

RAMSEY COUNTY

*January 1, 2009 Actuarial Valuation of
Post-Employment Benefits
Under GASB Statement No. 45*

June 10, 2009

RAMSEY COUNTY

January 1, 2009 Actuarial Valuation of Post-Employment Benefits

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*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Introduction and Actuarial Certification**

The Ramsey County (the County) has hired Van Iwaarden Associates to perform an actuarial valuation of the County's Other Post-Employment Benefits (OPEB's). The 'other' refers to post-employment benefits other than pensions. Accounting for these OPEBs is now required under Government Accounting Standards Board Statement No. 45 (GASB 45).

This valuation has been prepared to present information for financial reporting purposes. It is important to recognize that calculations performed for other purposes may yield significantly different results.

In conducting the valuation, we have used:

- the provisions of the substantive plans in effect as of January 1, 2009,
- personnel data as of January 1, 2009, and
- premium information as of January 1, 2009.

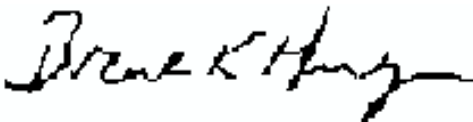
All premium and census data were provided by County personnel.

The premium information and census data was used with a review of reasonableness but without formal audit. The health care claims analysis was performed in conjunction with Health Risk Strategies, LLC.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. In our opinion, the actuarial assumptions represent reasonable expectations of anticipated plan experience. To fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate" solely with respect to that individual assumption.

We are available to answer questions on the material contained in the report or to provide explanations or further detail, as may be appropriate.

I, Brenda K. Hardy, ASA, MAAA, am a consulting actuary for Van Iwaarden Associates, a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.



Brenda K. Hardy, ASA, MAAA
Consulting Actuary

June 10, 2009

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January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Summary of Results

	<u>January 1, 2009</u>
A. Valuation Census Data	
1. Active employees	3,658
2. Covered retirees and beneficiaries	<u>1,702</u>
3. Total	5,360
B. GASB 45 Results	
1. Benefit obligations	
a. Present value of County funded OPEB benefits	340,413,901
b. Actuarial Accrued Liability (AAL)	272,698,609
c. Normal cost (beginning of year)	6,297,969
d. Expected contributions during year	11,564,761
2. 2009 Annual Required Contribution (ARC)*	24,876,767
3. 2009 Annual OPEB Cost	24,384,488
C. Reconciliation of Net OPEB Obligation (NOO)	
1. Net OPEB obligation as of January 1, 2007	0
2. 2007 Annual OPEB cost	29,213,298
3. 2007 Contributions made including implicit subsidy	<u>9,632,905</u>
4. Net OPEB obligation as of December 31, 2007 (1. + 2. - 3.)	19,580,393
5. 2008 Annual OPEB cost	28,931,009
6. 2008 Contributions made including implicit subsidy	<u>14,365,487</u>
7. Net OPEB obligation as of December 31, 2008 (4. + 5. - 6.)	34,145,915
D. Key Assumptions	
1. Discount rate for liabilities	5.25%
2. Health care cost trend rate	8% to 5% in 6 years

*This is a misleading term, but it is prescribed by GASB 45. No contribution is actually required to be made in cash.

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Valuation Census Data

This section presents the demographic information for the active and retired participants included in the postretirement medical benefit valuation. The actuarial valuation was based on January 1, 2009 census data provided by County. The following chart summarizes the personnel characteristics of the data used for the study.

<i>A. Retired Participants and Widow(er)s</i>	Dental <u>Coverage Only</u>	Family <u>Coverage</u>	Single <u>Coverage</u>	<u>Total</u>
1. Number under age 65	6	176	349	531
2. Number over age 65	<u>18</u>	<u>418</u>	<u>735</u>	<u>1,171</u>
3. Total	24	594	1,084	1,702
4. Average age				70.9

B. Active Participants

1. Number eligible to receive benefits	871
2. Number not eligible to receive benefits*	<u>2,787</u>
3. Total	3,658
4. Average age	46.3
5. Average service	12.8

*Participants who have not yet reached the retirement age and service requirements.

<i>C. Total Participants</i>	5,360
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January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Statement of Plan's Benefit Obligations

<i>A. Post-Retirement Medical</i>		<u>January 1, 2009</u>
1. Total actuarial present value of OPEB benefits		\$479,843,064
2. Present value of future retiree contributions		139,429,163
3. County funded actuarial present value (1. - 2.)		340,413,901
4. Postretirement benefit obligation attributable to future service		<u>67,715,292</u>
5. Actuarial Accrued Liability (AAL) (3. - 4.)		272,698,609
6. Breakdown of Active AAL		
a. Eligible to receive benefits	64,792,616	
b. Not eligible to receive benefits	<u>66,433,093</u>	
c. Total (a. + b.)	131,225,709	

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January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Breakdown of Actuarial Accrued Liability by Fund - Retirees

<i>A. Breakdown of AAL</i>	<u>Pre 65</u>	<u>Post 65</u>	<u>Total</u>
1. Early Retirees			
a. Fund 11101	19,263,707	23,713,226	42,976,933
b. Fund 11102	6,798,240	12,399,295	19,197,535
c. Fund 12101	189,451	470,494	659,945
d. Fund 12202	0	0	0
e. Fund 12302	185,530	374,908	560,438
f. Fund 12401	0	0	0
g. Fund 12901	0	71,456	71,456
h. Fund 13301	0	0	0
i. Fund 13901	0	0	0
j. Fund 14001	0	0	0
k. Fund 21101	282,007	592,756	874,763
l. Fund 21102	168,690	350,457	519,147
m. Fund 22102	492,818	753,649	1,246,467
n. Fund 22105	0	0	0
o. Fund 22109	0	0	0
p. Fund 22110	0	0	0
q. Fund 22112	111,546	277,739	389,285
r. Fund 22113	<u>196,414</u>	<u>119,004</u>	<u>315,418</u>
s. Total	27,688,403	39,122,984	66,811,387
2. Regular Retirees			
a. Fund 11101	1,020,266	39,828,337	40,848,603
b. Fund 11102	504,004	21,914,373	22,418,377
c. Fund 12101	454	1,439,182	1,439,636
d. Fund 12202	0	121,627	121,627
e. Fund 12302	42,013	1,208,850	1,250,863
f. Fund 12401	0	0	0
g. Fund 12901	0	0	0
h. Fund 13301	0	0	0
i. Fund 13901	0	0	0
j. Fund 14001	0	0	0
k. Fund 21101	158,665	3,811,495	3,970,160
l. Fund 21102	121,393	1,404,423	1,525,816
m. Fund 22102	14,005	1,333,158	1,347,163
n. Fund 22105	0	0	0
o. Fund 22109	0	0	0
p. Fund 22110	0	0	0
q. Fund 22112	144,209	1,595,058	1,739,267
r. Fund 22113	<u>0</u>	<u>0</u>	<u>0</u>
s. Total	2,005,009	72,656,503	74,661,512

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January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Breakdown of Actuarial Accrued Liability and Normal Cost by Fund - Actives

A. Breakdown of AAL	Actuarial Accrued Liability			Service Cost
	Pre 65	Post 65	Total	
1. Actives				
a. Fund 11101	29,823,233	45,439,858	75,263,091	3,613,313
b. Fund 11102	13,090,340	21,939,304	35,029,644	1,646,246
c. Fund 12101	1,184,948	2,221,523	3,406,471	143,408
d. Fund 12202	14,463	76,387	90,850	3,537
e. Fund 12302	0	0	0	0
f. Fund 12401	496,529	1,119,862	1,616,391	66,557
g. Fund 12901	448,043	611,165	1,059,208	51,811
h. Fund 13301	811,397	1,599,633	2,411,030	138,158
i. Fund 13901	1,135	3,983	5,118	1,465
j. Fund 14001	222,576	314,809	537,385	38,444
k. Fund 21101	1,175,297	1,738,337	2,913,634	173,205
l. Fund 21102	1,176,270	2,064,588	3,240,858	164,887
m. Fund 22102	1,031,682	1,585,019	2,616,701	105,629
n. Fund 22105	60,537	86,964	147,501	10,613
o. Fund 22109	7,388	10,154	17,542	2,749
p. Fund 22110	46,303	53,883	100,186	6,698
q. Fund 22112	619,541	932,544	1,552,085	70,702
r. Fund 22113	<u>538,993</u>	<u>679,021</u>	<u>1,218,014</u>	<u>60,547</u>
s. Total	50,748,675	80,477,034	131,225,709	6,297,969

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Accounting Requirements**

This section presents the actuarial calculations used to fulfill the applicable accounting requirements for the plan.

Accounting Information under GASB 43 and GASB 45

The Governmental Accounting Standards Board (GASB) finalized Statements No. 43 (GASB 43 for funded OPEB plans) and 45 (GASB 45 for employers) in 2004. The statements' objectives are to establish uniform standards of financial reporting by state and local governmental entities for postemployment benefit plans other than pension benefits (OPEB plans). This includes benefits such as postemployment healthcare benefits, dental insurance and life insurance.

For OPEB plans sponsored by governmental entities, these GASB Statements require certain standards and disclosures of plan and fund information including financial reporting of plan assets, liabilities of plan, changes in net assets, funded status and funding progress of the plan, and contributions to the plan in comparison to the annual required contributions of the employer (ARC).

Ramsey County implemented GASB 45 in 2007. No trust has been established to fund benefits, rather the retirees make contributions towards the monthly premiums and the County contributes the remaining balance.

Valuing Postretirement Health Benefits

Determining the value of future health care benefits is challenged by the fact that assumptions must be made about many future events that are especially hard to predict. Future increases in health care costs are affected by many factors, including:

- Medical inflation
- Changes in utilization patterns
- Technological advances
- Cost shifting (i.e., increases in private plans' costs in non-managed programs due to uninsured claims, changes in the Medicare payment structure, and increased emphasis on managed care programs)
- Cost leveraging (i.e., erosion of fixed deductibles and out-of-pocket maximums)
- Changes to government medical programs, such as Medicare, when applicable. Under the Medicare Modernization Act of 2003 (MMA), a new prescription drug program called Medicare Part D was established. GASB requirements state that the determination of the actuarial accrued liabilities, the annual required contribution, and the annual OPEB cost should be done without reduction for Medicare Part D payments. Since the prior valuation performed January 1, 2007, the County changed their plans for the Medicare-eligible so that the County will no longer receive direct reimbursement for the Medicare Part D subsidy. Instead, the insurer will receive the subsidy and the County pays reduced premiums as a result.

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Accounting Requirements (continued)**

OPEB obligations are also heavily influenced by demographic assumptions such as:

- Withdrawal rates (i.e., employees terminating before receiving benefits)
- Retirement rates (i.e., employees retiring at various ages and subsidy levels)
- Participation (i.e., retirees electing coverage, the percentage married, and elections to contribute for coverage of spouses)
- Mortality rates (i.e., how long employees and spouses will receive benefits)

The Actuarial Assumptions section outlines the assumptions used in this valuation.

Estimating Health Care Costs

In addition to estimating future increases in health care claims costs, it is necessary to develop a starting claims cost value on a per covered individual basis for self-insured plans and even some insured plans.

For insured plans, the premiums often represent a blended average cost of both active and retired individuals. Since older, pre-Medicare retirees generally incur higher claims than younger active employees, GASB requires employers to value retiree liability based on estimated retiree costs rather than the blended premiums. Age-adjusted claims are developed and used to value the retiree OPEB liability.

January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Schedule of Funding Progress and ARC - Retiree Medical

The following tables show the balance sheet and income statement figures if the County were to follow GASB 45 accounting. The unfunded accrued liability was amortized as a level dollar amount over 30 years. Assumptions and methods used are described in subsequent sections.

A. Schedule of funding progress

	January 1, 2007	January 1, 2009
1. Actuarial valuation date		
2. Plan assets at fair value	\$0	\$0
3. Actuarial accrued liability (AAL)	315,651,119	272,698,609
4. Unfunded AAL (UAAL) (3. - 2.)	315,651,119	272,698,609
5. Funded ratio (2. / 3.)	0.00%	0.00%
6. Covered payroll	\$184,854,555	\$201,065,043
7. UAAL as a percentage of covered payroll (4. / 6.)	170.76%	135.63%

B. Annual Required Contribution (ARC)

1. Normal cost	\$6,297,969
2. Amortization of UAAL over 30 years	17,337,914
3. Interest to the end of the year	<u>1,240,884</u>
4. Total year-end ARC	24,876,767

C. 2009 Annual OPEB Cost

1. Annual required contribution	24,876,767
2. Interest on net OPEB obligation (NOO)	1,792,661
3. Adjustment to ARC (amortization of NOO)	<u>(2,284,940)</u>
4. Annual OPEB cost (expense) (1. + 2. + 3.)	24,384,488

D. Reconciliation of this year's Net OPEB Obligation (NOO)

1. Net OPEB obligation as of January 1, 2009	34,145,915
2. Annual OPEB cost	24,384,488
3. Contributions made including implicit subsidy*	<u>11,564,761</u>
4. Estimated net OPEB obligation as of December 31, 2009 (1. + 2. - 3.)	46,965,642

E. Reconciliation of next year's estimated Net OPEB Obligation (NOO)

1. Estimated net OPEB obligation as of January 1, 2010	46,965,642
2. Annual OPEB cost	
a. Annual required contribution	24,876,767
b. Interest on net OPEB obligation	2,465,696
c. Adjustment to ARC (amortization of NOO)	<u>(3,142,797)</u>
d. Total	24,199,666
3. Contributions made including implicit subsidy (estimated)	<u>12,740,253</u>
4. Estimated net OPEB obligation as of December 31, 2010 (1. + 2. - 3.)	58,425,055

Notes

* Expected county contributions, net of retiree contributions

2009	11,564,761
2010	12,740,253

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Projection of Retirees' and County's OPEB Cash Flows

Retiree OPEB				
	(a)	(b)	(c)	(a) - (b) - (c)
Fiscal Year	<u>Annual Retiree Medical Claims</u>	<u>Retiree Paid Premiums</u>	<u>County Paid Premiums</u>	<u>Implicit Subsidy</u>
2009	\$13,674,962	\$2,110,201	\$10,556,759	\$1,008,002
2010	15,272,631	2,532,378	11,508,364	1,231,889
2011	16,906,964	2,961,514	12,469,866	1,475,584
2012	18,037,824	3,349,637	13,161,691	1,526,496
2013	19,383,618	3,796,830	13,950,237	1,636,551
2014	20,640,749	4,296,508	14,592,789	1,751,452
2015	21,683,268	4,764,292	15,095,041	1,823,935
2016	22,710,293	5,215,809	15,589,440	1,905,044
2017	23,891,601	5,682,274	16,198,663	2,010,664
2018	24,981,279	6,142,177	16,682,108	2,156,994
2019	25,865,445	6,566,406	17,097,866	2,201,173

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Summary of Plan Provisions**

This section describes the "substantive plan" upon which the valuation was based. This summary reflects relevant provisions used as the basis for the actuarial valuation.

Post-Employment Medical**Eligibility for Participation**

- Employee of Ramsey County who is covered by an employment contract which provides for post-employment medical benefits.
- Employee eligible to participate in insurance program at the time of retirement.
- Employee who is eligible to begin receiving benefits under PERA at the time they leave Ramsey County.

PERA Eligibility Requirements

Age 55 with 3 years of service, age 65 with 1 year of service, any age with 30 years of service (if enrolled in PERA prior to 7/1/1989), any age if eligible for PERA disability with 3 years of service, or age 50 with 3 years of service if in PERA Police and Fire Plan

Benefits:

Employees hired before July 1, 1992 with 20,800 hours of service or (10,400 hours of service if retiring under PERA disability)

County pays full defined county contribution

Employees hired between July 1, 1992 and January 1, 2006 with 41,600 hours of service (excluding those who made a one-time election to participate in Health Care Savings Plan and Soil & Water District employees)

County pays 50% of defined county contribution for 20 years of service, plus an additional 4% per year of service beyond 20, up to a maximum of 90% of the defined county contribution

Other eligible participants who do not meet years of service requirements or hired after January 1, 2006 and Soil & Water District Employees and those electing one-time election to participate in HCSP

Retiree may continue medical coverage by paying the full premium

Defined County Contribution:

Retirees under age 65

County pays same contribution as paid for active employees (in 2009 participant pays \$21 per month for single coverage and \$396.14 for family coverage)

Retirees over age 65 who retired before January 1, 1996

County pays full premium

Retirees over age 65 who retired on or after January 1, 1996

County pays contribution not exceeding the county contribution for active employees, expect member will pay at least \$30 per month for single coverage and at least \$70 per month for family coverage

Additional County Benefit:

Select group of grandfathered retirees

County reimburses the retiree for Medicare Part B premiums

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Summary of Plan Provisions**2009 Monthly Premiums

<u>Before Age 65</u>	<u>Premium</u>
<u>HealthPartners Distinctions</u>	
Single	\$632.45
Family (spouse with Medicare A & B)	884.75
Family	1,505.20
<u>After Age 65</u>	
<u>HealthPartners Freedom and National</u>	
Single (Medicare A & B)	252.30
Family (spouse with Medicare A & B)	504.60
Family (spouse without Medicare A & B)	884.75
<u>HealthPartners Major Medical</u>	
Single	531.37
Family	1,062.74
<u>UCare for Seniors</u>	
Single (Medicare A & B)	232.00
Family (spouse with Medicare A & B)	464.00

Post-Employment Dental Insurance

Members eligible for post-employment medical benefits may also continue dental coverage by paying the full premium provided they have coverage at time of retirement.

2009 Monthly Dental Premiums

	<u>Premium</u>
Single	\$41.15
Family	91.60

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Summary of Plan Provisions****Severance****Contract**

General County, Community Human Services,
 Licensed Practical Nurses, Workforce Solutions,
 Lake Owasso Residence, Ramsey Nursing Home,
 Parks and Recreation, and Public Health
 Registered Nurses

Severance Benefit

Option A: daily pay times one-half of unused sick days* up to a maximum of \$13,000

Option B: \$210 per year of service for years 1 through 10 plus \$280 per year for years 11 through 20 plus \$350 per year for years over 20, up to a maximum of \$7,000

Requirements

Option A: 10 years of service with at least 480 hours of unused accumulated sick leave

Option B: 20 years (41,600 hours) of service

*Employees are assumed to accumulate future unused sick leave based on the current average unused sick days of the eligible group. It was assumed each employee would accrue 35 hours of sick leave per year.

Because GASB 43/45 only applies to severance option B, we have not included severance liability when option A is projected to be larger than option B.

January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Actuarial Assumptions

This section describes the actuarial assumptions and methods used in this valuation of postretirement benefit costs.

Discount Rate	5.25% per year	
Salary Increase	Salaries are assumed to increase 4% per year	
Expected Monthly Medical Costs	Sample rates:	
	<u>Age</u>	<u>Cost</u>
	30	\$293.98
	35	342.46
	40	398.94
	45	464.72
	50	541.36
	55	649.21
	60	782.29
	65+	Actual premium
Expected Monthly Dental Costs	Sample rates:	
	<u>Age</u>	<u>Cost</u>
	30	\$16.83
	35	19.60
	40	22.83
	45	26.60
	50	30.99
	55	37.16
	60	44.78
	65	53.18
	70	59.87
	75	65.78
Health Trend Rates	<u>Year</u>	<u>Trend Rates</u>
	2009	8.00%
	2010	7.50%
	2011	7.00%
	2012	6.50%
	2013	6.00%
	2014	5.50%
	2015 +	5.00%

January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Actuarial Assumptions (continued)

Severance Benefit		The limits and per unit credits for severance benefits are assumed to remain constant.
Participation Rates	Actives	<p>100% of active participants hired before 7/1/1992 are assumed to elect post-employment medical coverage. 40% of these participants are assumed to elect coverage for a spouse.</p> <p>85% of active participants hired between 7/1/1992 and 1/1/2006 with 41,600 hours are assumed to elect post-employment medical coverage. 40% of these participants are assumed to elect coverage for a spouse.</p> <p>50% of active participants hired between 7/1/1992 and 1/1/2006 with less than 41,600 hours are assumed to elect post-employment medical coverage. 20% of these participants are assumed to elect coverage for a spouse.</p> <p>50% of active participants who were hired after 1/1/2006 or chose the HCSP or Soil & Water District employees are assumed to elect post-employment medical coverage. 20% of these participants are assumed to elect coverage for a spouse.</p> <p>60% of active participants are assumed to elect post-employment dental coverage.</p>
	Inactives	<p>Early retirees are assumed to continue with current coverage until age 65, at which time they are assumed to elect coverage available to retirees over age 65.</p> <p>At age 65, 94% of retirees are assumed to elect HealthPartners Freedom, 3% are assumed to elect HealthPartners Major Medical, and 3% are assumed to elect UCare for Seniors.</p> <p>Those currently over age 65 are assumed to continue coverage until death.</p> <p>Only those currently electing coverage are assumed to elect future coverage.</p>
Spouse Ages		Husbands are assumed to be three years older than wives.

January 1, 2009 Actuarial Valuation of Post-Employment Benefits

Actuarial Assumptions (continued)

Retirement Rates

<u>Age</u>	<u>Age plus service at least 90 and eligible for PERA early retirement subsidy</u>	<u>Other</u>
55	30%	7%
56 - 58	25%	7%
59 - 60	25%	9%
61	30%	15%
62	40%	22%
63 - 64	30%	20%
65	40%	40%
66 - 70	25%	25%
71	100%	100%

Mortality

	<u>Male</u>	<u>Female</u>
Pre-retirement:	83 GAM male table set back 8 years	83 GAM female table set back 7 years
Post-retirement:	83 GAM male table set back 1 year	83 GAM female table set back 1 year

Withdrawal

Rates varying by age. Sample withdrawal rates are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	8.4%	8.4%
30	5.4%	5.4%
40	3.0%	3.5%
50	2.0%	2.5%

Higher turnover rates are assumed in the first three years of employment. 40% of employees with less than 1 year of service, 15% of employees with 1 - 2 years of service, and 10% of employees with 2 - 3 years of service are assumed to terminate employment.

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Actuarial Assumptions (continued)**

Disability	Sample rates:		
	<u>Age</u>	<u>Male</u>	<u>Female</u>
	20	0.01%	0.01%
	30	0.02%	0.02%
	40	0.09%	0.06%
	50	0.23%	0.16%
Actuarial Method	Projected Unit Credit with 30-year amortization of the unfunded liability.		
Valuation Date	January 1, 2009		
Amortization of Unfunded Actuarial Accrued Liability	Amortized as a level dollar amount over 30 years; open basis.		

*January 1, 2009 Actuarial Valuation of Post-Employment Benefits***Glossary of Selected Terms**

This section provides the definitions of applicable terminology in the actuarial valuation, with references to both the Governmental Accounting Standards Nos. 43 (GASB 43) and 45(GASB 45).

Actuarial Cost Method - a procedure for determining the actuarial present value of benefits and for developing an allocation of such value to time periods.

Actuarial Present Value - the value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a set of actuarial assumptions.

Actuarial Accrued Liability - the portion of the actuarial present value which is not provided for by future normal costs, determined under the actuarial cost method.

Annual OPEB Cost - the OPEB expense recognized in the employer's financial statements.

ARC - the Annual Required Contribution (ARC) - the basis for the annual OPEB cost shown in the employer's financial statements. This term is misleading; no annual cash contribution is actually required to fund OPEB benefits.

Discount Rate - the interest rate used to adjust liabilities and obligations for the time value of money.

GASB Statement No. 43 - the Governmental Accounting Standards Statement Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

GASB Statement No. 45 - the Governmental Accounting Standards Statement Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Implicit Subsidy or Implicit Rate Subsidy - the difference between the actual and apparent cost of retiree medical coverage. The actual cost for early retirees is higher than the average per-person premium for the active/retiree group. Plans in which retirees pay the average active/retiree rate (the apparent cost) give rise to an implicit rate subsidy: the employer pays the difference between the actual and apparent cost.

Net OPEB obligation - the OPEB liability (asset) at transition, if any and the cumulative difference since the effective date of Statement No. 45 between annual OPEB cost and the employer's contributions.

Normal Cost - the portion of the actuarial present value which is allocated to the valuation year by the actuarial cost method.

Valuation Date - the date as of which assets and liabilities are measured in determining the OPEB liability of the plan.