

**STATE CENTER COMMUNITY COLLEGE DISTRICT**  
**POST EMPLOYMENT BENEFITS**  
**OTHER THAN PENSIONS**

**GASB 45**  
**ACTUARIAL VALUATION**

**AS OF JULY 1, 2010**

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## A. PLAN OVERVIEW

State Center Community College District (“SCCCD”) provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. As a result of offering such benefits, SCCCDD will be required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“GASB 45”).

SCCCD provides medical benefits to retirees and their covered eligible dependents (Board Members may be eligible for post-employment medical, dental, vision and life benefits). SCCCDD pays a portion of the cost for eligible retirees, spouses and dependents. All active employees who retire directly from SCCCDD and meet the eligibility criteria may participate.

The summary below identifies the value of benefits at July 1, 2010 and costs for the 2010-2011 Fiscal Year according to the accounting requirements of GASB 45 and summarizes the actuarial valuation results by SCCCDD’s active and retired employee groups.

**Note that implicit rate subsidies as required by GASB 45 are factored into all relevant values in this report.**

<b>July 1, 2010</b>	
<b>Present Value of Future Benefits</b>	
Actives	\$25,199,654
Retirees	<u>8,004,496</u>
Total	<b>\$33,204,150</b>
<b>Actuarial Accrued Liability</b>	
Actives	\$14,478,035
Retirees	<u>8,004,496</u>
Total	<b>\$22,482,531</b>
<b>GASB 45 Measures</b>	
<b>2010-2011 FY</b>	
<b>Annual Required Contribution (ARC)</b>	\$1,994,296
<b>Annual OPEB Cost</b>	\$1,987,867
<b>Employer Contributions, reflecting implicit rate subsidies</b>	\$974,576
<b>Employer Contributions (Pay-As-You-Go) <sup>1</sup></b>	\$891,166

<sup>1</sup> Estimated annual employer contributions based on data received from SCCCDD.

**B. LIABILITIES AND NORMAL COST**

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability (at July 1, 2010) is \$22,482,531. The Actuarial Accrued Liability represents approximately 67.71% of the present value of future benefits.

<b>Liabilities and Normal Cost</b>	<b>July 1, 2010</b>
Actuarial Accrued Liability	\$22,482,531
Plan Assets	<u>6,051,686</u>
Unfunded Actuarial Accrued Liability	\$16,430,845
Normal Cost	\$928,282

The Normal Cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service.

Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The 2010-2011 Fiscal Year Normal Cost is \$928,282.

The results were calculated based upon plan provisions and census data, as provided by SCCCD, along with certain demographic and economic assumptions as recommended by LECG with guidance from the GASB statement and approved by SCCCD.

**C. DEMOGRAPHIC INFORMATION**

Data was provided by SCCCD as of July 1, 2010.

<b>Participant Information</b>	<b>July 1, 2010</b>
Active Participants	1,088
Inactive Participants	<u>333</u>
<b>Total</b>	<b>1,421</b>
<b>Employer Contributions</b>	<b>2010-2011 FY</b>
Expected OPEB Contributions:	
Active Participants	\$0
Inactive Participants	<u>974,576</u>
<b>Total Contribution</b>	<b>\$974,576</b>

**D. ASSETS**

As of the valuation date, SCCCD does not set aside assets in trust to pay future benefits.

<b>Assets</b>	<b>July 1, 2010</b>
Market Value of Assets	\$6,051,686
Actuarial Value of Assets	\$6,051,686
Investment Return	N/A

According to GASB 45, an employer has made a contribution to pay for future benefits only if it meets one of these criteria:

- The employer has made benefit payments directly to or on behalf of a retiree or beneficiary.
- The employer has made premium payments to an insurer.
- The employer has made contributions to an OPEB plan to fund payments of benefits as they come due in the future, and all the following apply:
  - The employer no longer has ownership or control of the assets.
  - The plan is effectively a legally separate entity under the stewardship of a board of trustees.
  - The plan assets provide benefits to retirees and their beneficiaries in accordance to the terms stated in the plan.
  - The plan assets are legally protected from creditors of the employer.

**E. ECONOMIC ASSUMPTIONS**

GASB 45 requires that the discount rate used to calculate the actuarial present value of projected plan benefits should be the estimated long-term yield on the “investments that are expected to be used to finance the payments of benefits”. Since SCCCD does not pre-fund plan liabilities, the discount rate should be based on “employer assets”, specifically, the long-term expected return on employer investments that are not restricted for other purposes and are expected to be used to finance benefit payments.

It is not clear how the general pool of assets used to finance SCCCD’s payment of OPEB premiums is invested for the long-term. Many public sector employers are using a rate closer to the required rate under the Financial Accounting Standards Board No. 106 (FAS 106) to value postretirement healthcare benefits for private employers or what their peers are using. A rate of 5.00% is reasonable and consistent with what other similarly situated governmental employers are using.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is “publicly available, objective and unbiased.”

SCCCD retained LECG to perform a valuation of its postretirement welfare benefit plans for the purpose of determining its annual cost in accordance with GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. This valuation has been conducted in accordance with generally accepted actuarial principles and practices.

The consulting actuary is a member of the Society of Actuaries and other professional actuarial organizations, and meets their “Qualification Standard for Prescribed Statements of Actuarial Opinion” relating to postretirement welfare plans.

In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

Where reasonable, the actuarial assumptions and the accounting policies and methods employed in the development of the postretirement welfare cost have been selected by SCCCD, which relied upon actuarial audits and experience studies conducted for California Public Employees Retirement System (CALPERS) and California State Teachers Retirement System (CALSTRS). We did not independently study historic information to develop assumptions. The mortality table used for the valuation is RP-2000 projected to 2015. It was selected due to its relevance as a current mortality table and is also used by other governmental agencies to value their populations. The amortization of unfunded liabilities as a level dollar amount over 30 years was selected to comply with GASB 45 requirements for a Closed Group. Under a Closed Group Actuarial Cost Method, actuarial present values associated with future entrants are not considered. The selected discount rate is based on an expected return on assets for a pre-funded plan. The Unit Credit cost method was selected. When the benefit is pre-funded with an irrevocable trust, a method of valuing assets (e.g., market value or a smooth approach) will need to be selected.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. In our opinion, the actuarial assumptions and methods represent reasonable expectations of anticipated plan experience. To fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate solely with respect to that individual assumption."

The information contained in this report was prepared for the internal use of SCCCD and its auditors in connection with the actuarial valuation of the postretirement welfare plan. It is neither intended nor necessarily suitable for other purposes. SCCCD may also distribute this actuarial valuation report to parties which have a legal right to require SCCCD to provide them with this report, in which case they will provide this report in its entirety including all assumptions, caveats and limitations.

We are available to answer questions on the material contained in the report or to provide explanations or further detail, as may be appropriate.

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Robert L. Cohen, FSA, MAAA  
Senior Manager, Compensation and Benefits  
LECG  
February 25, 2011

The following exhibits show the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2011 Net OPEB Obligation (NOO), assuming the accounting standard is first adopted for the 2010-2011 Fiscal Year.

**A. DEVELOPMENT OF NORMAL COST**

The Unit Credit cost method was selected. The cumulative Normal Cost across all active participants is \$928,282.

**B. DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION**

The Standard sets the method for determining SCCCD’s post employment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and a supplemental cost based on an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows SCCCD’s 2010-2011 FY ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

<b>Fiscal Year Ending June 30, 2011</b>	
<b>Preliminary ARC</b>	
a) Normal Cost	\$928,282
b) Amortization payment	<u>1,017,952</u>
c) Beginning of year contribution	\$1,946,234
d) Interest on contributions	<u>48,062</u>
e) Preliminary ARC	\$1,994,296
<b>ARC reflecting maximum amortization period</b>	
a) Normal Cost	\$928,282
b) Unfunded Liability	16,430,845
c) Amortization payment using maximum amortization period	1,017,952
d) ARC reflecting maximum amortization period	1,946,234
e) Interest on contributions	<u>48,062</u>
f) ARC reflecting maximum amortization period adjusted for interest	\$1,994,296
<b>Annual Required Contribution</b>	<b>\$1,994,296</b>

## GASB 45 ACTUARIAL VALUATION

ACCOUNTING & ACTUARIAL INFORMATION (CONTINUED)

### C. DEVELOPMENT OF ANNUAL OPEB COST

The following table shows SCCCD's Annual OPEB Cost projected to the end of the 2010-2011 Fiscal Year.

Fiscal Year Ending	June 30, 2011
Annual Required Contribution (ARC)	\$1,994,296
Interest on Net OPEB Obligation	23,840
Adjustment to Annual Required Contribution	<u>(30,269)</u>
Total Annual OPEB Cost (AOC)	\$1,987,867

### D. DEVELOPMENT OF NET OPEB OBLIGATION

The following table shows an estimated development of SCCCD's Net OPEB Obligation as of the end of the 2010-2011 Fiscal Year.

Fiscal Year Ending	June 30, 2011
Net OPEB Obligation (NOO) as of July 1, 2010	\$476,801
Annual OPEB Cost	1,987,867
Annual Employer Contribution	<u>(974,576)*</u>
Net OPEB Obligation as of June 30, 2011 (estimated)	\$1,490,092

GASB 45 paragraph 26(a) requires the following elements to be listed in the report. Below is the projected schedule of funding progress:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability – Unit Credit	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
	(a)	(b)	(b) – (a)	(a) / (b)	(c)	[(b) – (a)] / (c)
July 1, 2008	\$5,579,224	\$31,882,317	\$26,303,093	17.5%	\$81,702,454	32.19%
July 1, 2010	\$6,051,686	\$22,482,531	\$16,430,845	26.9%	\$82,541,184	27.24%

\* Assumes only the pay-as-you-go contributions are funded.



**E. 25- YEAR PAYOUT PROJECTION**

Annual payments expected based on the current census (i.e. a closed group projection) and actuarial assumptions detailed in Assumptions and Methods:

<b>Fiscal Year Beginning July 1</b>	<b>Employer Contribution<sup>†</sup></b>	<b>Covered Payroll<sup>**</sup></b>	<b>Active Headcount</b>	<b>Retiree Headcount</b>
2010	\$974,576	\$82,541,184	1,088.00	333.00
2011	1,089,808	77,143,883	1,016.73	374.39
2012	1,176,530	72,846,241	961.44	399.71
2013	1,229,765	68,542,020	907.69	424.39
2014	1,276,136	64,560,116	858.56	449.15
2015	1,339,728	60,865,090	812.63	472.96
2016	1,456,212	57,138,811	766.19	501.27
2017	1,526,211	53,345,263	719.17	525.08
2018	1,587,919	49,776,802	673.86	544.20
2019	1,666,521	46,296,505	629.53	564.67
2020	1,771,537	42,919,049	585.87	582.85
2021	1,823,166	39,505,378	542.06	599.45
2022	1,836,314	36,415,694	501.98	613.89
2023	1,921,727	33,097,959	459.60	636.16
2024	1,998,903	30,170,764	421.27	653.30
2025	2,062,143	27,632,368	387.65	663.19
2026	2,088,368	25,218,135	355.38	672.54
2027	2,117,750	22,791,000	323.27	683.03
2028	2,199,085	20,488,510	292.82	691.71
2029	2,270,867	18,386,408	264.91	696.55
2030	2,337,564	16,397,801	238.37	699.10
2031	2,459,024	14,302,347	211.07	704.44
2032	2,574,365	12,266,188	184.08	709.39
2033	2,597,821	10,521,745	160.32	708.66
2034	2,649,498	8,924,950	138.15	705.67

<sup>†</sup> Reflects implicit rate subsidies per GASB 45.

<sup>\*\*</sup> Based on current pay provided by SCCCD. Covered payroll, as projected above, is not inflated for future cost of living, seniority or merit increases.

The following table summarizes active and retiree demographic information:

	<b>Participants</b>
<b>Actives</b>	
Fully Eligible to Receive Plan Benefits	327
Not Fully Eligible	<u>761</u>
Total	1,088
<b>Retirees</b>	
Under Age 65	62
Age 65 or over	<u>271</u>
Total Receiving Plan Benefits	333
<b>Total</b>	<b>1,421</b>

	<b>Actives</b>	<b>Retirees</b>	<b>Total</b>
Average Age	49.05	74.44	55.00
Average Service	12.73	N/A	N/A

**GASB 45 ACTUARIAL VALUATION**

**SCHEDULE OF ACTIVE PARTICIPANT DATA**

Attained Age	Attained Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	1	1	2	0	0	0	0	0	0	0	4
25 to 29	2	17	17	0	0	0	0	0	0	0	36
30 to 34	1	38	27	9	0	0	0	0	0	0	75
35 to 39	4	47	54	34	4	1	0	0	0	0	144
40 to 44	4	22	34	38	16	6	0	0	0	0	120
45 to 49	1	29	47	42	26	15	0	0	0	0	160
50 to 54	5	20	44	52	31	25	12	5	0	0	194
55 to 59	2	22	27	41	30	28	24	8	4	0	186
60 to 64	1	6	19	18	27	19	18	14	6	0	128
65 to 69	0	0	1	6	6	5	3	1	5	0	27
70 & up	0	0	2	2	2	5	1	1	1	0	14
Total	21	202	274	242	142	104	58	29	16	0	1,088

SCCCD funds its OPEB contributions through the CSBA trust.

The assumptions and methods displayed in this section were selected from the complete set of assumptions used to calculate liabilities for the plan. SCCCD has reviewed the assumptions and recommended to the actuary that they be used. For certificated participants, it is assumed that their termination and retirement rates follow that prescribed by the CALSTRS experience study and actuarial assumptions. Non-certificated participants are assumed to follow termination and retirement behaviors exhibited in the CALPERS experience study and actuarial assumptions.

#### A. DISCOUNT RATE

The rate used to discount liabilities is 5.00%.

#### B. TREND RATE

The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests an 11.00% long term average increase for all healthcare benefits, trending down to an ultimate 5.00% increase for 2016 and later years.

Year	Medical Trend	Dental and Vision Trend
2010	11.00%	5.00%
2011	10.00%	5.00%
2012	9.00%	5.00%
2013	8.00%	5.00%
2014	7.00%	5.00%
2015	6.00%	5.00%
2016 and beyond	5.00%	5.00%

#### C. MORTALITY

Mortality assumptions use the RP-2000 Combined Healthy table projected to 2015 using projection scale AA.

#### D. MORBIDITY

Expected medical claims are assumed to increase 2%, on average, as participants age.

#### E. MARRIAGE

Spouses were assumed where current benefit elections indicated spousal coverage. If spouse date of birth was not provided, the spouse is assumed to be the same age as the participant.

#### F. SALARY SCALE

There are no liabilities dependent on salary, therefore no salary increase rate is assumed.

#### G. COST METHOD

The Unit Credit cost method was selected to value liabilities. Wherever Normal Cost is stated, this cost method is assumed.

**H. DATA ASSUMPTIONS****1. New Retiree Elections, Medical Coverage**

It is assumed that new retirees select coverage, consistent with their active election, and are assumed to participate in Medicare.

**2. Amortization Period**

The period selected for amortizing the unfunded actuarial liability in determining the ARC is the maximum limit of 30 years. Amortization reflects a level dollar method.

**3. Active Certificated Employees**

88% of current active certificated employees are assumed to elect Option 1 at retirement, 12% are assumed to elect Option 2.

**I. MORTALITY RATES**

Mortality for the valuation is the RP-2000 Combined Healthy Table projected to 2015 using projection scale AA. Select mortality rates are listed below. It is assumed that all participants are healthy and no deviation from the prescribed mortality is necessary.

<b>Mortality Assumptions</b>						
<b>Age</b>	<b>Base Rates</b>		<b>Projection Scale</b>		<b>Projected Rates</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
20	0.00035	0.00019	0.01900	0.01600	0.00026	0.00015
25	0.00038	0.00021	0.01000	0.01400	0.00032	0.00017
30	0.00044	0.00026	0.00500	0.01000	0.00041	0.00023
35	0.00077	0.00048	0.00500	0.01100	0.00072	0.00040
40	0.00108	0.00071	0.00800	0.01500	0.00096	0.00056
45	0.00151	0.00112	0.01300	0.01600	0.00124	0.00088
50	0.00214	0.00168	0.01800	0.01700	0.00163	0.00130
55	0.00362	0.00272	0.01900	0.00800	0.00272	0.00241
60	0.00675	0.00506	0.01600	0.00500	0.00530	0.00469
65	0.01274	0.00971	0.01400	0.00500	0.01031	0.00900
70	0.02221	0.01674	0.01500	0.00500	0.01770	0.01553
75	0.03783	0.02811	0.01400	0.00800	0.03062	0.02492
80	0.06437	0.04588	0.01000	0.00700	0.05536	0.04129
85	0.11076	0.07745	0.00700	0.00600	0.09968	0.07076
90	0.18341	0.13168	0.00400	0.00300	0.17271	0.12588
95	0.26749	0.19451	0.00200	0.00200	0.25958	0.18876
100	0.34456	0.23747	0.00100	0.00100	0.33942	0.23393
105	0.39789	0.29312	0.00000	0.00000	0.39789	0.29312
110	0.40000	0.36462	0.00000	0.00000	0.40000	0.36462
115	0.40000	0.40000	0.00000	0.00000	0.40000	0.40000
>=120	1.00000	1.00000	0.00000	0.00000	1.00000	1.00000

**J. RETIREMENT RATES**

Select retirement rates per 100 are listed below.

<b>CALSTRS</b>				
<b>Age</b>	<b>Under 30 years</b>		<b>Over 30 years</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
50	0.0	0.0	1.5	1.5
51	0.0	0.0	1.5	1.5
52	0.0	0.0	1.5	1.5
53	0.0	0.0	2.0	1.5
54	0.0	0.0	2.0	2.0
55	3.0	5.0	6.0	8.0
56	2.0	3.5	6.0	8.0
57	2.0	3.5	8.0	10.0
58	3.0	4.5	12.0	15.0
59	5.0	6.0	16.0	18.0
60	7.0	10.0	25.0	30.0
61	7.0	10.0	40.0	35.0
62	9.0	12.0	35.0	32.0
63	13.0	18.0	27.0	30.0
64	12.0	15.0	27.0	27.0
65	14.0	16.0	27.0	27.0
66	10.0	15.0	27.0	27.0
67	10.0	15.0	27.0	27.0
68	10.0	15.0	27.0	27.0
69	10.0	15.0	27.0	27.0
70	100.0	100.0	100.0	100.0

<b>CALPERS</b>							
<b>Age</b>	<b>Years of Service</b>						
	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>30</b>	<b>35+</b>
50	0.36	0.71	1.00	1.18	1.31	1.47	1.72
51	0.35	0.69	0.96	1.14	1.27	1.42	1.66
53	0.46	0.92	1.29	1.52	1.70	1.90	2.23
55	1.94	3.84	5.37	6.35	7.07	7.92	9.29
56	1.58	3.14	4.39	5.19	5.78	6.47	7.60
57	1.70	3.37	4.71	5.57	6.20	6.94	8.15
58	2.02	4.02	5.62	6.63	7.39	8.27	9.71
59	2.31	4.57	6.40	7.56	8.42	9.42	11.06
60	3.68	7.29	10.20	12.05	13.42	15.02	17.62
61	3.64	7.21	10.09	11.92	13.28	14.86	17.44
62	7.62	15.12	21.15	24.98	27.84	31.14	36.57
63	6.87	13.63	19.06	22.52	25.10	28.08	32.97
64	5.34	10.60	14.82	17.51	19.51	21.83	25.63
65	9.06	17.97	25.13	29.69	33.08	37.01	43.45
70	6.60	13.08	18.30	21.62	24.08	26.95	31.64
75	100	100	100	100	100	100	100

**K. TERMINATION RATES**

Select termination rates are listed below:

<b>CALSTRS: Entry Ages – Male</b>						
<b>Year</b>	<b>Under 25 (%)</b>	<b>25-29 (%)</b>	<b>30-34 (%)</b>	<b>35-39 (%)</b>	<b>40-44 (%)</b>	<b>45 &amp; Up (%)</b>
0	15.3	15.3	15.3	15.3	15.3	15.3
1	12.5	12.5	12.5	12.5	12.5	13.5
2	7.7	7.7	7.7	7.7	7.7	8.6
3	6.3	5.4	5.4	5.4	5.4	6.3
4	4.4	4.4	4.4	4.4	4.4	4.4
5	3.9	3.0	3.0	3.0	3.0	3.6
6	3.5	2.8	2.8	2.8	2.9	
7	3.1	2.6	2.6	2.6	2.8	
8	2.8	2.4	2.4	2.4	2.6	
9	2.4	2.2	2.2	2.2	2.5	
10	2.0	2.0	2.0	2.0	2.4	
11	1.8	1.8	1.8	1.8		
12	1.6	1.6	1.6	1.7		
13	1.5	1.5	1.5	1.5		
14	1.3	1.3	1.3	1.4		
15	1.1	1.1	1.1	1.2		
16	1.0	1.0	1.0			
17	0.9	0.9	0.9			
18	0.8	0.8	0.8			
19	0.7	0.7	0.7			
20	0.6	0.6	0.6			
21	0.6	0.6				
22	0.6	0.6				
23	0.5	0.5				
24	0.5	0.5				
25	0.5	0.5				
26	0.4					
27	0.3					
28	0.2					
29	0.1					
30	0.0					



**K. TERMINATION RATES (CONTINUED)**

<b>CALSTRS: Entry Ages – Female</b>						
<b>Year</b>	<b>Under 25 (%)</b>	<b>25-29 (%)</b>	<b>30-34 (%)</b>	<b>35-39 (%)</b>	<b>40-44 (%)</b>	<b>45 &amp; Up (%)</b>
0	15.3	15.3	15.3	15.3	15.3	15.3
1	10.0	10.0	10.0	10.0	10.0	10.0
2	7.2	7.2	7.2	7.2	7.2	7.2
3	6.3	6.3	5.8	5.3	4.9	4.9
4	5.8	5.8	5.4	4.9	3.9	3.0
5	5.5	5.8	4.2	2.9	2.5	2.5
6	4.9	5.0	3.7	2.6	2.3	
7	4.2	4.3	3.2	2.3	2.1	
8	3.6	3.5	2.7	2.0	2.0	
9	2.9	2.8	2.2	1.7	1.8	
10	2.3	2.0	1.7	1.4	1.6	
11	2.1	1.8	1.6	1.3		
12	1.8	1.6	1.4	1.2		
13	1.6	1.3	1.3	1.1		
14	1.3	1.1	1.1	1.0		
15	1.1	0.9	1.0	0.9		
16	1.0	0.9	1.0			
17	0.9	0.8	1.0			
18	0.8	0.8	0.9			
19	0.7	0.7	0.9			
20	0.6	0.7	0.9			
21	0.6	0.7				
22	0.6	0.7				
23	0.6	0.6				
24	0.6	0.6				
25	0.6	0.6				
26	0.5					
27	0.4					
28	0.2					
29	0.1					
30	0.0					

**K. TERMINATION RATES (CONTINUED)**

<b>CALPERS</b>								
<b>Age</b>	<b>Years of Service</b>							
	<b>0</b>	<b>5</b>	<b>10</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>30</b>	<b>35+</b>
20	16.17							
25	15.21	3.47						
30	14.25	3.11	2.15					
35	13.29	2.76	1.84	1.44				
40	12.33	2.40	1.53	1.18	0.91			
45	11.37	2.05	1.23	0.95	0.69	0.46		
50	10.41	1.69	0.92	0.66	0.47	0.29	0.19	
55	9.45	1.34	0.61	0.40	0.25	0.12	0.04	0.02
60	8.49	0.98	0.31	0.14	0.03	0.02	0.02	0.02
65	7.53	0.63	0.03	0.03	0.02	0.02	0.02	0.02
70	6.57	0.27	0.03	0.03	0.02	0.02	0.02	0.02

The following summary of plan provisions represents our understanding of the State Center Community College District substantive plan.

Employees who retire from the District may be eligible for post-employment medical benefits pursuant to the provisions below (Board Members may be eligible for post-employment medical, dental, vision and life benefits).

#### ELIGIBILITY

- Retire from active service
- **Certificated:** Age 55 or older with 10 years of service
- **Classified:** Age 50 or older with 10 years of service
- **Board Members:** See below

#### DEPENDENT ELIGIBILITY

Yes

#### SURVIVOR ELIGIBILITY

Yes, Certificated employees only

#### BENEFITS

##### **Certificated -- Option 1**

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive a District subsidy up to a maximum of \$2,400 per year until reaching age 65.
- After reaching age 65, retirees with at least 15 years of service at retirement, will receive a District contribution up to a maximum of \$2,413 per year (increased annually by 2%) toward the retiree's medical insurance premiums. The District pays the full medical cost for retirees belonging to the bargaining unit group 'AFT 1983-84 ERI' and a flat amount of \$800 per year for retirees in the groups 'AFT 1981-83' and 'AFT 1978-80'.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65 or for life if the retiree had at least 15 years of service.
- Retirees can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

##### **Certificated -- Option 2**

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive 70% of the District's normal contribution for active members until reaching age 65, this amount is currently \$8,644 per year.
- Upon the death of the retiree, benefits will be paid for the un-remarried surviving spouse from the spouse's age 60 until age 65.

**Classified**

- Retirees meeting the eligibility conditions who continue coverage under the District's medical insurance program will receive an 80% District subsidy, up to a maximum of \$2,400 per year, until reaching age 65.
- After reaching age 65 the District will contribute up to a maximum of \$1,930 per year (increased annually by 2%) toward the retiree's medical insurance premiums until age 70 for retirees with at least 15 years of service and for life for retirees with at least 20 years of service. For retirees belonging to the bargaining unit groups 'CSEA 1979-84' and 'CSEA 1984-87', the District pays a flat amount of \$800 per year with no annual increases.
- Retirees can receive fixed quarterly cash payments in lieu of medical benefits. The amount of the cash payment is set by the District and varies by year of retirement.

**Board Members**

- Retired members of the governing board who serve in office after January 1, 1981, first elected to the Board before January 1, 1995; and whose total service at the time of termination exceeds 12 years, shall continue to be eligible for the same level of medical, dental, vision and life benefits as provided to full-time regular classified employees until death, as outlined in Board Policy 9231.

**Actuarial Accrued Liability**

Represents the portion of the present value of fully projected benefits attributable to service credit by the Actuarial Cost Method that has been earned (or accrued) as of the valuation date.

**Actuarial Assumptions**

Estimates of the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement, changes in compensation affecting benefits, and discount rates to reflect the time value of money.

**Actuarial Cost Method**

The method that determines how projected costs are allocated to valuation years.

**Actuarial Gain/(Loss)**

The difference between actual liabilities in the current plan year and those that were expected given the prior valuation results.

**Actuarial Present Value**

The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (by means of decrements for events such as death, disability, withdrawal, or retirement) between the specified date and the expected date of payment.

**Amortization**

Usually refers to the process of reducing a recognized liability systematically by recognizing expenses or costs.

**Annual OPEB Cost (AOC)**

An accrual-basis measure of the periodic cost of an employer's participation in an OPEB plan that specifies the amount of benefits.

**Annual Required Contributions (ARC)**

The employer's periodic required contributions to an OPEB plan that specifies the amount of benefits, calculated in accordance with the parameters of GASB 45.

**Assets**

The value of investments, stocks, bonds, cash, real estate, etc. held in trust to pay benefits to retired participants. For financial purposes, the assets offset the liabilities to determine funded status.

**Collective Bargaining Agreement**

The rules by which a union and a company agree to work under. Details pay and benefits information and rules governing how employees and the company work together.

**Discount Rate**

The interest rate used to adjust for the time value of money.

**Employer Contributions**

Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

**Gain or Loss**

A change in the value of either the projected benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

**Implicit Rate Subsidy**

The difference between the true cost of healthcare coverage and the insurance premiums charged for retirees and older workers. Healthcare utilization and costs increase with age, yet when insurance premiums are set, they are often established as singular amounts without regard to age. A portion of the singular premium paid by younger workers subsidizes the higher costs for retirees and older workers. This subsidy is reallocated to the OPEB plan when determining the true costs under GASB 45.

**Measurement Date**

The date as of which plan assets and obligations are measured.

**Mortality Rate**

The proportion of the number of deaths in a specified group to the number living at the beginning of the period in which the deaths occur. Actuaries use

mortality tables, which show death rates for each age, in estimating the amount of post-employment benefits that will become payable.

**Net OPEB Obligation (NOO)**

The cumulative difference since the employer's adoption of GASB 45 between annual OPEB cost and the employer's contributions to the plan. Included in this amount is the OPEB liability (asset) at transition, if any.

**Normal Cost**

Calculated in different ways, depending on the Cost Method, this is the portion of projected benefits allocated to the current plan year. In other words, the amount that the benefits will increase from one valuation year to the next. It is the actuarial present value of benefits attributed to services rendered by employees during the Fiscal Year based on actuarial methods and assumptions. The Normal Cost component is a portion of the present value of future benefits, and is unaffected by the funded status of the plan.

**Other Post Employment Benefits (OPEB)**

Other post employment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all post employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits

**Pay-As-You-Go**

A method where a sponsor recognizes plan costs and contributes to a plan equal to the current year's benefit outlay. A sponsor using "Pay-As-You-Go" does not fund for future OPEB payments.

**Present Value of Future Benefits**

The value, discounted to the valuation date, of all benefits estimated to be payable on or after the valuation date. Any implicit rate subsidies are factored into this present value.

**Substantive Plan**

The terms of an OPEB plan as understood by the employer(s) and plan members.

**Turnover**

Termination of employment for a reason other than death, disability or retirement.

**Unfunded Actuarial Accrued Liability**

The difference between Actuarial Accrued Liability and Plan Assets.