



**Cavanaugh Macdonald**  
CONSULTING, LLC

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

**Prepared as of June 30, 2010**





# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

November 10, 2010

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

Dear Members of the Board:

Governmental Accounting Standards Board Statements No. 43 and 45 require actuarial valuations of retiree medical and other post employment benefit plans. We have submitted the results of the annual actuarial valuation of the Retiree Health Care Valuation of the School Employees Retirement System of Ohio (SERS) prepared as of June 30, 2010. While not verifying the data at source, the actuary performed tests for consistency and reasonability. The valuation indicates that the Annual Required Contribution (ARC) required by GASB Statement 45 is 5.93% of active payroll payable for the fiscal year ending June 30, 2011. Any net claims or premiums paid for retiree health care are considered contributions toward the ARC.

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

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

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

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November 10, 2010  
Board of Trustees  
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Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Thomas J. Cavanaugh'.

Thomas J. Cavanaugh, FSA, FCA, EA, MAAA  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Alisa Bennett'.

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

TJC/AB:lb



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

**PREPARED AS OF JUNE 30, 2010**

**SECTION I – SUMMARY OF PRINCIPAL RESULTS**

1. This report, prepared as of June 30, 2010, presents the results of the annual actuarial valuation of retiree health care offered to SERS members. For convenience of reference, the principal results of the valuation and a comparison with the preceding valuation results are summarized in the following table.

	June 30, 2010	June 30, 2009
<b>Active members included in valuation</b>		
Number	126,015	125,465
Annual Compensation	\$2,842,660,159	\$2,787,390,954
<b>Service Retirees</b>		
Number	33,920	34,559
<b>Disability Retirees</b>		
Number	4,132	4,199
<b>Spouses of Retirees</b>		
Number	8,302	8,671
<b>Spouses of Deceased Retirees</b>		
Number	2,424	2,524
<b>Survivor Benefit Recipients</b>		
Number	1,376	1,473
<b>Children</b>		
Number	451	439
<b>Deferred Vesteds</b>		
Number	3,992	3,892
<b>Assets</b>		
Market Value	\$325,004,169	\$376,459,222
<b>Unfunded Accrued Liability</b>	\$2,044,139,551	\$3,903,806,908
<b>Actuarial Accrued Liability</b>	\$2,369,143,720	\$4,280,266,130
<b>Funded Ratio (MVA/AAL)</b>	13.72%	8.80%
<b>Employer Contribution Rate</b>		
Normal	3.09%	5.58%
Accrued Liability	<u>2.84</u>	<u>5.52</u>
Total	5.93%	11.10%
Employer Contribution Toward Health Care*	2.93%	1.96%
Accrued liability amortization period	30	30

\* Includes 1.50% of payroll surcharge



2. The employer health contribution rate is set at 2.93%. This rate includes the anticipated revenue from the minimum surcharge level for the 2010-2011 fiscal year of \$35,800.
3. The valuation balance sheet showing the results of the valuation is given in Schedule A.
4. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains during the valuation year are given in Section V, and the rates of contribution payable by the employer are given in Section VI.
5. There were no changes in decrement, interest rate, age related morbidity, or plan participation assumptions since the last valuation. The following changes were reflected in this valuation:
  - Members who retired before August 1989 with less than ten years of service were paying 17.5% of the monthly health care premium. Effective January 1, 2011, those members will be required to pay 50% of the monthly health care premium.
  - Effective January 1, 2011, members that retired between August 1989 and July of 1993 will pay the same monthly premium percentages as members who retired between August 1993 and July 2008.
  - Disabled members, regardless of service, were paying 17.5% of the monthly health care premium. Effective January 1, 2011, disabled members with less than 10 years of service will be required to pay 50% of the monthly health care premium. Those with more than 10 years of service, but less than 25 years of service will be required to pay 33% of the monthly health care premium.
  - 2011 Plan coverage changes include an increase in Calendar Year Deductibles in the Non-Medicare Medical Plans and two of the Medicare Medical Plans, increases in the inpatient hospital co-pays, outpatient surgery, and durable medical equipment co-insurance for all Medicare plans, and increases in the co-insurance for the Non-Medicare HMO Medical Plans.
  - Express Scripts, Inc. (ESI) Prescription Drug plan changes for 2011 include a closed formulary and network reduction.
  - 2011 retiree premiums will be increased by a flat dollar amount regardless of service. This amount varies by plan and tier election and is in addition to the percentage of premium paid by the retiree based on service at retirement.
6. Schedule B details the actuarial assumptions and methods employed. Schedule C gives a summary of the benefit and contribution provisions of the plan.



## **SECTION II – MEMBERSHIP DATA**

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System's office. The following tables summarize the membership of the system as of June 30, 2010 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

### **Active Members**

Number	Payroll	Group Averages		
		Salary	Age	Service
126,015	\$2,842,660,159	\$22,558	48.2	9.8

The following tables show a six-year history of active member valuation data.

### **SCHEDULE SERS ACTIVE MEMBER VALUATION DATA**

Valuation Date	Number	Annual Payroll	Annual Average Pay	% Increase in Average Pay
6/30/2005	122,855	\$2,452,554,365	\$19,963	2.7%
6/30/2006	123,266	2,553,331,924	20,714	3.8
6/30/2007	123,013	2,603,300,211	21,163	2.2
6/30/2008	124,370	2,651,800,981	21,322	0.8
6/30/2009	125,465	2,787,390,954	22,216	4.2
6/30/2010	126,015	2,842,660,159	22,558	1.5



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

**Retired Lives**

Type of Benefit Recipient	Number	Average Age
Service Retiree	33,920	76.0
Disability Retiree	4,132	65.3
Spouses	12,102	76.5
Children	451	26.4
Total	50,605	74.8

This valuation also includes 3,992 inactive members eligible for health care at age 60.





**SECTION III – ASSETS**

1. As of June 30, 2010 the total market value of assets amounted to \$325,004,169.

Asset Summary Based on Market Value			
(1)	Assets at June 30, 2009	\$	376,459,221
(2)	Contributions and Misc. Revenue		156,591,418
(3)	Investment Gain (Loss)		28,869,148
(4)	Benefit Payments		<u>(236,915,618)</u>
(5)	Assets at June 30, 2010 (1) + (2) - (3) + (4)	\$	325,004,169
(6)	Annualized Rate of Return*		8.6 %

\*Based on the approximation formula:  $I/[0.5 \times (A + B - I)]$ , where

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



#### **SECTION IV - COMMENTS ON VALUATION**

Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2010.

1. The total valuation balance sheet on account of health care shows that the System has total prospective health care liabilities of \$3,387,187,839, of which \$962,176,979 is for the prospective benefits payable on account of present retired members and beneficiaries of deceased members, \$8,175,583 is for the prospective benefits payable to current deferred vested members, and \$2,416,835,277 is for the prospective benefits payable on account of present active members. Against these health care liabilities the System has a total market value of assets of \$325,004,169 as of June 30, 2010. The difference of \$3,062,183,670 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future on account of health care. Of this amount, \$0 is the present value of future contributions expected to be made by members, and the balance of \$3,062,183,670 represents the present value of future contributions payable by SERS.
2. SERS' contributions on account of health care consists of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 3.09% of payroll are required to provide the benefits of the System for the average new member of SERS.
3. Prospective employer normal contributions on account of health care at the above rates have a present value of \$1,018,044,119. When this amount is subtracted from \$3,062,183,670, which is the present value of the total future contributions to be made by the employer, there remains \$2,044,139,551 as the amount of future accrued liability contributions.
4. It is recommended that the accrued liability contribution rate payable by SERS on account of health care be set at 2.84% of payroll. This rate is sufficient to liquidate the unfunded accrued liability of \$2,044,139,551 over 30 years on the assumption that the aggregate payroll for members will increase by 4.00% each year.



## **SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES**

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year to year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2010 is shown below (\$ thousands).

### **Experience Gain/(Loss)**

(1)	UAAL* as of 6/30/09	\$	3,903,807
(2)	Normal cost from last valuation		155,542
(3)	Expected employer contributions		<u>315,535</u>
(4)	Interest accrual: [(1) + (2) - (3)] x .0525		196,550
(5)	Expected UAAL before changes: (1) + (2) - (3) + (4)	\$	3,940,364
(6)	Change due to plan amendments		(48,828)
(7)	Change due to flat dollar premium increase		(1,140,844)
(8)	Change due to claims experience and health plan design changes		(986,241)
(9)	Expected UAAL after changes: (5) + (6) + (7) + (8)	\$	1,764,451
(10)	Actual UAAL as of 6/30/10	\$	2,044,140
(11)	Total gain/(loss): (9) - (10)	\$	(279,689)
	(a) Contribution shortfall and investment loss		(151,903)
	(b) Experience gain/(loss) (11) - (11a)	\$	(127,786)
(12)	Accrued liabilities as of 6/30/09	\$	4,280,266
(13)	Experience gain/(loss) as percent of actuarial accrued liabilities at start of year (11b) / (12)		(3.0%)

\* unfunded actuarial accrued liability



**SECTION VI – REQUIRED CONTRIBUTION RATES**

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following tables show the rates of contribution payable by employers as determined from the present valuation for the 2010/2011 fiscal year.

**Required Contribution Rates**

Contribution for	Amount	% of Payroll
A. Normal Cost	\$ 87,743,063	3.09%
B. Member Contributions*	\$ 0	0.00%
C. Employer Normal Cost: [A - B]	\$ 87,743,063	3.09%
D. Unfunded Actuarial Accrued Liability**	\$ 80,594,741	2.84%
E. Total Recommended Employer Contribution Rate: [C+D]	\$ 168,337,804	5.93%
F. Employer Contribution Toward Health Care <sup>+</sup>	\$ 83,289,943	2.93%

\* The liabilities are net of retiree contributions towards their health care.

\*\* Based on 30 -year amortization of the UAAL from June 30, 2010.

+ Includes 1.50% of payroll surcharge.

**Ten-Year History of Employer Contribution Rates**

Fiscal Year Ending June 30	Employer Health Care Contribution Rate	Surcharge Percentage	Total Health Care Contribution Rate
2001	9.80%	1.17%	10.97%
2002	7.44%	1.07%	8.51%
2003	5.83%	1.30%	7.13%
2004	4.91%	1.50%	6.41%
2005	3.43%	1.50%	4.93%
2006	3.42%	1.50%	4.92%
2007	3.32%	1.50%	4.82%
2008	4.18%	1.50%	5.68%
2009	4.16%	1.50%	5.66%
2010	0.46%	1.50%	1.96%



**SECTION VII - ACCOUNTING INFORMATION**

Governmental Accounting Standards Board Statements 43 and 45 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2010. Additional information as of the latest actuarial valuation follows.

Valuation date	6/30/2010
Actuarial cost method	Entry Age
Amortization	Level Percent Open
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return*	5.25%
* Includes price inflation at	3.50%
Wage increases	4.00%
Medical Trend Assumption	9.5% - 5.0%
Year of Ultimate Trend	2016 - 2017

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



**SCHEDULE OF FUNDING PROGRESS**  
(\$ in millions)

Actuarial Valuation Date	Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / (c))
1/01/2007	\$340	\$4,308	\$3,968	7.9%	\$2,598	152.8%
1/01/2008	\$391	\$4,513	\$4,122	8.7%	\$2,648	155.6%
6/30/2008 *	\$393	\$4,859	\$4,466	8.1%	\$2,652	168.4%
6/30/2009	\$376	\$4,280	\$3,904	8.8%	\$2,787	140.1%
6/30/2010	\$325	\$2,369	\$2,044	13.7%	\$2,843	71.9%

\* Valuation date changed from January 1<sup>st</sup> to June 30<sup>th</sup>

**Schedule of Employer Contributions**

Year Ended	Annual Required Contribution (ARC) (a)	Employer Contribution (b)	Retiree Drug Subsidy (RDS) Contribution (c)	Total Contribution (d) = (b)+(c)	Percentage of ARC Contributed (e) = (d)/(a)
June 30, 2007	\$299,379,524	\$170,948,274	\$20,202,965	\$191,151,239	63.8%
June 30, 2008	\$307,874,094	\$158,393,761	\$21,953,659	\$180,347,420	58.6%
June 30, 2009	\$373,789,127	\$163,411,488	\$23,504,101	\$186,915,589	50.0%
June 30, 2010	\$315,535,278	\$60,142,014	\$24,414,855	\$84,556,869	26.8%



## SCHEDULE A

### Valuation Balance Sheet

The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of June 30, 2010 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2009.

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

	June 30, 2010	June 30, 2009
<b>ASSETS</b>		
Current market value of assets	\$ 325,004,169	\$ 376,459,222
Prospective contributions		
Employer normal contributions	1,018,044,119	1,798,435,935
Unfunded accrued liability contributions	<u>2,044,139,551</u>	<u>3,903,806,908</u>
Total prospective contributions	<u>\$ 3,062,183,670</u>	<u>\$ 5,702,242,843</u>
Total assets	<u>\$ 3,387,187,839</u>	<u>\$ 6,078,702,065</u>
<b>LIABILITIES</b>		
Present value of benefits payable on account of present retired members and beneficiaries	\$ 962,176,979	\$ 1,865,676,342
Present value of benefits payable on account of active members	2,416,835,277	4,183,581,662
Present value of benefits payable on account of deferred vested members	<u>8,175,583</u>	<u>29,444,061</u>
Total liabilities	<u>\$ 3,387,187,839</u>	<u>\$ 6,078,702,065</u>



The following table provides the solvency test for SERS members.

**Solvency Test  
(\$ in millions)**

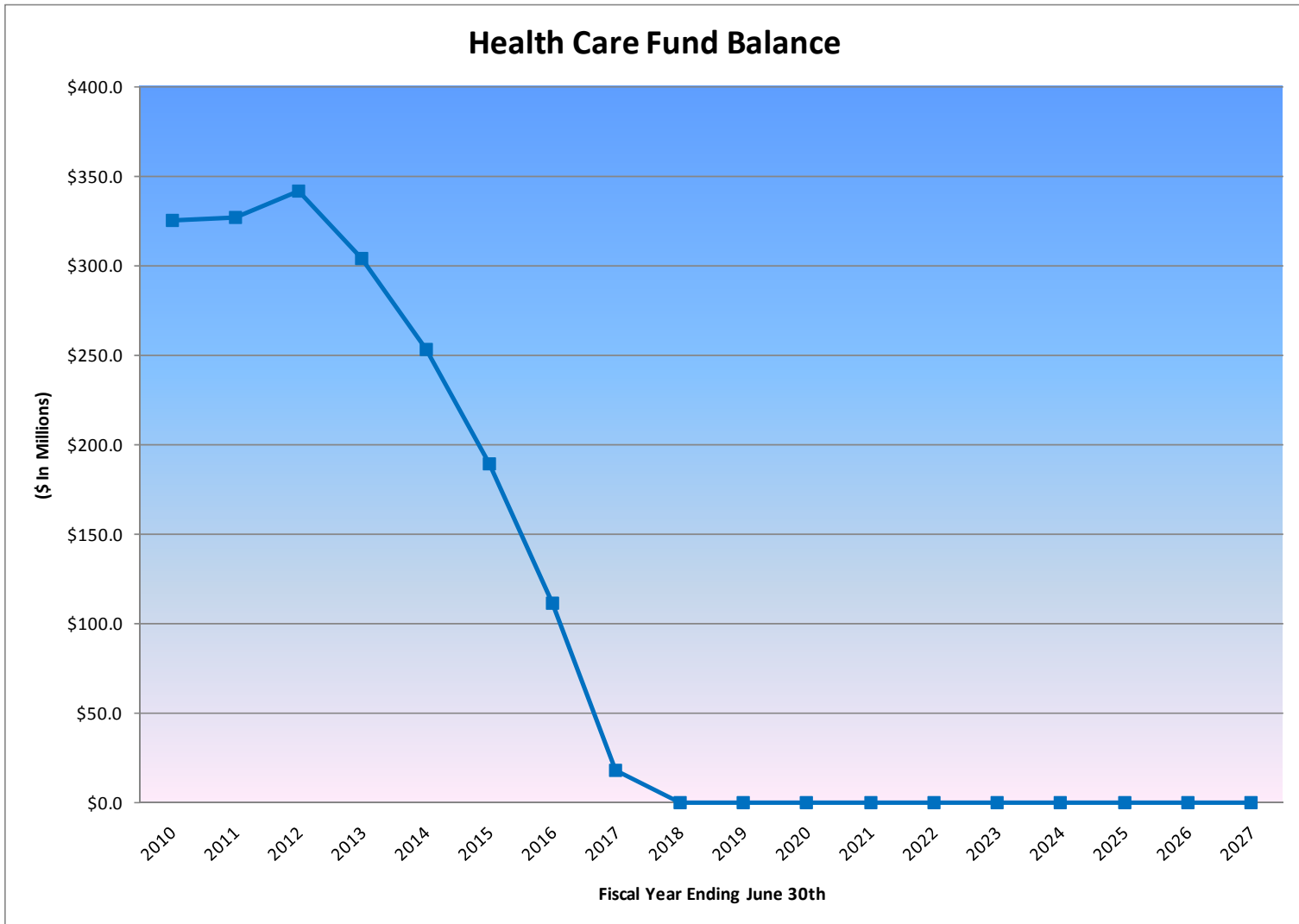
Valuation Date	Aggregate Accrued Liabilities For				Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Financed Portion)			(1)	(2)	(3)
1/01/2007	\$ 0	\$ 1,886	\$ 2,422	\$ 340	100.0%	18.0%	0.0%	
1/01/2008	0	2,039	2,474	\$391	100.0	19.2	0.0	
6/30/2008	0	2,148	2,711	\$393	100.0	18.3	0.0	
6/30/2009	0	1,895	2,385	\$376	100.0	19.8	0.0	
6/30/2010	0	970	1,399	\$325	100.0	33.5	0.0	





### Solvency Chart

The following chart shows the Health Care Fund Balance assuming an 8.0% future asset rate of return and, starting with Fiscal Year 2011/2012, the Health Care Contribution Rate is assumed to be 1.5% percent of payroll.





**SCHEDULE B**

**STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS**

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

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

Calendar Year	PPO	HMO
2010	9.50%	9.00%
2011	9.00%	8.50%
2012	8.50%	8.00%
2013	7.50%	7.00%
2014	6.50%	6.00%
2015	6.00%	5.50%
2016	5.50%	5.00%
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	
	Medical	Prescription Drug
Under 41	0.00%	0.00%
41 – 45	2.50%	1.25%
46 – 50	2.60%	1.30%
51 – 55	3.20%	1.60%
56 – 60	3.40%	1.70%
61 – 65	3.70%	1.85%
66 – 70	3.20%	1.60%
71 – 75	2.40%	1.20%
76 – 80	1.80%	0.90%
81 – 85	1.30%	0.65%
85 and over	0.00%	0.00%

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

Member Gender	Spouse Coverage
Male	50.0%
Female	40.0%

Wives are assumed to be three years younger than husbands.



Years of Service at Retirement*	Member Participation
10 – 14	25.0%
15 – 19	45.0%
20 – 24	70.0%
25 – 29	75.0%
30 – 34	80.0%
35 and over	90.0%

\* 100% of disabled retirees are assumed to participate. 50% of members retiring from inactive status are assumed to participate.

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

Plan Type	Future Retirees	
	Non-Medicare	Medicare
Indemnity/PPO/PFFS	67.0%	93.3%
HMO	33.0%	6.7%

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

Plan Type	Future Retirees	
	Non-Medicare	Medicare
<u>PPO</u>		
MMO PPO	92.8%	0.0%
Aetna Medicare <sup>SM</sup> Plan	0.0%	99.9%
AultCare PPO	7.2%	0.1%*
<u>HMO</u>		
Aetna HMO	85.3%	0.0%
AultCare Medicare Advantage HMO	0.0%	40.3%
Kaiser HMO	11.0%	38.8%
Paramount HMO	3.7%	20.9%

\* Applies to Medicare Part B Only

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

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

Current retirees under age 65 were assumed to have similar Medicare coverage at age 65 as their post-Medicare counterparts.



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

Retiree Costs						
Medicare Status	Aetna Managed Care/Aetna Medicare <sup>SM</sup>	Medical Mutual PPO	AultCare	Aetna HMO	Kaiser HMO	Paramount HMO
Non-Medicare	\$1,166	\$1,123	\$846	\$1,136	\$1,005	\$1,088
Medicare A	\$188		\$63		\$275	\$185
Medicare B Only	\$670		\$846		\$1,067	\$577

Spouse Costs						
Medicare Status	Aetna Managed Care/Aetna Medicare <sup>SM</sup>	Medical Mutual PPO	AultCare	Aetna HMO	Kaiser HMO	Paramount HMO
Non-Medicare	\$991	\$954	\$676	\$907	\$807	\$861
Medicare A	\$188		\$63		\$275	\$185
Medicare B Only	\$670		\$676		\$1,067	\$577

Children Costs						
Medicare Status	Aetna Managed Care/Aetna Medicare <sup>SM</sup>	Medical Mutual PPO	AultCare	Aetna HMO	Kaiser HMO	Paramount HMO
Non-Medicare	\$233	\$224	\$148	\$198	\$180	\$185
Medicare A	\$188		\$63		\$275	\$185
Medicare B Only	\$670		\$148		\$1,067	\$577

Above amounts are shown as average costs. In the valuation, the claims costs are converted to age 65 amounts and age adjusted.



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

Service	Annual Rates of Withdrawal
0	55.00%
1	20.00
2	15.00
3	10.00
4	7.50
5	6.50
10	5.00
15	3.75
20	3.50
25	3.00

Age	Annual Rates of			
	Death		Disability	
	Male	Female	Male	Female
20	.026%	.014%	.015%	.023%
25	.033	.015	.015	.023
30	.044	.017	.112	.075
35	.050	.022	.371	.075
40	.053	.033	.405	.157
45	.075	.046	.506	.187
50	.114	.065	.825	.394
55	.193	.104	.825	.608
60	.335	.193	.825	.608
65	.609	.381	.825	.608
70	1.082	.635	.825	.608
74	1.557	.917	.825	.608

Annual Rates of Service Retirements		
Age	Male	Female
50	40.0%	33.0%
55	25.0	25.0
60	10.0	20.0
62	15.0	15.0
65	25.0	25.0
70	20.0	20.0
75	100.0	100.0



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

Service	Annual Rates of		
	Merit & Seniority	Base (Economy)	Increase Next Year
0	20.75%	4.00%	24.75%
1	13.25	4.00	17.25
2	10.75	4.00	14.75
3	8.75	4.00	12.75
4	7.75	4.00	11.75
5	5.75	4.00	9.75
6	4.75	4.00	8.75
7	3.75	4.00	7.75
8	2.75	4.00	6.75
9	1.75	4.00	5.75
10-14	0.75	4.00	4.75
15 & over	0.50	4.00	4.50

PAYROLL GROWTH: 4.00% per annum, compounded annually.

PRICE INFLATION: 3.50% per annum, compounded annually.

DEATH AFTER RETIREMENT: Assumed rates are as follows:

Age	Annual Rates of Post-Retirement Death			
	Healthy		Disabled	
	Male	Female	Male	Female
20	0.048%	0.028%	2.104%	1.826%
30	0.078	0.033	2.204	1.958
40	0.100	0.065	2.304	2.090
50	0.233	0.131	2.404	2.222
60	0.709	0.386	3.906	2.366
70	2.173	1.271	4.861	2.601
80	5.586	3.536	7.812	5.547

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

ASSET VALUATION METHOD: Market value.



**SCHEDULE C**

**SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
Summary of Main Plan Provisions  
as of June 30, 2010**

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

**Service Retirement:** *Members prior to May 14, 2008* Attainment of age 60 with at least ten years of creditable service, or completion of 30 years of creditable service, regardless of age, or has attained age 55 with at least 25 years of service.

*Members after May 13, 2008* Attainment of age 62 with at least ten years of creditable service, or attainment of age 55 with at least 30 years of creditable service or attainment of age 60 with at least 25 years of creditable service.

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

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

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

**PREMIUM PAYMENTS:**

Members pay either all or a portion of the cost of health care and prescription drug coverage. The remainder of the cost is paid by SERS.

Effective January, 1, 2011, the following schedule lists the percentage of the premium paid by those members retiring prior to August 1, 2008:

Years of Service at Retirement	Retirement Date on or before July 1, 1989	Retirement Date August 1, 1989 through July 1, 2008
	Member Percentage	
5 – 9	50.0%	N/A
10 – 14	17.5%	100.0%
15 – 19	17.5%	50.0%
20 – 24	17.5%	25.0%
25 and over	17.5%	17.5%



**PREMIUM PAYMENTS (Continued):**

The following schedule lists the percentage of the premium paid by those members retiring on or after August 1, 2008:

Years of Service at Retirement	Member Percentage
10 – 19	100.0%
20 – 24	50.0%
25 – 29	30.0%
30 – 34	20.0%
35*	15.0%

\* 1% reduction for each year over 35.

Effective January 1, 2011, the following schedule lists the percentage of the premium paid by disability benefit recipients:

Years of Service	Member Percentage
5 – 9	50.0%
10 – 24	33.0%
25 and over	17.5%

Members may qualify for the Health Care Premium Discount Program if their household income falls at or below a specified level. Members qualifying will receive a 25% discount in their monthly health care premiums.

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

Retiree or Deceased Member's Years of Service at Retirement*	Spouse Percentage
1.5 – 24	100.0%
25 – 29	90.0%
30 and over	80.0%

Children of members pay 70.0% of the premium.

**OTHER POST EMPLOYMENT BENEFITS:** Health care and prescription drug coverage is provided in all of the group health care plan options. Dental coverage is available to members at the full cost.





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

### **Options available to members without Medicare**

- Medical Mutual of Ohio (MMO) PPO with Express Scripts, Inc. (ESI) prescription drug coverage
- Aetna Managed Care PPO with Express Scripts, Inc. (ESI) prescription drug coverage
- Aetna HMO with ESI prescription drug coverage
- AultCare PPO with BioScrip prescription drug coverage
- Kaiser HMO and Kaiser prescription drug coverage
- Paramount HMO with ESI prescription drug coverage

### **Options available to members with Medicare:**

- Aetna Medicare<sup>SM</sup> Plan (PPO) with ESI Medicare Part D Prescription Drug Plan (PDP)
- AultCare PrimeTime Medicare Advantage HMO Plan with BioScrip prescription drug coverage
- Kaiser HMO Plan with Kaiser prescription drug coverage
- Paramount Elite Medicare Advantage HMO Plan with ESI Medicare Part D Prescription Drug Plan (PDP)

The following pages contain information that was listed in the 2011 SERS Health Care Manual.



**2011 Contribution Rates**

<b>YEARS OF SERVICE</b>	<b>Aetna Managed Care/Aetna Medicare<sup>SM</sup></b>	<b>Medical Mutual PPO</b>	<b>Aetna HMO Non- Medicare</b>	<b>Aultcare</b>	<b>Kaiser HMO</b>	<b>Paramount HMO</b>
<b>Retirement Date on or before July 1, 1989</b>						
5-9.999 years						
Without Medicare	\$617	\$579	\$687	\$456	\$582	\$744
With Medicare A & B	\$146			\$59	\$142	\$145
10 years & over						
Without Medicare	\$251	\$238	\$326	\$195	\$260	\$340
With Medicare A & B	\$109			\$56	\$85	\$116
<b>Retirement Date August 1, 1989 through July 1, 1993</b>						
10-14.999 years						
Without Medicare	\$1,233	\$1,156	\$1,298	\$912	\$1,132	\$1,420
With Medicare A & B	\$256			\$117	\$284	\$244
15-19.999 years						
Without Medicare	\$617	\$579	\$687	\$456	\$582	\$744
With Medicare A & B	\$146			\$59	\$142	\$145
20-24.999 years						
Without Medicare	\$308	\$290	\$382	\$228	\$308	\$406
With Medicare A & B	\$109			\$56	\$85	\$116
25 years & over						
Without Medicare	\$251	\$238	\$326	\$195	\$260	\$340
With Medicare A & B	\$109			\$56	\$85	\$116
<b>Retirement Date August 1, 1993 through July 1, 2008</b>						
10-14.999 years						
Without Medicare	\$1,268	\$1,191	\$1,333	\$947	\$1,167	\$1,455
With Medicare A & B	\$291			\$152	\$319	\$279
15-19.999 years						
Without Medicare	\$652	\$614	\$722	\$491	\$617	\$779
With Medicare A & B	\$181			\$94	\$177	\$180
20-24.999 years						
Without Medicare	\$343	\$325	\$417	\$263	\$343	\$441
With Medicare A & B	\$125			\$64	\$106	\$130
25 years & over						
Without Medicare	\$251	\$238	\$326	\$195	\$260	\$340
With Medicare A & B	\$109			\$56	\$85	\$116



**2011 Contribution Rates  
(continued)**

<b>YEARS OF SERVICE</b>	<b>Aetna Managed Care/Aetna Medicare<sup>SM</sup></b>	<b>Medical Mutual PPO</b>	<b>Aetna HMO Non- Medicare</b>	<b>Aultcare</b>	<b>Kaiser HMO</b>	<b>Paramount HMO</b>
<b>Retirement Date on or after August 1, 2008</b>						
10-19.999 years						
Without Medicare	\$1,268	\$1,191	\$1,333	\$947	\$1,167	\$1,455
With Medicare A & B	\$291			\$152	\$319	\$279
20-24.999 years						
Without Medicare	\$652	\$614	\$722	\$491	\$617	\$779
With Medicare A & B	\$181			\$94	\$177	\$180
25-29.999 years						
Without Medicare	\$405	\$383	\$478	\$309	\$398	\$509
With Medicare A & B	\$136			\$70	\$120	\$140
30-34.999 years*						
Without Medicare	\$282	\$267	\$356	\$217	\$288	\$373
With Medicare A & B	\$114			\$58	\$92	\$121
<b>SPOUSE PREMIUMS</b>						
<b>Retiree's Qualified Years</b>						
Up to 25 years						
Without Medicare	\$1,053	\$1,022	\$1,072	\$763	\$943	\$1,169
With Medicare A & B	\$291			\$152	\$319	\$279
25-29.999 years						
Without Medicare	\$955	\$930	\$975	\$690	\$855	\$1,062
With Medicare A & B	\$269			\$141	\$290	\$259
30 years & over						
Without Medicare	\$857	\$838	\$878	\$618	\$766	\$954
With Medicare A & B	\$247			\$129	\$262	\$239
<b>Child w/o Medicare A</b>	\$212	\$174	\$184	\$147	\$173	\$197
<b>Child with Medicare A &amp; B</b>	\$225			\$117	\$234	\$219
<b>Disability Retirees</b>						
5-9.999 years						
Without Medicare	\$617	\$579	\$687	\$456	\$582	\$744
With Medicare A & B	\$146			\$59	\$142	\$145
10-24.999 years						
Without Medicare	\$407	\$382	\$480	\$301	\$396	\$514
With Medicare A & B	\$109			\$56	\$94	\$116
25 years & over						
Without Medicare	\$251	\$238	\$326	\$195	\$260	\$340
With Medicare A & B	\$109			\$56	\$85	\$116

\* Further reductions for each year over 35.



## **SERS' Medicare Plans**

### **2011 Aetna Medicare<sup>SM</sup> Plan (PPO)**

The Aetna Medicare<sup>SM</sup> Plan (PPO) is available if the benefit recipient has Medicare Part A and/or Medicare Part B. The Aetna Medicare<sup>SM</sup> Plan (PPO) is a Medicare Advantage (MA) plan. MA plans have a contract with Medicare to provide Medicare coverage. This plan is a Preferred Provider Organization (PPO) plan with an Extended Service Area (ESA) that allows members to use medical providers, such as doctors and hospitals that may or may not be in the Aetna provider network as long as the provider accepts Medicare patients, and the provider will file claims with Aetna. ESI is the Medicare Part D Prescription Drug Plan (PDP) for enrollees in the Aetna Medicare<sup>SM</sup> Plan (PPO). The Aetna Medicare<sup>SM</sup> Plan (PPO) is available anywhere in the U.S.

### **2011 AultCare PrimeTime Medicare Advantage HMO Plan**

The AultCare PrimeTime HMO plan is a Health Maintenance Organization plan with BioScrip prescription drug coverage. It is available to a benefit recipient if the recipient has Medicare Part A and Part B; and, if the recipient lives in the AultCare PrimeTime Health Plan service area. Recipients enrolled in the HMO must use HMO providers. AultCare PrimeTime MA HMO Plan is available in the following Ohio counties: Carroll, Columbiana, Harrison, Holmes, Jefferson, Mahoning, Stark, Tuscarawas, and Wayne.

### **2011 Kaiser HMO (Medicare)**

The Kaiser HMO (Medicare) plan with Kaiser prescription drug coverage is available to a benefit recipient if the recipient has Medicare Part A and/or Medicare Part B; and, the recipient lives in a Kaiser HMO service area. Recipients enrolled in the Kaiser HMO must use HMO providers. Kaiser HMO (Medicare) is available in the following Ohio counties: Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, and Summit.

### **2011 Paramount Elite Medicare Advantage HMO**

The Paramount Medicare Advantage (MA) HMO with ESI. Medicare Part D PDP (Prescription Drug Plan) coverage is available to a benefit recipient if the recipient lives in a Paramount HMO service area; and, the recipient has Medicare Part A and Medicare Part B. Recipients enrolled in the HMO must use HMO providers. Paramount Elite Medicare Advantage HMO is available in the following Ohio counties: Fulton, Lucas, Ottawa, and Wood, and in the following Michigan counties: Monroe, and Lenawee.



## **SERS' Non-Medicare Plans**

### **2011 Aetna Managed Care**

The Aetna Managed Care plan is not available for optional enrollment. It is available only if a benefit recipient, or one or more covered family members, is enrolled in the SERS Aetna Medicare<sup>SM</sup> Plan PPO, and eligible dependents are not eligible for Medicare and under age 65. Those dependents will be enrolled in the Aetna Managed Care plan with Express Scripts Inc. (ESI) prescription drug coverage.

### **2011 Aetna HMO (Non-Medicare)**

The Aetna HMO plan with ESI prescription drug coverage is available if the benefit recipient is under age 65 and not eligible for Medicare. Enrollees must use Aetna HMO providers. Aetna HMO is available in all Ohio counties except: Athens, Belmont, Drake, Defiance, Gallia, Harrison, Jackson, Jefferson, Lawrence, Meigs, Mercer, Monroe, Paulding, Van Wert, Vinton, Washington, Williams, and Wyandot. Aetna HMO is also available in the follow states and counties: Kentucky: Boone, Campbell, Kenton, Grant, Gallatin, and Pendleton; Indiana: Dearborn, Franklin, Ohio, and Switzerland.

### **2011 AultCare PPO**

The AultCare PPO plan with BioScrip prescription drug coverage is available if the benefit recipient is under age 65 and not eligible for Medicare. AultCare PPO is available in the following Ohio counties: Ashland, Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Mahoning, Medina, Muskingum, Portage, Richland, Stark, Summit, Tuscarawas, and Wayne.

### **2011 Kaiser HMO**

The Kaiser HMO with Kaiser prescription drug coverage is available if the benefit recipient is under age 65 and not eligible for Medicare. Kaiser HMO is available in the following Ohio counties: Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Stark, Summit, and Wayne.

### **Medical Mutual of Ohio PPO**

The Medical Mutual of Ohio (MMO) PPO plan is a Preferred Provider Organization with prescription drug coverage through ESI. MMO is available if the benefit recipient is under age 65 and not eligible for Medicare. The MMO PPO is available in all Ohio counties. MMO PPO is also available in most other areas.



**SERS' Non-Medicare Plans  
(continued)**

**2011 Paramount HMO (Non-Medicare)**

The Paramount HMO includes prescription drug coverage through ESI, which is available if the benefit recipient is under age 65 and not eligible for Medicare. Paramount HMO is available in the following Ohio counties: Allen, Defiance, Erie, Fulton, Hancock, Henry, Huron, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Williams, and Wood, and in the following Michigan counties: Monroe, and Lenawee.



## Prescription Drug Coverage

Prescription drug coverage for those enrolled in the Aetna Medicare<sup>SM</sup> PPO Plan, the Aetna HMO plan, the Medical Mutual of Ohio PPO, and Paramount HMO health plans is available through Express Scripts, Inc. Kaiser has its own pharmacy and AultCare prescriptions are provided by BioScrip.

### **Express Scripts Prescription Plan**

Members enrolled in the Medical Mutual PPO, Aetna Managed Care, Paramount HMO, or Aetna HMO plans who do not have Medicare may receive up to a 34-day supply per prescription. A 90 day supply is available from Medicare participating pharmacies for participants in the ESI Medicare PDP plan (those in the Aetna Medicare<sup>SM</sup> PPO or Paramount HMO Medicare plans). Members pay \$5 for generic, 25% of formulary (\$25 minimum and \$100 maximum) for preferred brand and 100% for non-preferred brand. There is no deductible to meet. Members may also receive a 90-day supply of their prescriptions via mail-order with a co-pay of \$12 for generic, 25% of formulary (minimum \$45 and maximum \$200) for preferred brand, and 100% of the cost for non-preferred brand. If members do not use an ESI participating pharmacy, the member must pay the full cost of the drug because there is no coverage available at pharmacies outside the network.

### Medicare and Prescription Drugs

Medicare Part D helps cover the cost of prescription drugs. Medicare beneficiaries must join a Medicare Prescription Drug Plan (PDP) to have prescription drug coverage. A PDP plan is available through private companies that work with Medicare to provide prescription drug coverage. SERS has a Medicare PDP plan with its Express Scripts prescription coverage for Medicare beneficiaries.

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



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

### **Kaiser Prescription Plan**

Members enrolled in the Kaiser HMO Plan who do not have Medicare may receive up to a 31-day supply per prescription with a co-pay of \$10. Members may also receive a 90-day supply of their prescriptions via mail-order with a co-pay of \$25.

Members enrolled in Kaiser HMO Medicare Plan may receive up to a 31-day supply per prescription. The co-pay is \$15 for generic and \$30 for brand formulary. Members may also receive a 90-day supply of their prescriptions via mail-order with co-pay of \$15 for generic and a co-pay of \$30 for brand formulary.

### **BioScrip Pharmacy Prescription Plan**

Members enrolled in the AultCare PPO Plan (both those with Medicare and those without Medicare), may receive up to a 30-day supply per prescription. Members pay \$5 for generic, 25% of formulary (\$25 minimum and \$100 maximum) for preferred brand and 100% for non-preferred brand. Members may also receive a 90-day supply of their prescriptions via mail-order with a co-pay of \$12 for generic, 25% of formulary (minimum \$45 and maximum \$200) for preferred brand, and 100% of the cost for non-preferred brand.





### Non-Medicare Plan Benefits

	MMO PPO/Aetna Managed Care	Paramount HMO	Kaiser HMO	Aetna HMO	AultCare PPO
Calendar Year Deductible	\$1,000/person \$2,000/family	\$1,000/person \$2,000/family	\$1,000/person \$2,000/family	\$1,000/person \$2,000/family	\$1,000/person \$2,000/family
Calendar Year Co-Insurance Limit	\$1,500/person \$3,000/family	\$1,500/person \$3,000/family	\$500/single \$1,000/family	\$1,500/single \$3,000/family	\$1,500/single \$3,000/family
Lifetime Max	None	None	None	None	None
Office visit	\$25 co-pay	\$15 co-pay	\$15 co-pay	20% co-insurance	\$25 co-pay
Specialist	\$25 co-pay	\$30 co-pay	\$15 co-pay	20% co-insurance	\$25 co-pay
Inpatient Hospital	20% co-insurance after \$250 co-pay	20% co-insurance	20% co-insurance	\$250 co-pay per admission	20% co-insurance after \$250 co-pay
Emergency Room	20% co-insurance	\$50 co-pay, waived if admitted	\$50 co-pay, waived if admitted	20% co-insurance	20% co-insurance
Ambulance	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Outpatient Diagnostic X-Ray	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Outpatient Diagnostic Lab	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Outpatient Surgery (Facility Only)	20% co-insurance	20% co-insurance	20% co-insurance	100% coverage	20% co-insurance
Chiropractic	20% co-insurance	\$30 co-pay	Not covered	Not covered	\$25 co-pay
Durable Medical Equipment	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Skilled Nursing Facility	20% co-insurance (365 day maximum)	Co-pay: \$0 per day 1-15, \$95 per day 16-100 (100 day maximum)	20% co-insurance (100 day maximum)	Co-pay: \$0 per day 1-20, \$75 day per 21-100 (100 day maximum)	20% co-insurance (365 day maximum)
Home Health Care	20% co-insurance	100% coverage	20% co-insurance	20% co-insurance	20% co-insurance
Hospice	Inpatient 100% coverage after deductible, 30 day lifetime limit. Outpatient: 20% co-insurance after deductible, \$10,000 lifetime limit	100% coverage	100% coverage	Inpatient: \$250 per admission co- pay Outpatient: 100% coverage	Inpatient 80% coverage after deductible, 30 day lifetime limit. Outpatient: 20% co-insurance after deductible, \$5,000 lifetime limit
Prescription Drugs	<u>Express Scripts</u> Retail pharmacies 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 generic, 25% Preferred Brand (Min \$45, Max \$200) Non- preferred NOT covered	<u>Express Scripts</u> Retail pharmacies 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 generic, 25% Preferred Brand (Min \$45, Max \$200) Non- preferred NOT covered	<u>Kaiser Pharmacy</u> Retail 31 day max supply \$10 Co- payment Mail Order 90-day max supply \$25 Co-payment	<u>Express Scripts</u> Retail pharmacies 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 generic, 25% Preferred Brand (Min \$45, Max \$200) Non- preferred NOT covered	<u>BioScrip</u> <u>Pharmacy</u> Retail 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 generic, 25% Preferred Brand (Min \$45, Max \$100) Non- preferred NOT covered



### Medicare Plan Benefits

	Aetna Medicare <sup>SM</sup> Plan (PPO)	AultCare PrimeTime HMO	Kaiser HMO Medicare	Paramount Elite HMO
Deductible	\$300	None	None	\$300
Co-Insurance Limit	\$6,700 per individual	\$3,400	\$2,000/single \$6,000/family	\$6,700 per individual
Lifetime Max	None	None	None	None
Office visit	\$25 co-pay	\$20 co-pay	\$25 co-pay	\$20 co-pay
Specialist	\$25 co-pay	\$30 co-pay	\$25 co-pay	\$25 co-pay
Inpatient Hospital	\$500 co-pay per admission	\$500 co-pay per admission	\$500 co-pay per benefit period	\$500 co-pay per admission
Emergency Room	\$50 co-pay, waived if admitted	\$50 co-pay, waived if admitted	\$50 co-pay, waived if admitted	\$50 co-pay, waived if admitted
Ambulance	20% co-insurance	\$75 co-pay	\$50 co-pay	100% coverage
Outpatient Diagnostic X-Ray	\$25 co-pay	100% coverage	100% coverage	100% coverage
Outpatient Diagnostic Lab	100% coverage	100% coverage	100% coverage	100% coverage
Outpatient Surgery	\$100 co-pay per surgery	\$100 co-pay per surgery	\$100 co-pay per surgery	\$100 co-pay per surgery
Chiropractic	\$35 co-pay limited to Medicare coverage	\$30 co-pay limited to Medicare coverage	\$20 co-pay for manual manipulations/sublux	\$25 co-pay limited to Medicare coverage
Durable Medical Equipment	20% co-insurance	20% co-insurance	20% co-insurance	20% co-insurance
Skilled Nursing Facility	Co-pay: \$0 per day 1- 10, \$25 per day 11-20, \$50 per day 21-100 (100 day maximum)	Co-pay: \$0 per day 1- 15, \$20 per day 16-30, \$0 per day 31-100 (100 day maximum)	100% coverage (100 day maximum)	Co-pay: \$0 per day 1- 15, \$95 per day 16- 100 (100 day maximum)
Home Health Care	100% coverage	100% coverage	100% coverage	100% coverage
Hospice	Covered per Medicare rules	100% coverage	Not covered	Covered per Medicare rules
Prescription Drugs	<u>Express Scripts</u> <u>Medicare D PDP</u> Retail pharmacies 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 generic, 25% Preferred Brand (Min \$45, Max \$200) Non-preferred NOT covered	<u>BioScrip Pharmacy</u> Retail 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 generic, 25% Preferred Brand (Min \$45, Max \$100) Non- preferred NOT covered	<u>Kaiser Retail</u> 31 day max supply \$15 generic, \$30 Brand Formulary Mail Order 90-day max supply \$15 generic, \$30 Brand Formulary	<u>Express Scripts</u> <u>Medicare D PDP</u> Retail pharmacies 30 day max: \$5 generic, 25% Preferred Brand (Min \$25, Max \$100) Mail order 90-day max: \$12 coverage, 25% Preferred Brand (Min \$45, Max \$200) Non-preferred NOT covered



**SCHEDULE D**

**DETAILED TABULATIONS OF THE DATA**

**All Retirees, Spouses and Dependents Receiving Health Care  
Male and Female Demographic Breakdown  
June 30, 2010  
Tabulated by Attained Ages**

Attained Age	Number of		Total
	Males	Females	Number
Under 20	133	119	252
20-24	30	48	78
25-29	0	2	2
30-34	4	5	9
35-39	7	6	13
40-44	23	47	70
45-49	102	119	221
50-54	356	418	774
55-59	713	1,014	1,727
60-64	1,129	2,707	3,836
65-69	2,199	5,271	7,470
70-74	3,221	6,588	9,809
75-79	3,012	5,905	8,917
80-84	2,362	5,728	8,090
85-89	1,538	4,496	6,034
90-94	595	2,014	2,609
95-99	96	531	627
100	2	28	30
101	0	15	15
102	1	12	13
103	2	4	6
104	0	3	3
105 & Over	0	0	0
<b>Total</b>	<b>15,525</b>	<b>35,080</b>	<b>50,605</b>



**Terminated Vested Members Eligible for Health Care at Age 60  
Male and Female Demographic Breakdown  
June 30, 2010  
Tabulated by Attained Ages**

Attained Age	Number of		Total Number
	Males	Females	
30-34	11	6	17
35-39	15	39	54
40-44	52	130	182
45-49	154	381	535
50-54	259	796	1,055
55-59	234	1,149	1,383
60 & Over	142	624	766
<b>Total</b>	<b>867</b>	<b>3,125</b>	<b>3,992</b>



**Total Active Members as of June 30, 2010  
Tabulated by Attained Ages and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	707							
Avg Pay	\$4,816							\$3,404,999
20-24	5,072	86						
Avg Pay	\$8,507	\$21,200						\$44,970,289
25-29	5,176	800	81					
Avg Pay	\$13,686	\$26,600	\$34,135					\$94,881,570
30-34	4,529	1,519	608	29				
Avg Pay	\$14,394	\$28,151	\$33,288	\$39,404				\$129,335,566
35-39	5,960	2,593	1,352	331	51			
Avg Pay	\$13,757	\$25,456	\$34,016	\$38,437	\$39,673			\$208,730,933
40-44	7,220	4,102	2,667	819	380	71	1	
Avg Pay	\$12,978	\$22,845	\$29,333	\$39,234	\$43,148	\$45,226	\$43,683	\$317,423,002
44-49	6,829	5,529	5,106	1,993	1,112	676	126	
Avg Pay	\$13,580	\$22,070	\$26,706	\$32,312	\$40,055	\$46,286	\$47,261	\$497,304,939
50-54	5,168	4,793	5,784	3,626	2,143	1,164	612	
Avg Pay	\$14,236	\$22,941	\$26,039	\$29,081	\$34,963	\$43,284	\$46,426	\$593,305,511
55-59	3,450	2,960	3,717	3,107	3,084	1,467	743	
Avg Pay	\$14,618	\$24,023	\$26,937	\$28,555	\$31,428	\$36,597	\$42,550	\$492,610,111
60-64	2,143	1,872	1,698	1,600	2,118	1,548	811	
Avg Pay	\$13,778	\$23,113	\$27,525	\$29,983	\$30,992	\$33,467	\$34,877	\$313,237,043
65-69	926	803	628	473	553	510	612	
Avg Pay	\$9,987	\$19,203	\$24,407	\$26,928	\$29,706	\$31,188	\$30,599	\$103,792,645
70 & over	535	476	317	192	201	202	454	
Avg Pay	\$7,849	\$14,101	\$18,972	\$22,916	\$21,784	\$26,477	\$27,778	\$43,663,551
Totals	47,715	25,533	21,958	12,170	9,642	5,638	3,359	126,015
Avg Pay	\$12,952	\$23,267	\$27,434	\$30,376	\$33,319	\$37,537	\$37,407	\$22,558

Averages:  
Age: 48.2  
Service: 9.8  
Annual Pay: \$22,558



**Male Active Members as of June 30, 2010  
Tabulated by Attained Ages and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	398							
Avg Pay	\$5,025							\$1,999,908
20-24	2,573	56						
Avg Pay	\$8,614	\$24,855						\$23,555,340
25-29	2,394	399	43					
Avg Pay	\$13,748	\$31,559	\$40,660					\$47,253,992
30-34	1,789	564	258	16				
Avg Pay	\$14,517	\$34,702	\$40,436	\$44,664				\$56,691,006
35-39	1,878	642	424	146	26			
Avg Pay	\$15,301	\$35,679	\$44,273	\$44,612	\$42,215			\$78,024,712
40-44	2,077	782	575	303	184	33	1	
Avg Pay	\$14,073	\$32,616	\$43,406	\$49,938	\$47,818	\$47,345	\$43,683	\$105,230,761
44-49	2,165	941	752	390	418	381	69	
Avg Pay	\$14,542	\$31,489	\$41,384	\$46,925	\$47,841	\$49,740	\$48,251	\$152,814,545
50-54	1,890	1,078	815	478	488	522	314	
Avg Pay	\$15,068	\$31,855	\$38,618	\$43,768	\$46,949	\$51,293	\$50,117	\$180,634,978
55-59	1,556	979	726	524	475	415	302	
Avg Pay	\$16,296	\$29,969	\$37,237	\$40,663	\$45,598	\$47,887	\$49,303	\$159,459,959
60-64	1,143	811	486	338	318	279	150	
Avg Pay	\$15,591	\$27,545	\$36,533	\$41,787	\$42,944	\$46,631	\$45,125	\$105,473,340
65-69	497	455	280	151	115	92	65	
Avg Pay	\$11,666	\$21,514	\$29,094	\$34,739	\$41,783	\$43,008	\$45,718	\$40,712,357
70 & over	278	257	162	74	55	46	30	
Avg Pay	\$9,561	\$17,394	\$23,159	\$29,429	\$30,430	\$36,537	\$40,803	\$17,636,132
Totals	18,638	6,964	4,521	2,420	2,079	1,768	931	37,321
Avg Pay	\$13,554	\$30,425	\$38,751	\$43,155	\$45,502	\$48,535	\$48,296	\$25,977

Averages:  
Age: 46.6  
Service: 8.2  
Annual Pay: \$25,977



**Female Active Members as of June 30, 2010  
Tabulated by Attained Ages and Years of Service**

Attained Age	Years of Service to Valuation Date							Totals
	0-4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	
Under 20	309							
Avg Pay	\$4,547							\$1,405,091
20-24	2,499	30						
Avg Pay	\$8,397	\$14,377						\$21,414,949
25-29	2,782	401	38					
Avg Pay	\$13,632	\$21,666	\$26,751					\$47,627,578
30-34	2,740	955	350	13				
Avg Pay	\$14,314	\$24,282	\$28,019	\$32,931				\$72,644,560
35-39	4,082	1,951	928	185	25			
Avg Pay	\$13,046	\$22,091	\$29,329	\$33,564	\$37,030			\$130,706,221
40-44	5,143	3,320	2,092	516	196	38		
Avg Pay	\$12,535	\$20,543	\$25,465	\$32,949	\$38,763	\$43,387		\$212,192,241
44-49	4,664	4,588	4,354	1,603	694	295	57	
Avg Pay	\$13,134	\$20,138	\$24,171	\$28,756	\$35,366	\$41,826	\$46,064	\$344,490,394
50-54	3,278	3,715	4,969	3,148	1,655	642	298	
Avg Pay	\$13,757	\$20,354	\$23,976	\$26,850	\$31,429	\$36,771	\$42,538	\$412,670,533
55-59	1,894	1,981	2,991	2,583	2,609	1,052	441	
Avg Pay	\$13,239	\$21,085	\$24,436	\$26,099	\$28,849	\$32,143	\$37,926	\$333,150,152
60-64	1,000	1,061	1,212	1,262	1,800	1,269	661	
Avg Pay	\$11,706	\$19,725	\$23,913	\$26,821	\$28,881	\$30,572	\$32,552	\$207,763,703
65-69	429	348	348	322	438	418	547	
Avg Pay	\$8,042	\$16,182	\$20,637	\$23,265	\$26,535	\$28,586	\$28,802	\$63,080,288
70 & over	257	219	155	118	146	156	424	
Avg Pay	\$5,998	\$10,237	\$14,594	\$18,832	\$18,527	\$23,510	\$26,857	\$26,027,419
Totals	29,077	18,569	17,437	9,750	7,563	3,870	2,428	88,694
Avg Pay	\$12,566	\$20,582	\$24,500	\$27,204	\$29,970	\$32,512	\$33,231	\$21,120

Averages:

Age: 48.9

Service: 10.5

Annual Pay: \$21,120



**Active Members as of June 30, 2010  
By Annual Pay**

Annual Pay	Number of Active Members			Portion of Total Number	
	Men	Women	Totals	Group	Cumulative
Less than \$1,000	238	284	522	0.4%	0.4%
\$1,000 - 1,999	1,173	1,309	2,482	2.0%	2.4%
2,000 - 2,999	2,107	2,053	4,160	3.3%	5.7%
3,000 - 3,999	2,243	2,302	4,545	3.6%	9.3%
4,000 - 4,999	1,589	2,319	3,908	3.1%	12.4%
5,000 - 5,999	1,256	2,254	3,510	2.8%	15.2%
6,000 - 6,999	986	2,109	3,095	2.5%	17.6%
7,000 - 7,999	822	2,207	3,029	2.4%	20.0%
8,000 - 8,999	716	2,156	2,872	2.3%	22.3%
9,000 - 9,999	670	2,329	2,999	2.4%	24.7%
10,000 - 11,999	1,280	4,489	5,769	4.6%	29.3%
12,000 - 13,999	1,186	4,909	6,095	4.8%	34.1%
14,000 - 15,999	1,252	6,308	7,560	6.0%	40.1%
16,000 - 17,999	1,227	7,143	8,370	6.6%	46.8%
18,000 - 19,999	1,098	6,352	7,450	5.9%	52.7%
20,000 - 24,999	2,319	12,928	15,247	12.1%	64.8%
25,000 - 29,999	2,227	8,200	10,427	8.3%	73.0%
30,000 - 35,999	3,487	7,397	10,884	8.6%	81.7%
36,000 and over	11,445	11,646	23,091	18.3%	100.0%
<b>Totals</b>	<b>37,321</b>	<b>88,694</b>	<b>126,015</b>		





## **SCHEDULE E**

### **GLOSSARY**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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