

## **Joint Greenville City Council - Greenville Utilities Commission Meeting**

Monday, August 23, 2010

5:30 p.m.

Greenville Utilities Commission Board Room

401 South Greene Street

1. Call Meeting to Order – Mayor Dunn  
– Chairman Paylor
2. Approval of Agenda – City Council  
Approval of Agenda – Greenville Utilities Commission
3. Other Post-Employment Benefits (OPEB) – Brian Whitworth, First Southwest
4. Classification and Compensation Study Questions Related to Retiree Medical Benefits –  
Linda Cobb and Ruth Ann Eledge, Waters Consulting Group
5. Self-Funded Health Insurance Program – Jeff Rainstein, Mercer
6. Federal Health Care Reform – Don Hardin, Mercer
7. Adjournment – Greenville Utilities Commission  
Adjournment – City Council

## MEMORANDUM

TO: Mayor and City Council  
FROM: Wayne Bowers, City Manager  
DATE: August 18, 2010  
SUBJECT: Joint City Council-GUC Board Meeting

Several City employees have requested that the joint City Council-GUC Board Meeting on August 23, 2010 be video recorded so that they can review the OPEB discussion.

The Public Information Office has made arrangements to video record the meeting for later play on GTV-9 and placement on the City's website.

Respectfully submitted,

A handwritten signature in black ink that reads "Wayne Bowers". The signature is written in a cursive style with a long horizontal flourish at the end.

Wayne Bowers

dr



## Cavanaugh Macdonald

CONSULTING, LLC

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July 30, 2010

Ms. Bernita W. Demery  
Director of Financial Services  
City of Greenville  
P.O. Box 7207  
Greenville, NC 27835

**December 31, 2009 Actuarial Valuation of the Health Care Plan of the City of Greenville**

Dear Ms. Demery:

Enclosed are the results of the December 31, 2009 Actuarial Valuation of the Health Care Plan of the City of Greenville. In preparing the valuation, the actuary relied on data provided by the employer and the Local Governmental Employees' Retirement System. While not verifying the data at source, the actuary performed tests for consistency and reasonability. The assumptions used by the actuary are in the aggregate reasonably related to the experience under the program and the reasonable expectations of anticipated experience under the program.

The valuation was based on an assumed interest rate of 5.00%. Schedule A summarizes the valuation results, including membership data, the valuation balance sheet and the actuarially determined contribution rates. Schedule C outlines the full set of actuarial assumptions and methods employed. Schedule D provides a summary of the benefit and contribution provisions taken into account.

The annual required contribution was determined in accordance with the accounting requirements under GASB Statement No. 43 and GASB Statement No. 45. We have presented the required GASB disclosure information in Schedule B.

This is to certify that the independent consulting actuary is a Member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the System and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

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

If you have any questions about this information, please call us at 678-388-1700.

Respectfully submitted,

Todd B. Green, ASA, FCA, MAAA  
Principal and Senior Actuary

Alisa Bennett, FSA, EA, FCA, MAAA  
Principal and Senior Actuary

TBG/AB:rs  
Enclosure

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144  
Phone (678) 388-1700 • Fax (678) 388-1730  
[www.CavMacConsulting.com](http://www.CavMacConsulting.com)



SCHEDULE A

THE HEALTH CARE PLAN OF THE CITY OF GREENVILLE  
RESULTS OF DECEMBER 31, 2009 ACTUARIAL VALUATION

MEMBERSHIP	
<i>Active Members</i>	
<i>Law Enforcement Officers</i>	
Number	184
Annual Compensation	\$ 10,274,344
<i>Firefighters</i>	
Number	157
Annual Compensation	\$ 8,260,731
<i>General Employees</i>	
Number	426
Annual Compensation	\$ 19,244,709
<i>Retired Members</i>	
Number	166

VALUATION BALANCE SHEET	
<i>Accrued Actuarial Liabilities</i>	
Present value of benefits (based on credited service to date) payable in respect of:	
(1) Present retired members and beneficiaries	\$ 14,242,847
(2) Present active members	<u>25,128,432</u>
(3) Total accrued actuarial liabilities [(1)+(2)]	\$ 39,371,279
<i>Present and Prospective Assets</i>	
(4) Present assets	\$ 542,117
(5) Present value of future accrued liability contributions (Unfunded accrued liability) [(3)-(4)]	<u>38,829,162</u>
(6) Total present and prospective assets	\$ 39,371,279



**SCHEDULE A**  
(continued)

**ANNUAL REQUIRED CONTRIBUTION (ARC)**  
(for fiscal years ending June 30, 2011 and June 30, 2012)

	<i>Rate as % of Compensation</i>	<i>Annual Amount</i>
Normal Cost	4.75%	\$ 1,793,050
Accrued Liability	<u>4.05%</u>	<u>1,531,522</u>
Total	8.80%	\$ 3,324,572



**SCHEDULE A**  
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2009. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	5.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	9.00% - 5.00%
Year of Ultimate trend rate	2017
*Includes inflation at	3.75%



**SCHEDULE B**

**THE HEALTH CARE PLAN OF THE CITY OF GREENVILLE**

**ACCOUNTING INFORMATION IN ACCORDANCE WITH GOVERNMENTAL  
ACCOUNTING STANDARDS BOARD STATEMENTS NO. 43 AND 45**

**Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ending 6/30/2010**

(a) Employer Annual Required Contribution	\$ 3,851,875
(b) Valuation Discount Rate	5.00%
(c) Interest on Net OPEB Obligation: (b) * (i)	328,672
(d) Amortization Factor	25.3533
(e) Adjustment to Annual Required Contribution: (i) / (d)	259,274
(f) Annual OPEB Cost: (a) + (c) - (e)	\$ 3,921,273
(g) Employer Contributions made for Fiscal Year Ending 6/30/2010	TBD
(h) Increase (decrease) in Net OPEB Obligation: (f) - (g)	TBD
(i) Net OPEB Obligation Beginning of Fiscal Year	6,573,440
(j) Net OPEB Obligation End of Fiscal Year: (h) + (i)	TBD

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 3,712,651	16.1%	\$ 3,115,657
6/30/2009	\$ 4,298,685	19.6%	\$ 6,573,440
6/30/2010	\$ 3,921,273	TBD	TBD

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
12/31/2005	\$ 0	\$ 47,415,875	\$ 47,415,875	0.0%	\$ 29,022,160	163.4%
12/31/2007	\$ 0	\$ 48,322,035	\$ 48,322,035	0.0%	\$ 32,836,798	147.2%
12/31/2008	\$ 250,000	\$ 43,474,907	\$ 43,224,907	0.6%	\$ 35,295,193	122.5%
12/31/2009	\$ 542,117	\$ 39,371,279	\$ 38,829,162	1.4%	\$ 37,779,784	102.8%



**SCHEDULE C**

**THE HEALTH CARE PLAN OF THE CITY OF GREENVILLE  
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

**INTEREST RATE:** 5.00% per annum, compounded annually.

**SEPARATION FROM SERVICE:** Representative values of the annual rates of separation are as follows:

**GENERAL EMPLOYEES**

ANNUAL RATE OF											
Age	Withdrawal						Death*		Disability		Service Retirement**
	0 to 4 Years of Service		5 to 9 Years of Service		10 or more Years of Service						
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
20	19.5%	19.5%	8.0%	10.0%	4.0%	3.5%	0.048%	0.028%	0.040%	0.050%	
25	16.0%	16.0%	6.5%	8.0%	4.0%	3.5%	0.062%	0.029%	0.040%	0.050%	
30	14.5%	14.5%	5.5%	7.0%	3.5%	4.0%	0.078%	0.033%	0.100%	0.090%	
35	13.0%	13.0%	5.5%	7.0%	3.0%	3.5%	0.085%	0.045%	0.300%	0.150%	
40	12.0%	12.0%	5.5%	6.0%	2.5%	3.5%	0.100%	0.065%	0.500%	0.300%	
45	12.0%	12.0%	5.5%	6.0%	2.5%	3.0%	0.146%	0.092%	0.800%	0.400%	
50	11.0%	11.0%	4.0%	5.5%	2.5%	3.0%	0.233%	0.131%	1.000%	0.800%	25%
55	9.0%	9.0%	4.0%	5.5%	2.5%	3.0%	0.398%	0.208%	2.000%	1.000%	25%
60	9.0%	9.0%					0.709%	0.386%	2.400%	1.300%	8%
65	9.0%	9.0%					1.294%	0.762%			30%
70							2.173%	1.271%			20%
75							3.405%	2.038%			100%

\* Scale AA mortality improvement factors are applied.

\*\*An additional 15% are assumed to retire when first eligible for unreduced service retirement.





**SCHEDULE C**  
(continued)

**LAW ENFORCEMENT OFFICERS**

ANNUAL RATE OF							
Age	Withdrawal			Death*		Disability	Service Retirement**
	0 to 4 Years of Service	5 to 9 Years of Service	10 or more Years of Service	Male	Female		
	20	9.0%	4.0%	2.5%	0.048%		
25	9.0%	4.0%	2.5%	0.062%	0.029%	0.247%	
30	10.0%	5.0%	2.5%	0.078%	0.033%	0.323%	
35	10.0%	6.0%	2.5%	0.085%	0.045%	0.450%	
40	9.0%	6.0%	2.5%	0.100%	0.065%	0.592%	
45	9.0%	5.0%	2.0%	0.146%	0.092%	0.825%	
50	9.0%	4.0%	2.0%	0.233%	0.131%	1.320%	30%
55				0.398%	0.208%	2.303%	15%
60				0.709%	0.386%	4.507%	20%
65				1.294%	0.762%		40%
70				2.173%	1.271%		30%
75				3.405%	2.038%		100%

\* Scale AA mortality improvement factors are applied.

\*\*An additional 35% are assumed to retire when first eligible for unreduced service retirement.

**FIREFIGHTERS**

ANNUAL RATE OF							
Age	Withdrawal			Death*		Disability	Service Retirement**
	0 to 4 Years of Service	5 to 9 Years of Service	10 or more Years of Service	Male	Female		
	20	5.0%	2.0%		0.048%		
25	5.0%	2.0%	1.0%	0.062%	0.029%	0.557%	
30	5.0%	2.0%	1.0%	0.078%	0.033%	0.726%	
35	5.0%	2.0%	1.0%	0.085%	0.045%	1.013%	
40	5.0%	2.0%	1.0%	0.100%	0.065%	1.334%	
45	5.0%	2.0%	1.0%	0.146%	0.092%	1.856%	
50	5.0%	2.0%	1.0%	0.233%	0.131%	2.970%	30%
55				0.398%	0.208%	5.181%	30%
60				0.709%	0.386%	10.142%	20%
65				1.294%	0.762%		40%
70				2.173%	1.271%		30%
75				3.405%	2.038%		100%

\* Scale AA mortality improvement factors are applied.

\*\*An additional 20% are assumed to retire when first eligible for unreduced service retirement.



**SCHEDULE C**  
(continued)

**DEATHS AFTER RETIREMENT:** According to the 1994 Group Annuity Mortality table with Projection Scale AA set forward three years for males and set forward two years for females.

**ASSET VALUATION METHOD:** Market value.

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

Year	Trend	
	Under Age 65	Age 65 and Over
2010	10.50%	9.00%
2011	9.50%	8.50%
2012	8.50%	7.50%
2013	7.50%	7.00%
2014	6.50%	6.50%
2015	6.00%	6.00%
2016	5.50%	5.50%
2017 and beyond	5.00%	5.00%

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

Participant Age	Annual Increase
<30	0.0%
30 – 34	1.0%
35 – 39	1.5%
40 – 44	2.0%
45 – 49	2.6%
50 – 54	3.3%
55 – 59	3.6%
60 – 64	4.2%
65 and over	0.0%



**SCHEDULE C**  
(continued)

**ANTICIPATED PLAN PARTICIPATION:** Representative values of the assumed annual rates of member participation and spouse coverage are as follows:

<b><u>Years of Service</u></b> <b><u>At Retirement</u></b>	<b><u>Participation</u></b>
5 – 19	20.00%
20 or more	100.00%
 Spouse Coverage	 25.00%

Wives are assumed to be three years younger than husbands.

**ANNUAL EXPECTED MEDICAL/RX/LIFE INSURANCE CLAIMS (AGE ADJUSTED TO AGE 65):** Following is a chart detailing expected claims age adjusted to age 65 for the year following the valuation date:

Pre-65	\$9,308
Post-65	
Retired After to June 1, 2010	
<u>Issue Age</u>	<u>Not Age Adjusted</u>
65	\$2,563
66-69	\$2,806
70-74	\$3,385
75	\$3,880
Retired Before June 1, 2010	
<u>Issue Age</u>	<u>Not Age Adjusted</u>
65	\$3,584
66-69	\$3,650
70-74	\$3,845
75	\$4,208



**SCHEDULE C**  
(continued)

***ACTUARIAL METHOD:*** Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the Actuarial Accrued Liability (AAL) is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through full retirement eligibility date was used in allocating costs.

***BENEFITS VALUED:*** Medical, drug, and life insurance benefits for retirees under age 65 and Medicare eligible.



## SCHEDULE D

### THE HEALTH CARE PLAN OF THE CITY OF GREENVILLE SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

#### Benefits

##### *Eligibility for Allowance*

A participant must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and have worked a minimum of five (5) years with the City of Greenville.

##### *Amount of Allowance*

The City will contribute to the cost of retiree health insurance premiums based on the years of service at retirement using the following schedule for employees:

Years of Service at Retirement	City Contribution*
20 or more	95%
5 - 19	0%

\* Employees that retired prior to 1/1/1993 are provided with a 100% City contribution.

Participating retired employees with a minimum of twenty (20) years of service shall have their coverage transferred to a Medicare supplemental plan after qualifying for Medicare, with the City continuing to contribute the same percent as described above. Retired employees with less than twenty (20) years of service are not eligible to stay on the plan past age 65.

##### *Other Post Employment Benefits*

Health care, prescription drugs, and vision benefits are provided in the City's retiree health care plan to retirees under age 65. Medicare eligible retirees are provided with a Medicare supplemental plan along with Medicare Part D. The City provides 50% of a retiree life insurance benefit in the amount of \$7,000 for those retirees who were hired prior to August 15, 1975.



**SCHEDULE D  
(continued)**

***Dependent Coverage***

The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the spouse becoming eligible for Medicare.

***Current Premiums***

The following is the total monthly cost of coverage by tier for those participating in the Cigna health plan. Current post 65 retirees are in the Blue Cross Blue Shield Medicare Supplement Plan F. For retirements before June 1, 2010, post 65 retirees will be enrolled in the Blue Cross Blue Shield Medicare Supplement Plan J.

Tier	Cost of Coverage	
	Core	Enhanced
Employee Only	\$432.81	\$461.48
Employee and Spouse	908.90	969.09
Employee and Child(ren)	887.26	946.02
Family	1,297.65	1,383.59

**Age 65 before June 1, 2010:**

Post 65 Issue Age	Cost of Coverage
65	\$217.50
66 - 69	223.00
70 - 74	239.25
75 Plus	269.50

**Age 65 after June 1, 2010:**

Post 65 Issue Age	Cost of Coverage
65	\$137.25
66 - 69	158.25
70 - 74	208.25
75 Plus	251.00



## Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

July 30, 2010

Mr. Keith Jones  
Director of Financial Services  
Greenville Utilities Commission  
P.O. Box 1847  
Greenville, NC 27835

**December 31, 2009 Actuarial Valuation of the Health Care Plan of the Greenville Utilities Commission**

Dear Mr. Jones:

Enclosed are the results of the December 31, 2009 Actuarial Valuation of the Health Care Plan of the Greenville Utilities Commission. In preparing the valuation, the actuary relied on data provided by the employer and the Local Governmental Employees' Retirement System. While not verifying the data at source, the actuary performed tests for consistency and reasonability. The assumptions used by the actuary are in the aggregate reasonably related to the experience under the program and the reasonable expectations of anticipated experience under the program.

The valuation was based on an assumed interest rate of 4.00%. Schedule A summarizes the valuation results, including membership data, the valuation balance sheet and the actuarially determined contribution rates. Schedule C outlines the full set of actuarial assumptions and methods employed. Schedule D provides a summary of the benefit and contribution provisions taken into account.

The annual required contribution was determined in accordance with the accounting requirements under GASB Statement No. 43 and GASB Statement No. 45. We have presented the required GASB disclosure information in Schedule B.

This is to certify that the independent consulting actuary is a Member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the System and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

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

If you have any questions about this information, please call us at 678-388-1700.

Respectfully submitted,

Todd B. Green, ASA, FCA, MAAA  
Principal and Senior Actuary

Alisa Bennett, FSA, EA, FCA, MAAA  
Principal and Senior Actuary

TBG/AB:rs  
Enclosure

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**SCHEDULE A**

**THE HEALTH CARE PLAN OF THE GREENVILLE UTILITIES COMMISSION  
RESULTS OF DECEMBER 31, 2009 ACTUARIAL VALUATION**

<b>MEMBERSHIP</b>	
<i>Active Members</i>	
<i>General Employees</i>	
Number	423
Annual Compensation	\$ 23,104,504
<i>Retired Members</i>	
Number	117

<b>VALUATION BALANCE SHEET</b>	
<i>Accrued Actuarial Liabilities</i>	
Present value of benefits (based on credited service to date) payable in respect of:	
(1) Present retired members and beneficiaries	\$ 10,165,665
(2) Present active members	<u>20,165,083</u>
(3) Total accrued actuarial liabilities [(1)+(2)]	\$ 30,330,748
<i>Present and Prospective Assets</i>	
(4) Present assets	\$ 0
(5) Present value of future accrued liability contributions (Unfunded accrued liability) [(3)-(4)]	<u>30,330,748</u>
(6) Total present and prospective assets	\$ 30,330,748





**SCHEDULE A**  
(continued)

**ANNUAL REQUIRED CONTRIBUTION (ARC)**  
(for fiscal year ending June 30, 2012)

	<i>Rate as % of Compensation</i>	<i>Annual Amount</i>
Normal Cost	5.46%	\$ 1,261,946
Accrued Liability	<u>4.53%</u>	<u>1,046,703</u>
Total	9.99%	\$ 2,308,649



**SCHEDULE A**  
(continued)

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2009. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of Pay, open
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	10.50% - 5.00%
Post-Medicare trend rate	9.00% - 5.00%
Year of Ultimate trend rate	2017
*Includes inflation at	3.75%

The assumed investment rate of return reflects the fact that no assets are set aside within the Greenville Utilities Commission that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement were set up for this purpose, the investment rate of return can be increased.



**SCHEDULE B**

**THE HEALTH CARE PLAN OF THE GREENVILLE UTILITIES COMMISSION  
ACCOUNTING INFORMATION IN ACCORDANCE WITH GOVERNMENTAL  
ACCOUNTING STANDARDS BOARD STATEMENTS NO. 43 AND 45**

**Annual OPEB Cost and Net OPEB Obligation for Fiscal Year Ending 6/30/2010**

(a) Employer Annual Required Contribution	\$ 2,512,284
(b) Valuation Discount Rate	4.00%
(c) Interest on Net OPEB Obligation: (b) * (i)	196,378
(d) Amortization Factor	28.9774
(e) Adjustment to Annual Required Contribution: (i) / (d)	169,424
(f) Annual OPEB Cost: (a) + (c) - (e)	\$ 2,539,238
(g) Employer Contributions made for Fiscal Year Ending 6/30/2010	TBD
(h) Increase (decrease) in Net OPEB Obligation: (f) - (g)	TBD
(i) Net OPEB Obligation Beginning of Fiscal Year	4,909,457
(j) Net OPEB Obligation End of Fiscal Year: (h) + (i)	TBD

**Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2008	\$ 3,229,052	12.7%	\$ 2,818,478
6/30/2009	\$ 2,527,758	17.3%	\$ 4,909,451
6/30/2010	\$ 2,539,238	TBD	TBD

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
12/31/2005	\$ 0	\$ 35,860,373	\$ 35,860,373	0.0%	\$ 19,489,354	184.0%
12/31/2008	\$ 0	\$ 31,995,113	\$ 31,995,113	0.0%	\$ 22,345,440	143.2%
12/31/2009	\$ 0	\$ 30,330,748	\$ 30,330,748	0.0%	\$ 23,104,504	131.3%



**SCHEDULE C**

**THE HEALTH CARE PLAN OF THE GREENVILLE UTILITIES COMMISSION  
OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS**

**INTEREST RATE:** 4.00% per annum, compounded annually.

**SEPARATION FROM SERVICE:** Representative values of the annual rates of separation are as follows:

**GENERAL EMPLOYEES**

ANNUAL RATE OF											
Age	Withdrawal						Death*		Disability		Service Retirement**
	0 to 4 Years of Service		5 to 9 Years of Service		10 or more Years of Service						
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
20	19.5%	19.5%	8.0%	10.0%	4.0%	3.5%	0.048%	0.028%	0.040%	0.050%	
25	16.0%	16.0%	6.5%	8.0%	4.0%	3.5%	0.062%	0.029%	0.040%	0.050%	
30	14.5%	14.5%	5.5%	7.0%	3.5%	4.0%	0.078%	0.033%	0.100%	0.090%	
35	13.0%	13.0%	5.5%	7.0%	3.0%	3.5%	0.085%	0.045%	0.300%	0.150%	
40	12.0%	12.0%	5.5%	6.0%	2.5%	3.5%	0.100%	0.065%	0.500%	0.300%	
45	12.0%	12.0%	5.5%	6.0%	2.5%	3.0%	0.146%	0.092%	0.800%	0.400%	
50	11.0%	11.0%	4.0%	5.5%	2.5%	3.0%	0.233%	0.131%	1.000%	0.800%	25%
55	9.0%	9.0%	4.0%	5.5%	2.5%	3.0%	0.398%	0.208%	2.000%	1.000%	25%
60	9.0%	9.0%					0.709%	0.386%	2.400%	1.300%	8%
65	9.0%	9.0%					1.294%	0.762%			30%
70							2.173%	1.271%			20%
75							3.405%	2.038%			100%

\* Scale AA mortality improvement factors are applied.

\*\*An additional 15% are assumed to retire when first eligible for unreduced service retirement.



**SCHEDULE C**  
(continued)

**DEATHS AFTER RETIREMENT:** According to the 1994 Group Annuity Mortality table with Projection Scale AA set forward three years for males and set forward two years for females.

**ASSET VALUATION METHOD:** Market value.

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

Year	Trend	
	Under Age 65	Age 65 and Over
2010	10.50%	9.00%
2011	9.50%	8.50%
2012	8.50%	7.50%
2013	7.50%	7.00%
2014	6.50%	6.50%
2015	6.00%	6.00%
2016	5.50%	5.50%
2017 and beyond	5.00%	5.00%

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

Participant Age	Annual Increase
<30	0.0%
30 – 34	1.0%
35 – 39	1.5%
40 – 44	2.0%
45 – 49	2.6%
50 – 54	3.3%
55 – 59	3.6%
60 – 64	4.2%
65 and over	0.0%



**SCHEDULE C**  
(continued)

**ANTICIPATED PLAN PARTICIPATION:** Representative values of the assumed annual rates of member participation and spouse coverage are as follows:

<b>Years of Service</b>	
<u>At Retirement</u>	<u>Participation</u>
5 – 19	20.00%
20 or more	100.00%
Spouse Coverage	25.00%

Wives are assumed to be three years younger than husbands.

**ANNUAL EXPECTED MEDICAL/RX/LIFE INSURANCE CLAIMS (AGE ADJUSTED TO AGE 65):** Following is a chart detailing expected claims age adjusted to age 65 for the year following the valuation date:

Pre-65	\$9,308
Post-65	
	Retired After to June 1, 2010
<u>Issue Age</u>	<u>Not Age Adjusted</u>
65	\$2,563
66-69	\$2,806
70-74	\$3,385
75	\$3,880
	Retired Before June 1, 2010
<u>Issue Age</u>	<u>Not Age Adjusted</u>
65	\$3,584
66-69	\$3,650
70-74	\$3,845
75	\$4,208



***ACTUARIAL METHOD:*** Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the Actuarial Accrued Liability (AAL) is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through full retirement eligibility date was used in allocating costs.

***BENEFITS VALUED:*** Medical, drug, and life insurance benefits for retirees under age 65 and Medicare eligible.



## SCHEDULE D

### THE HEALTH CARE PLAN OF THE GREENVILLE UTILITIES COMMISSION SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

#### Benefits

##### *Eligibility for Allowance*

A participant must be eligible and approved to receive retirement benefits in accordance with the regulations of the North Carolina Local Governmental Employees Retirement System (NCLGERS) and have worked a minimum of five (5) years with the Greenville Utilities Commission.

##### *Amount of Allowance*

The Commission will contribute to the cost of retiree health insurance premiums based on the years of service at retirement using the following schedule for employees:

<b>Years of Service at Retirement</b>	<b>Commission Contribution*</b>
20 or more	95%
5 – 19	0%

*\* Employees who retired prior to 7/15/1983 are provided with a 100% Commission contribution.*

Participating retired employees with a minimum of twenty (20) years of service shall have their coverage transferred to a Medicare supplemental plan after qualifying for Medicare, with the Commission continuing to contribute the same percent as described above. Retired employees with less than twenty (20) years of service are not eligible to stay on the plan past age 65.

##### *Other Post Employment Benefits*

Health care, prescription drugs, and vision benefits are provided in the Commission's retiree health care plan to retirees under age 65. Medicare eligible retirees are provided with a Medicare supplemental plan along with Medicare Part D coverage. The Commission provides a retiree life insurance benefit in the amount of \$7,000 for those retirees who were hired prior to August 15, 1975.





**SCHEDULE D  
(continued)**

***Dependent Coverage***

The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the spouse becoming eligible for Medicare.

***Current Premiums***

The following is the total monthly cost of coverage by tier for those participating in the Cigna health plan. Current post 65 retirees are in the Blue Cross Blue Shield Medicare Supplement Plan F. For retirements before June 1, 2010, post 65 retirees will be enrolled in the Blue Cross Blue Shield Medicare Supplement Plan J.

Tier	Cost of Coverage	
	Core	Enhanced
Employee Only	\$432.81	\$461.48
Employee and Spouse	908.90	969.09
Employee and Child(ren)	887.26	946.02
Family	1,297.65	1,383.59

**Age 65 before June 1, 2010:**

Post 65 Issue Age	Cost of Coverage
65	\$217.50
66 – 69	223.00
70 - 74	239.25
75 Plus	269.50

**Age 65 after June 1, 2010:**

Post 65 Issue Age	Cost of Coverage
65	\$137.25
66 – 69	158.25
70 - 74	208.25
75 Plus	251.00

