

**WEST CONTRA COSTA
UNIFIED SCHOOL DISTRICT**

Actuarial Valuation of
Postemployment Health Benefits
Valuation Date: July 1, 2012



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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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SECTION I

Introduction

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Accounting Requirements

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SECTION II

Valuation Results

The District's prior actua the emerging effect Postemployment Health limits on the amount of healthcare benefits. T the date an employee v Retirees will be require that the plans have not

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Tables 2-1 through 2-3 District's future cost of presented in this report

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Table 2-1
West Contra Costa Unified School District
Present Value of Future Postemployment Healthcare Benefits
Attributable to Post-Employment

Based on a 4.50% discount rate

	Certificated <u>UTR</u>	Certificated <u>WCCAA</u>	Classified <u>Local #1</u>	Classified <u>SSA</u>	Unrep. Mgt., Confidential, Cabinet, <u>Retired Board</u>	<u>Total</u>
Medical						
Actives	\$43,177,103	\$2,100,077	\$10,007,050	\$8,502,866		
Total						\$745,304

Table 2-5 contains a ten-year projection of the District's pay-as-you-go cost to provide postemployment medical and dental benefits to current and future retirees.

Table 2-5
West Contra Costa Unified School District
Estimated Annual Postemployment Pay-as-you-go Cost

	Certificated <u>UTR</u>	Certificated <u>WCCAA</u>	Classified <u>Local #1</u>	Classified <u>SSA</u>	Unrep. Mgt., Confidential, Cabinet, <u>Retired Board</u>	<u>Total</u>
2012/2013	\$9,399,558	\$482,548	\$5,585,792	\$555,038	\$1,003,559	\$17,026,494
2013/2014	\$9,829,708	\$504,643	\$5,819,212	\$625,429	\$1,035,970	\$17,814,962
2014/2015	\$10,145,317	\$495,338	\$5,911,365	\$648,235	\$1,047,628	\$18,247,883
2015/2016	\$10,518,131	\$408,178	\$6,006,145	\$660,000	\$1,047,628	\$18,247,883



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Year of Service under CalPERS rules	Maximum monthly District contribution
0 through 4	\$0
5 through 24	The CalPERS Health Benefits Program Minimum Employer Contribution
25 or more	\$450 per month until the retiree reaches age 65. Thereafter, the CalPERS Health Benefits Program Minimum Employer Contribution

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Exception: if 20 or more years
of service as of June 30, 2010

Local 1 employees hired after January 1, 2007 and prior to July 15, 2009

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Local 1 employees hired on, or after, July 15, 2009

Year of Service under CalPERS rules	Maximum monthly District contribution
0 through 4	\$0
5 through 24	The CalPERS Health Benefits Program Minimum Employer Contribution
25 or more	\$450 per month until the retiree reaches age 65. Thereafter, the CalPERS Health Benefits Program Minimum Employer Contribution

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Unrepresented Certificated employees hired on, or after, July 1, 2009

Year of Service under CalPERS rules	Maximum monthly District contribution
0 through 4	\$0
5 through 24	The CalPERS Health Benefits Program Minimum Employer Contribution
25 or more	\$450 per month until the retiree reaches age 65. Thereafter, the CalPERS Health Benefits Program Minimum Employer Contribution

Unrepresented Classified Employees

Unrepresented Classified employees

The District pays the cost of life insurance for surviving spouses up to the cost of the employee's plan.

Unrepresented Classified employees as of December 31, 2007

The District pays the cost of life insurance for surviving spouse up to a specified amount.

The District will contribute to the cost of life insurance Shield coverage based on the employee's age. Employees may enroll in a more expensive plan.

Unrepresented Classified employees as of July 1, 2010

The District pays the cost of life insurance for surviving spouse up to a specified amount.

The District will contribute to the cost of life insurance for a retiree, \$11,040 for a retiree with 5 or more years of service.

Unrepresented Classified employees as of June 30, 2010

The District contributes up to the cost of life insurance for retirees:

<p>Continuous years of service with the District</p> <ul style="list-style-type: none">☒ 0 through 4☒ 5 or more <p>Exception: if 20 or more years of service as of June 30, 2010</p>
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Unrepresented Classified employees hired

Year of Service under CalPERS rules	
0 through 4	
5 through 24	The Calif Minir
25 or more	\$450 reach CalPE Minimum Emp:

Confidential employees hired on, or after, July 1, 2009

Year of Service under CalPERS rules	Maximum monthly District contribution
0 through 4	\$0
5 or more	The CalPERS Health Benefits Program Minimum Employer Contribution
25 or more	\$450 per month until the retiree reaches age 65. Thereafter, the CalPERS Health Benefits Program Minimum Employer Contribution

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Tot					97

Ag					
Und	25				
25-29					0
30-34					
35-39					
40-44					
45-49				3	
50-54				2	2
55-59		1			
60-64		0		2	
65-69		1		3	
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Age							
Unde	25						0
25-29							
30-34					0		
35-39				3			0
40-44							
45-49						2	
50-54			29		11	11	
55-59			26	11		8	
60-64	9	14	14	9			
65-69			6	5			
70 +	0		1	0			
Total							

Age							
Unde							
25-29							
30-34			1				
35-39			2				
40-44		2	5	5	2		
45-49			8			2	
50-54		5	3	3	3		
55-59		6		3		2	3
60-64		1					
65-69							
70 +		0	0	1	0		
Total		18					

		Act					
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<u>Age</u>	<u>0-4</u>						
Under 25	0					0	
25-29	0					0	
30-34	1					0	
35-39	1					0	
40-44	3					0	
45-49	2		2			0	
50-54	5	1		2		0	
55-59	5	2	2			3	
60-64	4	3				0	
65-69	1					0	
70 +	1	0	0	0	0	0	
Total	23			2		1	

<u>Age</u>	<u>0-4</u>	<u>5-9</u>			
Under 25	63	2			
25-29	146	20			
30-34	125				
35-39	83				
40-44	74				
45-49	66				
50-54	55				
55-59	50				
60-64	35				
65-69	10		11		
70 +	2				
Total	709				

Age		as	
Under 50			
50-54	67		30
55-59	239		98
60-64			
65-69	317		
70-74	249		95
75-79			67
80-84	153		48
85-89	96		26
90-94	29		7
95+	3		
Total	1,779		

* 1,857 retirees are enrolled in medical benefits.

* In addition, 1,019 retirees are enrolled in dental benefits.

Table 3-8	
	as of 1/1/2012
Kaiser	
PERSCare	
PERSCare Choice	265
PERSCare Select	1

SECTION

Actuarial

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Actuarial Cost

The valuation v
Cost Method is
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Economic Assumptions

Discount Rate

The District elected to use a 4.5% discount rate, which represents the long term rate of return on high quality bonds.

Health Care Trend

We used the annual trend rates for health care costs as an estimate of the future annual increase in health care costs.

<u>Plan Year Beginning</u>	<u>Projected Annual CalPERS Medical Trend</u>
2013	7.3%
2014	7.0%
2015	6.7%
2016	6.4%
2017	6.1%
2018	5.8%
2019 & thereafter	5.5%

Employer Caps

Based on input from the District we assume that the employer caps in **Section III** will not increase in future years.

Baseline Cost

Estimates of retiree health benefit costs are based on a one year period. We refer to this cost as the baseline cost, such as average per capita health care costs into the future to estimate the cost of health care.

Table 4-2 contains 2012 and 2013 dental composite premium rate and dental composite premium rate.

CalPERS has indicated that its assumptions for health care costs are described in GASB 45. This means that the health care costs are as

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- 20
- 25
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- 35+

Retirement Rates

The rates shown in Table 4-6 match the PERS pension valuation.

PERS School Employee			
Age	5	10	15
5	0.0050	0.0090	0.0130
5	0.0050	0.0100	0.0140
5	0.0060	0.0120	0.0160
5	0.0070	0.0140	0.0180
5	0.0120	0.0240	0.0360
5	0.0240	0.0480	0.0720
5	0.0200	0.0390	0.0580
5	0.0210	0.0420	0.0630
5	0.0250	0.0500	0.0750
5	0.0290	0.0570	0.0860
6	0.0370	0.0730	0.1100
6	0.0460	0.0900	0.1350
6	0.0760	0.1510	0.2270
6	0.0690	0.1360	0.2040
6	0.0670	0.1330	0.2000
6	0.0910	0.1800	0.2710
6	0.0720	0.1430	0.2150
6	0.0670	0.1320	0.2000
6	0.0600	0.1180	0.1770
6	0.0670	0.1330	0.2000
7	0.0660	0.1310	0.1970
7	0.0510	0.1020	0.1530
7	0.0450	0.0900	0.1350
7	0.0440	0.0880	0.1320
7	0.0550	0.1090	0.1630
7	0.0550	0.1080	0.1620
7	0.0440	0.0860	0.1290
7	0.0500	0.0980	0.1470
7	0.0500	0.1000	0.1500
7	0.0930	0.1850	0.2780
80	1.0000	1.0000	1.0000

The rates shown in Table 4-7 are for pension valuations.

<u>Age</u>	STRS Employee
	Male Years of Service 0-29
50	0.00000
51	0.00000
52	0.00000
53	0.00000
54	0.00000
55	0.02700
56	0.01800
57	0.01800
58	0.02700
59	0.04500
60	0.06300
61	0.06300
62	0.10800
63	0.11700
64	0.10800
65	0.13500
66	0.10800
67	0.10800
68	0.10800
69	0.10800
70	0.10800
71	0.10800
72	0.10800
73	0.10800
74	0.10800
75	1.00000

Note: The rates shown above are for employees with at least 25 years of service and fewer than 28 years of service.

Note: In this valuation we assume...

Mortality Rates

Table 4-8 and Table 4-9
 These rates match rates in

The PERS mortality rate
 California PERS pension
 projection of future mori
 determined based on a
 This scale consists of a
 age and sex. The result
 and retiree.

Age	M
55	0.
60	0.
65	0.
70	0.
75	
80	
85	
90	
95	25.66

The STRS mortality rates
 California STRS pension v

The rates for healthy retire
 year setback for males un
 ages higher than 70 for m
 and smoothed to a 0 year
 at age 90.

The rates for active emp
 additional 2 year setback t

<u>Age</u>	Sample California Preretirement		4-9 RS Mortality Rates	Postemployment Male	
	<u>Male</u>	<u>Female</u>			
25	0.023%	0.013%			
30	0.033%	0.014%			
35	0.034%	0.018%			
40	0.057%	0.034%			
45	0.076%	0.041%			
50	0.103%	0.063%		0.114%	
55	0.143%	0.093%		0.164%	
60	0.238%	0.179%		0.300%	
65	0.435%	0.368%		0.596%	
70				1.095%	
75				1.886%	
80				3.772%	
85				7.619%	
90				14.212%	1
95			22.	22.860%	1

SECTION Glossary

- Accrual including service.
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- Defined contribu: an individual acc active plan memb benefits the men employment. Th member's accou of contributions r account. For ex active member's separation from member or on th healthcare benefi
- Employer's contr: contributions of r relation to the AR on behalf of a rel (c) irrevocably tra plan assets are d accordance with t employer(s) or pla
- Entry Age Norma: the Actuarial Pres the valuation is individual between Present Value all allocated to prior y
- Healthcare cost tr: over time as a re services, plan des
- Investment return: future payments to
- Net OPEB obligat: Statement 45 betn plan, including th short-term differ, OPEB-related deb

Most employers w which Statement 4

If an employer contributes to a plan, the plan assets are no actuarial liability and the plan assets remain zero.

- Normal Cost - The normal cost is the amount which is allocated to the plan. The normal cost interpretation is that the normal cost is "earned" by employees during the year.
- OPEB assets - The OPEB assets are the OPEB plan greater than the OPEB liability.
- OPEB expense - The OPEB expense is the amount for contributions to the OPEB plan.
- Other postemployment benefits - Other postemployment benefits include pension benefits, healthcare benefits, and other postemployment benefits defined as special benefits.

Plan assets - Resources, investments, that are held in trust for the plan arrangement, in which the plan assets are dedicated to the payment of benefits. Plan assets are legally segregated for the payment of benefits.

Present Value - The present value of the projected benefits is the value of the projected benefits as of the valuation date.

Projected Unit Credit - The projected unit credit method is a method of calculating the present value of the projected benefits. The projected unit credit method separately calculates the present value of the projected benefits for each employee.

- Substantive plan - A substantive plan is a plan that has a substantial number of plan members.
- Unfunded Actuarial Liability over the Actuarial Liability is the difference between the actuarial liability and the plan assets.
- Valuation date - The valuation date is the date as of which the actuarial liability is determined.