

# **TriMet Other Postemployment Benefit Plan**

**GASB 74/75 Report  
as of January 1, 2018**

**Produced by Cheiron**

**Revised July 2018**

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**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN  
GASB 74/75 REPORTING FOR JANUARY 1, 2018 MEASUREMENT DATE**

**SECTION I – EXECUTIVE SUMMARY**

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75 for the Other Postemployment Benefits Plan provided by the Tri-County Metropolitan Transportation District of Oregon. This information includes:

- Determination of the discount rate as of January 1, 2017 and January 1, 2018;
- Sensitivity of the Net OPEB liability to changes in discount rates and health care cost trend rates;
- Note disclosures and required supplementary information under GASB 74 for the Plan; and
- Note disclosures and required supplementary information under GASB 75 for the employer.

**Highlights**

This is the first report under GASB 75 for the Other Postemployment Benefit Plan (OPEB Plan) provided by the Tri-County Metropolitan Transportation District of Oregon (TriMet). While the OPEB Plan is currently funded on a pay-as-you-go basis, there is an OPEB trust with a small amount of assets. As a result, this report also contains disclosures required by GASB 74. The measurement date is January 1, 2018, which is used for the Plan’s GASB 74 reporting and for TriMet’s GASB 75 reporting as of June 30, 2018. Measurements are based on the total OPEB liability and the fair value of assets as of January 1, 2018.

Table I-1 on the next page summarizes the January 1, 2018 and January 1, 2017 actuarial valuation results. The prior valuation as of January 1, 2017 was performed by the prior actuary to report under GASB 45. With the implementation of GASB 75, measurements as of January 1, 2017 had to be re-stated using the discount rate required by GASB 75. In addition, the terminology has changed. The Actuarial Accrued Liability (AAL) and Unfunded AAL under GASB 45 are now referred to as the Total OPEB Liability (TOL) and Net OPEB Liability (NOL) under GASB 75.

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**SECTION I – EXECUTIVE SUMMARY**

<b>Table I-1 Summary of Key Valuation Results</b>			
<b>Valuation Date</b>	<b>GASB 75</b>		<b>GASB 45</b>
	<b>01/01/2018</b>	<b>01/01/2017</b>	<b>01/01/2017 *</b>
Discount Rate	3.44%	3.78%	3.50%
<b>Total OPEB Liability</b>			
<u>Union</u>			
Active	\$ 351,923,546	\$ 339,271,407	\$ 351,441,936
Inactive	336,062,365	305,885,791	314,389,048
Total Union	\$ 687,985,911	\$ 645,157,198	\$ 665,830,984
<u>Non-Union</u>			
Active	\$ 52,030,263	\$ 61,557,901	\$ 65,595,773
Inactive	46,525,236	37,001,717	37,878,349
Total Non-Union	\$ 98,555,499	\$ 98,559,618	\$ 103,474,122
<b>Total</b>	<b>\$ 786,541,410</b>	<b>\$ 743,716,816</b>	<b>\$ 769,305,106</b>
Market Value of Assets	403,340	401,426	401,426
<b>Net OPEB Liability</b>	<b>\$ 786,138,070</b>	<b>\$ 743,315,390</b>	<b>\$ 768,903,680</b>

\* The results in this column are from the prior actuary's report.

The Total OPEB Liability decreased from \$769.3 million under the GASB 45 valuation performed by the prior actuary to \$743.7 million under the GASB 75 valuation. This change is attributable to a \$3.5 million increase due to the change in actuary and a \$29.1 million decrease due to the higher discount rate.

Table I-2 on the following page provides a summary of the key GASB 75 results during this measurement period. The Net OPEB Obligation reported under GASB 45 of approximately \$563.8 million as of June 30, 2017 would be replaced with a Net OPEB Liability of \$743.3 million as of the beginning of the fiscal year. In addition, contributions between the measurement date of January 1, 2017 and the fiscal year end would be reported as a deferred outflow of resources.

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**SECTION I – EXECUTIVE SUMMARY**

<b>Table I-2</b>			
<b>Summary of Key Results</b>			
<b>Reporting Date</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	
<b>Measurement Date</b>	<b>1/1/2018</b>	<b>1/1/2017</b>	
Net OPEB Liability	\$ 786,138,070	\$ 743,315,390	
Deferred Outflows	2,332,415	0	
Deferred Inflows	<u>1,531</u>	<u>0</u>	
Net Impact on Statement of Net Position	\$ 783,807,186	\$ 743,315,390	
<b>Contributions Subsequent to Measurement Date</b>			
Explicit Subsidy	\$ 10,102,946	\$ 9,263,291	
Implicit Subsidy	<u>1,793,622</u>	<u>1,892,818</u>	
Total	\$ 11,896,568	\$ 11,156,109	
OPEB Expense (\$ Amount)	\$ 63,138,424		N/A
OPEB Expense (% of Payroll)	31.80%		N/A

At the June 30, 2018 reporting date, TriMet will report a Net OPEB Liability (NOL) of \$786,138,072, deferred outflows of resources of \$2,332,417, and deferred inflows of resources of \$1,531 related to the Plan. Consequently, the net impact on TriMet’s statement of net position due to the Plan would be \$783,807,186 [ $783,807,186 = 786,138,072 - 2,332,417 + 1,531$ ]. In addition, any contributions between the measurement date and the reporting date would be reported as deferred outflows of resources to offset the cash outflows reported. We estimate explicit subsidy payments of \$10.1 million and implicit subsidy payments of \$1.8 million between January 1, 2018 and June 30, 2018. The estimated explicit subsidy payments should be replaced with actual amounts when those amounts are known after the fiscal year end.

The NOL increased approximately \$42.82 million during the measurement period. The change in NOL due to actuarial gains and losses as well as assumption changes is recognized over the average remaining service life, determined at the beginning of each measurement period, which is seven years as of both the current and prior measurement period for the Plan. The change in NOL due to investment gains and losses is recognized in OPEB expense over five years, beginning in the year of occurrence. Unrecognized amounts are reported as deferred outflows of resources and deferred inflows of resources.

For the reporting year ending June 30, 2018, the annual OPEB expense is \$63,138,424 or 31.80% of covered-employee payroll. This amount reflects TriMet’s contributions to the Plan during the measurement period, \$22,646,628, plus the change in the net impact on TriMet’s statement of net position [ $63,138,424 = 22,646,628 + 783,807,186 - 743,315,390$ ].

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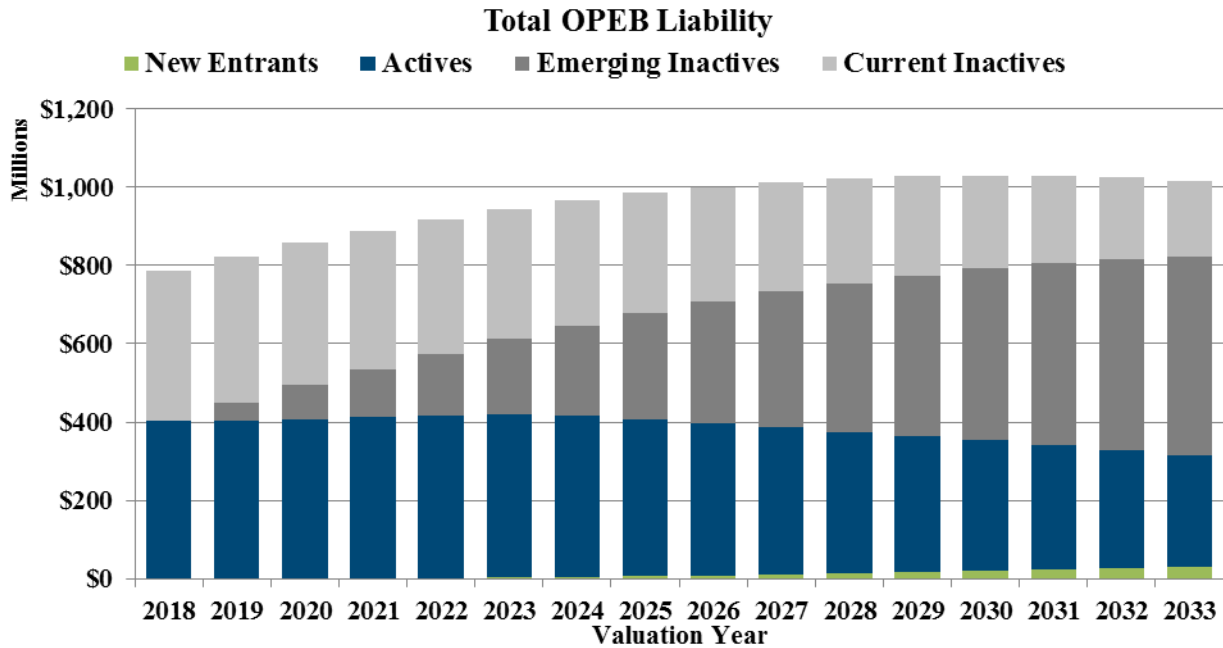
**SECTION I – EXECUTIVE SUMMARY**

Volatility in OPEB expense from year to year is to be expected. A breakdown of the components of the net OPEB expense is shown in section V of this report.

The chart below shows the projection of the Total OPEB Liability (TOL) for the combination of union and non-union members assuming the discount rate remains constant and all other assumptions are met. Each year, the TOL increases with interest and the accrual of additional benefits and decreases for the benefits that are paid.

The small green bars on the bottom represent the projected liability for new hires after the valuation date. Because new hires earn benefits under Tier 3, the liability for these members is much lower than for Tiers 1 and 2. The dark blue bars represent the liability for current active members while they remain active employees, and the dark gray bars represent the liability for current active members as they retire. The light gray bars represent the liability for participants currently receiving benefits.

The Total OPEB Liability is projected to grow until 2030, when it is expected to start declining as Tier 3 becomes the dominant Tier of benefits.



The chart on the following page shows a projection of benefit payments and OPEB expense for the next 15 years assuming the discount rate remains constant, all assumptions are met, and contributions are equal to the benefit payments each year.

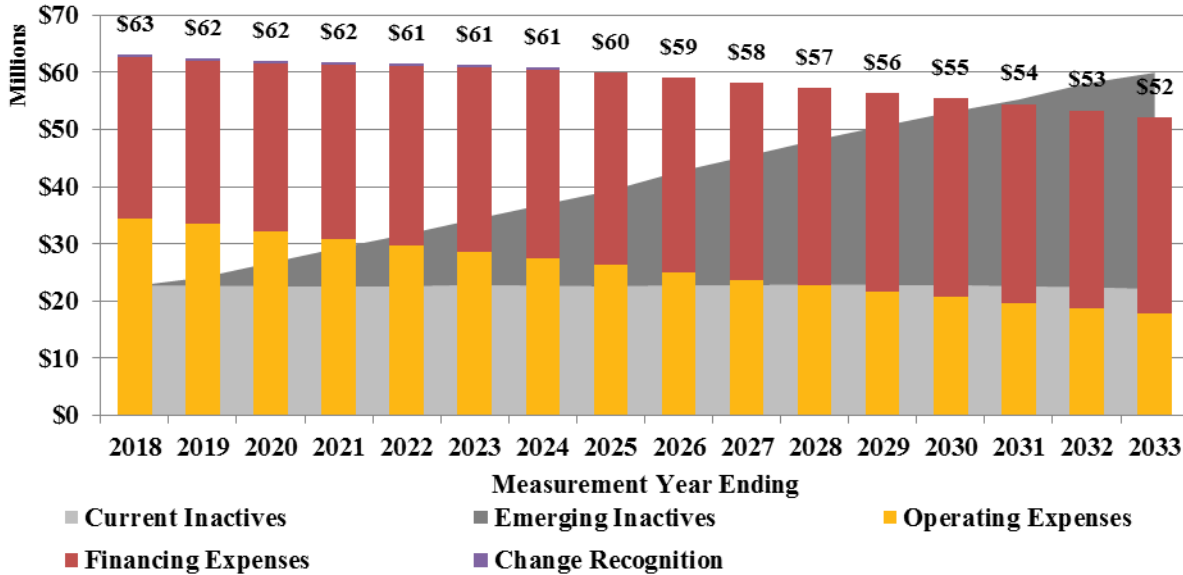
The light gray area in the background represents projected benefit payments for participants currently receiving benefits. The dark gray area in the background represents projected benefit payments for participants who are currently active employees. Benefit payments (also TriMet

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**SECTION I – EXECUTIVE SUMMARY**

contributions) are expected to grow significantly as current employees retire increasing from under \$23 million in 2017 to almost \$60 million by the end of the projection period.

**Benefit Payments/Contributions and OPEB Expense**



The annual OPEB expense under GASB 75 is shown by its key components assuming there are no changes in discount rate and all assumptions are met. The gold bars represent the operating expenses of the OPEB Plan. These expenses are primarily due to the benefits for active employees attributed to additional years of service. As Tier 2 employees retire and are replaced with Tier 3 employees, the operating expenses of the OPEB plan are expected to decline over the projection period from approximately \$34 million to approximately \$18 million.

The red bars represent the financing expenses of the OPEB Plan, which are largely interest on the TOL. If the OPEB Plan were prefunded, the interest costs would be offset by the expected return on assets. Assuming the discount rate remains at 3.44% and all other assumptions are met, the financing expense is expected to increase over the projection period from approximately \$28 million to approximately \$34 million.

Assumption changes and experience gains and losses are also recognized over time as a component of OPEB expense. With the first year of implementation, these amounts are relatively small (about \$0.4 million for the first seven years) and the purple bars are difficult to see on the chart.

The numbers at the top of the stacked bars represent the annual OPEB expense projected for each year. Over the period, the OPEB expense is expected to decline from about \$63 million to about \$52 million.

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**SECTION II – CERTIFICATION**

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75 for the Other Postemployment Benefits (OPEB) Plan provided by the Tri-County Metropolitan Transportation District of Oregon (TriMet). This report is for the use of TriMet and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

In preparing our report, we relied on information (some oral and some written) supplied by TriMet. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements 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; and changes in plan provisions or applicable law.

To the best of our knowledge, this report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices that are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board including the use of assumptions and methods for funding purposes that comply with the Actuarial Standards of Practice. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for TriMet for the purposes described herein and for the use by the auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



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**SECTION III – DETERMINATION OF DISCOUNT RATE**

The discount rate used to measure the total OPEB liability as of January 1, 2017 was 3.78%. The discount rate used to measure the total OPEB liability as of January 1, 2018 was 3.44%. Additional information about these rates are provided in Appendix B.

In developing the projection of cash flows used to determine the discount rate, we assumed that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rate used at the January 1, 2017 and 2018 measurement dates is equal to the yield on the Bond Buyer 20-Bond GO Index as of December 29, 2016 and December 29, 2017 respectively.

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**SECTION III – DETERMINATION OF DISCOUNT RATE**

Table III-1 below summarizes the total expected net benefit payments for the next 30 years.

Table III-1 Expected Net Benefit Payments - Total				
Measurement Year Ending December 31	Projected Costs	Retiree Premiums	Retiree Life Insurance	Total
2018	\$ 24,717,997	\$ (1,043,106)	\$ 428,652	\$ 24,103,543
2019	27,339,213	(1,132,464)	463,080	26,669,829
2020	29,980,908	(1,234,197)	496,734	29,243,445
2021	32,449,726	(1,328,788)	531,089	31,652,027
2022	35,124,343	(1,423,397)	564,990	34,265,936
2023	37,709,061	(1,512,011)	600,953	36,798,003
2024	40,256,771	(1,606,319)	638,190	39,288,642
2025	43,680,589	(1,751,991)	677,804	42,606,402
2026	46,456,113	(1,869,029)	717,436	45,304,520
2027	49,283,735	(1,968,280)	756,517	48,071,972
2028	51,874,088	(2,086,553)	794,416	50,581,951
2029	54,348,235	(2,190,603)	830,409	52,988,041
2030	56,542,314	(2,286,929)	864,071	55,119,456
2031	59,365,611	(2,419,578)	895,413	57,841,446
2032	61,084,849	(2,483,282)	924,122	59,525,689
2033	63,154,493	(2,567,577)	950,005	61,536,921
2034	63,496,863	(2,593,152)	972,824	61,876,535
2035	64,212,361	(2,607,380)	992,478	62,597,459
2036	64,322,279	(2,602,321)	1,008,594	62,728,552
2037	65,021,893	(2,636,114)	1,021,014	63,406,793
2038	64,883,757	(2,618,332)	1,029,466	63,294,891
2039	64,614,564	(2,620,792)	1,034,002	63,027,774
2040	65,011,602	(2,665,972)	1,034,334	63,379,964
2041	63,885,936	(2,660,067)	1,030,597	62,256,466
2042	63,197,507	(2,677,383)	1,022,917	61,543,041
2043	62,252,977	(2,654,656)	1,011,552	60,609,873
2044	61,087,402	(2,656,353)	996,685	59,427,734
2045	60,070,089	(2,635,240)	978,513	58,413,362
2046	58,677,370	(2,560,791)	957,519	57,074,098
2047	57,683,112	(2,540,016)	934,094	56,077,190

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**SECTION III – DETERMINATION OF DISCOUNT RATE**

Table III-2 below summarizes the Union expected net benefit payments for the next 30 years.

<b>Table III-2 Expected Net Benefit Payments - Union</b>								
<b>Measurement Year Ending December 31</b>	<b>Projected Costs</b>		<b>Retiree Premiums</b>		<b>Retiree Life Insurance</b>	<b>Total</b>		
2018	\$	22,039,077	\$	(908,365)	\$	399,581	\$	21,530,293
2019		24,483,953		(986,458)		431,106		23,928,601
2020		26,953,058		(1,076,546)		461,726		26,338,238
2021		29,286,135		(1,158,114)		492,920		28,620,941
2022		31,729,877		(1,231,419)		523,366		31,021,824
2023		34,031,022		(1,304,594)		555,806		33,282,234
2024		36,351,594		(1,380,589)		589,318		35,560,323
2025		39,447,486		(1,490,115)		625,049		38,582,420
2026		41,864,172		(1,570,335)		660,395		40,954,232
2027		44,421,565		(1,651,808)		695,215		43,464,972
2028		46,637,032		(1,716,679)		728,786		45,649,139
2029		48,856,084		(1,781,860)		760,344		47,834,568
2030		50,783,283		(1,839,413)		789,591		49,733,461
2031		53,234,005		(1,917,527)		816,447		52,132,925
2032		54,748,220		(1,967,859)		840,724		53,621,085
2033		56,575,390		(2,017,712)		862,138		55,419,816
2034		56,636,316		(2,017,133)		880,516		55,499,699
2035		57,269,913		(2,031,092)		895,752		56,134,573
2036		57,180,542		(2,022,957)		907,525		56,065,110
2037		57,725,817		(2,037,036)		915,607		56,604,388
2038		57,486,058		(2,025,598)		919,836		56,380,296
2039		57,130,551		(2,010,676)		920,281		56,040,156
2040		57,348,693		(2,010,685)		916,723		56,254,731
2041		56,188,378		(1,971,938)		909,383		55,125,823
2042		55,499,594		(1,950,464)		898,504		54,447,634
2043		54,525,079		(1,918,064)		884,417		53,491,432
2044		53,301,090		(1,875,738)		867,454		52,292,806
2045		52,409,332		(1,844,593)		847,928		51,412,667
2046		51,209,686		(1,800,698)		826,301		50,235,289
2047		50,287,307		(1,765,602)		802,890		49,324,595

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**SECTION III – DETERMINATION OF DISCOUNT RATE**

Table III-3 below shows the Non-Union expected net benefit payments for the next 30 years.

<b>Table III-3</b>				
<b>Expected Net Benefit Payments - Non Union</b>				
<b>Measurement Year</b>				
<b>Ending</b>	<b>Projected</b>	<b>Retiree</b>	<b>Retiree Life</b>	
<b>December 31</b>	<b>Costs</b>	<b>Premiums</b>	<b>Insurance</b>	<b>Total</b>
2018	\$ 2,678,920	\$ (134,741)	\$ 29,071	\$ 2,573,250
2019	2,855,260	(146,006)	31,974	2,741,228
2020	3,027,850	(157,651)	35,008	2,905,207
2021	3,163,591	(170,674)	38,169	3,031,086
2022	3,394,466	(191,978)	41,624	3,244,112
2023	3,678,039	(207,417)	45,147	3,515,769
2024	3,905,177	(225,730)	48,872	3,728,319
2025	4,233,103	(261,876)	52,755	4,023,982
2026	4,591,941	(298,694)	57,041	4,350,288
2027	4,862,170	(316,472)	61,302	4,607,000
2028	5,237,056	(369,874)	65,630	4,932,812
2029	5,492,151	(408,743)	70,065	5,153,473
2030	5,759,031	(447,516)	74,480	5,385,995
2031	6,131,606	(502,051)	78,966	5,708,521
2032	6,336,629	(515,423)	83,398	5,904,604
2033	6,579,103	(549,865)	87,867	6,117,105
2034	6,860,547	(576,019)	92,308	6,376,836
2035	6,942,448	(576,288)	96,726	6,462,886
2036	7,141,737	(579,364)	101,069	6,663,442
2037	7,296,076	(599,078)	105,407	6,802,405
2038	7,397,699	(592,734)	109,630	6,914,595
2039	7,484,013	(610,116)	113,721	6,987,618
2040	7,662,909	(655,287)	117,611	7,125,233
2041	7,697,558	(688,129)	121,214	7,130,643
2042	7,697,913	(726,919)	124,413	7,095,407
2043	7,727,898	(736,592)	127,135	7,118,441
2044	7,786,312	(780,615)	129,231	7,134,928
2045	7,660,757	(790,647)	130,585	7,000,695
2046	7,467,684	(760,093)	131,218	6,838,809
2047	7,395,805	(774,414)	131,204	6,752,595

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**SECTION IV – GASB 74 REPORTING INFORMATION**

**Note Disclosures**

The tables below show the changes in the total OPEB liability (TOL), the Plan fiduciary net position (i.e., fair value of Plan assets) (FNP), and the net OPEB liability (NOL) during the measurement period ending on January 1, 2018.

<b>Table IV - 1 Change in Net OPEB Liability</b>					
	Increase (Decrease)			Plan Fiduciary Net Position	Net OPEB Liability
	Union	Non Union	Total		
<b>Balances at 1/1/2017</b>	\$ 645,157,198	\$ 98,559,618	\$ 743,716,816	\$ 401,426	\$ 743,315,390
<b>Changes for the year:</b>					
Service cost BOY	31,621,772	2,795,403	34,417,175		34,417,175
Interest	24,599,912	3,732,984	28,332,896		28,332,896
Changes of benefits	0	0	0		0
Differences between expected and actual experience	(156,693)	1,685,619	1,528,926		1,528,926
Changes of assumptions	7,011,763	(5,819,538)	1,192,225		1,192,225
Contributions - employer				22,646,628	(22,646,628)
Contributions - member				0	0
Net investment income				1,914	(1,914)
Benefit payments					0
Explicit subsidy	(16,959,276)	(1,837,783)	(18,797,059)	(18,797,059)	
Implicit subsidy	(3,288,766)	(560,804)	(3,849,569)	(3,849,569)	
Administrative expense				0	0
<b>Net changes</b>	<u>42,828,713</u>	<u>(4,119)</u>	<u>42,824,594</u>	<u>1,914</u>	<u>42,822,680</u>
<b>Balances at 1/1/2018</b>	<u>\$ 687,985,911</u>	<u>\$ 98,555,499</u>	<u>\$ 786,541,410</u>	<u>\$ 403,340</u>	<u>\$ 786,138,070</u>

During the measurement year, the NOL increased by approximately \$42.82 million. The service cost and interest cost increased the NOL by approximately \$62.75 million while contributions plus investment gains offset by administrative expenses decreased the NOL by approximately \$22.65 million.

There were no changes in benefits during the year. There were changes in assumptions during the measurement year, which decreased the TOL by approximately \$21.1 million. The assumption changes included a reduction in the discount rate, changes in healthcare costs and trends, and a change in the spousal coverage assumption. There was a liability loss during the year due to experience, which increased the TOL by approximately \$1.2 million.

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**SECTION IV – GASB 74 REPORTING INFORMATION**

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

**Table IV - 2  
Sensitivity of Net OPEB Liability to Changes in Discount Rate**

	<b>1% Decrease 2.44%</b>	<b>Discount Rate 3.44%</b>	<b>1% Increase 4.44%</b>
Total OPEB Liability	\$ 901,700,078	\$ 786,541,410	\$ 691,438,295
Plan Fiduciary Net Position	403,340	403,340	403,340
Net OPEB Liability	<u>\$ 901,296,738</u>	<u>\$ 786,138,070</u>	<u>\$ 691,034,955</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.1%	0.1%

A one percent decrease in the discount rate increases the TOL by approximately 15% and increases the NOL by approximately 15%. A one percent increase in the discount rate decreases the TOL by approximately 12% and decreases the NOL by approximately 12%.

Changes in the healthcare trends also affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

**Table IV - 3  
Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates**

	<b>1% Decrease</b>	<b>Healthcare Trend</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 682,458,556	\$ 786,541,410	\$ 915,469,242
Plan Fiduciary Net Position	403,340	403,340	403,340
Net OPEB Liability	<u>\$ 682,055,216</u>	<u>\$ 786,138,070</u>	<u>\$ 915,065,902</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.1%	0.1%	0.0%

A one percent decrease in the healthcare trends decreases the TOL by approximately 13% and decreases the NOL by approximately 13%. A one percent increase in the healthcare trends increases the TOL by approximately 16% and increases the NOL by approximately 16%.

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**SECTION IV – GASB 74 REPORTING INFORMATION**

**Required Supplementary Information**

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74, and eventually will build up to 10 years of information.

The schedules below show the changes in NOL and related ratios required by GASB.

<b>Table IV - 4</b>	
<b>Schedule of Changes in Net OPEB Liability and Related Ratios</b>	
	<b>FYE 2018</b>
<b><u>Total OPEB Liability</u></b>	
Service cost (MOY)	\$ 34,417,175
Interest (includes interest on service cost)	28,332,896
Changes of benefit terms	0
Differences between expected and actual experience	1,528,926
Changes of assumptions	1,192,225
Benefit payments, including refunds of member contributions	(22,646,628)
<b>Net change in total OPEB liability</b>	<b>\$ 42,824,594</b>
<b>Total OPEB liability - beginning</b>	<b>743,716,816</b>
<b>Total OPEB liability - ending</b>	<b>\$ 786,541,410</b>
<b><u>Plan fiduciary net position</u></b>	
Contributions - employer	\$ 22,646,628
Contributions - member	0
Net investment income	1,914
Benefit payments, including refunds of member contributions	(22,646,628)
Administrative expense	0
<b>Net change in plan fiduciary net position</b>	<b>\$ 1,914</b>
<b>Plan fiduciary net position - beginning</b>	<b>401,426</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 403,340</b>
<b>Net OPEB liability - ending</b>	<b>\$ 786,138,070</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>0.05%</b>
<b>Covered employee payroll</b>	<b>\$ 198,559,646</b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	<b>395.92%</b>

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**SECTION V – GASB 75 REPORTING INFORMATION**

The schedules in this section provide the information TriMet needs to report under GASB 75. The impact of experience gains or losses and assumption changes on the TOL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was seven years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter, if any. Amounts are split between the union and non-union groups, but only the total applies for TriMet’s financial statements. For this purpose, the assets in the trust were allocated to the union and non-union groups in proportion to the TOL at the beginning and end of the year, and the actual earnings for each group also includes the impact of any change in proportion during the year.

Table V - 1 Schedule of Deferred Inflows and Outflows of Resources as of January 1, 2018						
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Union	Non-Union	Total	Union	Non-Union	Total
Differences between expected and actual experience	\$ 0	\$ 1,444,816	\$ 1,310,508	\$ 134,308	\$ 0	\$ 0
Changes in assumptions	6,010,083	0	1,021,907	0	4,988,176	0
Net difference between projected and actual earnings on OPEB plan investments	0	2,127	0	3,658	0	1,531
<b>Total</b>	<b>\$ 6,010,083</b>	<b>\$ 1,446,943</b>	<b>\$ 2,332,415</b>	<b>\$ 137,966</b>	<b>\$ 4,988,176</b>	<b>\$ 1,531</b>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:						
	<b>Year ended June 30:</b>	<b>Union</b>	<b>Non-Union</b>	<b>Total</b>		
	2019	978,380	(590,027)	388,353		
	2020	978,380	(590,027)	388,353		
	2021	978,380	(590,027)	388,353		
	2022	978,382	(590,028)	388,354		
	2023	979,295	(590,559)	388,736		
	Thereafter	\$ 979,300	\$ (590,565)	\$ 388,735		

During the year, actual experience differed from assumed experience increasing the TOL by approximately \$1.5 million. In addition, assumption changes (including the reduction in the discount rate, a change in healthcare cost and trends, and a change in spousal coverage assumptions) increased the TOL by approximately \$1.2 million. Approximately \$390,000 was recognized in the current year (\$978,000 from Union as outflows of resources and \$590,000 from Non-Union as inflows of resources) and an identical amount will be recognized in each of the next six years, resulting in a deferred outflow of resources of approximately \$2.3 million.



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**SECTION V – GASB 75 REPORTING INFORMATION**

The impact of investment gains or losses is recognized over a period of five years. Because the OPEB trust holds so few assets, we have assumed no investment income. As a result, all actual investment income is treated as a gain. During the measurement year, there was an investment gain of \$1,914. Of that gain, \$383 was recognized in the current year and an identical amount will be recognized in each of the next four years, resulting in a deferred inflow of resources as of June 30, 2018 of \$1,531.

**Annual OPEB Expense**

The annual OPEB expense can be calculated two different ways. First, it is the change in the amounts reported on TriMet's Statement of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in the NOL minus the change in deferred outflows plus the change in deferred inflows plus employer contributions during the year.

Alternatively, annual OPEB expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the next page, we believe it helps to understand the level and volatility of the OPEB expense.

In the calculation of OPEB expense by individual components, there are three separate sections. First, there are components referred to as operating expenses. These are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the measurement year, and administrative expenses are the cost of operating the Plan for the year.

Second, there are the financing expenses: the interest on the TOL less the expected return on assets.

The final category is changes. This category will drive most of the volatility in OPEB expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

The table on the following page shows the development of OPEB expense through both of these methodologies. In addition to the information shown below, any contributions between the measurement date and the reporting date would be reported as deferred outflows of resources to offset the cash outflows reported.

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**SECTION V – GASB 75 REPORTING INFORMATION**

**Table V - 2  
Calculation of OPEB Expense**

	Measurement Year Ending 2018		
	Union	Non-Union	Total
Change in Net OPEB Liability	\$ 42,824,140	\$ (1,460)	\$ 42,822,680
Change in Deferred Outflows	(6,010,083)	(1,446,943)	(2,332,415)
Change in Deferred Inflows	137,966	4,988,176	1,531
Employer Contributions	20,248,041	2,398,587	22,646,628
<b>OPEB Expense</b>	<b>\$ 57,200,064</b>	<b>\$ 5,938,360</b>	<b>\$ 63,138,424</b>
<b>OPEB Expense as % of Payroll</b>	<b>35.58%</b>	<b>15.72%</b>	<b>31.80%</b>
<b>Operating Expenses</b>			
Service cost	\$ 31,621,772	\$ 2,795,403	\$ 34,417,175
Employee contributions	0	0	0
Administrative expenses	0	0	0
Total	\$ 31,621,772	\$ 2,795,403	\$ 34,417,175
<b>Financing Expenses</b>			
Interest cost	\$ 24,599,912	\$ 3,732,984	\$ 28,332,896
Expected return on assets	0	0	0
Total	\$ 24,599,912	\$ 3,732,984	\$ 28,332,896
<b>Changes</b>			
Benefit changes	\$ 0	\$ 0	\$ 0
Recognition of assumption changes	1,001,680	(831,362)	170,318
Recognition of liability gains and losses	(22,385)	240,803	218,418
Recognition of investment gains and losses	(915)	532	(383)
Total	\$ 978,380	\$ (590,027)	\$ 388,353
<b>OPEB Expense</b>	<b>\$ 57,200,064</b>	<b>\$ 5,938,360</b>	<b>\$ 63,138,424</b>

**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN  
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**APPENDIX A – MEMBERSHIP INFORMATION**

The census data used to develop the Total OPEB Liability (TOL) as of January 1, 2018 was provided by TriMet.

<b>Union Membership Summary</b>			
<b>Valuation Date</b>	<b>1/1/2017</b>	<b>1/1/2018</b>	<b>% Change</b>
<b>Actives with coverage</b>			
Kaiser Permanente	1,307	1,262	-3.4%
Regence HSA	128	186	45.3%
Regence PPO 80/20	337	375	11.3%
Regence Union PPO 90/10	634	598	-5.7%
<b>Total Actives with medical coverage</b>	<b>2,406</b>	<b>2,421</b>	<b>0.6%</b>
Actives without medical coverage, with Dental	51	52	2.0%
Actives above with medical coverage, without Dental	12	11	-8.3%
Actives without medical coverage, without Dental	-	-	-
<b>Total Actives</b>	<b>2,457</b>	<b>2,473</b>	<b>0.7%</b>
<b>Retirees with coverage</b>			
Kaiser	137	128	-6.6%
Regence	148	193	30.4%
Kaiser Senior Advantage	516	543	5.2%
UnitedHealthcare PPO	642	645	0.5%
Total Retirees with medical and dental coverage	1,443	1,509	4.6%
Total Retirees with Life Insurance	1,342	1,405	4.7%
<b>Total Retirees with Stipend</b>	<b>22</b>	<b>28</b>	<b>27.3%</b>
<b>Inactive Population Distribution</b>			
Retirees	1,118	1,205	7.8%
Disableds	224	200	-10.7%
Survivors	137	155	13.1%
<b>Total Inactive Population</b>	<b>1,479</b>	<b>1,560</b>	<b>5.5%</b>

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**APPENDIX A – MEMBERSHIP INFORMATION**

<b>Non-Union Membership Summary</b>			
<b>Valuation Date</b>	<b>1/1/2017</b>	<b>1/1/2018</b>	<b>% Change</b>
<b>Actives with coverage</b>			
Kaiser Permanente	182	190	4.4%
Regence HSA	15	34	126.7%
Regence PPO 80/20	218	216	-0.9%
<b>Total Actives with medical coverage</b>	<b>415</b>	<b>440</b>	<b>6.0%</b>
Actives without medical coverage, with Dental	1	4	300.0%
Actives above with medical coverage, without Dental	2	2	0.0%
Actives without medical coverage, without Dental	15	15	0.0%
<b>Total Actives</b>	<b>431</b>	<b>459</b>	<b>6.5%</b>
<b>Retirees with coverage</b>			
Kaiser Retiree - Open	5	11	120.0%
Kaiser Permanente	1	0	-100.0%
Regence HSA-Retiree	0	1	0.0%
Regence Retiree - Closed	2	2	0.0%
Regence Retiree 80/20	29	34	17.2%
Kaiser Senior Advantage	41	45	9.8%
UnitedHealthcare PPO	89	101	13.5%
<b>Total Retirees with medical and dental coverage</b>	<b>167</b>	<b>194</b>	<b>16.2%</b>
<b>Total Retirees with Life Insurance</b>	<b>162</b>	<b>195</b>	<b>20.4%</b>
<b>Inactive Population Distribution</b>			
Retirees	156	191	22.4%
Disableds	6	4	-33.3%
Survivors	5	8	60.0%
<b>Total Inactive Population</b>	<b>167</b>	<b>203</b>	<b>21.6%</b>

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**APPENDIX A – MEMBERSHIP INFORMATION**

**Active Member Data as of January 1, 2018:**

ACTIVE UNION EMPLOYEES WITH MEDICAL COUNTS BY AGE/SERVICE											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	19	13	0	0	0	0	0	0	0	0	32
25 to 29	18	86	10	0	0	0	0	0	0	0	114
30 to 34	33	98	46	13	0	0	0	0	0	0	190
35 to 39	28	108	46	32	7	0	0	0	0	0	221
40 to 44	32	117	62	51	28	11	0	0	0	0	301
45 to 49	23	135	59	60	49	50	5	0	0	0	381
50 to 54	17	118	50	71	63	45	20	5	2	0	391
55 to 59	11	102	71	61	47	75	32	28	8	0	435
60 to 64	8	69	35	41	54	41	16	20	14	5	303
65 to 69	0	13	13	22	18	8	7	1	4	2	88
70 & up	0	0	2	4	4	3	3	0	0	1	17
<b>Total</b>	<b>189</b>	<b>859</b>	<b>394</b>	<b>355</b>	<b>270</b>	<b>233</b>	<b>83</b>	<b>54</b>	<b>28</b>	<b>8</b>	<b>2,473</b>

ACTIVE NON-UNION EMPLOYEES WITH MEDICAL COUNTS BY AGE/SERVICE											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	5	0	0	0	0	0	0	0	0	0	5
25 to 29	5	5	0	0	0	0	0	0	0	0	10
30 to 34	13	25	3	1	0	0	0	0	0	0	42
35 to 39	18	26	10	8	5	0	0	0	0	0	67
40 to 44	12	17	6	17	9	1	0	0	0	0	62
45 to 49	11	19	15	7	18	9	3	0	0	0	82
50 to 54	8	11	9	13	12	10	5	5	0	0	73
55 to 59	5	11	7	5	7	13	4	3	2	0	57
60 to 64	1	13	6	3	9	2	4	3	4	0	45
65 to 69	0	1	3	2	1	4	3	0	1	0	15
70 & up	0	0	1	0	0	0	0	0	0	0	1
<b>Total</b>	<b>78</b>	<b>128</b>	<b>60</b>	<b>56</b>	<b>61</b>	<b>39</b>	<b>19</b>	<b>11</b>	<b>7</b>	<b>0</b>	<b>459</b>

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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions for this valuation were selected based on recent experience and expectations for the future as described in our letter dated May 16, 2018. Many of the demographic assumptions were selected by the prior actuary based on their 2013 experience study and subsequent update letters dated May 14, 2015; June 2, 2016; and May 31, 2017. We have not performed our own experience study, but reviewed the reports and letters of the prior actuary and believe the assumptions to be reasonable.

**Economic Assumptions**

- |                                     |   |
|-------------------------------------|---|
| <b>1. Expected Return on Assets</b> | 0.00% per year. There is a very small amount of assets in an OPEB trust that if used to pay benefits would not last a month. The assets are invested in short-term fixed income securities. For simplicity, we have assumed no investment earnings on these assets. |
| <b>2. Municipal Bond Yield</b>      | 3.78% as of January 1, 2017<br>3.44% as of January 1, 2018<br>Bond Buyer 20-Bond GO Index, December 29, 2016 and December 28, 2017  |
| <b>3. Discount Rate:</b>            | 3.78% as of January 1, 2017<br>3.44% as of January 1, 2018  |
| <b>4. Wage Inflation:</b>           | 2.75% per year for purposes of attributing individual costs under the Entry Age actuarial cost method   |
| <b>5. Price Inflation:</b>          | 2.50% per year  |

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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**6. Per Person Health Care Cost Trends:**

Year	Union Plans Trend			Non Union Plans Trend	
	Medical and Prescription Drug		Medicare Part B	Medical and Prescription Drug	
	Pre-Medicare	Medicare		Pre-Medicare	Medicare
2018	9.00%	6.00%	0.00%	6.00%	6.00%
2019	8.74%	5.89%	0.00%	5.89%	5.89%
2020	8.47%	5.79%	3.73%	5.79%	5.79%
2021	8.21%	5.68%	4.82%	5.68%	5.68%
2022	7.95%	5.58%	3.98%	5.58%	5.58%
2023	7.68%	5.47%	5.74%	5.47%	5.47%
2024	7.42%	5.37%	5.62%	5.37%	5.37%
2025	7.16%	5.26%	4.79%	5.26%	5.26%
2026	6.89%	5.16%	7.28%	5.16%	5.16%
2027	6.63%	5.05%	7.03%	5.05%	5.05%
2028	6.37%	4.95%	6.79%	4.95%	4.95%
2029	6.11%	4.84%	6.54%	4.84%	4.84%
2030	5.84%	4.74%	6.30%	4.74%	4.74%
2031	5.58%	4.63%	6.05%	4.63%	4.63%
2032	5.32%	4.53%	5.81%	4.53%	4.53%
2033	5.05%	4.42%	5.56%	4.42%	4.42%
2034	4.79%	4.32%	5.32%	4.32%	4.32%
2035	4.53%	4.21%	5.07%	4.21%	4.21%
2036	4.26%	4.11%	4.83%	4.11%	4.11%
2037	4.00%	4.00%	4.58%	4.00%	4.00%
2038	4.00%	4.00%	4.34%	4.00%	4.00%
2039	4.00%	4.00%	4.09%	4.00%	4.00%
2040	4.00%	4.00%	3.85%	4.00%	4.00%
2041+	4.00%	4.00%	3.60%	4.00%	4.00%

Dental premiums and costs are assumed to increase at 3.5% per year in all years. The monthly stipend is assumed to increase at 2.5% per year (same as inflation). Deductibles, Co-payments and Out-of-Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects assumed nominal per capita GDP growth.

**7. Changes Since the Last Valuation**

The discount rate increased from 3.50% to 3.78% as of January 1, 2017 and decreased to 3.44% as of January 1, 2018. The per-person cost trends were updated based on recent market information and TriMet’s emerging experience in 2017 and 2018.

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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**Demographic Assumptions**

**1. Retirement Rates**

<b>Retirement Assumptions</b>		
<b>Age</b>	<b>Union</b>	<b>Non-Union</b>
55	4.00%	2.00%
56	4.00%	2.00%
57	7.50%	2.00%
58	11.00%	7.00%
59	11.00%	7.00%
60	11.00%	7.00%
61	20.00%	15.00%
62	35.00%	35.00%
63	20.00%	30.00%
64	25.00%	30.00%
65	30.00%	30.00%
66	40.00%	30.00%
67	40.00%	100.00%
68	40.00%	100.00%
69	40.00%	100.00%
70 +	100.00%	100.00%

**2. Rates of Termination/Withdrawal**

<b>Service</b>	<b>Termination Assumptions</b>			
	<b>Union</b>		<b>Non-Union</b>	
	<b>Male</b>	<b>Female</b>	<b>Male</b>	<b>Female</b>
0	5.00%	14.00%	12.00%	12.00%
1 - 2	2.50%	3.00%	12.00%	12.00%
3 - 4	2.50%	3.00%	9.00%	9.00%
5 - 6	2.50%	3.00%	5.00%	5.00%
7 - 9	1.50%	3.00%	3.50%	3.50%
10	0.50%	1.00%	3.50%	3.50%
11 - 15	0.50%	1.00%	2.50%	2.50%
16 +	0.50%	1.00%	1.00%	1.00%



**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN  
GASB 74/75 REPORTING FOR JANUARY 1, 2018 MEASUREMENT DATE**

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**3. Rates of Mortality**

Union Employees

*Healthy Mortality:* RP-2014 Annuitant and Non-Annuitant Mortality Tables with Blue Collar Adjustment, set forward 1 year for males and 2 years for females.

*Disabled Mortality:* RP-2014 Disabled Mortality tables.

Non-Union Employees

*Healthy Mortality:* RP-2014 Annuitant and Non-Annuitant Mortality Tables with White Collar Adjustment, projected 10 years past the valuation date using Scale BB.

*Disabled Mortality:* RP-2014 Disabled Mortality tables projected 10 years past the valuation date using Scale BB.

The following table shows sample mortality rates for healthy and disabled participants under the mortality assumptions described above.

Age	Mortality Assumptions - Healthy				Mortality Assumptions - Disabled			
	Union		Non-Union		Union		Non-Union	
	Male	Female	Male	Female	Male	Female	Male	Female
30	0.060%	0.027%	0.030%	0.018%	0.792%	0.300%	0.759%	0.288%
40	0.087%	0.054%	0.042%	0.032%	1.100%	0.545%	1.054%	0.523%
50	0.242%	0.148%	0.113%	0.089%	2.040%	1.191%	1.955%	1.142%
60	0.678%	0.321%	0.298%	0.179%	2.660%	1.700%	2.411%	1.477%
70	1.902%	0.859%	0.832%	0.459%	4.035%	2.820%	3.265%	2.382%
80	5.743%	4.709%	2.607%	1.393%	7.662%	6.104%	6.200%	5.154%

**4. Disability Rates**

Sample rates of disability for Union employees are show in the following table.

Disability Assumptions - Union Employees			
Age	Disability Rate	Age	Disability Rate
20	0.10%	45	0.57%
25	0.14%	50	0.85%
30	0.21%	55	1.47%
35	0.30%	60	2.17%
40	0.41%	62 +	0.00%

No disability was assumed for Non-Union employees.

**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN  
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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**5. Percent of Retirees Electing Coverage**

All active union members are assumed to elect coverage at retirement. All active non-union members hired before May 1, 2009 and 50% of active non-union members hired on or after May 1, 2009 are assumed to elect coverage at retirement.

Non-union members hired on or after May 1, 2009 are assumed to decline renewal of coverage after retirement at a rate of 3% per year.

**6. Medical and Dental Plan Elections**

Below is a summary of medical plan election rates for future union retirees by Medicare status.

<b>Medical Plan Elections for Future Union Retirees</b>			
<b>Plan</b>	<b>Pre-Medicare</b>	<b>Plan</b>	<b>Medicare Eligible</b>
Kaiser	48%	Kaiser	44%
Regence HSA	2%	UHC	54%
Regence PPO	50%	Stipend	2%

Below is a summary of medical plan election rates for future non-union retirees by Medicare status.

<b>Medical Plan Elections for Future Non Union Retirees</b>		
<b>Plan</b>	<b>Pre-Medicare</b>	<b>Medicare Eligible</b>
Kaiser	30%	30%
UHC	0%	70%
Regence PPO	70%	0%

Below is a summary of dental plan election rates for future union and non-union retirees.

<b>Dental Elections for Future Retirees</b>		
<b>Gender</b>	<b>Union</b>	<b>Non-Union</b>
Moda	80%	95%
Kaiser	20%	5%

These weights were used to blend premium and claims cost for pre-Medicare medical plan, Medicare plan, and dental plan.

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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**7. Spousal Coverage:**

The table below shows the percentage of future retirees who are assumed to elect to cover a spouse at retirement.

<b>Retiree Gender</b>	<b>Union</b>	<b>Non-Union Tier 2</b>	<b>Non-Union Tier 3</b>
Male	65%	79%	70%
Female	30%	56%	35%

**8. Dependent Age:**

For current retirees, actual spouse date of birth was used when available.

- For future union retirees, male retirees are assumed to be three years older than their partner, and female retirees are assumed to be two years younger than their partner.
- For future non-union retirees, male retirees are assumed to be two years older than their partner, and female retirees are assumed to be two years younger than their partner.

**9. Administrative Expenses**

Health plan administrative expenses are included in the average monthly premiums. For Regence plans, we assumed \$24.19 per member per month and for Moda dental plans, we assumed \$2.8 per member per month.

**10. Changes Since the Last Valuation**

Medical and Dental plan elections and rates of spousal coverage were updated based on recent experience.

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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**Claim and Expense Assumptions**

Different methods are used to develop the claims and expense assumptions for the self-insured plans and the fully insured plans.

**Self-Insured Plans:** The claims costs are developed based on actual medical, prescription drug, and dental claims paid from July 1, 2015 to June 30, 2017. The claims analysis combined plans offered to Union Retirees (Regence PPO plans, Regence HSA plan, and Regence Closed Retiree plan for medical and prescription drug, and Moda dental). As well, 85% of enrollees and claims paid from the Regence / Moda Open Retiree plan were assumed to be of Union Retirees, since separate Union and Non-Union claims data was not available for the these plans. An adjustment is made to the claims to account for the children of retirees and 2018 contractual administrative expenses are added. The resulting per person per month (PPPM) cost is then adjusted using age curves.

**Fully Insured Plans:** The claims costs are based on the fully insured Kaiser premiums charged to TriMet in 2018. For pre-Medicare retirees this is sole based on Kaiser medical/dental plans. An adjustment is made to the premiums to account for the children of retirees. For Medicare retirees, the premiums of Kaiser Senior Advantage and United Healthcare’s plan were blended based on enrollment data for the 2018 calendar year for eligible members. The resulting per person per month (PPPM) costs is then adjusted using age curves.

**1. Average Annual Claims and Expense Assumptions**

The following claims costs were developed based on actuarial experience paid from July 1, 2015 to June 30, 2017 for the self-insured plans, and based on the premiums in effect on January 1, 2018 for the fully-insured plans.

Union Members

Age	<u>Regence Medical</u>		<u>Kaiser Medical</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$ 6,057	\$ 8,667	\$ 6,532	\$ 9,346	\$ 579	\$ 663	\$ 499	\$ 571
45	7,389	9,405	7,968	10,142	643	724	554	623
50	9,125	10,765	9,840	11,608	739	800	637	689
55	11,515	12,671	12,417	13,664	850	875	732	754
60	14,887	14,488	16,054	15,623	931	925	802	797
64	18,566	15,079	20,021	16,260	981	953	845	821

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Age	<u>Kaiser Medicare</u>		<u>UHC Medicare</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$ 4,265	\$ 3,762	\$ 4,682	\$ 4,130	\$ 993	\$ 960	\$ 855	\$ 827
70	4,529	3,836	4,972	4,211	1,056	996	909	857
75	5,206	4,314	5,714	4,736	939	889	809	766
80	5,911	4,892	6,489	5,370	822	782	708	674
85	6,384	5,346	7,008	5,869	705	675	607	582
90	6,484	5,531	7,118	6,072	589	569	507	490

Non-Union Members

Age	<u>Regence Medical</u>		<u>Kaiser Medical</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$ 5,320	\$ 7,612	\$ 5,106	\$ 7,307	\$ 649	\$ 742	\$ 690	\$ 789
45	6,489	8,260	6,229	7,929	720	810	765	861
50	8,014	9,454	7,693	9,075	828	895	880	952
55	10,113	11,128	9,708	10,682	952	980	1,012	1,041
60	13,075	12,724	12,551	12,214	1,043	1,036	1,109	1,101
64	16,306	13,243	15,652	12,712	1,098	1,067	1,167	1,135

Age	<u>Kaiser Medicare</u>		<u>UHC Medicare</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$ 4,265	\$ 3,762	\$ 4,682	\$ 4,130	\$ 1,112	\$ 1,075	\$ 1,182	\$ 1,143
70	4,529	3,836	4,972	4,211	1,182	1,115	1,257	1,185
75	5,206	4,314	5,714	4,736	1,051	995	1,118	1,058
80	5,911	4,892	6,489	5,370	921	876	979	931
85	6,384	5,346	7,008	5,869	790	756	840	804
90	6,484	5,531	7,118	6,072	659	637	701	677

**2. Average Annual Premium Assumptions**

The following table shows the blended premium for pre-Medicare medical, Medicare, and dental plans. We used the composite premium (per-employee-per-month) for each plan and weighted based on TriMet retirees' enrollment.

Union Plans	Blended Premium	Weights Used for Blending
Medical	\$ 958.46	PPO 90 / PPO 80 / HSA / Kaiser: 25% / 25% / 2% / 48%
Dental	\$ 64.32	Moda / Kaiser: 80% / 20%
Medicare	\$ 407.17	Kaiser / UHC / Stipend: 44% / 54% / 2%

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Non Union Plans	Blended Premium	Weights Used for Blending
Medical	\$ 732.56	PPO 80 / HSA / Kaiser: 70% / 0% / 30%
Dental	\$ 71.81	Moda / Kaiser: 95% / 5%
Medicare	\$ 411.95	Kaiser / UHC: 30% / 70%

**3. Medicare Part D Subsidy**

Per GASB guidance, the Part D Subsidy has not been reflected in this valuation.

**4. Medicare Stipend**

Tier	Stipend
Tier 3 Retiree	\$859.63
Tier 2 Retiree	\$448.46
Tier 2 Surviving Spouse	\$441.75

**5. Medicare Part B**

All Union Medicare eligible retirees in Tier 1 and 2 are assumed to participate in Medicare Part B and receive monthly premium reimbursement.

**6. Medicare Eligibility**

All retirees who turn age 65 are assumed to be eligible for Medicare.

**7. Geography**

Implicitly assumed to remain the same as current retirees.

**8. Changes Since the Last Valuation**

There was no change to the claims costs process.

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**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

**Contribution Allocation Procedure**

Contributions to the plan are made on a pay-as-you-go basis.

Pursuant to GASB 75, the Entry Age actuarial cost method is used, and assumption changes and experience gains and losses are recognized over the average future working life of plan participants. For this valuation, the average future working life is seven years.

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**Summary of Key Substantive Plan Provisions – Union Members**

**Eligibility:** Retirees who were employees immediately prior to retirement after attaining age 55 and 10 years of continuous service or who became disabled after 10 years of continuous service are eligible for the benefit.

**Healthcare Benefit:**

**Tier 1 – Retirees who retired prior to February 1, 1992**

Medical, prescription drug, and dental benefits are provided to all covered retirees, spouses, and domestic partners. Dependents receive all benefits except for dental. Retirees also are reimbursed for Medicare Part B premiums.

Benefits are payable over the life of the retiree and spouse or domestic partner while both are alive. Following the retiree's death, benefits continue to the surviving spouse or domestic partner until the earlier of the survivor's death or 16 years after the retiree's death.

Retirees and their dependents under age 65 may continue to receive the same healthcare coverage received prior to retirement, subject to plan changes made by insurers from time to time.

**Tier 2 – Retirees who retire on or after February 1, 1992 and were hired on or before October 24, 2014**

Medical, prescription drug, and dental benefits are provided to all covered retirees, spouses, and domestic partners until the age of 65. Dependents receive all benefits except for dental.

Benefits are payable over the life of the retiree and spouse or domestic partner while both are alive. Following the retiree's death, benefits continue to the surviving spouse or domestic partner until the earlier of the survivor's death or 16 years after the retiree's death.

Upon attaining Medicare eligibility, retirees and dependents may enroll in a Medicare Advantage plan and dental plan or elect to receive a monthly stipend. But he/she must maintain Medicare Parts A & B. Once the stipend option is selected, the retiree may not opt back to the Medicare Advantage plan and dental plan option. Retirees who maintain Medicare Part B are reimbursed for the premiums.

Retirees and their dependents under age 65 may continue to receive the same healthcare coverage received prior to retirement. Retirees under age 65 and are



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non-Medicare eligible, and who do not elect a stipend, will pay a monthly contribution according to the schedule shown in the previous section.

**Tier 3 – Retirees hired on or after October 25, 2014**

A monthly stipend is provided to retirees until the age of 65. Retiree health benefits cease when the employee turns 65. There are no benefits for the spouse, domestic partner or dependents.

**Retiree Contributions**

Tier 1 retirees do not contribute for coverage. Tier 2 retirees who are not Medicare eligible and do not elect the stipend option contribute according to the following schedule:

Union Plans	Premium Contribution
Regence 90/10	Retirees pay the difference between Regence 90/10 premium and TriMet's employer contribution for the Regence PPO 80/20
Regence 80/20	Retirees pay 5% of the premium cost
Regence HSA	Retirees receive HSA deposit from TriMet equal to the difference between the HSA premium and TriMet's employer contribution for the Regence PPO 80/20
All other Medical and Dental	Retirees pay 5% of the premium cost

**Life Insurance Benefits:**

Eligible retirees in all tiers are provided a \$10,000 whole life insurance fully paid by TriMet.

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**Summary of 2018 Benefit Plans:**

<b>TriMet Medical Plan - Union</b>				
<b>Plan</b>	<b>Regence PPO 90/10</b>	<b>Regence PPO 80/20</b>	<b>Regence HSA</b>	<b>Kaiser HMO</b>
<b><u>In-Network (INN) Benefits</u></b>				
Deductible (Individual / Family)	\$150 / \$450	\$300 / \$900	\$1,500 / \$3,000	None
Coinsurance	90%	80%	80%	100%
Out-of-Pocket Max (Individual / Family)	\$1,650 / \$4,950	\$2,300 / \$6,900	\$5,000 / \$10,000 <sup>1</sup>	\$600 / \$1,200
<b>Coverages</b>				
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Well Woman (Mamm/ Annual GYN / Pap)	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
OV - Specialist Care Provider (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
Hospital Emergency Room (ER)	\$50 Copay <sup>2</sup>	\$50 Copay <sup>2</sup>	Deduct + Coinsurance	\$100 Copay <sup>2</sup>
Ambulance	Fully Covered up to 500 Miles	\$50 Copay	Deduct + Coinsurance	\$75 Copay
Outpatient Surgery	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$20 Copay
Hospital Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$50 Copay/day, up to \$250/admission
Lifetime Max	No Limit	No Limit	No Limit	No Limit
<b><u>Out-of-Network (OON) Benefits</u></b>				
Deductible (Individual / Family)	\$450 / \$1,350	\$900 / \$2,700	Combined with INN	
Coinsurance	70%	60%	60%	
Office Visits (PCP) & (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	
Out-of-Pocket Max (Individual / Family)	\$3,450 / \$10,350	\$4,900 / \$14,700	Combined with INN	
Lifetime Max	No Limit	No Limit	No Limit	
<b><u>Prescription Drugs</u></b>				
Out-of-Pocket Max (Individual / Family)	\$1,000 / \$3,000	\$2,000 / \$5,000	Combined with Medical	N/A
Retail (30 Days)	20% with \$5 min / 20% with \$15 min / 50%	\$10 / 20% with \$25 min / 50%	Deduct + Coinsurance	\$10 Copay
Mail Order (90 Days)	20% with \$5 min / 20% with \$15 min / 50%	\$30 / 20% with \$75 min / 50%	Deduct + Coinsurance	\$20 Copay
<b><u>Mental Health and Substance Abuse</u></b>				
Mental Health and Substance Abuse Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay \$50 Copay/day, up to \$250/admission
Mental Health and Substance Abuse Outpatient	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	
<b><u>Vision Care Services</u></b>				
Exam	Fully Covered	Fully Covered	Fully Covered	\$10 Copay
Frames / Lens	Hardware: Up to \$200 allowance	Hardware: Up to \$200 allowance	Hardware: Up to \$200 allowance	Up to \$150 allowance every two calendar years <sup>3</sup>

<sup>1</sup> For the family out-of-pocket maximum, an individual's out-of-pocket expenses won't exceed \$7,150 (2018)

<sup>2</sup> Copay waived if admitted

<sup>3</sup> If you are age 18 years or younger, there is no charge for one pair of standard frames and lenses (or contact lenses) every 12 months

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<b>TriMet Medicare Plans - Union</b>		
<b>Plan</b>	<b>United Healthcare</b>	<b>Kaiser Senior Advantage</b>
<b><u>In-Network (INN) Benefits</u></b>	<b>In- / Out-of-Network</b>	<b>In-Network Only</b>
Deductible	None	None
Coinsurance	90%	N/A
Out-of-Pocket Max	\$1,500	\$600
Coverages		
Preventive Care	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	\$10 Copay	\$10 Copay
OV - Specialist Care Provider (SCP)	\$20 Copay	\$10 Copay
Hospital Emergency Room (ER)	\$65 Copay <sup>1</sup>	\$50 Copay <sup>1</sup>
Outpatient Surgery	\$100 Copay	\$20 Copay
Hospital Inpatient	\$250 Copay	\$50 Copay/day, up to \$250/admission
<b><u>Prescription Drugs</u></b>		
Out-of-Pocket Max	None	None
Retail (30 Days)	\$10 / \$25 / 50% up to \$95 / 33% up to \$95	\$10 Copay
Mail Order (90 Days)	\$10 / \$25 / 50% up to \$95 / 33% up to \$95	\$20 Copay
<b><u>Vision Care Services</u></b>		
Exam	\$20 Copay every 12 months	\$10 Copay
Frames / Lens	Up to \$130 allowance (\$175 for contacts)	Up to \$150 allowance

<sup>1</sup> Copay waived if admitted

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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**Summary of Key Substantive Plan Provisions – Non-Union Members**

**Eligibility:** Retirees who were employees immediately prior to retirement after attaining age 55 are eligible for OPEB benefit if the following requirements are met:

Tier 1 (hired prior to April 27, 2003): 5 years of credited service as Non-Union employee

Tier 2 (hired on or after April 27, 2003 and before May 1, 2009): 10 years of credited service as Non-Union employee

Tier 3 (hired on or after May 1, 2009): 10 years of credited service as Non-Union employee

**Healthcare Benefit:**

Medical, prescription drug, dental, and vision benefits are provided to all covered retirees, spouses, and domestic partners. Dependents receive all benefits.

Benefits are payable over the life of the retiree and spouse or domestic partner while both are alive. Following the retiree’s death, benefits continue to the surviving spouse or domestic partner, and qualified dependent(s) until the earlier of the survivor’s death or 10 years after the retiree’s death.

Retirees and their dependents under age 65 and non-Medicare eligible may continue to receive the same healthcare coverage received prior to retirement. Upon Medicare eligibility, retirees must enroll in a Medicare Advantage plan.

Retiree health benefits cease for Tier 3 retirees when the employee becomes Medicare eligible.

**Retiree Contributions**

Retirees pay a portion of the health care premium according to the following schedule:

Non-Union Tiers	Premium Contribution
Grandfathered (retired prior to January 1, 1988)	0%
Tier 1 and Tier 2 (hired before May 1, 2009)	
Full Time	6%
Part Time (over 30 hours / week)	6%
Part Time (less than 30 hours / week)	25%
Tier 3	100%

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**Life Insurance Benefits:**

Grandfathered retirees and eligible retirees in Tiers 1 and 2 are provided a \$10,000 whole life insurance fully paid by TriMet.

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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

**Summary of 2018 Benefit Plans:**

<b>TriMet Medical Plan - Non Union</b>			
<b>Plan</b>	<b>Regence PPO 80/20</b>	<b>Regence HSA</b>	<b>Kaiser HMO</b>
<b><u>In-Network (INN) Benefits</u></b>			
Deductible (Individual / Family)	\$300 / \$900	\$1,500 / \$3,000	None
Coinsurance	80%	80%	100%
Out-of-Pocket Max (Individual / Family)	\$2,300 / \$6,900	\$5,000 / \$10,000 <sup>1</sup>	\$600, \$1,200
<b>Coverages</b>			
Preventive Care	Fully Covered	Fully Covered	Fully Covered
Well Woman (Mamm/ Annual GYN / Pap)	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
OV - Specialist Care Provider (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
Hospital Emergency Room (ER)	\$50 Copay <sup>2</sup>	Deduct + Coinsurance	\$100 Copay <sup>2</sup>
Ambulance	\$50 Copay	Deduct + Coinsurance	\$75 Copay
Outpatient Surgery	Deduct + Coinsurance	Deduct + Coinsurance	\$20 Copay
Hospital Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$50 Copay/day, up to \$250/admission
Lifetime Max	No Limit	No Limit	No Limit
<b><u>Out-of-Network (OON) Benefits</u></b>			
Deductible (Individual/ Family)	\$900 / \$2,700	Combined with INN	
Coinsurance	60%	60%	
Office Visits (PCP) & (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	
Out-of-Pocket Max (Individual / Family)	\$4,900 / \$14,700	Combined with INN	
Lifetime Max	No Limit	No Limit	
<b><u>Prescription Drugs</u></b>			
Out-of-Pocket Max (Individual / Family)	\$2,000 / \$5,000	Combined with Medical	N/A
Retail (30 Days)	\$10 / 20% with \$25 min / 50%	Deduct + Coinsurance	\$10 Copay
Mail Order (90 Days)	\$30 / 20% with \$75 min / 50%	Deduct + Coinsurance	\$20 Copay
<b><u>Mental Health and Substance Abuse</u></b>			
Mental Health and Substance Abuse Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay \$50 Copay/day, up to \$250/admission
Mental Health and Substance Abuse Outpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay \$50 Copay/day, up to \$250/admission
<b><u>Vision Care Services</u></b>			
Exam	Fully Covered	Fully Covered	\$10 Copay
Frames / Lens	Up to \$200 allowance every 24 months	Up to \$200 allowance every 24 months	Up to \$150 allowance every two calendar years <sup>3</sup>

<sup>1</sup> For the family out-of-pocket maximum, an individual's out-of-pocket expenses won't exceed \$7,150 (2018)

<sup>2</sup> Copay waived if admitted

<sup>3</sup> If you are age 18 years or younger, there is no charge for one pair of standard frames and lenses (or contact lenses) every 12 months

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**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

<b>TriMet Medicare Plan - Non Union</b>		
<b>Plan</b>	<b>United Healthcare</b>	<b>Kaiser Senior Advantage</b>
	<b><u>In- / Out-of-Network</u></b>	<b><u>In-Network Only</u></b>
Deductible	\$300	None
Coinsurance	80%	N/A
Out-of-Pocket Max	\$2,300	\$600
<b>Coverages</b>		
Preventive Care	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	Deduct + Coinsurance	\$10 Copay
OV - Specialist Care Provider (SCP)	Deduct + 15% Coinsurance	\$10 Copay
Hospital Emergency Room (ER)	\$50 Copay <sup>1</sup>	\$50 Copay <sup>1</sup>
Outpatient Surgery	Deduct + Coinsurance	\$10 Copay
Hospital Inpatient	Deduct + Coinsurance	\$50 Copay per day up to \$250 per admission
<b><u>Prescription Drugs</u></b>		
Out-of-Pocket Max	None	None
Retail (30 Days)	\$10 / \$25 / \$50% up to \$95	\$10
Mail Order (90 Days)	\$30 / \$75 / \$50% up to \$95	\$20
<b><u>Vision Care Services</u></b>		
Exam	15% once every 12 months	\$10 Copay
Frames / Lens (Once Every 2 Years)	Up to \$130 allowance (\$175 for contacts)	Up to \$150 allowance

<sup>1</sup> Copay waived if admitted

**APPENDIX D – GLOSSARY OF TERMS**

**1. Actuarially Determined Contribution**

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

**2. Actuarial Valuation Date**

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

**3. Deferred Inflow of Resources**

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the total OPEB liability, assumption changes reducing the total OPEB liability, or investment gains that are recognized in future reporting periods.

**4. Deferred Outflow of Resources**

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the total OPEB liability, assumption changes increasing the total OPEB liability, or investment losses that are recognized in future reporting periods.

**5. Entry Age Actuarial Cost Method**

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the Service Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the total OPEB liability.

**6. Measurement Date**

The date as of which the total OPEB liability and plan fiduciary net position are measured. The total OPEB liability may be projected from the Actuarial Valuation Date to the Measurement Date. The Measurement Date must be the same as the Reporting Date for the plan.



**APPENDIX D – GLOSSARY OF TERMS**

**7. Net OPEB Liability**

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the total OPEB liability less the plan fiduciary net position.

**8. Plan Fiduciary Net Position**

The fair or Market Value of Assets.

**9. Reporting Date**

The last day of the plan or employer's fiscal year.

**10. Service Cost**

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The Service Cost is the normal cost calculated under the entry age actuarial cost method.

**11. Total OPEB Liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The total OPEB liability is the Actuarial Liability calculated under the entry age actuarial cost method.



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