ Total Premium	\$ 9,000	\$ 5,500	\$ 14,500
■ Member Contribution	-	-	-
■ Employer Contribution	9,000	5,500	14,500

After GASB 45

	<u>Actives</u>	<u>Retirees</u>	<u>Total</u>
■ Total Premium	\$ 9,000	\$ 5,500	\$ 14,500
■ Member Contribution	-	-	-
■ Implied Subsidy Transfer	(131)	131	-
■ Employer Contribution	8,869	5,631	14,500

³³ Simplified illustration assumes District pays all active and retiree premiums.



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OTHER ISSUES

■ Timing

- Present Preliminary Results
- Present Revised Results

December 11, 2008

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PREMIUMS

Monthly Retiree Premiums / Premium Equivalents³⁴

2008/09							
Plan	Retirement Date	Non-Medicare			Medicare		
		EE	EE+1	Family	EE	EE+1	Family
CoreSource ³⁵	< 7/1/04	\$ 482.28	\$ 1,368.00	\$ 1,920.81	\$ 384.09	\$ 768.13	\$ 1,529.59
	≥ 7/1/04 ³⁶	525.09	1,173.19	1,765.51	525.09	1,173.19	1,765.51
Kaiser	< 9/1/04 ³⁷	463.76	927.52	1,317.44	410.14	821.48	1,211.40
	≥ 9/1/04 ³⁸	446.01	892.02	1,262.20	336.00	672.00	1,042.18
Kaiser OOA	< 9/1/04 ³⁹	n/a	n/a	n/a	785.34	1,570.68	1,951.64

³⁴ September 1, 2008 through August 31, 2009 rates

CoreSource is a self insured plan

³⁵ PSW Benefit Resources confirmed premiums as accurate representation of claims costs

³⁶ Premium includes vision coverage

³⁷ Medicare premium includes dental and vision coverage

³⁸ Premium includes vision coverage, Medicare premium includes dental coverage

³⁹ Medicare premium includes vision coverage



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PREMIUMS

Monthly Active Premiums / Premium Equivalents³⁴

2008/09			
Plan ⁴⁰	EE	EE+1	Family
CoreSource	\$525.09	\$1,173.19	\$1,762.51
Kaiser	446.01	892.02	1,262.20

⁴⁰ Plans include vision coverage



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PREMIUMS

Monthly Retiree Premiums / Premium Equivalents³⁴

2005/06						
Plan	Non-Medicare			Medicare		
	EE	EE+1	Family	EE	EE+1	Family
CoreSource	\$617.85	\$1,752.54	\$2,460.74	\$308.93	\$617.87	\$1,230.37
Kaiser	385.62	771.24	1,091.30	258.80	517.60	820.73

2004/05						
Plan	Non-Medicare			Medicare		
	EE	EE+1	Family	EE	EE+1	Family
CoreSource	\$617.85	\$1,752.54	\$2,460.74	\$308.93	\$617.87	\$1,230.37
Kaiser	346.81	693.62	981.47	360.61	721.22	1,009.07



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PREMIUMS

Monthly Active Premiums / Premium Equivalents³⁴

2005/06			
Plan	EE	EE+1	Family
CoreSource	\$510.72	\$1,141.09	\$1,714.28
Kaiser	365.24	730.48	1,033.61

2004/05			
Plan	EE	EE+1	Family
CoreSource	\$510.72	\$1,141.09	\$1,714.28
Kaiser	326.97	653.94	925.33



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DATA SUMMARY

Active Medical Plan Coverage

Plan	EE	EE+1⁴¹	Family	Total
CoreSource	125	102	132	359
Kaiser	158	136	123	417
Waived ⁴²	n/a	n/a	n/a	22
Total	283	238	255	798

⁴¹ Includes 2 actives with CoreSource medical plans missing coverage

⁴² Includes 1 active with “term 5/31/08” and 12 with “no form” listed in medical plan field



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DATA SUMMARY

Retiree Medical Plan Coverage – Pre 65

Plan	Retirement Date	EE	EE+1	Family	Total
CoreSource	Before 7/1/04	8	15	6	29
	After 7/1/04	6	10	4	20
Kaiser	Before 7/1/04 ⁴³	7	11	2	20
	After 7/1/04	6	6	3	15
Eligible but not enrolled		n/a	n/a	n/a	2
Total		27	42	15	86

⁴³ Includes survivor, Guerrero, missing specific medical plan information



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DATA SUMMARY

Retiree Medical Plan Coverage – Post 65

Plan	Retirement Date	EE	EE+1	Family	Total
CoreSource	Before 7/1/04	122	135	11	268
	After 7/1/04	3	29	2	34
Kaiser	Before 7/1/04	99	91	4	194
	After 7/1/04	3	19	-	22
Kaiser OOA	Before 7/1/04	-	1	-	1
Eligible but not enrolled		n/a	n/a	n/a	31
Total		227	275	17	550



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DATA SUMMARY

Medical Plan Participation

Plan	Retirement Date	Active	Retirees		
			< 65	≥ 65	Total
CoreSource	Before 7/1/04	0%	34%	49%	47%
	After 7/1/04	45%	23%	6%	8%
Kaiser	Before 7/1/04	0%	23%	35%	34%
	After 7/1/04	52%	17%	4%	6%
Kaiser OOA	Before 7/1/04	0%	0%	0%	0%
Eligible but not enrolled		3%	2%	6%	5%
Total		100%	100%	100%	100%



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DATA SUMMARY

**Retiree Medical Coverage by Age
Certificated**

Age	EE	EE+1	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	-	1	-	-	1
55-59	2	1	1	-	4
60-64	5	10	1	-	16
65-69	29	35	4	2	70
70-74	24	55	6	-	85
75-79	39	53	2	2	96
80-84	19	31	3	3	56
85 & Over	30	21	-	11	62
Total	148	207	17	18	390
Average Age	76.8	75.3	72.1	84.7	76.1



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DATA SUMMARY

**Retiree Medical Coverage by Age
Non-Certificated**

Age	EE	EE+1	Family	Waived	Total
Under 50	-	-	-	-	-
50-54	1	2	4	-	7
55-59	7	6	5	1	19
60-64	12	22	4	1	39
65-69	17	34	-	4	55
70-74	19	15	-	1	35
75-79	18	17	2	1	38
80-84	18	6	-	2	26
85 & Over	14	8	-	5	27
Total	106	110	15	15	246
Average Age	74.1	70.2	60.3	76.3	71.7



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DATA SUMMARY

Actives by Age and Service - Certificated

Age		Service							Total
		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	
Under 25	Count	-	-	-	-	-	-	-	-
	Average Pay	-	-	-	-	-	-	-	-
25-29	Count	-	-	-	-	-	-	-	-
	Average Pay	-	-	-	-	-	-	-	-
30-34	Count	3	7	1	-	-	-	-	11
	Average Pay	60,383	62,439	57,216	-	-	-	-	61,403
35-39	Count	6	22	9	1	-	-	-	38
	Average Pay	68,374	68,655	68,355	76,050	-	-	-	68,734
40-44	Count	3	14	11	3	1	-	-	32
	Average Pay	67,387	74,859	79,624	83,612	37,514	-	-	75,450
45-49	Count	3	13	12	4	5	-	-	37
	Average Pay	88,970	71,918	86,210	100,505	97,464	-	-	84,478
50-54	Count	-	18	16	8	9	1	-	52
	Average Pay	-	76,124	79,375	89,037	99,801	101,589	-	83,698
55-59	Count	3	11	18	7	16	6	4	65
	Average Pay	150,993	80,610	79,156	87,325	97,982	95,173	106,668	91,403
60-64	Count	4	15	20	7	12	3	16	77
	Average Pay	72,055	79,146	83,391	91,688	92,496	116,216	95,497	87,943
65 & Over	Count	1	3	7	1	4	3	13	32
	Average Pay	115,373	102,909	78,780	97,135	88,890	104,975	91,219	91,532
Total	Count	23	103	94	31	47	13	33	344
	Average Pay	83,349	74,595	79,754	90,046	94,814	102,785	95,166	83,784



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DATA SUMMARY

Actives by Age and Service – Non-Certificated

Age		Service							Total
		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	
Under 25	Count	4	1	-	-	-	-	-	5
	Average Pay	29,812	65,617	-	-	-	-	-	36,973
25-29	Count	12	7	1	-	-	-	-	20
	Average Pay	38,805	46,716	46,215	-	-	-	-	41,945
30-34	Count	9	20	8	2	-	-	-	39
	Average Pay	37,439	53,506	49,070	47,690	-	-	-	48,590
35-39	Count	16	13	18	5	-	-	-	52
	Average Pay	42,971	51,463	57,154	56,120	-	-	-	51,268
40-44	Count	5	17	12	5	6	-	-	45
	Average Pay	36,357	41,375	55,000	48,090	54,479	-	-	46,944
45-49	Count	7	15	12	7	13	3	4	61
	Average Pay	71,947	53,773	52,653	47,768	51,341	40,912	50,419	53,578
50-54	Count	6	20	12	8	19	6	9	80
	Average Pay	36,817	51,555	54,189	58,559	50,392	55,564	53,658	51,806
55-59	Count	6	14	15	4	16	3	21	79
	Average Pay	69,934	59,920	61,593	66,994	52,857	60,934	52,633	58,027
60-64	Count	-	8	15	5	9	4	7	48
	Average Pay	-	83,279	57,985	57,197	54,488	60,095	60,392	61,990
65 & Over	Count	2	9	2	3	4	-	5	25
	Average Pay	92,376	56,172	57,842	41,065	39,922	-	61,422	55,839
Total	Count	67	124	95	39	67	16	46	454
	Average Pay	46,568	53,899	55,989	53,755	51,456	54,956	54,777	53,008



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DATA SUMMARY

Actives by Age and Service - Total

Age		Service							Total
		Under 1	1-4	5-9	10-14	15-19	20-24	25 & Over	
Under 25	Count	4	1	-	-	-	-	-	5
	Average Pay	29,812	65,617	-	-	-	-	-	36,973
25-29	Count	12	7	1	-	-	-	-	20
	Average Pay	38,805	46,716	46,215	-	-	-	-	41,945
30-34	Count	12	27	9	2	-	-	-	50
	Average Pay	43,175	55,822	49,975	47,690	-	-	-	51,409
35-39	Count	22	35	27	6	-	-	-	90
	Average Pay	49,899	62,269	60,888	59,442	-	-	-	58,643
40-44	Count	8	31	23	8	7	-	-	77
	Average Pay	47,993	56,497	66,777	61,411	52,055	-	-	58,791
45-49	Count	10	28	24	11	18	3	4	98
	Average Pay	77,054	62,198	69,431	66,945	64,153	40,912	50,419	65,245
50-54	Count	6	38	28	16	28	7	9	132
	Average Pay	36,817	63,193	68,581	73,798	66,273	62,139	53,658	64,370
55-59	Count	9	25	33	11	32	9	25	144
	Average Pay	96,954	69,024	71,173	79,932	75,420	83,760	61,278	73,093
60-64	Count	4	23	35	12	21	7	23	125
	Average Pay	72,055	80,583	72,502	77,317	76,207	84,147	84,813	77,977
65 & Over	Count	3	12	9	4	8	3	18	57
	Average Pay	100,041	67,856	74,127	55,083	64,406	104,975	82,942	75,877
Total	Count	90	227	189	70	114	29	79	798
	Average Pay	55,968	63,290	67,809	69,827	69,332	76,397	71,648	66,275



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DATA SUMMARY

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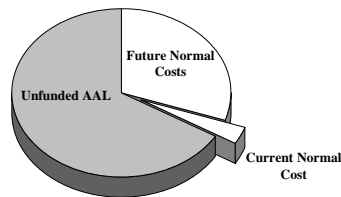
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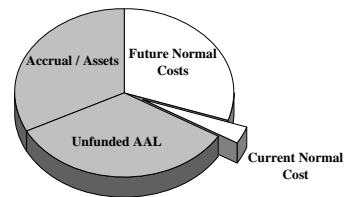
DEFINITIONS

Present Value of Projected Benefits (PVPB)

Without Assets



With Assets



- PVPB - Present Value of all Projected Benefits:
 - Discounted value, at measurement (valuation date – 6/30/08), of all future expected benefit payments
 - Expected benefit payments based on various (actuarial) assumptions



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DEFINITIONS

- AAL – Actuarial Accrued Liability / Actuarial Obligations:
 - Discounted value, at measurement (valuation date –6/30/08), of benefits “earned” (based on actuarial cost method) through measurement
 - Portion of PVPB “earned” at measurement
- Normal Cost:
 - Value of benefits “earned” during current year
 - Portion of PVPB allocated to current year
- Actuarial Cost Method:
 - Determines how benefits are “earned” (or allocated) to each year of service
 - Has no effect on PVPB
 - 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 the premium paid for retirees
 - PayGo is not the same as Normal Cost. PayGo is the expected retiree benefit payments for the year, while Normal Cost is the expense for benefits accrued by active employees during the year.



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DEFINITIONS

GASB Terminology	Definition
■ Annual Required Contribution (ARC)	■ Actuarially determined contribution, using funding method, amortization period, assumptions, etc.
■ Annual Other Post Employment Benefit (OPEB) Cost (AOC)	■ Similar to GASB 27 Annual Pension Cost ■ ARC, adjusted for: <ul style="list-style-type: none">➢ Interest on NOO and➢ Amortization of NOO
■ Net OPEB Obligation (NOO)	■ Historical difference between actual contribution and AOC ■ $NOO \text{ (end of year)} =$ $NOO \text{ (beginning of year)}$ $+ AOC \text{ (for year)}$ $- \text{actual contributions (made during year)}$



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DEFINITIONS

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ACTUARIAL ASSUMPTIONS

	July 1, 2005 Valuation	June 30, 2008 Valuation
■ Valuation Date	<ul style="list-style-type: none"> ■ July 1, 2005 ■ Fiscal Years 2007/08 & 2008/09 	<ul style="list-style-type: none"> ■ June 30, 2008 ■ Fiscal Years 2009/10 & 2010/11
■ Discount Rate	<ul style="list-style-type: none"> ■ 4.5% not pre-funded & assets invested in District Fund) ■ 7.0% (pre-funded & assets diversified in separate trust) 	<ul style="list-style-type: none"> ■ 7.0% Assets invested in Retiree Health Benefit Program Fund
■ General Inflation	<ul style="list-style-type: none"> ■ 3.00% 	<ul style="list-style-type: none"> ■ Same
■ Aggregate Payroll	<ul style="list-style-type: none"> ■ 3.25% 	<ul style="list-style-type: none"> ■ Same ■ CalPERS assumes 3.25% ■ CalSTRS assumes 4.25%



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ACTUARIAL ASSUMPTIONS

	July 1, 2005 Valuation			June 30, 2008 Valuation		
■ Medical Trend		<u>Kaiser</u>	<u>CS</u>		<u>Non-Medicare</u>	
	Initial	12%	13%	<u>Year</u>	<u>Kaiser</u>	<u>CoreSource</u>
	Ultimate	5%	5%	2008/09	<i>Actual 2008/09 Premiums</i>	
	Years	10 yr	10 yr	2009/10	9.1%	9.8%
				2010/11	8.4%	9.0%
				↓	↓	↓
			2017/18+	4.5%	4.5%	
				<u>Medicare</u>		
				<u>Year</u>	<u>Kaiser</u>	<u>CoreSource</u>
			2008/09	<i>Actual 2008/09 Premiums</i>		
			2009/10	9.4%	10.1%	
			2010/11	8.7%	9.3%	
			↓	↓	↓	
			2017/18+	4.5%	4.5%	
■ Medicare Part B Increases	<ul style="list-style-type: none"> ■ n/a 			<ul style="list-style-type: none"> ■ Follows Medicare HMO Medical Trend 		



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ACTUARIAL ASSUMPTIONS

	July 1, 2005 Valuation	June 30, 2008 Valuation
<ul style="list-style-type: none"> ■ Retirement 	<ul style="list-style-type: none"> ■ CalPERS 1997-2002 Experience Study <ul style="list-style-type: none"> <u>Benefit</u> Misc 2% @ 55 (School) <u>ERA</u> 61.2 ■ CalSTRS 2003 Experience Study <ul style="list-style-type: none"> <u>Benefit</u> Defined Benefit <u>ERA</u> 64.6 	<ul style="list-style-type: none"> ■ CalPERS 1997-2002 Experience Study <ul style="list-style-type: none"> <u>Benefit</u> Misc 2% @ 55 (School) <u>ERA</u> 61.4 ■ CalSTRS 2007 Experience Study <ul style="list-style-type: none"> <u>Benefit</u> Defined Benefit <u>ERA</u> 64.6
<ul style="list-style-type: none"> ■ Mortality, Withdrawal, Disability 	<ul style="list-style-type: none"> ■ CalPERS 1997-2002 Experience Study ■ CalSTRS 2003 Experience Study 	<ul style="list-style-type: none"> ■ Same ■ CalSTRS 2007 Experience Study
<ul style="list-style-type: none"> ■ Participation at Retirement 	<ul style="list-style-type: none"> ■ Medical: <ul style="list-style-type: none"> ➢ Currently covered: 100% ➢ Not currently covered: 80% ■ Life: 100% 	<ul style="list-style-type: none"> ■ Same



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ACTUARIAL ASSUMPTIONS

	July 1, 2005 Valuation	June 30, 2008 Valuation
<ul style="list-style-type: none"> ■ Medical Plan at Retirement 	<ul style="list-style-type: none"> ■ Currently covered: same as current election ■ Not currently covered: weighted average active premium 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Waived Retiree Re-Election 	<ul style="list-style-type: none"> ■ n/a 	<ul style="list-style-type: none"> ■ Retirees assumed not eligible to re-elect coverage
<ul style="list-style-type: none"> ■ Marital Status 	<ul style="list-style-type: none"> ■ Actives <ul style="list-style-type: none"> ➢ Currently covered: actual marital status ➢ Not currently covered: 80% married ■ Retirees: actual marital status 	<ul style="list-style-type: none"> ■ Same
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> ■ Males 3 years older than females 	<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 available



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ACTUARIAL ASSUMPTIONS

	July 1, 2005 Valuation	June 30, 2008 Valuation
<ul style="list-style-type: none"> ■ Dependents 	<ul style="list-style-type: none"> ■ Actives: 10% dependent coverage pre-65 ■ Retirees: same as current coverage 	<ul style="list-style-type: none"> ■ Actives: <ul style="list-style-type: none"> ➢ Certificated: Same ➢ Non-Certificated: 20% pre- 65 ■ Retirees: Same
<ul style="list-style-type: none"> ■ Medicare Eligible Rate 	<ul style="list-style-type: none"> ■ 100% ■ Everyone eligible for Medicare will elect Part B coverage 	<ul style="list-style-type: none"> ■ Same ■ 100% elect Medicare at eligibility age ■ Assumes > 40 quarters of paid Medicare taxes, enrollment in Medicare at eligibility, & annual individual income < \$80,000
<ul style="list-style-type: none"> ■ Medicare D 	<ul style="list-style-type: none"> ■ Kaiser – estimated ■ CoreSource - attestation 	<ul style="list-style-type: none"> ■ Part D reduction reflected in current premiums / premium equivalents
<ul style="list-style-type: none"> ■ Future New Participants 	<ul style="list-style-type: none"> ■ None – Closed Group 	<ul style="list-style-type: none"> ■ Same



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ACTUARIAL METHODS

Method	Comments
<ul style="list-style-type: none"> ■ Cost Method 	<ul style="list-style-type: none"> ■ Entry Age Normal consistent with CalPERS and acceptable to GASB
<ul style="list-style-type: none"> ■ Unfunded Liability Amortization 	<ul style="list-style-type: none"> ■ Initial Unfunded Liability - Amortized as level percentage of pay over 30 years from 6/30/07 (29 years from 6/30/08) ■ Benefit Changes – Amortized as level percentage of pay over fixed 30 years ■ Method and Assumption Changes – Amortized as level percentage of pay over fixed 20 years ■ Gains/Losses – Amortized as level percentage of pay over rolling 15 years ■ Minimum 30 years combined amortization period
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> ■ Level percent of payroll (same as CalPERS)
<ul style="list-style-type: none"> ■ "Implied Subsidy" 	<ul style="list-style-type: none"> ■ Employer cost for allowing retirees to participate, irrespective of employer contribution ■ Value implied subsidy until age 65 for plans available to those retired after 2004
<ul style="list-style-type: none"> ■ Minimum ARC 	<ul style="list-style-type: none"> ■ Not less than Normal Cost plus UAAL amortized over 30-years



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AMORTIZATION SCHEDULE DETAILS

June 30, 2008 Valuation (000's Omitted)

Base	Outstanding Balance		Amortization Period	2009/10 Amortization Payment ⁴⁴	
	6/30/08	6/30/09		\$	%
■ Initial UAAL	\$ 116,291	\$ 117,666	28	\$ 6,985	12.8%
■ Plan Amendment	1,575	1,686	30	96	0.2%
■ Assumption Changes	(3,972)	(4,251)	20	(312)	-0.6%
■ (Gains) / Loss	10,111	15,401	15	1,394	2.6%
■ Total UAAL	124,005	130,503		8,162	14.9%

⁴⁴ Based on Projected 2009/10 Payroll of \$ 54,606,000



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AMORTIZATION SCHEDULE DETAILS

June 30, 2005 Valuation (000's Omitted)

Base	Outstanding Balance		Amortization Period	2007/08 Amortization Payment ⁴⁵	
	7/1/05	6/30/07		\$	%
■ Initial UAAL	\$ 103,236	\$ 114,807	30	\$ 6,552	15.3%
■ Total UAAL	103,236	114,807	30	6,552	15.3%

⁴⁵ Based on Projected 2007/08 Payroll of \$ 42,817,000



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