Cavanaugh Macdonald
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*The experience and dedication you deserve*

# Report on the Retiree Health Care Valuation of the School Employees Retirement System of Ohio

## Prepared as of June 30, 2015

Cavanaugh Macdonald
CONSULTING, LLC
*The experience and dedication you deserve*

November 9, 2015

Board of Trustees
School Employees Retirement System
Of Ohio
300 East Broad Street
Suite 100
Columbus, OH 43215-3746

Dear Members of the Board:

Governmental Accounting Standards Board Statements No. 43 and 45 require actuarial valuations of retiree medical and other post-employment benefit plans. We have submitted the results of the annual actuarial valuation of the Retiree Health Care Valuation of the School Employees Retirement System of Ohio (SERS) prepared as of June 30, 2015. While not verifying the data at source, the actuary performed tests for consistency and reasonability. The valuation indicates that the Annual Required Contribution (ARC) required by GASB Statement 45 is 5.51% of active payroll payable for the fiscal year ending June 30, 2016. Any net claims or premiums paid for retiree health care are considered contributions toward the ARC. Your attention is directed particularly to the summary of results on page 1 and the comments on page 6.

The medical and drug benefits of the Plan are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method with the normal cost rate determined as a level percentage of payroll. GASB requires the discount rate used to value a plan be based on the likely return of the assets held in trust to pay benefits. The discount rate used in this valuation is 5.25%. Gains and losses are reflected in the unfunded accrued liability that is amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase by 4.00% annually. The assumptions recommended by the actuary are, in the aggregate, reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan and meet the parameters for the disclosures under GASB 43 and 45.

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2018 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

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To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the system, and on actuarial assumptions that are, in the aggregate, internally consistent and reasonably based on the actual experience of the system.

Respectfully submitted,

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Principal and Consulting Actuary

John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

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## TABLE OF CONTENTS


| Section | Item | Page No. |
|---|---|---|
| I | Summary of Principal Results | 1 |
| II | Membership Data | 4 |
| III | Assets | 6 |
| IV | Comments on Valuation | 7 |
| V | Derivation of Experience Gains and Losses | 8 |
| VI | Required Contribution Rates | 10 |
| VII | Accounting Information | 11 |

| Schedule | | |
|---|---|---|
| A | Valuation Balance Sheet | 13 |
| B | Statement of Actuarial Assumptions and Methods | 16 |
| C | Summary of Plan Provisions | 22 |
| D | Detailed Tabulations of the Data | 35 |
| E | Glossary | 41 |

## REPORT ON THE ANNUAL VALUATION OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

## PREPARED AS OF JUNE 30, 2015

## SECTION I – SUMMARY OF PRINCIPAL RESULTS

This report, prepared as of June 30, 2015, presents the results of the annual actuarial valuation of retiree health care offered to SERS members. For convenience of reference, the principal results of the valuation and a comparison with the preceding valuation results are summarized in the following table.

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| **Active members included in valuation** | | |
| Number | 122,855 | 121,251 |
| Annual Compensation | $2,845,443,802 | $2,759,281,606 |
| **Service Retirees** | | |
| Number | 31,470 | 31,559 |
| **Disability Retirees** | | |
| Number | 3,443 | 3,560 |
| **Spouses of Retirees** | | |
| Number | 5,812 | 6,066 |
| **Spouses of Deceased Retirees** | | |
| Number | 1,991 | 2,059 |
| **Survivor Benefit Recipients** | | |
| Number | 913 | 976 |
| **Children** | | |
| Number | 478 | 490 |
| **Deferred Vesteds** | | |
| Number | 4,651 | 4,481 |
| **Assets** | | |
| Market Value | $408,363,598 | $413,858,201 |
| **Unfunded Accrued Liability** | $2,016,150,191 | $2,061,751,051 |
| **Actuarial Accrued Liability** | $2,424,513,789 | $2,475,609,252 |
| **Funded Ratio (MVA/AAL)** | 16.84% | 16.72% |
| **Employer Contribution Rate** | | |
| Normal | 2.72% | 2.82% |
| Accrued Liability | 2.79% | 2.95% |
| Total | 5.51% | 5.77% |
| Employer Contribution Toward Health Care* | 1.50% | 2.32% |
| Accrued liability amortization period | 30 | 30 |

* *Includes 1.50% of payroll surcharge*

2. The employer health contribution rate is set at 1.50%. This rate includes the anticipated revenue from the minimum surcharge level for FY2016 of $23,000.
3. The valuation balance sheet showing the results of the valuation is given in Schedule A.
4. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains during the valuation year are given in Section V, and the rates of contribution payable by the employer are given in Section VI.
5. There were no changes in interest rate, or age related morbidity assumptions since the last valuation. The following changes were reflected in this valuation:
    - 2016 Medicare Plan Changes include:
        - Emergency room co-pays increased under all Medicare plans.
        - Rehabilitation co-pays decreased for some services in the Aetna Medicare$^{SM}$ Plan (PPO) and Paramount Elite Medicare Advantage plans.
        - Non-preferred brands are no longer covered by SERS in the Express Scripts Prescription Plan.
    - 2016 Non-Medicare Plan Changes include:
        - Medical Mutual of Ohio is not available beginning in 2016. Aetna Choice POS II is replacing Medical Mutual of Ohio as the primary plan for individuals not yet Medicare age.
        - The deductibles and out-of-pocket maximums increased for all non-Medicare plans.
        - Chiropractic cost sharing switched to coinsurance for all non-Medicare plans except for HealthSpan.
        - Members in the Aetna Choice POS II will pay lower costs for joint replacement, spine surgeries and transplants performed in Aetna Institutes of Quality or Excellence.
        - Non-preferred brands are no longer covered and no longer count toward the prescription out-of-pocket maximum in the Express Scripts Prescription Plan.
        - Preferred-brand diabetic test strips and meters are available without a co-pay in all non-Medicare plans.
    - In accordance with the Board-adopted funding policy that became effective June 18, 2015, the employer health contribution rate does not include an additional portion from the basic benefits. The basic benefits funded ratio is less than 70%, thus all 14% of the employers' contribution is allocated to SERS' basic benefits.
6. Schedule B details the actuarial assumptions and methods employed. Schedule C gives a summary of the benefit and contribution provisions of the plan.

7. The statute sets a contribution cap of 24% of payroll; 14% from employers and 10% from employees. The funding policy states that employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.

## SECTION II – MEMBERSHIP DATA

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System's office. The following tables summarize the membership of the system as of June 30, 2015 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

**Active Members**

| | | Group Averages | | |
|---|---|---|---|---|
| Number | Payroll | Salary | Age | Service |
| 122,855 | $2,845,443,802 | $23,161 | 48.5 | 9.7 |

The following table shows a six-year schedule of active member valuation data.

**SCHEDULE OF SERS ACTIVE MEMBER VALUATION DATA**

| Valuation Date | Number | Annual Payroll | Annual Average Pay | % Increase in Average Pay |
|---|---|---|---|---|
| 6/30/2010 | 126,015 | $2,842,660,159 | $22,558 | 1.5% |
| 6/30/2011 | 125,337 | 2,852,378,614 | 22,758 | 0.9 |
| 6/30/2012 | 121,811 | 2,788,153,585 | 22,889 | 0.6 |
| 6/30/2013 | 121,642 | 2,746,827,535 | 22,581 | (1.3) |
| 6/30/2014 | 121,251 | 2,759,281,606 | 22,757 | 0.8 |
| 6/30/2015 | 122,855 | 2,845,443,802 | 23,161 | 1.8 |

The following table shows the number of retiree members and their beneficiaries receiving health care as of the valuation date as well as average ages.

**Retiree Lives**

| Type of Benefit Recipient | Number | Average Age |
|---|---|---|
| Service Retirees | 31,470 | 76.0 |
| Disability Retirees | 3,443 | 67.3 |
| Spouses | 8,716 | 78.1 |
| Children | 478 | 27.0 |
| Total | 44,107 | 75.2 |

This valuation also includes 4,651 inactive members eligible for health care.

## SECTION III – ASSETS

1. As of June 30, 2015 the total market value of assets amounted to $408,363,598.

| Asset Summary Based on Market Value | | | |
|---|---|---|---|
| (1) | Assets at June 30, 2014 | $ | 413,858,201 |
| (2) | Contributions and Misc. Revenue | | 185,406,033 |
| (3) | Investment Gain (Loss) | | 8,850,272 |
| (4) | Benefit Payments | | (199,750,908) |
| (5) | Assets at June 30, 2015<br>(1) + (2) + (3) + (4) | $ | 408,363,598 |
| (6) | Annualized Rate of Return* | | 2.2 % |

*Based on the approximation formula: I/[0.5 x (A + B – I)], where

I = Investment Gain (Loss)
A = Beginning of year asset value
B = End of year asset value

## SECTION IV - COMMENTS ON VALUATION

Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2015.

1. The total health care valuation balance sheet shows that the System has total future health care liabilities of $3,277,432,741, of which $967,925,442 is for the future benefits payable for present retiree members and beneficiaries of deceased members; $11,009,096 is for the future benefits payable for current deferred vested members; and $2,298,498,203 is for the future benefits payable for present active members. Against these health care liabilities the System has a total market value of assets of $408,363,598 as of June 30, 2015. The difference of $2,869,069,143 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future for health care. Of this amount, no future contributions are expected to be made by members, and the balance of $2,869,069,143 represents the present value of future contributions payable by SERS.
2. SERS' contributions on account of health care consists of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 2.72% of payroll are required to provide the benefits of the System for the average new member of SERS.
3. Prospective employer normal contributions on account of health care at the above rates have a present value of $852,918,952. When this amount is subtracted from $2,869,069,143, which is the present value of the total future contributions to be made by the employer, there remains $2,016,150,191 as the amount of future accrued liability contributions.
4. It is recommended that the accrued liability contribution rate payable by SERS on account of health care be set at 2.79% of payroll. This rate is sufficient to liquidate the unfunded accrued liability of $2,016,150,191 over 30 years on the assumption that the aggregate payroll for members will increase by 4.00% each year.

## SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2015 is shown below.

**Experience Gain/(Loss)**
**($ Thousands)**

| | | | |
|---|---|---|---|
| (1) | UAAL* as of 6/30/14 | $ | 2,061,751 |
| (2) | Normal cost from last valuation | | 77,821 |
| (3) | Expected employer contributions | | 164,182 |
| (4) | Interest accrual:<br>[(1) + (2) - (3)] x .0525 | | 103,708 |
| (5) | Expected UAAL before changes:<br>(1) + (2) - (3) + (4) | $ | 2,079,098 |
| (6) | Change due to plan amendments | | 0 |
| (7) | Change due to new actuarial assumptions | | 0 |
| (8) | Change due to claims and retiree premiums | | 112,654 |
| (9) | Expected UAAL after changes:<br>(5) - (6) - (7) - (8) | $ | 1,966,444 |
| (10) | Actual UAAL as of 6/30/15 | $ | 2,016,150 |
| (11) | Total gain/(loss): (9) - (10) | $ | (49,706) |
| (a) | Contribution shortfall | | (77,166) |
| (b) | Investment loss | | (12,501) |
| (c) | Experience gain/(loss)<br>(11) - (11a) - (11b) | $ | 39,961 |
| (12) | Accrued liabilities as of 6/30/14 | $ | 2,475,609 |
| (13) | Experience gain/(loss) as percent of actuarial accrued liabilities at start of year<br>(11c) / (12) | | 1.6% |

* *unfunded actuarial accrued liability*

**ANALYSIS OF FINANCIAL EXPERIENCE**
Gains & Losses in Accrued Liabilities
Resulting from Difference Between
Assumed Experience & Actual Experience
($ Millions)

| Type of Activity | | $ Gain (or Loss) For Year Ending 6/30/15 |
|---|---|---|
| **Age & Service Retirements.** If members retire at older ages, there is a gain. If younger ages, a loss. | $ | 2.8 |
| **Disability Retirements.** If disability claims are less than assumed, there is a gain. If more claims, a loss. | | 2.6 |
| **Death-in Service Benefits.** If survivor claims are less than assumed, there is a gain. If more claims, there is a loss. | | (0.7) |
| **Withdrawal From Employment.** If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss. | | 30.1 |
| **Claims Increases.** If there are smaller claims increases than assumed creates a gain; larger, a loss. | | 112.7 |
| **New Members.** Additional accrued liability attributable to members who entered the plan since the last valuation. | | (18.2) |
| **Investment Income.** If there is a greater investment income than assumed, there is a gain. If less income, a loss. | | (12.5) |
| **Contribution Shortfall.** If there are more contributions than the ARC, there is a gain. If less contributions, a loss. | | (77.2) |
| **Death After Retirement.** If retiree members live longer than assumed, there is a loss. If not as long, a gain. | | 14.3 |
| **Other.** Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc. | | 9.0 |
| **Gain (or Loss) During Year From Financial Experience** | $ | 62.9 |
| **Non-Recurring Items.** Adjustments for plan amendments, assumption changes and method changes | | 0.0 |
| **Composite Gain (or Loss) During Year** | $ | 62.9 |

## SECTION VI – REQUIRED CONTRIBUTION RATES

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following tables show the rates of contribution payable by employers as determined from the present valuation for FY2016.

### Required Contribution Rates

| Contribution for | | Amount | % of Payroll |
|---|---|---|---|
| A. Normal Cost | $ | 77,466,073 | 2.72% |
| B. Member Contributions* | $ | 0 | 0.00% |
| C. Employer Normal Cost: [A - B] | $ | 77,466,073 | 2.72% |
| D. Unfunded Actuarial Accrued Liability** | $ | 79,491,199 | 2.79% |
| E. Total Recommended Employer Contribution Rate: [C+D] | $ | 156,957,272 | 5.51% |
| F. Employer Contribution Toward Health Care+ | $ | 42,681,657 | 1.50% |

**  The liabilities are net of retiree contributions towards their health care.*
*** Based on 30-year amortization of the UAAL from June 30, 2015.*
*+ Includes 1.50% of payroll surcharge.*

### Ten-Year History of Employer Contribution Rates

| Fiscal Year Ending June 30 | Employer Health Care Contribution Rate | Surcharge Percentage | Total Health Care Contribution Rate |
|---|---|---|---|
| 2006 | 3.42% | 1.50% | 4.92% |
| 2007 | 3.32 | 1.50 | 4.82 |
| 2008 | 4.18 | 1.50 | 5.68 |
| 2009 | 4.16 | 1.50 | 5.66 |
| 2010 | 0.46 | 1.50 | 1.96 |
| 2011 | 1.43 | 1.50 | 2.93 |
| 2012 | 0.55 | 1.50 | 2.05 |
| 2013 | 0.16 | 1.50 | 1.66 |
| 2014 | 0.14 | 1.50 | 1.64 |
| 2015 | 0.82 | 1.50 | 2.32 |

## SECTION VII - ACCOUNTING INFORMATION

Governmental Accounting Standards Board Statements 43 and 45 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2015. Additional information as of the latest actuarial valuation follows.

| | |
|---|---|
| Valuation date | 6/30/2015 |
| Actuarial cost method | Entry Age |
| Amortization | Level Percent Open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Investment rate of return* | 5.25% |
| * Includes price inflation at | 3.25% |
| Wage increases | 4.00% |
| Medical Trend Assumption | |
| Pre-Medicare | 7.50% - 5.00% |
| Medicare | 5.50% - 5.00% |
| Year of Ultimate Trend | 2017 - 2020 |

Another required item of disclosure is the Schedule of Funding Progress shown in the following table.

## SCHEDULE OF FUNDING PROGRESS
## ($ Millions)

| Actuarial Valuation Date | Value of Plan Assets ( a ) | Actuarial Accrued Liability (AAL) Entry Age ( b ) | Unfunded AAL (UAAL) ( b - a ) | Funded Ratio ( a / b ) | Covered Payroll ( c ) | UAAL as a Percentage of Covered Payroll ( ( b - a ) / ( c ) |
|---|---|---|---|---|---|---|
| 6/30/2010 | $325 | $2,369 | $2,044 | 13.7% | $2,843 | 71.9% |
| 6/30/2011 | 356 | 2,410 | 2,054 | 14.8 | 2,852 | 72.0 |
| 6/30/2012 | 355 | 2,691 | 2,336 | 13.2 | 2,788 | 83.8 |
| 6/30/2013 | 379 | 2,918 | 2,539 | 13.0 | 2,747 | 92.4 |
| 6/30/2014 | 414 | 2,476 | 2,062 | 16.7 | 2,759 | 74.7 |
| 6/30/2015 | 408 | 2,425 | 2,017 | 16.8 | 2,845 | 70.9 |

## Schedule of Employer Contributions

| Year Ended | Annual Required Contribution (ARC) (a) | Employer Contribution (b) | Retiree Drug Subsidy (RDS) and Other Contributions (c) | Total Contribution (d) = (b)+(c) | Percentage of ARC Contributed (e) = (d)/(a) |
|---|---|---|---|---|---|
| June 30, 2010 | $315,535,278 | $60,142,014 | $24,414,855 | $84,556,869 | 26.8% |
| June 30, 2011 | 169,146,052 | 86,908,283 | 0 | 86,908,283 | 51.4 |
| June 30, 2012 | 155,857,785 | 56,476,230 | 0 | 56,476,230 | 36.2 |
| June 30, 2013 | 171,402,038 | 45,489,443 | 0 | 45,489,443 | 26.5 |
| June 30, 2014 | 190,390,431 | 46,097,206 | 29,200,200 | 75,297,406 | 39.5 |
| June 30, 2015 | 164,182,107 | 68,904,867 | 20,084,826 | 88,989,693 | 54.2 |

## SCHEDULE A

### Valuation Balance Sheet

The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of June 30, 2015 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2014.

### VALUATION BALANCE SHEETS SHOWING THE ASSETS AND LIABILITIES OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

| | June 30, 2015 | June 30, 2014 |
|---|---|---|
| **ASSETS** | | |
| Current market value of assets | $ 408,363,598 | $ 413,858,201 |
| Prospective contributions | | |
| Employer normal contributions | 852,918,952 | 864,793,714 |
| Unfunded accrued liability contributions | 2,016,150,191 | 2,061,751,051 |
| Total prospective contributions | $ 2,869,069,143 | $ 2,926,544,765 |
| Total assets | $ 3,277,432,741 | $ 3,340,402,966 |
| **LIABILITIES** | | |
| Present value of benefits payable on account of present retiree members and beneficiaries | $ 967,925,442 | $ 952,544,998 |
| Present value of benefits payable on account of active members | 2,298,498,203 | 2,372,199,191 |
| Present value of benefits payable on account of deferred vested members | 11,009,096 | 15,658,777 |
| Total liabilities | $ 3,277,432,741 | $ 3,340,402,966 |

The following table provides the solvency test for SERS members.

**Solvency Test**
**($ Millions)**

| | Aggregate Accrued Liabilities For | | | | Portion of Accrued Liabilities Covered by Reported Asset | | |
|---|---|---|---|---|---|---|---|
| Valuation Date | (1) Active Member Contributions | (2) Retiree Members & Beneficiaries | (3) Active Members (Employer Financed Portion) | Actuarial Value of Assets | (1) | (2) | (3) |
| 6/30/2010 | $0 | $970 | $1,399 | $325 | 100.0% | 33.5% | 0.0% |
| 6/30/2011 | 0 | 897 | 1,513 | 356 | 100.0 | 39.7 | 0.0 |
| 6/30/2012 | 0 | 1,074 | 1,617 | 355 | 100.0 | 33.1 | 0.0 |
| 6/30/2013 | 0 | 1,157 | 1,761 | 379 | 100.0 | 32.8 | 0.0 |
| 6/30/2014 | 0 | 968 | 1,508 | 414 | 100.0 | 42.8 | 0.0 |
| 6/30/2015 | 0 | 979 | 1,446 | 408 | 100.0 | 41.7 | 0.0 |

**Solvency Chart**

The following chart shows the projected Health Care Fund Balances from the five most recent valuations. The prior year projections were based on the funding policy and assumptions in effect on the prior year valuation dates. The projections are based on a 7.75% future asset rate of return assumption and assumed health care contribution rates based on the pension valuation and the surcharge calculation. Starting with the June 30, 2015 valuation, the new funding policy was taken into account.

**Health Care Fund Balance**

($ In Millions)

$450.0
$400.0
$350.0
$300.0
$250.0
$200.0
$150.0
$100.0
$50.0
$0.0

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032

Fiscal Year Ending June 30th

6/30/2015 6/30/2014 6/30/2013 6/30/2012 6/30/2011

**SCHEDULE B**

**STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

The decremental assumptions used in the valuation were adopted by the Board in April, 2011.

INTEREST RATE: 5.25% per annum, compounded annually (net after all System expenses).

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions:

| Calendar Year | Non-Medicare | Medicare |
|---|---|---|
| 2015 | 7.50% | 5.50% |
| 2016 | 6.75 | 5.25 |
| 2017 | 6.25 | 5.00 |
| 2018 | 5.75 | 5.00 |
| 2019 | 5.25 | 5.00 |
| 2020 and beyond | 5.00 | 5.00 |

AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

| | Annual Increase | |
|---|---|---|
| Participant Age | Medical | Prescription Drug |
| Under 41 | 0.00% | 0.00% |
| 41 – 45 | 2.50 | 1.25 |
| 46 – 50 | 2.60 | 1.30 |
| 51 – 55 | 3.20 | 1.60 |
| 56 – 60 | 3.40 | 1.70 |
| 61 – 65 | 3.70 | 1.85 |
| 66 – 70 | 3.20 | 1.60 |
| 71 – 75 | 2.40 | 1.20 |
| 76 – 80 | 1.80 | 0.90 |
| 81 – 85 | 1.30 | 0.65 |
| 85 and over | 0.00 | 0.00 |

ANTICIPATED PLAN PARTICIPATION: The assumed annual rates of retiree participation and spouse coverage are as follows:

| Retiree Gender | Spouse Coverage | Dependent Child Coverage |
|---|---|---|
| Male | 50.0% | 0.0% |
| Female | 40.0% | 0.0% |

Wives are assumed to be three years younger than husbands.

ANTICIPATED PLAN PARTICIPATION (continued):

| Years of Service | Service Retiree Participation | Disabled Retiree Participation | Deferred Vested Retiree Participation | Death in Service Surviving Spouse Participation |
|---|---|---|---|---|
| 1.5 – 5 | N/A | N/A | N/A | 100.0% |
| 5 – 9 | N/A | 100.0% | N/A | 100.0 |
| 10 – 14 | 25.0% | 100.0 | 50.0% | 100.0 |
| 15 – 19 | 45.0 | 100.0 | 50.0 | 100.0 |
| 20 – 24 | 70.0 | 100.0 | 50.0 | 100.0 |
| 25 – 29 | 75.0 | 100.0 | 50.0 | 100.0 |
| 30 – 34 | 80.0 | 100.0 | 50.0 | 100.0 |
| 35 and over | 90.0 | 100.0 | 50.0 | 100.0 |

ANTICIPATED PLAN ELECTIONS: The assumed annual rates of member plan elections are as follows:

| Plan Type | Future Retirees | |
|---|---|---|
| | Non-Medicare | Medicare |
| PPO | 94.4% | 94.0% |
| HMO | 5.6% | 6.0% |

Anticipated plan elections within the above plan types are further expanded below:

| Plan Type | Future Retirees* | |
|---|---|---|
| | Non-Medicare | Medicare |
| PPO | | |
| Aetna Choice POS II | 95.8% | 0.0% |
| Aetna Medicare[SM] Plan | 0.0% | 100.0% |
| AultCare PPO | 4.2% | 0.0% |
| HMO | | |
| PrimeTime | 0.0% | 69.5% |
| HealthSpan | 87.9% | 0.0% |
| Paramount HMO | 12.1% | 30.5% |

* *Future disabled retirees are assumed to have 85% Non-Medicare coverage and 15% Medicare coverage before age 65.*

ANTICIPATED MEDICARE COVERAGE AT AGE 65: The assumed annual rates of future retirees obtaining Medicare coverage at age 65 are as follows:

| Medicare Coverage | Percent Covered |
|---|---|
| No Medicare at age 65 | 1.0% |
| Medicare Part A | 98.0% |
| Medicare Part B Only | 1.0% |

Current service retirees, disabled benefit recipients, spouses and dependent children under age 65 were assumed to have similar Medicare coverage at age 65 as their post-Medicare counterparts.

HEALTH CARE PREMIUM DISCOUNT PROGRAM PARTICIPATION: Current service retirees, disabled benefit recipients, spouses and dependent children reported as qualifying for the health care Premium Discount Program were assumed to continue participating in the program for their lifetime.

MONTHLY EXPECTED MEDICAL/PRESCRIPTION DRUG CLAIMS COSTS (INCLUDES ADMINISTRATIVE EXPENSES): Following are charts detailing expected claims for the year following the valuation date:

| Retiree Costs | | | | | |
|---|---|---|---|---|---|
| Medicare Status | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
| Non-Medicare | $1,182 | n/a | $930 | $1,014 | $1,421 |
| Medicare A | $195 | $694 | $219 | $326 | $247 |
| Medicare B Only | $560 | n/a | $930 | $1,263 | $559 |

| Spouse Costs | | | | | |
|---|---|---|---|---|---|
| Medicare Status | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
| Non-Medicare | $1,064 | n/a | $743 | $814 | $1,145 |
| Medicare A | $195 | $694 | $219 | $326 | $247 |
| Medicare B Only | $560 | n/a | $743 | $1,263 | $559 |

| Children Costs | | | | | |
|---|---|---|---|---|---|
| Medicare Status | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
| Non-Medicare | $296 | n/a | $164 | $181 | $254 |
| Medicare A | $195 | $694 | $219 | $326 | $247 |

The above amounts are shown as average costs and represent premiums paid to insurers.

ANNUAL EXPECTED MEDICAL/PRESCRIPTION DRUG COSTS (INCLUDES ADMINISTRATIVE EXPENSES) (continued): In the valuation, the premium costs are converted to age 65 amounts, age adjusted and blended based on actual elections for current retirees, current disabled retirees, current retiree spouses and current dependent children, and based on projected elections for future retirees and future spouses. The age adjusted and blended amounts are as follows:

| Annual Pre-65 Blended Costs Age Adjusted to 65 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Pre-65 Cost Type | Future Service Retirees | Future Disabled Retirees | Future Spouses | Current Service Retires | Current Disabled Retirees | Current Retiree Spouses | Current Dependent Children |
| Medical | $13,032 | $11,182 | $11,580 | $12,912 | $10,392 | $7,464 | $4,908 |
| Prescription Drug | 2,496 | 2,329 | 2,232 | 2,496 | 2,244 | 1,932 | 924 |

| Annual 65 & Older Blended Costs Age Adjusted to 65 | | | | | | |
|---|---|---|---|---|---|---|
| 65 & Older Cost Type | Future Service Retirees | Future Disabled Retirees | Future Spouses | Current Service Retires | Current Disabled Retirees | Current Retiree Spouses |
| Medical | $696 | $696 | $672 | $720 | $840 | $624 |
| Prescription Drug | 1,380 | 1,380 | 1,368 | 1,380 | 1,404 | 1,356 |

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

| Service | Annual Rates of Withdrawal |
|---|---|
| 0 | 45.00% |
| 1 | 31.00 |
| 2 | 23.00 |
| 3 | 17.00 |
| 4 | 13.00 |
| 5 | 9.00 |
| 10 | 4.00 |
| 15 | 2.00 |
| 20 | 2.00 |
| 25 | 1.50 |

| | Annual Rates of | | | |
|---|---|---|---|---|
| | Death | | Disability | |
| Age | Male | Female | Male | Female |
| 20 | .013% | .007% | .020% | .020% |
| 25 | .017 | .007 | .038 | .020 |
| 30 | .020 | .009 | .068 | .026 |
| 35 | .021 | .012 | .122 | .054 |
| 40 | .027 | .018 | .210 | .100 |
| 45 | .040 | .024 | .310 | .168 |
| 50 | .065 | .036 | .410 | .260 |
| 55 | .111 | .057 | .510 | .360 |
| 60 | .199 | .111 | .550 | .400 |
| 65 | .363 | .216 | .550 | .400 |
| 70 | .593 | .343 | .550 | .400 |
| 74 | .851 | .510 | .550 | .400 |

| Annual Rates of Normal Retirements | | |
|---|---|---|
| Age | Male | Female |
| 50 | 28.0% | 25.0% |
| 55 | 20.0 | 21.0 |
| 60 | 18.0 | 17.0 |
| 62 | 20.0 | 20.0 |
| 65 | 25.0 | 25.0 |
| 70 | 14.0 | 14.0 |
| 75 | 100.0 | 100.0 |

For members retiring after August 1, 2017 under the new eligibility requirements, the rates of retirement in the first year of eligibility are assumed to increase to 28% at age 67 and the assumed rates of early retirement are 8.5% for males aged 60 to 66, and 9.5% for females aged 60 to 66. The assumed rates of early retirement for members who retire prior to August 1, 2017 are 14% for males and 13% for females aged 55 to 59, and 8.5% for males and 9.5% for females aged 60 to 64.

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

| Service | Annual Rates of | | |
|---|---|---|---|
| | Merit & Seniority | Base (Economy) | Increase Next Year |
| 0 | 17.31% | 4.00% | 22.00% |
| 1 | 7.69 | 4.00 | 12.00 |
| 2 | 5.29 | 4.00 | 9.50 |
| 3 | 3.85 | 4.00 | 8.00 |
| 4 | 2.88 | 4.00 | 7.00 |
| 5 | 1.92 | 4.00 | 6.00 |
| 6 | 1.20 | 4.00 | 5.25 |
| 7 | 0.96 | 4.00 | 5.00 |
| 8 | 0.48 | 4.00 | 4.50 |
| 9 | 0.24 | 4.00 | 4.25 |
| 10-14 | 0.00 | 4.00 | 4.00 |
| 15 & over | 0.00 | 4.00 | 4.00 |

PAYROLL GROWTH: 4.00% per annum, compounded annually.

PRICE INFLATION: 3.25% per annum, compounded annually.

DEATH AFTER RETIREMENT: The mortality table, for post-retirement mortality, used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table, set back one year for both men and women. Special tables are used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. There is sufficient margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

VALUATION METHOD: Entry age normal cost method. Entry age is established on an individual basis.

ASSET VALUATION METHOD: Market value.

**SCHEDULE C**

**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**
**Summary of Main Plan Provisions**
**as of June 30, 2015**

**ELIGIBILITY FOR ACCESS TO RETIREE HEALTH CARE:**

**Normal Retirement:**
*Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017:* Attainment of age 65 with at least ten years of creditable service, or completion of 30 years of creditable service, regardless of age.

*Members attaining 25 years of service after August 1, 2017:* Attainment of age 67 with at least ten years of creditable service, or attainment of age 57 with at least 30 years of creditable service. Buy-up option available.

**Early Retirement:**
*Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017:* Not eligible for unreduced service retirement but has attained age 55 with at least 25 years of service, or age 60 with ten years of service.

*Members attaining 25 years of service after August 1, 2017:* Attainment of age 62 with at least ten years of creditable service, or attainment of age 60 with at least 25 years of creditable service.

**Disability Retirement:** Permanently disabled after completion of at least 5 years of total service credit.

**Survivor Allowances:** Beneficiary must be receiving monthly benefits due to the death of a member, age and service retiree or disability benefit recipient.

**Termination:** Members that terminated with at least ten years of creditable service and have attained age 60 (age 62 for those becoming members after May 13, 2008 and for members retiring after August 1, 2017).

**PREMIUM PAYMENTS:**

Retirees, spouses and dependent children pay either all or a portion of the cost of health care and prescription drug coverage as well as a $35 monthly surcharge. The remainder of the cost is paid by SERS.

Retirees, spouses and dependent children may qualify for the health care Premium Discount Program if their household income falls at or below a specified level. Income limits are updated annually and those wishing to participate in the program must apply every year. Retirees, spouses and dependent children qualifying for the program will receive a 25% discount in their monthly health care premiums.

**PREMIUM PAYMENTS (Continued):**

The following schedule lists the percentage of the retiree premium paid by service retirees:

| Years of Service | Retirement Date on or before July 1, 1989 | Retirement Date August 1, 1989 through July 1, 2008 | Retirement Date on or after August 1, 2008 |
|---|---|---|---|
| | Service Retiree Premium Contribution Percentage | | |
| 5 – 9 | 50.0% | N/A | N/A |
| 10 – 14 | 17.5 | 100.0% | 100.0% |
| 15 – 19 | 17.5 | 50.0 | 100.0 |
| 20 – 24 | 17.5 | 25.0 | 50.0 |
| 25 – 29 | 17.5 | 17.5 | 30.0 |
| 30 – 34 | 17.5 | 17.5 | 20.0 |
| 35 and over | 17.5 | 17.5 | 15.0* |

** Additional 1% reduction for each year over 35.*

The following schedule lists the percentage of the retiree premium paid by disability benefit recipients:

| Years of Service | Disabled Benefit Recipient Premium Contribution Percentage |
|---|---|
| 5 – 9 | 50.0% |
| 10 – 24 | 33.0 |
| 25 and over | 17.5 |

The following schedule lists the percentage of the spouse premium paid by spouses of retirees:

| Service Retiree, Disability Recipient, or Member's Qualified Service | Spouse Premium Contribution Percentage |
|---|---|
| 1.5 – 24 | 100.0% |
| 25 – 29 | 90.0 |
| 30 and over | 80.0 |

Dependent children pay 70.0% of the child premium.

**OTHER POST-EMPLOYMENT BENEFITS:** Health care and prescription drug coverage is provided in all post-employment group health care plan options. Dental and vision coverage are made available to retirees, spouses and dependent children at the full cost.

**2016 RETIREE GROUP HEALTH CARE PLAN OPTIONS:**

**Options available to members without Medicare**

- ◊ Aetna Choice POS II with Express Scripts prescription drug coverage
- ◊ AultCare PPO with AultCare prescription drug coverage
- ◊ HealthSpan with HealthSpan prescription drug coverage
- ◊ Paramount HMO with Express Scripts prescription drug coverage

**Options available to members with Medicare:**

- ◊ Aetna Medicare[SM] Plan (PPO) with Express Scripts Medicare Part D Prescription Drug Plan
- ◊ Aetna Indemnity Plan with Express Scripts Medicare Part D Prescription Drug Plan (only available to members with special circumstances)
- ◊ AultCare PPO with AultCare prescription drug coverage (only available to members with Part B Only)
- ◊ HealthSpan HMO with HealthSpan Medicare Part D prescription drug coverage (not available to new members in 2016)
- ◊ Paramount Elite Medicare Advantage with Express Scripts Medicare Part D Prescription Drug Plan
- ◊ PrimeTime Health Plan through AultCare with PrimeTime Medicare Part D prescription drug coverage

The following pages contain information that was provided by SERS in the 2016 Open Enrollment Guide and the 2016 Member Health Care Guide.

**2016 Contribution Rates**

| Years of Service | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
|---|---|---|---|---|---|
| **Service Retirement Date on or before July 1, 1989 Premiums** | | | | | |
| 5-9.999 years | | | | | |
| Without Medicare | $638 | | $500 | $542 | $746 |
| With Medicare A & B | $144 | $382 | $145 | $198 | $158 |
| With Medicare B Only | $315 | | $500 | $667 | $314 |
| 10-24.999 years & over | | | | | |
| Without Medicare | $246 | | $198 | $212 | $284 |
| With Medicare A & B | $73 | $156 | $73 | $92 | $78 |
| With Medicare B Only | $133 | | $198 | $256 | $133 |
| 25 years & over | | | | | |
| Without Medicare | $246 | | $198 | $212 | $284 |
| With Medicare A & B | $73 | $156 | $73 | $92 | $78 |
| With Medicare B Only | $73 | | $73 | $92 | $78 |

| Years of Service | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
|---|---|---|---|---|---|
| **Service Retirement Date August 1, 1989 through July 1, 2008 Premiums** | | | | | |
| 10-14.999 years | | | | | |
| Without Medicare | $1,241 | | $965 | $1,049 | $1,456 |
| With Medicare A & B | $253 | $729 | $254 | $361 | $282 |
| With Medicare B Only | $594 | | $965 | $1,298 | $594 |
| 15-19.999 years | | | | | |
| Without Medicare | $638 | | $500 | $542 | $746 |
| With Medicare A & B | $144 | $382 | $145 | $198 | $158 |
| With Medicare B Only | $315 | | $500 | $667 | $314 |
| 20-24.999 years | | | | | |
| Without Medicare | $337 | | $267 | $288 | $390 |
| With Medicare A & B | $89 | $209 | $90 | $117 | $97 |
| With Medicare B Only | $175 | | $267 | $351 | $175 |
| 25 years & over | | | | | |
| Without Medicare | $246 | | $198 | $212 | $284 |
| With Medicare A & B | $73 | $156 | $73 | $92 | $78 |
| With Medicare B Only | $73 | | $73 | $92 | $78 |

**2016 Contribution Rates**
**(continued)**

| **Years of Service** | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
|---|---|---|---|---|---|
| **Service Retirement Date on or after August 1, 2008 Premiums*** | | | | | |
| 10-19.999 years | | | | | |
| Without Medicare | $1,241 | | $965 | $1,049 | $1,456 |
| With Medicare A & B | $253 | $729 | $254 | $361 | $282 |
| With Medicare B Only | $594 | | $965 | $1,298 | $594 |
| 20-24.999 years | | | | | |
| Without Medicare | $638 | | $500 | $542 | $746 |
| With Medicare A & B | $144 | $382 | $145 | $198 | $158 |
| With Medicare B Only | $315 | | $500 | $667 | $314 |
| 25-29.999 years | | | | | |
| Without Medicare | $397 | | $314 | $339 | $461 |
| With Medicare A & B | $100 | $243 | $101 | $133 | $109 |
| With Medicare B Only | $100 | | $101 | $133 | $109 |
| 30-34.999 years* | | | | | |
| Without Medicare | $276 | | $221 | $238 | $319 |
| With Medicare A & B | $79 | $174 | $79 | $100 | $84 |
| With Medicare B Only | $79 | | $79 | $100 | $84 |

** Further reductions for each year over 35.*

| **Years of Service** | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
|---|---|---|---|---|---|
| **Disability Benefit Recipient Premiums** | | | | | |
| 5-9.999 years | | | | | |
| Without Medicare | $638 | | $500 | $542 | $746 |
| With Medicare A & B | $144 | $382 | $145 | $198 | $158 |
| With Medicare B Only | $315 | | $500 | $667 | $314 |
| 10-24.999 years & over | | | | | |
| Without Medicare | $433 | | $342 | $370 | $504 |
| With Medicare A & B | $107 | $264 | $107 | $143 | $116 |
| With Medicare B Only | $220 | | $342 | $452 | $219 |
| 25 years & over | | | | | |
| Without Medicare | $246 | | $198 | $212 | $284 |
| With Medicare A & B | $73 | $156 | $73 | $92 | $78 |
| With Medicare B Only | $73 | | $73 | $92 | $78 |

**2016 Contribution Rates**
**(continued)**

| **Years of Service** | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
|---|---|---|---|---|---|
| **Spouse Premiums (Service Retiree, Disability Recipient, or Member's Qualified Service)** | | | | | |
| Up to 25 years | | | | | |
| Without Medicare | $1,099 | | $778 | $849 | $1,180 |
| With Medicare A & B | $253 | $729 | $254 | $361 | $282 |
| With Medicare B Only | $594 | | $778 | $1,298 | $594 |
| 25-29.999 years | | | | | |
| Without Medicare | $993 | | $703 | $767 | $1,066 |
| With Medicare A & B | $231 | $660 | $232 | $328 | $257 |
| With Medicare B Only | $231 | | $232 | $328 | $257 |
| 30 years & over | | | | | |
| Without Medicare | $886 | | $629 | $686 | $951 |
| With Medicare A & B | $209 | $590 | $210 | $296 | $232 |
| With Medicare B Only | $209 | | $210 | $296 | $232 |

| **Years of Service** | Aetna Choice POS II and Aetna Medicare℠ | Aetna Indemnity | AultCare PPO and PrimeTime | HealthSpan | Paramount HMO |
|---|---|---|---|---|---|
| **Child Premiums** | | | | | |
| **Child** w/o Medicare A | $242 | | $150 | $162 | $213 |
| **Child** with Medicare A & B | $187 | $521 | $188 | $263 | $208 |

**SERS' Non-Medicare Plans**

**2016 Aetna Choice POS II**

The Aetna Choice POS II plan is a Preferred Provider Organization (PPO) plan. Prescription drug coverage is administered through Express Scripts. The Aetna Choice POS II plan is available throughout the United States.

**2016 AultCare PPO**

The AultCare PPO plan is available to a benefit recipient if the benefit recipient is under age 65 and not eligible for Medicare and lives in an AultCare PPO service area. The AultCare PPO plan is a Preferred Provider Organization (PPO) plan. Recipients enrolled in the AultCare PPO plan may use out-of network providers at a potentially increased cost. Prescription drug coverage is administered through AultCare.

The AultCare PPO plan is available in the following Ohio counties: Ashland, Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Knox, Mahoning, Medina, Muskingum, Portage, Richland, Stark, Summit, Tuscarawas, and Wayne.

**2016 HealthSpan HMO**

The HealthSpan HMO plan is available to a benefit recipient if the benefit recipient is under age 65 and not eligible for Medicare and lives in a HealthSpan HMO service area. The HealthSpan HMO plan is a Health Maintenance Organization (HMO) plan. Recipients enrolled in the HealthSpan HMO plan must use HealthSpan HMO providers. Prescription drug coverage is administered through HealthSpan Pharmacy.

The HealthSpan HMO plan is available in the following Ohio counties: Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Stark, Summit, and Wayne.

**2016 Paramount HMO**

The Paramount HMO plan is available to a benefit recipient if the benefit recipient is under age 65 and not eligible for Medicare and lives in a Paramount HMO service area. The Paramount HMO plan is a Health Maintenance Organization (HMO) plan. Recipients enrolled in the Paramount HMO plan must use Paramount HMO providers. Prescription drug coverage is administered through Express Scripts.

The Paramount HMO plan is available in the following Ohio counties: Allen, Defiance, Erie, Fulton, Hancock, Henry, Huron, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Williams, and Wood, and in the following Michigan counties: Lenawee and Monroe.

## SERS' Medicare Plans

### 2016 Aetna Medicare$^{SM}$ Plan (PPO)

The Aetna Medicare$^{SM}$ Plan (PPO) is available to a benefit recipient if the benefit recipient has Medicare Part A and/or Medicare Part B. The Aetna Medicare$^{SM}$ Plan (PPO) is a Medicare Advantage (MA) plan. MA plans have a contract with Medicare to provide Medicare coverage. This plan is a Preferred Provider Organization (PPO) plan with an Extended Service Area (ESA) that allows members to use medical providers, such as doctors and hospitals, which may or may not be in the Aetna provider network as long as the provider accepts Medicare patients, and the provider will file claims with Aetna. Medicare Part D prescription drug coverage is administered through Express Scripts.

The Aetna Medicare$^{SM}$ Plan (PPO) is available throughout the U.S.

### 2016 Aetna Indemnity Plan

The Aetna Indemnity Plan is not available for optional enrollment. It is available only under special circumstances. SERS determines when enrollment is appropriate. Medicare Part D prescription drug coverage is administered through Express Scripts.

### 2016 AultCare PPO

The AultCare PPO plan is available to a benefit recipient if the recipient has Medicare Part B only and lives in an AultCare PPO service area. The AultCare PPO plan is not a Medicare Advantage plan. Prescription drug coverage is administered through AultCare.

The AultCare PPO plan is available in the following Ohio counties: Ashland, Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Knox, Mahoning, Medina, Muskingum, Portage, Richland, Stark, Summit, Tuscarawas, and Wayne.

## SERS' Medicare Plans
## (continued)

### 2016 HealthSpan Plan

The HealthSpan Plan is available to a benefit recipient if the recipient has Medicare Part A and/or Medicare Part B and lives in a HealthSpan service area. No new enrollees are being accepted into this plan for 2016. This plan allows members to use HealthSpan HMO providers or out-of-network providers who accept Original Medicare. Out-of network claims must be submitted directly to Medicare by the provider. Medicare Part D prescription drug coverage is administered through HealthSpan Pharmacy.

The HealthSpan Plan is available in the following Ohio counties: Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit.

### 2016 Paramount Elite Medicare Advantage

The Paramount Elite Medicare Advantage plan is available to a benefit recipient if the recipient has Medicare Part A and Medicare Part B and lives in a Paramount Elite Medicare Advantage service area. The Paramount Elite plan is a Medicare Advantage plan. Recipients enrolled in the Paramount Elite Medicare Advantage must use Paramount HMO providers. Medicare Part D prescription drug coverage is administered through Express Scripts.

The Paramount Elite Medicare Advantage plan is available in the following Ohio counties: Fulton, Henry, Lucas, Ottawa, Williams, and Wood, and in the following Michigan counties: Lenawee and Monroe.

### 2016 PrimeTime Health Plan

The PrimeTime Health Plan is available to a benefit recipient if the recipient has Medicare Part A and Part B and lives in a PrimeTime Health Plan service area. The PrimeTime Health Plan is a Medicare Advantage plan through AultCare. Recipients enrolled in the PrimeTime Health Plan must use PrimeTime HMO providers. Medicare Part D prescription drug coverage is administered through PrimeTime.

The PrimeTime Health Plan is available in the following Ohio counties: Carroll, Columbiana, Harrison, Holmes, Jefferson, Mahoning, Stark, Summit, Tuscarawas, and Wayne.

## Prescription Drug Coverage

**Express Scripts Prescription Plan**

Prescription drug coverage is administered through Express Scripts for members enrolled in the following health plans:

- ◊ Aetna Choice POS II (members without Medicare)
- ◊ Paramount HMO (members without Medicare)
- ◊ Aetna Medicare℠ Plan (PPO) (members with both Medicare Part A and Medicare Part B and members with Medicare Part B only)
- ◊ Aetna Indemnity Plan (members with both Medicare Part A and Medicare Part B)
- ◊ Paramount Elite Medicare Advantage (members with both Medicare Part A and Medicare Part B and members with Medicare Part B only)

Members that are enrolled in a Non-Medicare plan may receive up to a 30-day supply per retail prescription. Members enrolled in a Medicare plan (members who have Medicare Part A and/or Medicare Part B) may receive up to a 90-day supply per retail prescription. Members pay $7.50 for generic, 25% of formulary ($25 minimum and $100 maximum) for preferred brand. Members may also receive a 90-day supply of their prescriptions via mail-order with a co-pay of $15 for generic, 25% of formulary (minimum $45 and maximum $200) for preferred brand.

Members pay special co-payments for insulin prescriptions. Members pay 25% or $30 maximum for preferred brand, and 25% or $45 maximum for a non-preferred brand retail 30-day supply prescription. Mail-order copayments are 25% or $60 maximum for preferred brand, and 25% or $115 maximum for a non-preferred brand 90-day supply prescription.

Members filling prescriptions at a pharmacy outside of the Express Scripts network are required to pay 100% of SERS' cost of the drug.

Members with Medicare Part B that are enrolled in the Aetna Medicare℠ Plan (PPO) or Paramount Elite Medicare Advantage may have some supplies and medicines covered through their health plan rather than the Express Scripts prescription drug plan.

**Prescription Drug Coverage**
**(continued)**

### AultCare and PrimeTime Pharmacy

Members enrolled in the AultCare PPO plan (members without Medicare and members with Medicare Part B only) and members enrolled in the PrimeTime Health Plan (members with both Medicare Part A and Medicare Part B), may receive up to a 30-day supply per retail prescription. The co-pay is $7.50 for generic, 25% of formulary ($25 minimum and $100 maximum) for preferred brand and 100% for a non-preferred brand prescription (50% if enrolled in a Medicare plan). Members may also receive a 90-day supply of their prescriptions via mail-order with a co-pay of $15 for generic, 25% of formulary (minimum $45 and maximum $200) for preferred brand, and 100% of the cost for a non-preferred brand prescription (50% if enrolled in a Medicare plan).

Members pay special co-payments for insulin prescriptions. Members pay $30 for preferred brand, and $45 for a non-preferred brand retail 30-day supply prescription. Mail-order copayments are $60 for preferred brand, and $115 for a non-preferred brand 90-day supply prescription.

### HealthSpan Pharmacy

Members enrolled in the HealthSpan (members without Medicare) plan may receive up to a 30-day supply per retail prescription with a co-pay of $10 for generic and a co-pay of $25 for preferred brand prescriptions. Members may also receive a 60-day supply of their prescriptions via mail-order with a co-pay of $10 for generic and a co-pay of $25 for preferred brand prescriptions.

Members enrolled in HealthSpan plan (members with both Medicare Part A and Medicare Part B and members with Medicare Part B only) may receive up to a 30-day supply per retail prescription. The co-pay is $15 for generic and $30 for preferred brand prescriptions. Members may also receive a 60-day supply of their prescriptions via mail-order with a co-pay of $15 for generic and a co-pay of $30 for preferred brand prescriptions.

### Medicare Part D Prescription Drugs

SERS' health plan participants enrolled in a Medicare plan are automatically covered under a Medicare Part D prescription drug plan through SERS and should not enroll in a separate Medicare Part D plan. Enrolling in another Part D plan would cause cancellation of SERS coverage for both medical and prescription drug benefits per federal law.

## Non-Medicare Plan Benefits

| | Aetna Choice POS II (In-Network) | AultCare PPO | HealthSpan | Paramount HMO |
|---|---|---|---|---|
| Annual Medical & Prescription Drug Out-of-Pocket Maximum | $4,250/person $8,500/family & $2,600/person $5,200/family | $4,250/person $8,500/family & $2,600/person $5,200/family | $4,250/person $8,500/family & $2,600/person $5,200/family | $4,250/person $8,500/family & $2,600/person $5,200/family |
| Deductible | $1,500/person $3,000/family | $1,500/person $3,000/family | $1,500/person $3,000/family | $1,500/person $3,000/family |
| Primary Care Office Visit | $20 co-pay | $20 co-pay | $20 co-pay | $20 co-pay |
| Specialist Office Visit | $40 co-pay | $40 co-pay | $40 co-pay | $40 co-pay |
| Outpatient Diagnostic X-Ray and Lab | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Retail Walk-In Clinic | $20 co-pay | Not covered | Not covered | Not covered |
| Urgent Care | $40 co-pay | $40 co-pay | $40 co-pay | $40 co-pay |
| Emergency Room | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Ambulance | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Inpatient Hospital | 20% coinsurance after $250 co-pay | 20% coinsurance after $250 co-pay | 20% coinsurance after $250 co-pay | 20% coinsurance |
| Outpatient Surgery | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Skilled Nursing Facility (100-day max) | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Home Health Care | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Hospice Health Care | 100% coverage | Inpatient: 100% coverage (30-day lifetime limit) Outpatient: 20% coinsurance | 100% coverage | 20% coinsurance |
| Outpatient Short-Term Rehab | 20% coinsurance | 20% coinsurance | 20% coinsurance | $40 co-pay |
| Chiropractic | 20% coinsurance | 20% coinsurance | $20 co-pay (20 visit limit) | 20% coinsurance |
| Durable Medical Equipment | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Prescription Drugs | **Express Scripts** *Retail 30-day max:* $7.50 generic, 25% preferred brand ($25 min,$100 max) *Mail order 90-day max:* $15 generic, 25% preferred brand ($45 min, $200 max) *Insulin Retail* 25% or $30 max preferred brand, $45 max non-preferred brand *Insulin Mail Order* 25% or $60 preferred brand, $115 max non-preferred brand | **AultCare** *Retail 30-day max:* $7.50 generic, 25% preferred brand ($25 min, $100 max) *Mail order 90-day max:* $15 generic, 25% preferred brand ($45 min, $200 max) Non-preferred at 100% *Insulin Retail* $30 preferred brand, $45 non-preferred brand *Insulin Mail Order* $60 preferred brand, $115 non-preferred brand | **HealthSpan** *Retail 30-day max:* $10 generic, $25 preferred brand *Mail order 60-day max:* $10 generic, $25 preferred brand | **Express Scripts** *Retail 30-day max:* $7.50 generic, 25% preferred brand ($25 min,$100 max) *Mail order 90-day max:* $15 generic, 25% preferred brand ($45 min, $200 max) *Insulin Retail* 25% or $30 max preferred brand, $45 max non-preferred brand *Insulin Mail Order* 25% or $60 preferred brand, $115 max non-preferred brand |

## Medicare Plan Benefits

| | Aetna Medicare[SM] Plan (PPO) | PrimeTime Health Plan | HealthSpan | Paramount Elite Medicare Advantage |
|---|---|---|---|---|
| Annual Out-of-Pocket Maximum | $3,000 per person | $3,000 per person | $3,400 per person | $3,000 per person |
| Deductible | None | None | None | None |
| Primary Care Office Visit | $20 co-pay | $20 co-pay | $20 co-pay | $20 co-pay |
| Specialist Office Visit | $40 co-pay | $40 co-pay | $40 co-pay | $40 co-pay |
| Outpatient Diagnostic X-Ray | $25 co-pay | 100% coverage | 100% coverage | 100% coverage |
| Outpatient Diagnostic Lab | 100% coverage | 100% coverage | 100% coverage | 100% coverage |
| Retail Walk-In Clinic | $20 co-pay | Not covered | Not covered | Not covered |
| Urgent Care | $40 co-pay | $40 co-pay | $40 co-pay | $40 co-pay |
| Emergency Room | $75 co-pay | $75 co-pay | $75 co-pay | $75 co-pay |
| Ambulance | 20% coinsurance | $75 co-pay | $50 co-pay | 100% coverage |
| Inpatient Hospital | $150 co-pay per day 1-5, then 100% | $150 co-pay per day 1-5, then 100% | $100 co-pay per day 1-5, then 100% | $150 co-pay per day 1-5, then 100% |
| Outpatient Surgery | $200 co-pay | $200 co-pay | $200 co-pay | $200 co-pay |
| Skilled Nursing Facility (100-day max) | Co-pay: $0 per day 1-10, $25 per day 11-20, $50 per day 21-100 | Co-pay: $0 per day 1-15, $20 per day 16-30, $0 per day 31-100 | 100% coverage for days 1-100 | Co-pay: $0 per day 1-20, $95 per day 21-100 |
| Home Health Care | 100% coverage | 100% coverage | 100% coverage | 100% coverage |
| Hospice | Covered per Medicare | Covered per Medicare | Covered per Medicare | Covered per Medicare |
| Outpatient Short-Term Rehab | $25 co-pay | $5 co-pay (cardiac at 100% coverage) | $20 co-pay | $20 co-pay |
| Chiropractic | $15 co-pay limited to Medicare coverage | $15 co-pay limited to Medicare coverage | $20 co-pay for manual manipulations/sublux | $20 co-pay limited to Medicare coverage |
| Durable Medical Equipment | 20% coinsurance | 20% coinsurance | 20% coinsurance | 20% coinsurance |
| Prescription Drugs | **Express Scripts Medicare D PDP** *Retail 30-day max:* $7.50 generic, 25% preferred brand ($25 min,$100 max) *Mail order 90-day max:* $15 generic, 25% preferred brand ($45 min, $200 max) *Insulin Retail* 25% or $30 max preferred brand, $45 max non-preferred brand *Insulin Mail Order* 25% or $60 preferred brand, $115 max non-preferred brand | **PrimeTime** *Retail 30-day max:* $7.50 generic, 25% preferred brand ($25 min, $100 max), 50% non-preferred brand *Mail order 90-day max:* $15 generic, 25% preferred brand ($45 min, $200 max), 50% non-preferred *brand* *Insulin Retail* $30 preferred brand, $45 non-preferred brand *Insulin Mail Order* $60 preferred brand, $115 non-preferred brand | **HealthSpan** *Retail 30-day max:* $15 generic, $30 preferred brand *Mail order 60-day max:* $15 generic, $30 preferred brand | **Express Scripts Medicare D PDP** *Retail 30-day max:* $7.50 generic, 25% preferred brand ($25 min,$100 max) *Mail order 90-day max:* $15 generic, 25% preferred brand ($45 min, $200 max) *Insulin Retail* 25% or $30 max preferred brand, $45 max non-preferred brand *Insulin Mail Order* 25% or $60 preferred brand, $115 max non-preferred brand |

## SCHEDULE D

### DETAILED TABULATIONS OF THE DATA

**All Retirees, Spouses and Dependents Receiving Health Care**
**Male and Female Demographic Breakdown**
**As of June 30, 2015**
**Tabulated by Attained Ages**

| Attained | Number of | | Total |
|---|---|---|---|
| Age | Males | Females | Number |
| Under 20 | 79 | 80 | 159 |
| 20-24 | 86 | 85 | 171 |
| 25-29 | 32 | 26 | 58 |
| 30-34 | 1 | 3 | 4 |
| 35-39 | 5 | 6 | 11 |
| 40-44 | 8 | 1 | 9 |
| 45-49 | 35 | 56 | 91 |
| 50-54 | 225 | 214 | 439 |
| 55-59 | 716 | 928 | 1,644 |
| 60-64 | 1,200 | 2,184 | 3,384 |
| 65-69 | 1,791 | 4,651 | 6,442 |
| 70-74 | 2,270 | 5,481 | 7,751 |
| 75-79 | 2,555 | 5,764 | 8,319 |
| 80-84 | 2,045 | 4,704 | 6,749 |
| 85-89 | 1,307 | 3,864 | 5,171 |
| 90-94 | 572 | 2,259 | 2,831 |
| 95-99 | 112 | 650 | 762 |
| 100 | 2 | 41 | 43 |
| 101 | 3 | 28 | 31 |
| 102 | 2 | 9 | 11 |
| 103 | 1 | 14 | 15 |
| 104 | 2 | 3 | 5 |
| 105 & Over | 0 | 7 | 7 |
| **Total** | **13,049** | **31,058** | **44,107** |

**Schedule of Retiree Members Added to and Removed From Rolls**
**Last Six Fiscal Years**

| Year Ended | Added to Rolls | | Removed from Rolls* | | Rolls at Year-End | | % Increase in Projected Benefits | Average Projected Benefits |
|---|---|---|---|---|---|---|---|---|
| | Number | Projected Benefits | Number | Projected Benefits | Number | Projected Benefits | | |
| 6/30/2010 | 1,779 | 5,931,864 | 3,039 | 6,978,743 | 50,605 | 88,077,033 | n/a | 1,740 |
| 6/30/2011 | 1,842 | 6,078,819 | 4,296 | 6,244,776 | 48,151 | 81,358,997 | (7.63)% | 1,690 |
| 6/30/2012 | 2,073 | 9,280,779 | 3,785 | 5,391,796 | 46,439 | 90,708,513 | 11.49% | 1,953 |
| 6/30/2013 | 2,110 | 8,977,566 | 3,217 | 4,370,993 | 45,332 | 100,514,730 | 10.81% | 2,217 |
| 6/30/2014 | 2,251 | 8,658,731 | 2,873 | 4,834,922 | 44,710 | 87,007,272 | (13.44)% | 1,946 |
| 6/30/2015 | 2,329 | 8,897,861 | 2,932 | 4,682,901 | 44,107 | 90,855,858 | 4.42% | 2,060 |

** The benefits removed from rolls do not include subsidies that were changed due to premium changes, plan election changes or reductions due to members obtaining Medicare eligibility.*

**Terminated Vested Members Eligible for Health Care**
**Male and Female Demographic Breakdown**
**As of June 30, 2015**
**Tabulated by Attained Ages**

| Attained Age | Number of | | Total Number |
|---|---|---|---|
| | Males | Females | |
| Under 35 | 10 | 8 | 18 |
| 35-39 | 55 | 64 | 119 |
| 40-44 | 74 | 174 | 248 |
| 45-49 | 142 | 386 | 528 |
| 50-54 | 215 | 850 | 1,065 |
| 55-59 | 284 | 1,339 | 1,623 |
| 60 & Over | 168 | 882 | 1,050 |
| **Total** | **948** | **3,703** | **4,651** |

## Total Active Members as of June 30, 2015
## Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|---|---|---|---|---|---|---|---|---|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 814 | | | | | | | 814 |
| Avg Pay | $5,875 | | | | | | | $4,782,232 |
| 20-24 | 5,766 | 65 | | | | | | 5,831 |
| Avg Pay | $8,753 | $19,976 | | | | | | $51,768,311 |
| 25-29 | 6,014 | 747 | 38 | | | | | 6,799 |
| Avg Pay | $13,610 | $27,283 | $33,039 | | | | | $103,484,755 |
| 30-34 | 5,421 | 1,433 | 437 | 65 | | | | 7,356 |
| Avg Pay | $15,671 | $29,483 | $37,156 | $42,738 | | | | $146,218,176 |
| 35-39 | 5,901 | 1,870 | 972 | 452 | 24 | | | 9,219 |
| Avg Pay | $14,947 | $26,526 | $36,226 | $40,861 | $48,988 | | | $192,661,071 |
| 40-44 | 6,851 | 3,036 | 1,834 | 1,030 | 294 | 51 | | 13,096 |
| Avg Pay | $14,324 | $24,314 | $31,525 | $39,485 | $44,520 | $45,905 | | $285,868,486 |
| 44-49 | 6,320 | 3,970 | 3,006 | 2,170 | 703 | 344 | 40 | 16,553 |
| Avg Pay | $14,688 | $22,446 | $28,507 | $34,004 | $44,738 | $49,056 | $51,455 | $391,801,198 |
| 50-54 | 5,162 | 3,877 | 4,345 | 4,242 | 1,733 | 1,013 | 379 | 20,751 |
| Avg Pay | $15,352 | $22,802 | $26,951 | $30,779 | $36,603 | $44,397 | $51,119 | $543,098,620 |
| 55-59 | 3,984 | 2,998 | 3,703 | 4,754 | 3,112 | 1,621 | 729 | 20,901 |
| Avg Pay | $15,540 | $23,372 | $27,454 | $29,431 | $32,126 | $38,273 | $46,729 | $569,637,552 |
| 60-64 | 2,417 | 1,801 | 1,923 | 2,564 | 2,161 | 1,937 | 831 | 13,634 |
| Avg Pay | $14,410 | $22,717 | $28,399 | $29,831 | $31,734 | $34,134 | $39,588 | $374,432,643 |
| 65-69 | 1,183 | 790 | 765 | 660 | 642 | 750 | 680 | 5,470 |
| Avg Pay | $10,174 | $20,064 | $26,263 | $29,502 | $33,446 | $32,417 | $32,854 | $135,575,615 |
| 70 & over | 563 | 477 | 364 | 223 | 187 | 189 | 428 | 2,431 |
| Avg Pay | $8,690 | $13,793 | $19,140 | $24,143 | $26,464 | $26,855 | $28,665 | $46,115,143 |
| Totals | 50,396 | 21,064 | 17,387 | 16,160 | 8,856 | 5,905 | 3,087 | 122,855 |
| Avg Pay | $13,774 | $23,655 | $28,564 | $31,406 | $34,341 | $37,550 | $39,846 | $23,161 |

Averages:
Age: 48.5
Service: 9.7
Annual Pay: $23,161

**Male Active Members as of June 30, 2015**
**Tabulated by Attained Ages and Years of Service**

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|---|---|---|---|---|---|---|---|---|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 460 | | | | | | | 460 |
| Avg Pay | $6,203 | | | | | | | $2,853,493 |
| 20-24 | 2,717 | 38 | | | | | | 2,755 |
| Avg Pay | $8,839 | $22,749 | | | | | | $24,880,456 |
| 25-29 | 2,655 | 376 | 30 | | | | | 3,061 |
| Avg Pay | $13,538 | $30,832 | $34,463 | | | | | $48,570,273 |
| 30-34 | 2,128 | 640 | 239 | 37 | | | | 3,044 |
| Avg Pay | $16,668 | $33,630 | $44,387 | $50,684 | | | | $69,476,964 |
| 35-39 | 1,871 | 601 | 355 | 204 | 14 | | | 3,045 |
| Avg Pay | $16,481 | $33,436 | $47,454 | $49,089 | $56,295 | | | $78,579,914 |
| 40-44 | 2,095 | 749 | 436 | 336 | 133 | 29 | | 3,778 |
| Avg Pay | $15,100 | $32,502 | $46,361 | $51,166 | $51,419 | $49,365 | | $101,655,028 |
| 44-49 | 2,085 | 795 | 512 | 458 | 264 | 166 | 16 | 4,296 |
| Avg Pay | $15,617 | $30,569 | $43,065 | $50,746 | $57,238 | $53,848 | $55,095 | $127,085,221 |
| 50-54 | 1,823 | 933 | 686 | 611 | 344 | 371 | 194 | 4,962 |
| Avg Pay | $17,070 | $29,642 | $39,757 | $47,613 | $52,554 | $52,773 | $53,222 | $163,121,014 |
| 55-59 | 1,572 | 949 | 769 | 649 | 411 | 369 | 317 | 5,036 |
| Avg Pay | $17,360 | $28,352 | $39,178 | $43,663 | $48,086 | $50,484 | $53,697 | $168,074,725 |
| 60-64 | 1,178 | 787 | 638 | 473 | 361 | 290 | 242 | 3,969 |
| Avg Pay | $15,412 | $26,728 | $35,924 | $41,107 | $45,468 | $49,179 | $51,140 | $124,605,712 |
| 65-69 | 616 | 414 | 322 | 157 | 128 | 96 | 93 | 1,826 |
| Avg Pay | $11,667 | $22,876 | $31,445 | $38,983 | $42,236 | $44,610 | $44,912 | $46,768,664 |
| 70 & over | 291 | 245 | 204 | 95 | 49 | 33 | 35 | 952 |
| Avg Pay | $10,281 | $17,451 | $22,040 | $29,749 | $31,061 | $35,470 | $38,580 | $18,632,436 |
| Totals | 19,491 | 6,527 | 4,191 | 3,020 | 1,704 | 1,354 | 897 | 37,184 |
| Avg Pay | $14,369 | $29,426 | $39,535 | $45,742 | $49,250 | $50,438 | $51,429 | $26,202 |

Averages:
Age: 46.4
Service: 7.7
Annual Pay: $26,202

## Female Active Members as of June 30, 2015
## Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|---|---|---|---|---|---|---|---|---|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 354 | | | | | | | 354 |
| Avg Pay | $5,448 | | | | | | | $1,928,739 |
| 20-24 | 3,049 | 27 | | | | | | 3,076 |
| Avg Pay | $8,676 | $16,074 | | | | | | $26,887,855 |
| 25-29 | 3,359 | 371 | 8 | | | | | 3,738 |
| Avg Pay | $13,666 | $23,686 | $27,700 | | | | | $54,914,481 |
| 30-34 | 3,293 | 793 | 198 | 28 | | | | 4,312 |
| Avg Pay | $15,027 | $26,136 | $28,427 | $32,238 | | | | $76,741,212 |
| 35-39 | 4,030 | 1,269 | 617 | 248 | 10 | | | 6,174 |
| Avg Pay | $14,234 | $23,254 | $29,766 | $34,092 | $38,759 | | | $114,081,157 |
| 40-44 | 4,756 | 2,287 | 1,398 | 694 | 161 | 22 | | 9,318 |
| Avg Pay | $13,982 | $21,632 | $26,898 | $33,829 | $38,820 | $41,344 | | $184,213,459 |
| 44-49 | 4,235 | 3,175 | 2,494 | 1,712 | 439 | 178 | 24 | 12,257 |
| Avg Pay | $14,230 | $20,412 | $25,518 | $29,525 | $37,221 | $44,587 | $49,029 | $264,715,977 |
| 50-54 | 3,339 | 2,944 | 3,659 | 3,631 | 1,389 | 642 | 185 | 15,789 |
| Avg Pay | $14,415 | $20,634 | $24,551 | $27,946 | $32,652 | $39,557 | $48,913 | $379,977,606 |
| 55-59 | 2,412 | 2,049 | 2,934 | 4,105 | 2,701 | 1,252 | 412 | 15,865 |
| Avg Pay | $14,354 | $21,065 | $24,381 | $27,181 | $29,698 | $34,673 | $41,367 | $401,562,827 |
| 60-64 | 1,239 | 1,014 | 1,285 | 2,091 | 1,800 | 1,647 | 589 | 9,665 |
| Avg Pay | $13,458 | $19,604 | $24,662 | $27,280 | $28,980 | $31,485 | $34,841 | $249,826,931 |
| 65-69 | 567 | 376 | 443 | 503 | 514 | 654 | 587 | 3,644 |
| Avg Pay | $8,553 | $16,967 | $22,497 | $26,543 | $31,258 | $30,627 | $30,944 | $88,806,950 |
| 70 & over | 272 | 232 | 160 | 128 | 138 | 156 | 393 | 1,479 |
| Avg Pay | $6,987 | $9,929 | $15,442 | $19,982 | $24,832 | $25,033 | $27,782 | $27,482,707 |
| Totals | 30,905 | 14,537 | 13,196 | 13,140 | 7,152 | 4,551 | 2,190 | 85,671 |
| Avg Pay | $13,398 | $21,064 | $25,080 | $28,111 | $30,789 | $33,716 | $35,102 | $21,841 |

Averages:
Age: 49.4
Service: 10.6
Annual Pay: $21,841

**Active Members as of June 30, 2015**
**Tabulated by Annual Pay**

| Annual Pay | Number of Active Members | | | Portion of Total Number | |
|---|---|---|---|---|---|
| | Men | Women | Totals | Group | Cumulative |
| Less than $1,000 | 197 | 225 | 422 | 0.3% | 0.3% |
| $1,000 - 1,999 | 1,160 | 1,130 | 2,290 | 1.9% | 2.2% |
| 2,000 - 2,999 | 2,169 | 1,874 | 4,043 | 3.3% | 5.5% |
| 3,000 - 3,999 | 2,306 | 2,201 | 4,507 | 3.7% | 9.2% |
| 4,000 - 4,999 | 1,778 | 2,278 | 4,056 | 3.3% | 12.5% |
| 5,000 - 5,999 | 1,350 | 2,172 | 3,522 | 2.9% | 15.3% |
| 6,000 - 6,999 | 1,075 | 2,224 | 3,299 | 2.7% | 18.0% |
| 7,000 - 7,999 | 880 | 2,146 | 3,026 | 2.5% | 20.5% |
| 8,000 - 8,999 | 705 | 2,250 | 2,955 | 2.4% | 22.9% |
| 9,000 - 9,999 | 646 | 2,335 | 2,981 | 2.4% | 25.3% |
| 10,000 - 11,999 | 1,219 | 4,584 | 5,803 | 4.7% | 30.0% |
| 12,000 - 13,999 | 1,226 | 4,759 | 5,985 | 4.9% | 34.9% |
| 14,000 - 15,999 | 1,183 | 5,240 | 6,423 | 5.2% | 40.1% |
| 16,000 - 17,999 | 1,245 | 6,031 | 7,276 | 5.9% | 46.1% |
| 18,000 - 19,999 | 1,147 | 5,965 | 7,112 | 5.8% | 51.8% |
| 20,000 - 24,999 | 2,459 | 12,795 | 15,254 | 12.4% | 64.3% |
| 25,000 - 29,999 | 2,066 | 7,942 | 10,008 | 8.1% | 72.4% |
| 30,000 - 35,999 | 2,984 | 6,812 | 9,796 | 8.0% | 80.4% |
| 36,000 and over | 11,389 | 12,708 | 24,097 | 19.6% | 100.0% |
| **Totals** | **37,184** | **85,671** | **122,855** | | |

# SCHEDULE E

## GLOSSARY

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability".

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Equivalent. A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Age-Related Morbidity. Assumed increase to the net incurred claims related to increase in age.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Health Care Cost Trend Rates. The annual assumed rate of increase for both claims and contributions.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

<u>Unfunded Actuarial Accrued Liability</u>. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

<u>Valuation Assets</u>. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.