



Actuarial Valuation Report

Montgomery College

Montgomery College Postretirement Medical, Prescription Drug,
and Dental Benefit Programs

For the Fiscal Year Ending June 30, 2022

Measurement Date June 30, 2021

Introduction

This report documents the results of the actuarial valuation for the fiscal year ending June 30, 2022 of the Montgomery College Postretirement Medical, Prescription Drug, and Dental Benefit Programs for the Montgomery College. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of June 30, 2021. The information provided in this report is intended strictly for documenting information relating to company and plan disclosure and reporting requirements.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75 (GASB 75) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the Montgomery College's auditors. Additional disclosures may be required under GASB 74.

A valuation model was used to develop the liabilities for this valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the Montgomery College Postretirement Medical, Prescription Drug, and Dental Benefit Programs.

A model was used to develop the appropriate GASB discount rate. The undersigned relied on experts at Montgomery College for the development of the capital market assumptions and the model underlying the expected rate of return.

The valuation model outputs various cost scenarios. The "1% increase" and "1% decrease" interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.

The "1% increase" and "1% decrease" healthcare cost trend scenarios vary only the healthcare cost trend assumption, in order to illustrate the impact of a change in that assumption in isolation. Therefore, the output from these scenarios should be used solely for assessing the impact of the healthcare cost trend in isolation and may not represent a realistic set of results for other purposes.

The valuation model was used to project certain financial results for the liability projections. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC and selected, reviewed, and evaluated by experts within Aon as appropriate for use for developing liabilities for *liability* projections.

Models are used to estimate underlying per capita medical and prescription drug claims costs, plan design actuarial values, and employer group waiver program (EGWP) components, subsequently utilized as assumption inputs for valuation models used to develop the liabilities for the 2021 and future valuations. Models are also used to develop underlying future trend rates for Medicare-eligible EGWP components. The Aon consulting team leveraged expertise of Health experts within Aon as it relates to reviewing the models used for development of the per capita claims costs and future trend rates.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or 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); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for Montgomery College and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions. In conducting the valuation, we have relied on personnel, plan design, health care claim cost, and asset information supplied by Montgomery College as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. Montgomery College selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of OPEB valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to Montgomery College has any material direct or indirect financial interest in Montgomery College. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for Montgomery College.



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Accounting Requirements

Development of GASB 75 Net OPEB Expense

Calculation Details

The following table illustrates the Net OPEB Liability under GASB 75.

	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2022
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	\$ 57,562,093	\$ 54,391,176
(b) Active Participants	<u>75,548,612</u>	<u>77,925,268</u>
(c) Total	\$ 133,110,705	\$ 132,316,444
(2) Plan Fiduciary Net Position	<u>(66,868,925)</u>	<u>(90,041,525)</u>
(3) Net OPEB Liability	\$ 66,241,780	\$ 42,274,919
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	50.24%	68.05%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	\$ 9,120,626	TBD

Expense

The following table illustrates the OPEB expense under GASB 75.

	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2022
(1) Service Cost	\$ 4,753,151	\$ 3,431,907
(2) Interest Cost	10,615,837	8,663,407
(3) Expected Investment Return	(4,572,745)	(5,218,538)
(4) Employee Contributions	0	0
(5) Administrative Expense	349,656	349,945
(6) Plan Changes	0	0
(7) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	(295,871)	(521,107)
(b) Asset (Gain)/Loss	(372,044)	(2,858,256)
(c) Assumption Change (Gain)/Loss	<u>(1,732,388)</u>	<u>(2,770,834)</u>
(8) Total Expense	\$ 8,745,596	\$ 1,076,524

Shown below are details regarding the calculation of Service Cost, Interest Cost and Expected Investment Return components of the Expense.

	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2022
(1) Development of Service Cost:		
(a) Normal Cost at Beginning of Measurement Period	\$ 4,753,151	\$ 3,431,907
(2) Development of Interest Cost:		
(a) Total OPEB Liability at Beginning of Measurement Period	\$ 162,702,959	\$ 133,110,705
(b) Normal Cost at Beginning of Measurement Period	4,753,151	3,431,907
(c) Actual Benefit Payments	(3,217,190)	(3,247,681)
(d) Discount Rate	<u>6.40%</u>	<u>6.42%</u>
(e) Interest Cost	\$ 10,615,837	\$ 8,663,407
(3) Development of Expected Investment Return:		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	\$ 58,323,168	\$ 66,868,925
(b) Actual Contributions—Employer	8,957,846	9,120,626
(c) Actual Contributions—Employee	0	0
(d) Actual Benefit Payments	(3,217,190)	(3,247,681)
(e) Administrative Expenses	(349,656)	(349,945)
(f) Other	0	0
(g) Expected Return on Assets	<u>7.50%</u>	<u>7.50%</u>
(h) Expected Return	\$ 4,572,745	\$ 5,218,538

Reconciliation of Net OPEB Liability

Shown below are details regarding the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for the Measurement Period from June 30, 2020 to June 30, 2021:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) – (b)
Balance Recognized at 6/30/2021 (Based on 6/30/2020 Measurement Date)	\$ 133,110,705	\$ 66,868,925	\$ 66,241,780
Changes Recognized for the Fiscal Year:			
Service Cost	\$ 3,431,907	N/A	\$ 3,431,907
Interest on the Total OPEB Liability	8,663,407	N/A	8,663,407
Changes of Benefit Terms	0	N/A	0
Differences Between Expected and Actual Experience	(1,718,552)	N/A	(1,718,552)
Changes of Assumptions	(7,923,342)	N/A	(7,923,342)
Benefit Payments	(3,247,681)	(3,247,681)	0
Contributions From the Employer	N/A	9,120,626	(9,120,626)
Contributions From the Employee	N/A	0	0
Net Investment Income	N/A	17,649,600	(17,649,600)
Administrative Expense	N/A	(349,945)	349,945
Net Changes	\$ (794,261)	\$ 23,172,600	\$ (23,966,861)
Balance Recognized at 6/30/2022 (Based on 6/30/2021 Measurement Date)	\$ 132,316,444	\$ 90,041,525	\$ 42,274,919

Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 75.

	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2022
(1) OPEB Liability at Beginning of Measurement Period	\$ 162,702,959	\$ 133,110,705
(2) Service Cost	4,753,151	3,431,907
(3) Interest on the Total OPEB Liability	10,615,837	8,663,407
(4) Changes of Benefit Terms	0	0
(5) Changes of Assumptions	(43,694,687)	(7,923,342)
(6) Benefit Payments	<u>(3,217,190)</u>	<u>(3,247,681)</u>
(7) Expected OPEB Liability at End of Measurement Period	\$ 131,160,070	\$ 134,034,996
(8) Actual OPEB Liability at End of Measurement Period	<u>133,110,705</u>	<u>132,316,444</u>
(9) OPEB Liability (Gain)/Loss	\$ 1,950,635	\$ (1,718,552)
(10) Average Future Working Life Expectancy	<u>7.77</u>	<u>7.63</u>
(11) OPEB Liability (Gain)/Loss Amortization	\$ 251,047	\$ (225,236)

Asset (Gain)/Loss

The following table illustrates the asset gain/loss under GASB 75.

	Fiscal Year Ending 6/30/2021	Fiscal Year Ending 6/30/2022
(1) OPEB Asset at Beginning of Measurement Period	\$ 58,323,168	\$ 66,868,925
(2) Contributions—Employer	8,957,846	9,120,626
(3) Contributions—Employee	0	0
(4) Expected Investment Income	4,572,745	5,218,538
(5) Benefit Payments	(3,217,190)	(3,247,681)
(6) Administrative Expense	(349,656)	(349,945)
(7) Other	<u>0</u>	<u>0</u>
(8) Expected OPEB Asset at End of Measurement Period	\$ 68,286,913	\$ 77,610,463
(9) Actual OPEB Asset at End of Measurement Period	<u>66,868,925</u>	<u>90,041,525</u>
(10) OPEB Asset (Gain)/Loss	\$ 1,417,988	\$ (12,431,062)
(11) Amortization Factor	<u>5.00</u>	<u>5.00</u>
(12) OPEB Asset (Gain)/Loss Amortization	\$ 283,598	\$ (2,486,212)

Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2022 under GASB 75.

	Deferred Outflows	Deferred Inflows
(1) Difference Between Actual and Expected Experience	\$ 1,448,541	\$ 3,988,727
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	0	9,418,995
(3) Assumption Changes	<u>20,883,818</u>	<u>44,742,398</u>
(4) Sub Total	\$ 22,332,359	\$ 58,150,120
(5) Contributions Made in Fiscal Year Ending 6/30/2022 After Measurement Date	<u>TBD</u>	<u>N/A</u>
(6) Total	\$ TBD	\$ 58,150,120

Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2022.

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
6/30/2021	Liability (Gain)/Loss	7.63	6.63	(\$1,718,552)	(\$1,493,316)	(225,236)
6/30/2021	Asset (Gain)/Loss	5.00	4.00	(12,431,062)	(9,944,850)	(2,486,212)
6/30/2021	Assumptions	7.63	6.63	(7,923,342)	(6,884,896)	(1,038,446)
6/30/2020	Liability (Gain)/Loss	7.77	5.77	1,950,635	1,448,541	251,047
6/30/2020	Asset (Gain)/Loss	5.00	3.00	1,417,988	850,792	283,598
6/30/2020	Assumptions	7.77	5.77	(43,694,687)	(32,447,663)	(5,623,512)
6/30/2019	Liability (Gain)/Loss	8.10	5.10	(2,246,221)	(1,414,288)	(277,311)
6/30/2019	Asset (Gain)/Loss	5.00	2.00	(260,007)	(104,004)	(52,001)
6/30/2019	Assumptions	8.10	5.10	(4,096,123)	(2,579,041)	(505,694)
6/30/2018	Liability (Gain)/Loss	8.01	4.01	(2,159,551)	(1,081,123)	(269,607)
6/30/2018	Asset (Gain)/Loss	5.00	1.00	(1,104,673)	(220,933)	(220,935)
6/30/2018	Assumptions	8.01	4.01	41,715,554	20,883,818	5,207,934
6/30/2017	Asset (Gain)/Loss	5.00	0.00	(1,913,529)	0	(382,706)
6/30/2017	Assumptions	8.49	3.49	(6,886,378)	(2,830,798)	(811,116)
	Total Charges			(39,349,948)	(35,817,761)	(6,150,197)

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year End June 30:

2023	\$ (5,767,489)
2024	\$ (5,546,558)
2025	\$ (5,494,557)
2026	\$ (5,364,487)
2027	\$ (7,369,767)
Total Thereafter	\$ (6,274,904)

Plan Fiduciary Net Position Projection

The following table illustrates the projection of the fiduciary net position for use in the calculation of the discount rate as of June 30, 2022.

(\$ in thousands)

Year Ending June 30 ²	Beginning Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Fiduciary Net Position ¹ (f)
2021	\$ 90,042	\$5,005	\$ 4,698	\$360	\$ 6,567	\$ 96,555
2022	96,555	5,080	5,134	371	7,039	103,169
2023	103,169	4,969	5,630	382	7,516	109,641
2024	109,641	4,923	6,094	394	7,984	116,061
2025	116,061	4,854	6,567	406	8,448	122,390
2026	122,390	4,793	7,003	418	8,906	128,668
2027	128,668	4,728	7,541	430	9,357	134,781
2028	134,781	4,613	8,033	443	9,796	140,715
2029	140,715	4,510	8,579	457	10,221	146,410
2030	146,410	4,414	9,133	470	10,627	151,849
2031	151,849	4,317	9,616	484	11,017	157,082
2032	157,082	4,229	10,175	499	11,388	162,026
2033	162,026	4,116	10,737	514	11,738	166,628
2034	170,906	3,992	11,250	527	12,063	170,906
2035	170,906	3,867	11,802	540	12,363	174,795
2036	174,795	3,733	12,356	552	12,634	178,254
2037	178,254	3,613	12,904	563	12,873	181,274
2038	181,274	3,479	13,455	572	13,079	183,806
2039	183,806	3,332	14,011	580	13,248	185,796
2040	185,796	3,202	14,559	586	13,377	187,230
2041	187,230	3,063	15,084	591	13,465	188,084
2042	188,084	2,943	15,557	594	13,512	188,387
2043	188,387	2,802	16,007	595	13,518	188,105
2044	188,105	2,686	16,434	595	13,481	187,244
2045	187,244	2,560	16,845	593	13,401	185,767
2046	185,767	2,436	17,228	590	13,276	183,662
2047	183,662	2,349	17,535	584	13,107	180,999
2048	180,999	2,243	17,842	577	12,897	177,719
2049	177,719	2,163	18,065	568	12,643	173,892
2050	173,892	2,075	18,281	558	12,348	169,477
...
2077	1,483	1,646	5,260	75	0	0

¹(f) = (a) + (b) – (c) – (d) + (e)

²Years later than 2050 were omitted from this table.

Plan Fiduciary Net Position

The last year in which projected benefit payments are due from the Plan is 2118.

The Plan's projected fiduciary net position at the end of 2077 is \$0, based on the valuation completed for the fiscal year ending June 30, 2022.

As such, the Plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current Plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2077. Therefore, the long-term expected rate of return on Plan investments of 7.50% per annum was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022 shown earlier in this report, pursuant to paragraph 48 of GASB Statement No. 74 and paragraph 36 of GASB Statement No. 75.

In projecting the Plan's fiduciary net position the following assumptions were made:

1. Interest rate for discounting was 7.08% per annum.
2. Projected total contributions are employer contributions to the unfunded actuarial accrued liability and normal cost (including administrative expenses). Contributions are assumed to be paid at year end.
3. Assumed contributions are based on the contribution policy of Montgomery College and Montgomery County contributing the value of the benefits earned during the year and an amortization of the Unfunded Actuarial Accrued Liability based on an open 30-year amortization as a level percentage of pay.
4. Projected benefit payments have been determined in accordance with Paragraphs 43-47 of GASB Statement No. 74 and Paragraphs 30-35 of GASB Statement No. 75, and are based on the closed group of active, retired members and beneficiaries as of July 1, 2021. Benefit payments are assumed to be paid mid-year.
5. Administrative expenses are \$360 thousand for 2021 and expected to grow in proportion with the associated plan liability limited to 3% per year. Expenses are assumed to be paid mid-year.
6. Projected investment earnings are based on the assumed investment rate of return of 7.50% per annum.
7. The bond yield index is 2.16% as of the measurement date.

Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2021:

	1% Decrease (5.42%)	Current Rate (6.42%)	1% Increase (7.42%)
(1) Total OPEB Liability	\$ 152,784,677	\$ 133,110,705	\$ 117,033,627
(2) Plan Fiduciary Net Position	<u>(66,868,925)</u>	<u>(66,868,925)</u>	<u>(66,868,925)</u>
(3) Net OPEB Liability (Asset)	\$ 85,915,752	\$ 66,241,780	\$ 50,164,702

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2022:

	1% Decrease (6.08%)	Current Rate (7.08%)	1% Increase (8.08%)
(1) Total OPEB Liability	\$ 151,403,753	\$ 132,316,444	\$ 116,656,589
(2) Plan Fiduciary Net Position	<u>(90,041,525)</u>	<u>(90,041,525)</u>	<u>(90,041,525)</u>
(3) Net OPEB Liability (Asset)	\$ 61,362,228	\$ 42,274,919	\$ 26,615,064

Healthcare Cost Trend Sensitivity

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2021:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	\$ 116,568,835	\$ 133,110,705	\$ 153,874,938
(2) Plan Fiduciary Net Position	<u>(66,868,925)</u>	<u>(66,868,925)</u>	<u>(66,868,925)</u>
(3) Net OPEB Liability (Asset)	\$ 49,699,910	\$ 66,241,780	\$ 87,006,013

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2022:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	\$ 116,134,930	\$ 132,316,444	\$ 152,507,835
(2) Plan Fiduciary Net Position	<u>(90,041,525)</u>	<u>(90,041,525)</u>	<u>(90,041,525)</u>
(3) Net OPEB Liability (Asset)	\$ 26,093,405	\$ 42,274,919	\$ 62,466,310

Disclosure—Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios¹

	Fiscal Year Ending									
	2013		2014		2015		2016		2017	
Total OPEB Liability										
Service Cost	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	N/A
Interest Cost	N/A		N/A		N/A		N/A		N/A	N/A
Changes of Benefit Terms	N/A		N/A		N/A		N/A		N/A	N/A
Differences Between Expected and Actual Experiences	N/A		N/A		N/A		N/A		N/A	N/A
Changes of Assumptions	N/A		N/A		N/A		N/A		N/A	N/A
Benefit Payments	N/A		N/A		N/A		N/A		N/A	N/A
Net Change in Total OPEB Liability	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	N/A
Total OPEB Liability (Beginning)		N/A		N/A		N/A		N/A		N/A
Total OPEB Liability (Ending)	\$		\$		\$		\$		\$	111,010,782
Plan Fiduciary Net Position										
Contributions—Employer	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	N/A
Contributions—Member	N/A		N/A		N/A		N/A		N/A	N/A
Net Investment Income	N/A		N/A		N/A		N/A		N/A	N/A
Benefit Payments	N/A		N/A		N/A		N/A		N/A	N/A
Administrative Expense	N/A		N/A		N/A		N/A		N/A	N/A
Other	N/A		N/A		N/A		N/A		N/A	N/A
Net Change in Plan Fiduciary Net Position	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	N/A
Plan Fiduciary Net Position (Beginning)		N/A		N/A		N/A		N/A		N/A
Plan Fiduciary Net Position (Ending)	\$		\$		\$		\$		\$	42,612,881
Net OPEB Liability (Ending)	\$		\$		\$		\$		\$	68,397,901
Net Position as a Percentage of OPEB Liability		N/A		N/A		N/A		N/A		38.39%
Covered-Employee Payroll	\$		\$		\$		\$		\$	156,386,137
Net OPEB Liability as a Percentage of Payroll		N/A		N/A		N/A		N/A		43.74%

¹GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Disclosure—Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios¹

	Fiscal Year Ending				
	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	4,744,380	\$ 4,557,297	\$ 6,132,544	\$ 4,753,151	\$ 3,431,907
Interest Cost	6,966,124	7,604,353	10,886,769	10,615,837	8,663,407
Changes of Benefit Terms	0	0	(8,418,627)	0	0
Differences Between Expected and Actual Experiences	0	(2,159,551)	(2,246,221)	1,950,635	(1,718,552)
Changes of Assumptions	(6,886,378)	41,715,554	(4,096,123)	(43,694,687)	(7,923,342)
Benefit Payments	(2,396,867)	(2,407,959)	(2,303,118)	(3,217,190)	(3,247,681)
Net Change in Total OPEB Liability	2,427,259	\$ 49,309,694	\$ (44,776)	\$ (29,592,254)	\$ (794,261)
Total OPEB Liability (Beginning)	111,010,782	113,438,041	162,747,735	162,702,959	133,110,705
Total OPEB Liability (Ending)	\$ 113,438,041	\$ 162,747,735	\$ 162,702,959	\$ 133,110,705	\$ 132,316,444
Plan Fiduciary Net Position					
Contributions—Employer	3,920,867	\$ 2,959,959	\$ 2,678,670	\$ 8,957,846	\$ 9,120,626
Contributions—Member	0	0	0	0	0
Net Investment Income	5,158,139	4,790,544	4,310,925	3,154,757	17,649,600
Benefit Payments	(2,396,867)	(2,407,959)	(2,303,118)	(3,217,190)	(3,247,681)
Administrative Expense	(226,832)	(398,489)	(375,552)	(349,656)	(349,945)
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	6,455,307	\$ 4,944,055	\$ 4,310,925	\$ 8,545,757	\$ 23,172,600
Plan Fiduciary Net Position (Beginning)	42,612,881	49,068,188	54,012,243	58,323,168	66,868,925
Plan Fiduciary Net Position (Ending)	\$ 49,068,188	\$ 54,012,243	\$ 58,323,168	\$ 66,868,925	\$ 90,041,525
Net OPEB Liability (Ending)	\$ 64,369,853	\$ 108,735,492	\$ 104,379,791	\$ 66,241,780	\$ 42,274,919
Net Position as a Percentage of OPEB Liability	43.26%	33.19%	35.85%	50.24%	68.05%
Covered-Employee Payroll	\$ 153,024,708	\$ 162,110,506	\$ 163,017,095	\$ 159,006,457	\$ 162,224,858
Net OPEB Liability as a Percentage of Payroll	42.07%	67.07%	64.03%	41.66%	26.06%

¹GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Disclosure—Contribution Schedule

Contributions

	Fiscal Year Ending				
	2013	2014	2015	2016	2017
Actuarially Determined Contribution	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 5,327,809
Contributions Made in Relation to the Actuarially Determined Contribution	N/A	N/A	N/A	N/A	4,918,600
Contribution Deficiency (Excess)	N/A	N/A	N/A	N/A	\$ 409,209
Covered-Employee Payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 156,386,137
Contributions as a Percentage of Payroll	N/A	N/A	N/A	N/A	3.15%
	Fiscal Year Ending				
	2018	2019	2020	2021	2022
Actuarially Determined Contribution ¹	\$ 6,201,741	\$ 6,685,000	\$ 7,208,000	\$ 8,957,846	9,120,626
Contributions Made in Relation to the Actuarially Determined Contribution	3,920,867	2,959,959	2,678,670	8,957,846	9,120,626
Contribution Deficiency (Excess)	2,280,874	\$ 3,725,041	\$ 4,529,330	\$ 0	0
Covered-Employee Payroll	\$ 153,024,708	\$ 162,110,506	\$ 163,017,095	\$ 159,006,457	\$ 162,224,858
Contributions as a Percentage of Payroll	2.56%	1.83%	1.64%	5.63%	5.62%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of June 30 for budgeting purposes.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit with 30-open amortization period for unfunded accrued liability
Asset Valuation Method	Market Value
Salary Increases	3.00%
Investment Rate of Return	7.50%, net of OPEB plan investment expense, including inflation
Retirement Age	Participants are assumed to retire at various likelihoods beginning with 5% at age 55 and ending with 100% at age 70
Mortality	PUB-2010 Generational Mortality Table with Scale MP-2021 utilizing employment classification per participant based on employment category.

¹Actuarially Determined Contribution for 2022 equals contribution to the trust of \$5,523,000 plus \$3,597,626 paid directly for employer benefit payments and administrative expenses.

Funding Results

Principal Results

This table identifies the value of benefits as of the identified date and contributions for funding purposes:

	July 1, 2021
Present Value of all Projected Benefits (PVPB)	\$ 148,239,063
Actuarial Accrued Liability (AAL)	\$ 112,954,954
Assets	<u>90,041,525</u>
Unfunded AAL	\$ 22,913,429
Amortization of AAL	\$ 1,327,097
Normal Cost	3,328,493
Interest to End of Year	<u>349,169</u>
Total Actuarially Determined Contribution	\$ 5,004,759

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Projected Unit Credit with 30-year open amortization period for unfunded accrued liability
Asset Valuation Method	Market Value
Salary Increases	3.00%
Investment Rate of Return	7.50%, net of OPEB plan investment expense, including inflation.

All other assumptions and methods as documented in the appendix

Projected Actuarially Determined Contributions

This table identifies the projected value of benefits and projected accrual and budgeted additional contributions for funding purposes for the Fiscal Year Ending 2023 and 2024 reflecting the Unfunded Liability (UAAL) amortized as a level percentage of pay over an open 30-year period:

Figures in \$ Thousands

Projected Results Fiscal Year Ending	2023	2024
Actuarial Accrued Liability (AAL) at beginning of period	\$ 112,955	\$ 120,103
Normal Cost	3,328	3,578
Expected Benefit Payouts	(4,724)	(5,161)
Interest at 7.50%	<u>8,544</u>	<u>9,083</u>
Projected Actuarial Accrued Liability at end of period	\$ 120,103	\$ 127,603
Assets at beginning of period	\$ 90,042	\$ 98,680
Expected Trust Contributions ¹	1,817	19
Expected Investment Income at Assumed 7.50% Annual Return	<u>6,821</u>	<u>7,402</u>
Projected Assets at end of period	\$ 98,680	\$ 106,101
Projected Actuarial Accrued Liability (AAL)	\$ 120,103	\$ 127,603
Projected Assets	<u>98,680</u>	<u>106,101</u>
Projected Unfunded AAL	\$ 21,423	\$ 21,502
Annual Required Contribution (ARC)		
Amortization of Unfunded AAL	\$ 1,241	\$ 1,245
Normal Cost ²	3,578	3,846
Interest on above to End of Year	<u>361</u>	<u>382</u>
Total ARC	\$ 5,180	\$ 5,473
Expected Pay-Go Benefit Payments	\$ 5,161	\$ 5,674
Additional Contributions to the Trust	\$ 19	\$ 0

¹Expected Trust Contributions for Fiscal Year Ending 2022 based on 2020 Valuation

²Normal Cost assumed to grow by 7.5% annually

Appendix

Participant Data

The actuarial valuation was based on personnel information from Montgomery College records as of July 1, 2021. Following are some of the pertinent characteristics from the personnel data as of that date. Prior valuation characteristics are also provided for comparison purposes. Both age and service have been determined using years and months as of the valuation date.

	July 1, 2020	July 1, 2021
Number of Participants with Medical Coverage		
Active Employee	1,832	1,812
Inactive	591	587
Total	2,423	2,399
Active Statistics		
Average Age	51.98	52.59
Average Service	12.22	12.91
Inactive Statistics (In Pay Status)		
Medical and Drug		
Average Age	75.45	75.63
Single Coverage	373	379
Retire Plus One	218	208
Total Coverage	591	587
Dental		
Average Age	75.18	75.44
Single Coverage	386	394
Retire Plus One	306	303
Total Coverage	692	697
Life Insurance		
Average Age	74.18	74.45
Coverage	690	693

Health Care Claims Development

The sample per capita claims cost assumptions shown below by age, benefit, and plan represent the true underlying baseline experience estimated for Montgomery College's sponsored postretirement benefits and costs. These rates are used in the expense calculation for the period 7/1/2021–6/30/2022 and disclosures as of 6/30/2021.

Cigna PPO

Age	Medical	Rx	Admin	EGWP
50	\$6,383	\$2,175	\$1,430	N/A
55	\$7,841	\$2,736	\$1,430	N/A
60	\$9,725	\$3,426	\$1,430	N/A
65	\$1,626	\$5,976	\$ 441	(\$2,508)
70	\$1,858	\$7,201	\$ 441	(\$3,022)
75	\$2,031	\$8,147	\$ 441	(\$3,419)
80	\$2,264	\$8,478	\$ 441	(\$3,558)
85	\$2,600	\$8,563	\$ 441	(\$3,594)
90+	\$2,787	\$8,606	\$ 441	(\$3,612)

Cigna PPO – No Rx

Age	Medical	Rx	Admin	EGWP
65	\$1,083	\$0	\$294	N/A
70	\$1,238	\$0	\$294	N/A
75	\$1,353	\$0	\$294	N/A
80	\$1,509	\$0	\$294	N/A
85	\$1,732	\$0	\$294	N/A
90+	\$1,857	\$0	\$294	N/A

Cigna POS

Age	Medical	Rx	Admin
50	\$ 6,465	\$2,202	\$1,449
55	\$ 7,942	\$2,771	\$1,449
60	\$ 9,849	\$3,470	\$1,449
64	\$11,390	\$4,154	\$1,449

Kaiser

Age	Medical	Rx	Admin	EGWP
50	\$5,779	\$1,969	\$1,295	N/A
55	\$7,098	\$2,477	\$1,295	N/A
60	\$8,804	\$3,101	\$1,295	N/A
65	\$ 979	\$3,597	\$ 265	(\$1,510)
70	\$1,118	\$4,335	\$ 265	(\$1,819)
75	\$1,223	\$4,904	\$ 265	(\$2,058)
80	\$1,363	\$5,104	\$ 265	(\$2,142)
85	\$1,565	\$5,155	\$ 265	(\$2,163)
90+	\$1,678	\$5,181	\$ 265	(\$2,174)

Health Care Claims Development

The average medical, Rx, and admin per capita claims costs were developed from 2021 calendar year fully insured premium rates of the plan. Premium rates were provided by Montgomery Community College. The average per capita claims costs were trended 6 months to be centered at the mid-point of the annual period following the valuation date. Average medical and Rx per capita claims costs were then age-adjusted based on the demographics of the population, and the assumed health care aging factors shown in the table below.

Implicit per capita administrative costs were assumed to be 13.3% pre-65, 6.5% post-65 of fully insured premium rates.

The 2021 calendar year premium rates used in the per capita claims cost development are shown below:

Rating Group	Experience Population	Benefit	Rating Tier	Monthly Premium Rate	Annual Premium Rate
Cigna PPO	Pre-65	Medical/Rx	Retiree Only	\$ 882	\$10,580
Cigna PPO	Pre-65	Medical/Rx	Retiree + Spouse	\$1,719	\$20,631
Cigna PPO	Post-65	Medical/Rx	Retiree Only	\$ 558	\$ 6,691
Cigna PPO	Post-65	Medical/Rx	Retiree + Spouse	\$1,115	\$13,382
Cigna PPO - No Rx	Post-65	Medical/Rx	Retiree Only	\$ 134	\$ 1,611
Cigna PPO - No Rx	Post-65	Medical/Rx	Retiree + Spouse	\$ 269	\$ 3,223
Cigna POS	Pre-65	Medical/Rx	Retiree Only	\$ 893	\$10,715
Cigna POS	Pre-65	Medical/Rx	Retiree + Spouse	\$1,741	\$20,894
Kaiser	Pre-65	Medical/Rx	Retiree Only	\$ 798	\$ 9,577
Kaiser	Pre-65	Medical/Rx	Retiree + Spouse	\$1,596	\$19,155
Kaiser	Post-65	Medical/Rx	Retiree Only	\$ 336	\$ 4,028
Kaiser	Post-65	Medical/Rx	Retiree + Spouse	\$ 671	\$ 8,056

Value of Medicare Part D EGWP Benefits

The OPEB valuation also incorporates the company's expected government subsidies related to eligible drug claims under the Medicare Part D program. Projected subsidies reduce the company's OPEB liability because it lowers the cash flow required to fund retiree medical benefits.

EGWP subsidies were projected based on the company's pharmacy cost estimates, estimates provided by the company's pharmacy benefit manager, and information from Aon's EGWP revenue offset model. They are estimated as approximately 42% of total pharmacy spend for Medicare-eligible participants enrolled in a creditable employer pharmacy plan in 2021. Finally, average annual EGWP per capita subsidies were then age-adjusted based on the demographics of the population, and the assumed Rx aging factors shown in the table below.

Health Care Claims Development

Health Care Aging (Morbidity) Factors:

Since health care costs increase with age, and an OPEB valuation is by its nature an analysis of a closed group that will age throughout the measurement, the effect that this aging of the population will have on claims costs must be reflected in the valuation. The claim costs for medical, prescription drugs, and Rx revenue offsets were assumed to increase with age according to the table below.

Age Band	Medical	Rx	Composite
50-54	4.20%	4.70%	4.3%
55-59	4.40%	4.60%	4.4%
60-64	3.70%	4.60%	3.8%
65-69	2.70%	3.80%	3.1%
70-74	1.80%	2.50%	2.1%
75-79	2.20%	0.80%	1.4%
80-84	2.80%	0.20%	1.3%
85-89	1.40%	0.10%	0.6%
90+	0.00%	0.00%	0.0%

The aging factor assumptions shown above were based on normative data analyses, along with consideration of the results from the 2013 Society of Actuaries sponsored study “Health Care Costs—From Birth to Death” prepared by Dale H. Yamamoto, reporting on the effect of age on claims costs. In addition to age, this study shows the effect of service type (medical vs. pharmacy) and gender on claims costs. We believe they are reasonable and representative of future cost differences due to age.

Health Care Claims Development

Health Care Cost Trend Rates:

The health care cost trend assumptions shown below were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHCE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by Montgomery Community College. We believe they are reasonable, and representative of future costs increases.

June 30, 2021 Disclosure and July 1, 2021 Expense Trend Rates

Pre-65

Year	Medical	Rx
2021–2022	6.32%	6.75%
2022–2023	7.00%	8.00%
2023–2024	6.25%	7.50%
2024–2025	6.03%	7.13%
2025–2026	5.81%	6.75%
2026–2027	5.59%	6.38%
2027–2028	5.38%	6.00%
2028–2029	5.16%	5.63%
2029–2030	4.94%	5.25%
2030–2031	4.72%	4.88%
2031–2032+	4.50%	4.50%

Post-65

Medical	Rx	EGWP
5.59%	6.75%	6.75%
6.00%	8.00%	8.00%
5.75%	7.50%	7.50%
5.59%	7.13%	7.13%
5.44%	6.75%	6.75%
5.28%	6.38%	6.38%
5.13%	6.00%	6.00%
4.97%	5.63%	5.63%
4.81%	5.25%	5.25%
4.66%	4.88%	4.88%
4.50%	4.50%	4.50%

Admin Trend 3.00%

Dental Trend 5.00%

Health Care Reform Excise Tax Adjustment:

The “*Further Consolidated Appropriations Act, 2020*” signed into law on December 20, 2019, included a permanent repeal of the excise tax on high-cost plans (a.k.a. “the Cadillac tax”) originally imposed by the Affordable Care Act in 2010. As a result, there is no impact from the excise tax in the valuation.

Actuarial Assumptions and Methods

Valuation Date	July 1, 2021		
Measurement Date	June 30, 2021		
Fiscal Year	July 1, 2021 to June 30, 2022		
Discount Rate ¹	7.08% for the fiscal year ending June 30, 2022 6.42% for the fiscal year ending June 30, 2021		
20 Year Municipal Bond Rate	2.16% as of July 1, 2021 2.21% as of July 1, 2020		
Actuarial Method	Entry Age Normal		
Amortization Method	Actuarial changes amortized over future working lifetime		
Asset Method	Market Value		
Employees Included in the Calculations	Retirees who meet the age and service requirements at retirement are assumed to participate at retirement at the following rates:		
	Medical and Drug Pre 65		
	Medical Plan		90%
	Continuation at Medicare Eligible		88%
	Medical and Drug Medicare Eligible		80%
	Dental (if currently covered)		100%
	Life Insurance (if currently covered)		85%
Future Medical Plan Election	Pre Medicare retirees who are in the HMO are assume to remain with the HMO when Medicare eligible, otherwise they are assumed to be in the PPO. Future retirees who elect medical coverage are expected to elect between available options as follows.		
		HMO	PPO POS
	Pre Medicare Medical Plan Election	20%	50% 30%
	Medicare Medical Plan Election	10%	87%/3% N/A

¹Based on the employer's funding policy, projected assets are not projected to be sufficient to cover projected benefit payments, so the expected return is not used as the discount rate.

Actuarial Assumptions and Methods

Marital Status and Age of Spouse For current retirees, actual marriage, spouse coverage and spouse's age difference were used. For future retirees the following assumptions were made:

	Male	Female
Married	90%	90%
Elect Spouse Coverage	50%	50%
Spouse Age Difference	3 years younger	3 years older

Interest Discounting and Salary Growth The discount rate used for this valuation reflects a long-term approach to funding the plan's obligations.

Investment Return Rate	7.50%
Salary Scale	3.00%
General Inflation	2.50%

Mortality Rates

Healthy

PUB-2010 Generational Mortality Table with Scale MP-2021 utilizing participant classifications based on employment category

Disabled

Not applicable

Disability Rates

None

Retirement Rates

See Table 1

Termination Rates

See Table 2

Life insurance Retention

10% fee in addition to actual life insurance payment made.

Changes in Methods/Assumptions Since the Prior Year

Method Changes

The accounting valuation does not reflect any method changes since the prior year.

Assumption Changes

The accounting valuation reflects the following assumption changes since the prior year:

- A change in the discount rate from 6.42% to 7.08%.
- A change in mortality improvement scale from Scale MP-2020 to Scale MP-2021.
- A change in healthcare claims costs and trend rates.

Actuarial Assumptions and Methods

Table 1

Retirement Rates	
Age	Rate
55	5.0%
56–59	0.0%
60	5.0%
61	0.0%
62	5.0%
63–64	0.0%
65	33.0%
66–67	0.0%
68	50.0%
69	0.0%
70	100.0%

Actuarial Assumptions and Methods

Table 2

Termination Rates

QW_SAL Hewitt Standard. Below are illustrative rates (age by service):

Age	0 Years Rate	1 Year Rate	2 Years Rate	3 Years Rate	4 Years Rate	>=5 Years Rate
20	17.50%	17.50%	17.50%	17.50%	17.50%	17.50%
25	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%
30	12.70%	11.90%	11.00%	10.80%	10.80%	10.80%
35	12.70%	11.90%	11.00%	10.20%	9.50%	7.90%
40	12.70%	11.90%	11.00%	10.20%	9.50%	5.60%
45	12.70%	11.90%	11.00%	10.20%	9.50%	3.90%
50	12.70%	11.90%	11.00%	10.20%	9.50%	2.70%
55	12.70%	11.90%	11.00%	10.20%	9.50%	2.20%

Actuarial Assumptions and Methods

Discussion of Actuarial Assumptions and Methods

Montgomery College selected the economic, demographic and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

Accounting Information Under GASB 75

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75.

The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2022 fiscal year, reflecting the effect of assumed future health care claim cost and/or pay increases.

The OPEB expense is the annual amount to be recognized in the income statement as the cost of OPEB benefits for this plan for the period ending June 30, 2022.

Plan Provisions

General Eligibility Rules

Former employees and beneficiaries of the College who satisfy retirement eligibility if (1) they commence in the “State Retirement Plan” or “State Pension Plan and TIAA-CREF” immediately upon termination AND (2) for medical and drug only participated in health plan for five years AND (3) under any one of the following conditions:

Disable with at least five years of service;

Meet the minimum of State Pension Plan and TIAA-CREF eligibility of:

- Immediate Retirement age 62 and five years of service;
- Immediate Retirement age 55 and 15 years of service;

Meet the minimum of State Retirement Plan eligibility of

- Immediate Retirement age 60 and two years of service;
- Immediate Retirement 25 years of service.

Eligible employees hired on or after July 1, 2011 are eligible for retiree health care plans after attaining at least age 55 and at least 15 years of service. The state eligibility for retirement for these employees requires either of the following conditions:

- Early Retirement age 60 and 15 years of eligibility service;
- Normal Retirement age 65 and 10 years of eligibility service or when combined age and years of service total at least 90

Medical and Drug Benefits Covered

Eligible retirees are generally covered by one of three (two plans when Medicare eligible) comprehensive medical programs from CIGNA and Kaiser with the following design:

Medical Plan Type	Kaiser HMO	CIGNA PPO		CIGNA POS	
	HMO	PPO		POS	
Network	In	In	Out	In	Out
Deductible	None	\$300	\$300	\$500	\$1,000
Coinsurance (In Network)	100%	80%	60%	90%	70%
Co-Payment	\$15–\$30	\$0	\$0	\$25–\$50	\$0
Out-Of-Pocket Limit	\$3,500	\$2,100	\$2,100	\$4,000	\$8,000

Plan Provisions (continued)

Rx	CIGNA PPO	CIGNA POS
Deductible	\$150 per person	None
Retail	Member Pays:	Member Pays:
Generic	10% Coinsurance with \$10 minimum and \$20 maximum	10
Brand Formulary	20% Coinsurance with \$20 minimum and \$50 maximum	20
Brand Non Formulary	40% Coinsurance with \$40 minimum and \$100 maximum	40
Mail Order	Member Pays:	Member Pays:
Generic	10% Coinsurance with \$25 minimum and \$40 maximum	20
Brand Formulary	20% Coinsurance with \$60 minimum and \$120 maximum	40
Brand Non Formulary	40% Coinsurance with \$100 minimum and \$250 maximum	80
Integration With Medicare	The over-65 benefits coordinate with Medicare on a "Coordination of Benefits" basis. That is, the plan pays up to the amount it would pay as primary payer, except that it will not pay benefits already paid by Medicare (which is actually the primary payer).	
Spouses Covered	Spouses of employees, former employees, or beneficiaries of the college who meet the above conditions and started receiving pension benefits at termination may elect medical coverage.	
Retiree Costs	<p>For employees hired prior to July 1, 2011:</p> <ul style="list-style-type: none"> ▪ Eligible retirees with 5 but less than 10 years of service pay 60% of medical and drug premiums ▪ Eligible retirees with 10 or more years of service pay 40% of medical and drug premiums <p>For employees hired on or after July 1, 2011:</p> <ul style="list-style-type: none"> ▪ Eligible retirees with 15 but less than 20 years of service pay 60% of medical and drug premiums ▪ Eligible retirees with 20 or more years of service pay 40% of medical and drug premiums 	

Plan Provisions (continued)

The chart below shows the total monthly premium rates for medical and drug during 2021:

	Kaiser HMO	CIGNA PPO		CIGNA POS
Pre 65 Medical and Drug Premiums Individual	\$798.11	\$881.64		\$892.92
Retiree Plus Spouse	\$1,596.23	\$1,719.21		\$1,741.20
Post-65 Medical and Drug Premiums Individual	\$335.66	With Drug \$557.59	With Out Drug \$134.27	N/A
Retiree Plus Spouse	\$671.32	\$1,115.16	\$268.55	N/A

The chart below shows the premium rates during 2020 as used for the prior valuation:

	Kaiser HMO	CIGNA PPO		CIGNA POS
Pre 65 Medical and Drug Premiums Individual	\$798.11	\$881.64		\$892.92
Retiree Plus Spouse	\$1,596.23	\$1,719.21		\$1,741.20
Post-65 Medical and Drug Premiums Individual	\$347.65	With Drug \$557.59	With Out Drug \$134.27	N/A
Retiree Plus Spouse	\$695.30	\$1,115.16	\$268.55	N/A

Dental

Retirees pay a percent of the full premium rate, 40% or 60% as indicated in the Retiree Cost section above. For 2021, the full premium rate is \$54.26 per month for single coverage and \$105.81 per month for retiree plus spouse coverage. There was no change in these rates from 2020 to 2021.

Vision

We assume retirees are paying the full cost of any vision coverage and are not commingled with active employees.

Life

Initial Life insurance coverage is one times pay at retirement not to exceed \$50,000. Coverage reduces by 20% of initial amount each year, but not below \$5,000. Cost of the coverage is 20% of the fully insured rate except for a small group who receive coverage for free.

Plan Provisions (continued)

Changes in Plan Provisions Since the Prior Year

The following provisions are reflected in this report effective as of 6/30/2019 calculations:

- Eligibility requirements for participants hired on or after July 1, 2011
- Increased cost sharing for participants hired on or after July 1, 2011