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Mt. Diablo Unified School District

Nyhart Actuary & Employee Benefits

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GASB No. 75 ACTUARIAL VALUATION
Fiscal Year Ending June 30, 2020
(Measured at June 30, 2020)

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
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Ms. Silvia Esteban
Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, CA 94519

2/1/2021

This report summarizes the GASB actuarial valuation for the Mt. Diablo Unified School District's Other Post Employment Benefit (OPEB) for the fiscal year ending June 30, 2020 (measured at June 30, 2020). Nyhart prepared this report to meet employer financial accounting requirements under Governmental Accounting Standards Board (GASB) Statement No. 75 (Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions). To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 75.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements 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 and roll-forward techniques); and changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries “Code of Professional Conduct” Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Suraj Datta, ASA, MAAA, MBA
Consulting Actuary

John Mallows, FSA, MAAA
Consulting Actuary

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Valuation Results Summary

As of Valuation Date: June 30, 2019

	Explicit	Implicit	Total
Present Value of Employer Contributions			
Actives	\$ 224,641,613	\$ 67,721,013	\$ 292,362,626
Retirees	52,105,768	6,108,065	58,213,833
Total	<u>\$ 276,747,381</u>	<u>\$ 73,829,078</u>	<u>\$ 350,576,459</u>

Total (Accrued) OPEB Liability			
Actives	\$ 99,738,740	\$ 30,878,430	\$ 130,617,170
Retirees	52,105,768	6,108,065	58,213,833
Total	<u>\$ 151,844,508</u>	<u>\$ 36,986,495</u>	<u>\$ 188,831,003</u>

	Explicit	Implicit	Total
Projected FYE Employer Contributions			
2021	\$ 5,722,673	\$ 2,042,294	\$ 7,764,967
2022	6,287,303	2,293,066	8,580,369
2023	6,620,752	2,512,854	9,133,606
2024	7,154,622	2,748,425	9,903,047
2025	7,580,194	2,908,924	10,489,118
2026	8,172,581	3,015,731	11,188,312
2027	8,424,966	3,033,039	11,458,005
2028	8,620,735	3,019,165	11,639,900
2029	8,836,907	2,955,694	11,792,601
2030	9,431,731	3,107,265	12,538,996

Actuarial Assumptions as of Valuation Date

Inflation	2.75%
Salary increases	3.00%
Discount rate	2.66%

Plan Membership

Inactive plan members or beneficiaries currently receiving benefits	1,289
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>3,213</u>
	4,502

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
GASB 75 Summary

Net OPEB Liability

The components of the Net OPEB Liability at June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability	\$ 213,427,260	\$ 188,831,003	\$ 165,565,903	\$ 156,299,651
Plan fiduciary net position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net OPEB Liability	<u>\$ 213,427,260</u>	<u>\$ 188,831,003</u>	<u>\$ 165,565,903</u>	<u>\$ 156,299,651</u>
Plan fiduciary net position as a % of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
OPEB Expense for the Fiscal Year Ended June 30,	\$ 22,054,446	\$ 19,593,049	\$ 16,998,322	\$ 16,565,999

Actuarial Assumptions

The Total OPEB Liability was determined using the following actuarial assumptions.

Inflation	2.75%	2.50%	2.75%	2.75%
Salary increases	3.00%	3.00%	3.00%	3.00%
Discount rate	2.66%	3.15%	3.50%	3.40%

Plan Membership

The Total OPEB Liability was determined based on the plan membership as of June 30,

	<u>2019</u>	<u>2019</u>	<u>2017</u>	<u>2017</u>
Inactive plan members or beneficiaries currently receiving benefits	1,289	1,289	1,275	1,275
Inactive plan members entitled to but not yet receiving benefits	0	0	0	0
Active plan members	<u>3,213</u>	<u>3,213</u>	<u>3,246</u>	<u>3,246</u>
	4,502	4,502	4,521	4,521

Retiree Health Plan

GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Additions				
Contributions:				
Employer	\$ 6,884,164	\$ 6,582,820	\$ 6,097,600	\$ 5,807,238
Member	0	0	0	0
Nonemployer Contributing Entity	0	0	0	0
Total contributions	<u>\$ 6,884,164</u>	<u>\$ 6,582,820</u>	<u>\$ 6,097,600</u>	<u>\$ 5,807,238</u>
Investment income:				
Net increase in fair value of investments	\$ 0	\$ 0	\$ 0	\$ 0
Interest and dividends	0	0	0	0
Less investment expense, other than from securities lending	0	0	0	0
Net income other than from securities lending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Securities lending income	0	0	0	0
Less securities lending expense	0	0	0	0
Net income from securities lending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net investment income	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other	0	0	0	0
Total additions	<u>\$ 6,884,164</u>	<u>\$ 6,582,820</u>	<u>\$ 6,097,600</u>	<u>\$ 5,807,238</u>
Deductions				\$0
Benefit payments	\$ 6,884,164	\$ 6,582,820	\$ 6,097,600	\$ 5,807,238
Administrative expense	0	0	0	0
Other expense	0	0	0	0
Total deductions	<u>\$ 6,884,164</u>	<u>\$ 6,582,820</u>	<u>\$ 6,097,600</u>	<u>\$ 5,807,238</u>
Net increase in net position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net position restricted for OPEB				
Beginning of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note: The employer contributions include retiree benefit payments inclusive of subsidy not reimbursed from the trust.
The District does not currently have assets for OPEB.

Retiree Health Plan

GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Schedule of Changes in Net OPEB Liability and Related Ratios

	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 12,768,210	\$ 11,840,329	\$ 11,716,332	\$ 11,331,075
Interest	6,241,950	6,094,019	5,608,884	5,234,924
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	0	7,133,647	0	0
Changes of assumptions	12,470,261	4,779,925	(1,961,364)	0
Benefit payments, including refunds of member contributions	(6,884,164)	(6,582,820)	(6,097,600)	(5,807,238)
Net change in Total OPEB Liability	24,596,257	23,265,100	9,266,252	10,758,761
Total OPEB Liability - beginning	188,831,003	165,565,903	156,299,651	145,540,890
Total OPEB Liability - ending (a)	\$ 213,427,260	\$ 188,831,003	\$ 165,565,903	\$ 156,299,651
Plan fiduciary net position				
Contributions - employer	\$ 6,884,164	\$ 6,582,820	\$ 6,097,600	\$ 5,807,238
Contributions - member	0	0	0	0
Contributions - nonemployer contributing member	0	0	0	0
Net investment income	0	0	0	0
Benefit payments, including refunds of member contributions	(6,884,164)	(6,582,820)	(6,097,600)	(5,807,238)
Administrative expenses	0	0	0	0
Other expense	0	0	0	0
Net change in plan fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0
Plan fiduciary net position - beginning	0	0	0	0
Plan fiduciary net position - ending (b)	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability - ending (a) - (b)	\$ 213,427,260	\$ 188,831,003	\$ 165,565,903	\$ 156,299,651
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%
Covered - employee payroll	\$ 215,815,767	\$ 209,529,871	\$ 202,725,000	\$ 202,725,000
Net OPEB Liability as percentage of covered-employee payroll	98.9%	90.1%	81.7%	77.1%

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
OPEB Expense

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 12,768,210	\$ 11,840,329	\$ 11,716,332	\$ 11,331,075
Interest on Total OPEB Liability	6,241,950	6,094,019	5,608,884	5,234,924
Projected earnings on OPEB plan investments	0	0	0	0
Reduction for contributions from active employees	0	0	0	0
OPEB plan administrative expense	0	0	0	0
Changes of benefit terms	0	0	0	0
Other changes	0	0	0	0
Current period recognition of deferred outflows/(inflows) of resources				
Differences between Expected & Actual Experience in measurement of the Total OPEB Liability	1,188,941	1,188,941	0	0
Changes of assumptions	1,855,345	469,760	(326,894)	0
Differences between Projected & Actual Earnings on OPEB Plan Investments	0	0	0	0
Annual OPEB Expense	<u>\$ 22,054,446</u>	<u>\$ 19,593,049</u>	<u>\$ 16,998,322</u>	<u>\$ 16,565,999</u>

Retiree Health Plan

GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Differences between expected and actuarial experience in measurement of the Total OPEB Liability for the period ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2020 Balance
June 30, 2020	\$ 0	N/A	\$ 0	\$ 0
June 30, 2019	7,133,647	6	1,188,941	4,755,765
Total			\$ 1,188,941	\$ 4,755,765

Changes of assumptions for the period ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2020 Balance
June 30, 2020	\$ 12,470,261	N/A	\$ 1,385,585	\$ 11,084,676
June 30, 2019	4,779,925	6	796,654	3,186,617
June 30, 2018	(1,961,364)	6	(326,894)	(980,682)
Total			\$ 1,855,345	\$ 13,290,611

Differences between projected and actual earnings on OPEB plan investments for the period ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2020 Balance
June 30, 2020	\$ 0	5	\$ 0	\$ 0
June 30, 2019	0	5	0	0
Total			\$ 0	\$ 0

The balances as of June 30, 2020 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense for the period ending June 30,

2021	\$ 3,044,286
2022	\$ 3,044,286
2023	\$ 3,044,286
2024	\$ 3,371,182
2025	\$ 1,385,585
Thereafter	\$ 4,156,751

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Net OPEB Liability Sensitivity

Discount rate

The discount rate used to measure the Total OPEB Liability is 2.66%.

Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability, calculated using the discount rate of 2.66%, as well as what the Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Net OPEB Liability	\$ 242,891,700	\$ 213,427,260	\$ 189,133,046

Sensitivity of the Net OPEB Liability to changes in healthcare cost trend rates

	1% Decrease (5.50%HMO/5.50%PPO decreasing to 4.00%HMO/4.00%PPO)	Current Healthcare Cost Trend Rates (6.50%HMO/6.50%PPO decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.50%HMO/7.50%PPO decreasing to 6.00%HMO/6.00%PPO)
Net OPEB Liability	\$ 180,896,302	\$ 213,427,260	\$ 255,020,386

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Schedule of Contributions

This schedule is not required for unfunded OPEB plans.

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Valuation Data

The valuation was based on the census furnished to us by the District. The following tables display the age distribution for retirees and the age/service distribution for active employees as of the Valuation Date.

Age Distribution of Eligible Retired Participants & Beneficiaries

	MDEA	Classified	Mgmt/ Conf	M&O	Psychologists	Total
<55				2		2
55-59	15	18	2	12		47
60-64	86	47	13	36	1	183
65-69	143	100	39	65	3	350
70+	<u>486</u>	<u>109</u>	<u>52</u>	<u>55</u>	<u>5</u>	<u>707</u>
Total:	730	274	106	170	9	1,289
Average Age:	73.9	69.8	70.8	68.8	70.4	72.1
Average Retirement Age*:	67.3	61.7	62.7	61.9	61.8	65.0

* Based on those with reported retirement dates. Numbers in parenthesis are for under age 65 retirees.

Age/Service Distribution of All Active Benefit Eligible Employees

Age	0-4	5-9	10-14	15-19	Service 20-24	25-29	30-34	35-39	40-44	Total
<20	1									1
20-24	34									34
25-29	164	16	1							181
30-34	143	45	19	2						209
35-39	174	71	87	28	1					361
40-44	153	55	85	88	9					390
45-49	172	56	71	70	52	14				435
50-54	139	65	81	78	62	23	4	1		453
55-59	103	58	86	128	64	30	39	8		516
60-64	64	67	62	80	75	41	26	5	1	421
65-69	28	24	33	31	28	18	13	2	2	179
70+	<u>4</u>	<u>6</u>	<u>7</u>	<u>4</u>	<u>1</u>	<u>7</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>33</u>
Total:	1179	463	532	509	292	133	84	18	3	3,213
Average Age:			48.6							
Average Service:			11.2							
Average Hire Age:			37.9							
Annual Payroll:		\$209,529,871								

Retiree Health Plan
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Valuation Data

Age/Service Distribution of All Eligible MDEA Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
<20	0									0
20-24	9									9
25-29	106	4								110
30-34	97	25	4							126
35-39	108	34	63	15						220
40-44	93	24	60	77	7					261
45-49	96	22	36	50	45	10				259
50-54	70	24	40	45	39	14	2			234
55-59	51	20	34	48	30	12	25	1		221
60-64	27	18	27	31	28	13	16	0		160
65-69	11	4	13	14	8	12	5	1	2	70
70+	<u>3</u>	<u>1</u>	<u>3</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>13</u>
Total:	671	176	280	280	158	63	49	4	2	1,683
Average Age: 46.9										
Average Service: 11.1										
Average Hire Age: 36.2										
Annual Payroll: \$132,771,392										

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Valuation Data

Age/Service Distribution of Eligible Classified Employees (Includes Local 1 CST, CSEA)

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
<20	1									1
20-24	19									19
25-29	35	9	1							45
30-34	30	12	9	2						53
35-39	31	13	9	8						61
40-44	30	6	11	6						53
45-49	43	12	13	10	1	2				81
50-54	46	25	30	21	12	2				136
55-59	29	24	35	51	24	5	1			169
60-64	14	25	18	31	26	17	4	1	1	137
65-69	10	13	11	14	12	4	6	1	0	71
70+	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>12</u>
Total:	289	141	140	146	75	32	12	2	1	838
Average Age: 50.7										
Average Service: 10.9										
Average Hire Age: 40.4										
Annual Payroll: \$30,718,263										

Retiree Health Plan
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Valuation Data

Age/Service Distribution of Eligible Management/Confidential Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
<20										
20-24	1									1
25-29	5	1								6
30-34	4	3	2							9
35-39	17	7	4	2						30
40-44	16	10	6	3	1					36
45-49	15	7	6	2	4					34
50-54	13	6	3	1	3	2				28
55-59	7	3	0	4	1	7	4			26
60-64	5	5	2	4	4	1	0			21
65-69	1	2	3	2	2	0	1	0		11
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total:	84	44	26	18	15	11	5	0	0	203
Average Age: 48.1										
Average Service: 9.9										
Average Hire Age: 38.7										
Annual Payroll: \$21,050,820										

Retiree Health Plan
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Valuation Data

Age/Service Distribution of Eligible Psychologists

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
<20	0									0
20-24	0									0
25-29	6									6
30-34	6	1	2							9
35-39	6	8	2							16
40-44	2	3	5	2						12
45-49	4	2	6	0	1					13
50-54	2	0	0	1	0	1				4
55-59	2	0	1	2	1	2				8
60-64	0	1	0	0	0	0	0			1
65-69	0	0	0	0	0	0	0	0		0
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total:	28	15	16	5	2	4	0	0	0	70
Average Age: 42.7										
Average Service: 9.0										
Average Hire Age: 34.16										
Annual Payroll: \$6,428,916										

Retiree Health Plan
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Valuation Data

Age/Service Distribution of Eligible M&O Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
<20										
20-24	5									5
25-29	12	2								14
30-34	6	4	2							12
35-39	12	9	9	3	1					34
40-44	12	12	3	0	1					28
45-49	14	13	10	8	1	2				48
50-54	8	10	8	10	8	4	2	1		51
55-59	14	11	16	23	8	4	9	7		92
60-64	18	18	15	14	17	10	6	4		102
65-69	6	5	6	1	6	2	1	0		27
70+	<u>0</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Total:	107	87	70	60	42	23	18	12	0	419
Average Age: 52.5										
Average Service: 12.94										
Average Hire Age: 40.12										
Annual Payroll: 18,560,480.6										

This study analyzes the postretirement health benefit plans provided by the District. The postretirement health benefits provided to retirees are basically a continuation of the medical and dental plans for active employees. Eligible employees are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA). In addition, some eligible retirees may receive coverage under a dental plan. Eligibility for benefits, the benefits provided and the District contribution vary by employee group as outlined below.

MDEA Employees

Eligible employees may continue medical and dental benefits at retirement. Eligibility for a District contribution towards retiree health coverage requires retirement (receipt of a pension) under STRS (or PERS) typically on or after age 55 with at least 5 years of service with the District in a certificated position. The District pays for the cost of retiree plus one eligible dependent (depending on age of dependent at retirement) and all dependents for dental coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. The District's pre-65 contribution is capped at the current Kaiser HMO rate for retirees in the service area and the actual premium rate for retirees outside the service area. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Dental benefits are only provided to eligible employees retiring prior to age 64. Upon the death of the retiree, a surviving spouse can continue medical coverage through the CalPERS Health Program and receive a District contribution through the retiree age 65. For continuation after the retiree's age 65, the District's contribution is equal to the CalPERS minimum required contribution. All dental coverage ceases when the retiree attains or would have attained age 65.

Classified Employees (Including Local 1 CST and CSEA Employees)

Eligible employees may continue medical and dental benefits at retirement. Eligibility for a District contribution towards retiree health coverage requires retirement under PERS on or after age 55. In addition, the employee must have served in a benefitted position for the 5 years preceding retirement. The District pays for the cost of retiree only coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. If retiring on or after July 1, 2007 but prior to July 1, 2015, the District's pre-65 contribution is capped at the 2010 Kaiser HMO rate. If retiring on or after July 1, 2015 but prior to July 1, 2016, the District's pre-65 contribution is capped at 80% of the 2015 Kaiser HMO rate. If retiring on or after July 1, 2016, the District's pre-65 contribution is subject to a maximum of the Kaiser rate. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Upon the death of the retiree, a surviving spouse can continue medical coverage through CalPERS Health Program and receive a District contribution equal to the CalPERS minimum required contribution.

Management & Confidential Employees

Eligible employees may continue medical and dental benefits at retirement. Eligibility for a District contribution towards retiree health coverage requires retirement (receipt of a pension) under STRS (or PERS) typically on or after age 55 with at least 5 years of service with the District in a certificated position. The District pays for the cost of retiree plus one eligible dependent (depending on age of dependent at retirement) and all dependents for dental coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. The District's pre-65 contribution is capped at the current Kaiser HMO rate for retirees in the service area and the actual premium rate for retirees outside the service area. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Dental benefits are only provided to eligible employees retiring prior to age 64. Upon the death of the retiree, a surviving spouse can continue medical coverage through the CalPERS Health Program and receive a District contribution through the retiree age 65. For continuation after the retiree's age 65, the District's contribution is equal to the CalPERS minimum required contribution. All dental coverage ceases when the retiree attains or would have attained age 65.

Psychologists

Eligible employees may continue medical and dental benefits at retirement. Eligibility for a District contribution towards retiree health coverage requires retirement under PERS on or after age 55. In addition, the employee must have served in a benefitted position for the 5 years preceding retirement. The District pays for the cost of retiree only coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. If retiring on or after July 1, 2007 but prior to July 1, 2015, the District's pre-65 contribution is capped at the 2010 Kaiser HMO rate. If retiring on or after July 1, 2015 but prior to July 1, 2016, the District's pre-65 contribution is capped at 80% of the 2015 Kaiser HMO rate. If retiring on or after July 1, 2016, the District's pre-65 contribution is subject to a maximum of the Kaiser rate. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Upon the death of the retiree, a surviving spouse can continue medical coverage through CalPERS Health Program and receive a District contribution equal to the CalPERS minimum required contribution.

M&O Employees

Eligible employees may continue medical and dental benefits at retirement. Eligibility for a District contribution towards retiree health coverage requires retirement under PERS on or after age 55. In addition, the employee must have served in a benefitted position for the 5 years preceding retirement. The District pays for the cost of retiree only coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. If retiring on or after July 1, 2007 but prior to July 1, 2015, the District's pre-65 contribution is capped at the 2010 Kaiser HMO rate. If retiring on or after July 1, 2015 but prior to July 1, 2016, the District's pre-65 contribution is capped at 80% of the 2015 Kaiser HMO rate. If retiring on or after July 1, 2016, the District's pre-65 contribution is subject to a maximum of the Kaiser rate. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Upon the death of the retiree, a surviving spouse can continue medical coverage through CalPERS Health Program and receive a District contribution equal to the CalPERS minimum required contribution.

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Benefit Plan Provisions

Premium Rates

The District participates in the CalPERS Health Program, a community-rated program, for its medical coverage. The tables below summarize the calendar 2019 and 2020 monthly medical premiums for the primary medical plans in which the retirees are enrolled.

2019 Bay Area	Kaiser	BS HMO	PERS Care	PERS Choice	PERS Select
Retiree Only	\$ 768.25	\$ 970.90	\$1,131.68	\$ 866.27	\$ 543.19
Retiree Plus Spouse	\$1,536.50	\$1,941.80	\$2,263.36	\$1,732.54	\$1,086.38
Retiree Plus Family	\$1,997.45	\$2,524.34	\$2,942.37	\$2,252.30	\$1,412.29
Retiree Only- Medicare	\$ 323.74	N/A	\$ 394.83	\$ 360.41	\$ 360.41
Retiree Plus Spouse – Medicare	\$ 647.48	N/A	\$ 789.66	\$ 720.82	\$ 720.82

2019 Bay Area	UHC HMO	Anthem HMO Select	Anthem HMO Traditional	Health Net Smart Care
Retiree Only	N/A	\$ 831.44	\$1,111.13	\$ 901.55
Retiree Plus Spouse	N/A	\$1,662.88	\$2,222.26	\$1,803.10
Retiree Plus Family	N/A	\$2,161.74	\$2,888.94	\$2,344.03
Retiree Only- Medicare	\$ 299.37	N/A	\$ 357.44	N/A
Retiree Plus Spouse – Medicare	\$ 598.74	N/A	\$ 714.88	N/A

2020 Bay Area	Kaiser	BS HMO	PERS Care	PERS Choice	PERS Select
Retiree Only	\$ 768.49	\$1,127.77	\$ 833.00	\$1,133.14	\$ 861.18
Retiree Plus Spouse	\$1,536.98	\$2,255.54	\$1,666.00	\$2,266.28	\$1,722.36
Retiree Plus Family	\$1,998.07	\$2,932.20	\$2,165.80	\$2,946.16	\$2,239.07
Retiree Only- Medicare	\$ 339.43	N/A	N/A	\$ 384.78	\$ 351.39
Retiree Plus Spouse – Medicare	\$ 678.86	N/A	N/A	\$ 769.56	\$ 702.78

2020 Bay Area	UHC HMO	Anthem HMO Select	Anthem HMO Traditional	Health Net Smart Care
Retiree Only	\$ 899.94	\$ 868.98	\$1,184.84	\$1,000.52
Retiree Plus Spouse	\$1,799.88	\$1,737.96	\$2,369.68	\$2,001.04
Retiree Plus Family	\$2,339.84	\$2,259.35	\$3,080.58	\$2,601.35
Retiree Only- Medicare	\$ 327.03	\$ 388.15	\$ 388.15	N/A
Retiree Plus Spouse – Medicare	\$ 654.06	\$ 766.30	\$ 766.30	N/A

The District's current cost for the retiree's dental coverage is \$60.46 per month for Single and \$120.92 per month for Two Party.

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Actuarial Assumptions and Methods

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Fiscal Year:	July 1 st to June 30 th
Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020 for FYE20
Funding Policy:	Pay-as-you-go funding
Discount Rate:	2.66% as of June 30, 2020 and 3.15% as of July 1, 2019 for accounting disclosure purposes. This has based on the yields for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

For the current valuation, the discount rate was selected as the maximum of the range of discount rates shown in the table below which is consistent with Nyhart's standards of practice for discount rate selection. The discount rate used in the prior valuation used an average of the maximum and minimum municipal bond indices listed below as of the July 1, 2019 measurement date.

	As of 07/1/2019	As of 06/30/2020
Bond Buyer Go 20 – Municipal Bond Index	3.51%	2.21%
S&P Municipal Bond 20-year High Grade Rate Index	2.79%	2.66%
Fidelity 20-year Go Municipal Bond Index	3.13%	2.45%
Bond Index Range	2.79% - 3.51%	2.21% - 2.66%
Actual Discount Rate Used	3.15%	2.66%

Inflation:	2.75% per annum
Salary Increases:	3.0% per annum, in aggregate
Pre-retirement Turnover:	Termination rates are based on the most recent rates used by 2017 CalPERS Experience Study and STRS 2017 pension valuation.

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Actuarial Assumptions and Methods

Mortality Rates:	Mortality rates are based on the SOA Pub-2010 General table with generational mortality improvements scale MP-2018 for PERS employees and retirees and SOA Pub-2010 Teachers table with generational mortality improvements scale MP-2018 for STRS employees and retirees.
Retirement Rates:	<p>According to the retirement rates under the 2017 CalPERS Experience Study and STRS 2017 pension valuation. According to the following retirement tables:</p> <p>Schools Tier 1: 2.0% @ 55 Schools Tier 2: 2.0% @ 62 STRS Tier 1: 2.0% @ 60 STRS Tier 2: 2.0% @ 62</p>
Participation Rates:	100% of eligible active employees are assumed to elect medical coverage at retirement. Of those electing coverage, 85% of those electing coverage are assumed to elect HMO coverage and 15% are assumed to elect PPO coverage. Actual plan coverage is used for current retirees. 70% of future retirees and surviving spouses are assumed to elect to continue coverage when the District's contribution provided is the CalPERS minimum required contribution.
Spouse Coverage:	80% of future retirees (50% for employee groups with a District medical contribution for retiree only) are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage is used for current retirees when available.
Claim Cost Development:	The valuation claim costs are based on the premiums paid for medical insurance coverage. District participates in CalPERS, a community rated plan. Past valuations assumed the was exempt from the valuation of any medical plan implicit rate subsidy. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy.

Retiree Health Plan
GASB 75 Report Fiscal Year Ending June 30, 2020 (Measured at June 30, 2020)
Actuarial Assumptions and Methods

Medical Trend Rates:

Medical costs are adjusted in future years by the following trends:

FYE	
2019	Actual
2020	6.5%
2021	6.0%
2022	5.5%
2023+	5.0%

Dental Trend Rates:

Year	Trend
2020+	4.0%

Minimum Contribution:

The CalPERS minimum required contribution is assumed to increase 4% per year.

Actuarial Cost Method:

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the “cost” is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability or total OPEB liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

All eligible employees and participating retirees and spouses as of the valuation date listed in the data provided by the District were included in the valuation in accordance with the provisions of the Plan.

Actuarial Value of Assets:

As of the valuation date, there were no eligible plan assets.

GASB 75 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.
2. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of Future Benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Service Cost and a Total OPEB Liability.
3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.
4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:
 - a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
 - b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
 - c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.
5. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
 - a. Differences between expected and actual experience of the OPEB plan
 - b. Changes in assumptions
 - c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)
6. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.
7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

8. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.
9. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.
10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.
11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.
12. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.
13. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.
14. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.
15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% are the select rates, and 7% is the ultimate rate.
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that is attributed to a valuation year by the Actuarial Cost Method.
18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.
19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits, which is attributed to past periods of employee service (or not provided for by the future Service Costs).