



NEW SHOREHAM SCHOOL DISTRICT
GASB 74 AND GASB 75 DISCLOSURE
REPORTING AS OF JUNE 30, 2020





Table of Contents

Certification	1
Money-Weighted Rate of Return	2
Schedule of Investment Returns	3
Contributions Compared to ADEC and Payroll	4
Discount Rate Calculation.....	5
Target Allocation and Expected Rate of Return	6
Schedule of Changes in Net OPEB Liability.....	7
Schedule of Net OPEB Liability	8
Development of Employer Contribution	9
Disclosure Overview for Fiscal Year Ending June 30, 2020	10
Changes in the Net OPEB Liability	11
Components of the OPEB Expense for the Fiscal Year Ended June 30, 2020.....	12
OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB	17
Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.....	21
Sensitivity of the Net OPEB Liability in the Healthcare Cost Trend Rates	21
Participant Breakdown as of July 1, 2019.....	21
Description of Significant Changes Prior to Year End.....	22
Valuation Date and Roll Forward Process	22
Funding Policy.....	22
Assumption Selection	22
Description of Actuarial Methods	23
Description of Actuarial Assumptions	24
Summary of Plan Provisions	27

All the items listed below are required by GASB 74 and GASB 75 but are not included in this report:

- Statement of Changes in Fiduciary Net Position
- Statement of Fiduciary Net Position
- Investments That Represent 5% or More of the Plan’s Fiduciary Net Position
- Investment Policy
- OPEB Board Composition
- Authority to Amend Plan

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Certification

This report presents the results of the June 30, 2020 GASB 74 and GASB 75 Disclosure for the New Shoreham School District (the Plan). The report is intended to satisfy the requirements of both GASB 74 and GASB 75. This report may not be appropriate for any other purpose.

The report has been performed in accordance with generally accepted actuarial principles and practices. It is intended to comply with the Actuarial Standards Board Standards of Practice.

I certify that the actuarial assumptions and methods that were selected by me and represent my best estimate of anticipated actuarial experience under the Plan.

In preparing this disclosure report, I have relied on employee data provided by the Plan Sponsor, and on asset and contribution information provided by the Plan Sponsor or Trustee. I have audited neither the employee data nor the financial information, although I have reviewed them for reasonableness.

The results in this disclosure report are based on the Plan as summarized in the Summary of Plan Provisions section of this report and the actuarial methods and assumptions detailed in the Description of Actuarial Methods and Procedures and Description of Actuarial Assumptions sections of this report.

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

I have no relationship with the employer or the Plan that would impair, or appear to impair, my objectivity in performing the work presented in this report. I am a member of the American Academy of Actuaries and meet its Qualification Standards to render the actuarial opinion contained herein.

Steve A. Lemanski, FSA, FCA, MAAA
Enrolled Actuary 20-05506

July 22, 2020



Schedule of Investment Returns Last 5 Fiscal Years

Year Ended June 30:	Annual Money-Weighted Rate of Return, Net of Investment Expense
2017	5.80%
2018	4.12%
2019	-2.39%
2020	6.49%



Contributions Compared to ADEC and Payroll Schedule of Contributions for Last 5 Fiscal Years

	2020	2019	2018	2017	2016
Actuarially determined employer contribution (ADEC)	\$ 23,466	\$ 25,882	\$ 58,123	\$ 59,397	\$ 69,632
Contributions in relation to the ADEC	38,511	62,483	72,587	168,761	110,777
Contribution deficiency (excess)	\$ (15,045)	\$ (36,601)	\$ (14,464)	\$ (109,364)	\$ (41,145)
Covered payroll	\$ 2,150,555	\$ 2,116,782	\$ 2,063,140	\$ 2,066,162	\$ 2,013,803
Contributions as a % of covered payroll	1.79%	2.95%	3.52%	8.17%	5.50%



Discount Rate Calculation

The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where (a) contributions amounts are established by statute or contract or (b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover expected benefit payments and administrative expenses.

Plans that are projected to have sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency.

GASB permits alternative methods to evaluate the sufficiency of the plan's net fiduciary position. Based on the plan's current net OPEB liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 5.50% interest rate assumption to discount plan liabilities.



Target Allocation and Expected Rate of Return Actuarial Valuation as of July 1, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
U.S. Equity	24.50%	5.20%	1.27%
Non-U.S. Equity	10.50%	7.00%	0.74%
U.S. Aggregate Bonds	21.00%	2.00%	0.42%
Intermediate-Term Credit	12.60%	2.60%	0.33%
Short-Term Credit	8.40%	2.20%	0.18%
Intermediate-Term TIPS	15.00%	1.10%	0.17%
REITs	8.00%	4.70%	0.38%
	100.00%		3.49%
Long-Term Inflation Expectation			<u>1.90%</u>
Long-Term Expected Nominal Return			5.39%

**Long-Term Real Returns are provided by Vanguard. The returns are geometric means.*

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the OPEB plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 5.25% and 5.75%. An expected rate of return of 5.50% was used.

The July 1, 2019 Actuarial Valuation directly calculated the July 1, 2019 Total OPEB Liability (TOL). The July 1, 2019 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2020.



Schedule of Changes in Net OPEB Liability Last 5 Fiscal Years

	2020	2019	2018	2017	2016
Total OPEB liability					
Service cost	\$ 33,966	\$ 32,472	\$ 31,044	\$ 45,176	\$ 44,031
Interest	42,318	40,199	42,924	32,726	33,236
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(321,174)	(19,492)	(102,667)	6,032	16,556
Changes of assumptions	(11,477)	-	10,324	(153,599)	-
Benefit payments, including refunds of member contributions	(4,511)	(27,483)	(37,587)	(97,704)	(110,777)
Net change in total OPEB liability	(260,878)	25,696	(55,962)	(167,369)	(16,954)
Total OPEB liability - beginning	737,672	711,976	767,938	935,307	952,261
Total OPEB liability - ending: (a)	\$ 476,794	\$ 737,672	\$ 711,976	\$ 767,938	\$ 935,307
Plan fiduciary net position					
Contributions - employer	\$ 38,511	\$ 62,483	\$ 72,587	\$ 168,761	\$ 110,777
Contributions - active member	-	-	-	-	-
Contributions - TRB reimbursements	-	-	-	-	-
Net investment income (loss)	12,295	(5,031)	6,939	6,822	4,366
Benefit payments, including refunds of member contributions	(4,511)	(27,483)	(37,587)	(97,704)	(110,777)
Administrative expenses	-	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	46,295	29,969	41,939	77,879	4,366
Plan fiduciary net position - beginning	240,390	210,421	168,482	90,603	86,237
Plan fiduciary net position - ending: (b)	286,685	240,390	210,421	168,482	90,603
Net OPEB liability - ending: (a) - (b)	\$ 190,109	\$ 497,282	\$ 501,555	\$ 599,456	\$ 844,704
Plan fiduciary net position as a % of total OPEB liability	60.13%	32.59%	29.55%	21.94%	9.69%
Covered payroll	\$ 2,150,555	\$ 2,116,782	\$ 2,063,140	\$ 2,066,162	\$ 2,013,803
Net OPEB liability as a % of covered payroll	8.84%	23.49%	24.31%	29.01%	41.95%



Schedule of Net OPEB Liability Last 6 Fiscal Years

	2020	2019	2018	2017	2016
Total OPEB liability	\$ 476,794	\$ 737,672	\$ 711,976	\$ 767,938	\$ 935,307
Plan fiduciary net position	286,685	240,390	210,421	168,482	90,603
Net OPEB liability (asset)	\$ 190,109	\$ 497,282	\$ 501,555	\$ 599,456	\$ 844,704
Plan fiduciary net position as a % of total OPEB liability	60.13%	32.59%	29.55%	21.94%	9.69%
Covered payroll	\$ 2,150,555	\$ 2,116,782	\$ 2,063,140	\$ 2,066,162	\$ 2,013,803
Net OPEB liability as a % of covered payroll	8.84%	23.49%	24.31%	29.01%	41.95%

	2015
Total OPEB liability	\$ 952,261
Plan fiduciary net position	86,237
Net OPEB liability (asset)	\$ 866,024
Plan fiduciary net position as a % of total OPEB liability	9.06%
Covered payroll	\$ 1,962,771
Net OPEB liability as a % of covered payroll	44.12%



Development of Employer Contribution

Category	Amount
Premiums	\$ 3,181
Implicit rate subsidy	1,330
Trust contribution	34,000
Total	\$ 38,511



Disclosure Overview for Fiscal Year Ending June 30, 2020

	Plan's Funded Status			Deferred Outflows/(Inflows) of Resources			Recognized in Net OPEB Liability	Recognized in Total OPEB Expense
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Experience (Gains)/ Losses	Assumption Changes	Investment (Gains)/ Losses		
Balances -- prior year disclosure	(737,672)	240,390	(497,282)	(105,380)	8,784	16,009	(497,282)	
Changes in net OPEB liability:								
Service cost	(33,966)		(33,966)					33,966
Interest	(42,318)		(42,318)					42,318
Net investment income		12,295	12,295					(12,295)
Contributions - employer		38,511	38,511				38,511	
Contributions - active member		-	-					-
Contributions - TRB reimbursements		-	-					-
Changes of benefit terms	-		-					-
Benefit payments, including refunds of member contributions	4,511	(4,511)	-					
Administrative expense		-	-					-
Other		-	-					-
Recognized in total OPEB expense								
Differences between expected and actual experience				31,895			(31,895)	(31,895)
Changes of assumptions					44		(44)	(44)
Differences between projected and actual earnings on OPEB plan						(4,536)	4,536	4,536
Deferred outflows/inflows of resources								
Differences between expected and actual experience	321,174		321,174	(321,174)			321,174	
Changes of assumptions	11,477		11,477		(11,477)		11,477	
Differences between projected and actual earnings on OPEB plan						1,849	(1,849)	(1,849)
Total OPEB expense							(34,737)	34,737
Balances -- end of year	(476,794)	286,685	(190,109)	(394,659)	(2,649)	13,322	(190,109)	



Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of June 30, 2019	\$ 737,672	\$ 240,390	\$ 497,282
Changes for the year:			
Service cost	33,966		33,966
Interest	42,318		42,318
Differences between expected and actual experience	(321,174)		(321,174)
Changes of benefit terms	-		-
Changes of assumptions	(11,477)		(11,477)
Contributions - employer		38,511	(38,511)
Contributions - active member		-	-
Contributions - TRB reimbursements		-	-
Net investment income		12,295	(12,295)
Benefit payments, including refunds of member contributions	(4,511)	(4,511)	-
Administrative expense		-	-
Other		-	-
Net changes	<u>(260,878)</u>	<u>46,295</u>	<u>(307,173)</u>
Balances as of June 30, 2020	<u>\$ 476,794</u>	<u>\$ 286,685</u>	<u>\$ 190,109</u>



Components of the OPEB Expense for the Fiscal Year Ended June 30, 2020

Description	Amount
Service cost	\$ 33,966
Interest on the total OPEB liability	42,318
Differences between expected and actual experience	(31,895)
Changes of assumptions	(44)
Changes of benefit terms	-
Active member contributions	-
Contributions related to TRB reimbursements	-
Projected earnings on OPEB plan investments	(14,144)
Differences between projected and actual earnings on plan investments	4,536
OPEB plan administrative expense	-
Other changes in fiduciary net position	-
Total OPEB expense	\$ 34,737



Increase (Decrease) in OPEB Expense from the Recognition of the Effects of Differences Between Expected and Actual Experience

Differences between Expected and Actual Experience									
Year	Recognition Period (Years)	2020	2021	2022	2023	2024	2025		
2018	\$ (102,667)	13.4	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)
2019	(19,492)	13.4	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)
2020	(321,174)	14.1	(22,778)	(22,778)	(22,778)	(22,778)	(22,778)	(22,778)	(22,778)
Net increase (decrease) in OPEB expense			\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)

Differences between Expected and Actual Experience									
Year	Recognition Period (Years)	2026	2027	2028	2029	2030	2031		
2018	\$ (102,667)	13.4	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (7,662)	\$ (3,061)
2019	(19,492)	13.4	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)	(1,455)
2020	(321,174)	14.1	(22,778)	(22,778)	(22,778)	(22,778)	(22,778)	(22,778)	(22,778)
Net increase (decrease) in OPEB expense			\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (31,895)	\$ (27,294)

Differences between Expected and Actual Experience						
Year	Recognition Period (Years)	2032	2033	2034		
2018	\$ (102,667)	13.4				
2019	(19,492)	13.4	\$ (577)			
2020	(321,174)	14.1	(22,778)	\$ (22,778)	\$ (2,282)	
Net increase (decrease) in OPEB expense			\$ (23,355)	\$ (22,778)	\$ (2,282)	



Increase (Decrease) in OPEB Expense from the Recognition of the Effects of Changes of Assumptions

Year	Changes of Assumptions	Recognition Period (Years)	Recognition						
			2020	2021	2022	2023	2024	2025	
2018	\$ 10,324	13.4	\$ 770	\$ 770	\$ 770	\$ 770	\$ 770	\$ 770	
2019	-	13.4	-	-	-	-	-	-	
2020	(11,477)	14.1	(814)	(814)	(814)	(814)	(814)	(814)	
Net increase (decrease) in OPEB expense			<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	

Year	Changes of Assumptions	Recognition Period (Years)	Recognition						
			2026	2027	2028	2029	2030	2031	
2018	\$ 10,324	13.4	\$ 770	\$ 770	\$ 770	\$ 770	\$ 770	\$ 314	
2019	-	13.4	-	-	-	-	-	-	
2020	(11,477)	14.1	(814)	(814)	(814)	(814)	(814)	(814)	
Net increase (decrease) in OPEB expense			<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (44)</u>	<u>\$ (500)</u>	

Year	Changes of Assumptions	Recognition Period (Years)	Recognition		
			2032	2033	2034
2018	\$ 10,324	13.4			
2019	-	13.4	\$ -		
2020	(11,477)	14.1	(814)	\$ (814)	\$ (81)
Net increase (decrease) in OPEB expense			<u>\$ (814)</u>	<u>\$ (814)</u>	<u>\$ (81)</u>



**Increase (Decrease) in OPEB Expense from the Recognition of Differences
between Projected and Actual Earnings on OPEB Plan Investments**

Year	Differences between Projected and Actual Earnings on OPEB Plan Investments		Recognition Period (Years)					
			2020	2021	2022	2023	2024	
2018	\$	3,277	5	\$ 655	\$ 655	\$ 657		
2019		17,553	5	3,511	3,511	3,511	\$ 3,509	
2020		1,849	5	370	370	370	370	\$ 369
Net increase (decrease) in OPEB expense				<u>\$ 4,536</u>	<u>\$ 4,536</u>	<u>\$ 4,538</u>	<u>\$ 3,879</u>	<u>\$ 369</u>



Interest on the Total OPEB Liability Recognized in Expense

	Amount for Period	Portion of Period	Interest Rate	Interest on the Total OPEB Liability
Beginning total OPEB liability	\$ 737,672	100%	5.50%	\$ 40,572
Service cost	33,966	100	5.50	1,868
Benefit payments, including refunds of member contributions	(4,511)	50	5.50	(122)
Total interest on the OPEB liability				\$ 42,318

Projected Earnings on OPEB Plan Investments Recognized in Expense

	Amount for Period	Portion of Period	Projected Rate of Return	Projected Earnings
Beginning plan fiduciary net position	\$ 240,390	100%	5.50%	\$ 13,221
Contributions - employer	38,511	50	5.50	1,045
Contributions - active member	-	50	5.50	-
Contributions - TRB reimbursements	-	50	5.50	-
Benefit payments, including refunds of member contributions	(4,511)	50	5.50	(122)
Administrative expense and other	-	50	5.50	-
Total projected earnings				\$ 14,144



OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the recognized OPEB expense is \$34,737. As of June 30, 2020, deferred outflows and inflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (394,659)
Changes of assumptions	\$ 8,014	(10,663)
Net difference between projected and actual earnings on OPEB plan investments	13,322	
Total	<u>\$ 21,336</u>	<u>\$ (405,322)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year Ended June 30:	
2021	\$ (27,403)
2022	(27,401)
2023	(28,060)
2024	(31,570)
2025	(31,939)
Thereafter	(237,613)



Deferred Outflows and Inflows of Resources from Differences between Expected and Actual Experience

Year	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in OPEB Expense through June 30, 2020 (c)	Balances at June 30, 2020	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018		\$ (102,667)	\$ (22,986)		\$ (79,681)
2019		(19,492)	(2,910)		(16,582)
2020		(321,174)	(22,778)		(298,396)
				<u>\$ -</u>	<u>\$ (394,659)</u>



Deferred Outflows and Inflows of Resources from Changes of Assumptions

Year	Increases in the Total OPEB Liability (a)	Decreases in the Total OPEB Liability (b)	Amounts Recognized in OPEB Expense through June 30, 2020 (c)	Balances at June 30, 2020	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ 10,324		\$ 2,310	\$ 8,014	
2020		\$ (11,477)	(814)		\$ (10,663)
				<u>\$ 8,014</u>	<u>\$ (10,663)</u>



Deferred Outflows and Inflows of Resources from Differences between Projected and Actual Earnings on OPEB Plan Investments

Year	Investment Earnings Less Than Projected (a)	Investment Earnings Greater Than Projected (b)	Amounts Recognized in OPEB Expense through June 30, 2020 (c)	Balances at June 30, 2020	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2018	\$ 3,277		\$ 1,965	\$ 1,312	
2019	17,553		7,022	10,531	
2020	1,849		370	1,479	
				<u>\$ 13,322</u>	<u>\$ -</u>



Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	Current Discount Rate (5.50%)			1% Decrease (4.50%)	1% Increase (6.50%)
Net OPEB liability as of June 30, 2020	\$	190,109	\$	227,182	\$ 154,832

Sensitivity of the Net OPEB Liability in the Healthcare Cost Trend Rates

	Healthcare Cost Trend Rates (6.50% decreasing to 4.60%)			1% Decrease (5.50% decreasing to 3.60%)	1% Increase (7.50% decreasing to 5.60%)
Net OPEB liability as of June 30, 2020	\$	190,109	\$	136,941	\$ 251,533

Participant Breakdown as of July 1, 2019

	Participant Count
Inactive plan members or beneficiaries currently receiving benefits	1
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	27
Total members	28



Description of Significant Changes Prior to Year End

There were no significant plan changes since the last published valuation.

Valuation Date and Roll Forward Process

The Plan Sponsor uses the July 1, 2017 Actuarial Valuation to calculate the ADEC for the fiscal year ending 2020.

The July 1, 2019 Actuarial Valuation directly calculated the July 1, 2019 Total OPEB Liability (TOL). The July 1, 2019 TOL was increased by service cost and interest and decreased by benefit payments to estimate the TOL as of June 30, 2020. The TOL as of June 30, 2020 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Funding Policy

The Plan Sponsor's Funding Policy is to contribute the ADEC.

Assumption Selection

The selections of all assumptions used in determining the total OPEB liability were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.



Description of Actuarial Methods

Asset Valuation Method

Plan Assets equal the Market Value of assets.

Actuarial Cost Method

Entry Age Normal Actuarial Cost Method (level percentage of salary).

Normal Cost: Under this method, the total normal cost is the sum of amounts necessary to fund each active member's normal retirement benefit if paid annually from entry age to assumed retirement age. Entry age is the age at which the employee would have been first eligible for the plan, if it had always been in effect. The normal cost for each participant is expected to remain a level percentage of the employee's salary. The normal cost for the plan is the difference between the total normal cost for the year and the anticipated member contributions for that year.

Past Service Liability: The present value of future benefits that relates to service before the valuation date is the total past service liability. The unfunded past service liability is the difference between the total past service liability and any assets (including accumulated member contributions). The Unfunded Accrued Liability is amortized over 15 years (was 23 years), as a level dollar amount.

Experience Gains and Losses: All experience gains and losses (the financial effect of the difference between the actual experience during the prior period and the result expected by the actuarial assumptions for that prior period) appear directly in the past service liability and are amortized at the same rate the plan is amortizing the remaining unfunded past service liability.



Description of Actuarial Assumptions

Changes in Actuarial Assumptions as of July 1, 2019

The valuation reflects changes in the actuarial assumptions listed below. (The assumptions used before and after these changes are more fully described in the next section.)

- Mortality
- Healthcare Cost Trend Rates
- Spousal Coverage

The assumptions indicated were changed to represent the Enrolled Actuary's current best estimate of anticipated experience of the plan.

Interest

5.50%.

Rate of compensation increase (including inflation)

2.60%.

The plan does not have statistically credible data on which to form a rate of compensation increase assumption.

Inflation

2.60%.

This assumption is consistent with the Social Security Administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.

Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables projected to the valuation date with Scale MP-2019.

(Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.)

Mortality Improvement

Projected to date of decrement using Scale MP-2019 (generational).

(Prior: Projected to date of decrement using Scale MP-2017 (generational).)

We have selected this mortality assumption because it is based on the latest published public retirement mortality study released by the Society of Actuaries.

Retirement

25% for 10 or more years of service, 60% for age 60 with 25 years of service, and 60% for age 65 with 10 or more years of service.



Termination prior to retirement

Sample Age-Based Withdrawal Rates (until eligible to retire)

Service	Rate
0	.0000
1	.1800
5	.4816
10	.0209
15	.0132
20	.0096
>= 25	.0076

The actuarial assumptions in regards to rates of decrements are based on the rates used by the *State of Rhode Island Teachers' Retirement Plan* actuaries modified for certain plan features such as eligibility for full and early retirement where applicable.

Utilization

100% of current active members will elect medical coverage at retirement.

Spousal Coverage

65% of active members are assumed to be married and elect spousal benefits at retirement with wives 3 years younger than husbands.

(Prior: 85% of active members are assumed to be married and elect spousal benefits at retirement with wives 3 years young than husbands.)

Healthcare Cost Trend Rates

6.50% in 2019, reducing by 0.2% each year to an ultimate rate of 4.60% per year rate for 2029 and later.

(Prior: 7.50% in 2017, reducing by 0.5% each year to an ultimate rate of 4.60% per year rate for 2023 and later.)

Healthcare cost trend rates reflect both the current and long-term outlook for increases in healthcare costs. The short term rates are based on recent industry surveys, plan experience and near-term expectations. The long term trend rate is based on our general inflation assumption plus an adjustment to reflect expectations for long-term medical inflation.

Premiums/Allocation rates

	Employee	Employee Plus Spouse
Pre-65	\$8,118.84	\$19,026.72
Post-65	4,588.56	9,177.12

Premiums were used as the basis for per capita costs.



Expected Claim Costs

Sample Age	Expected Claim (Male)	Expected Claim (Female)
45	\$5,437	\$7,578
50	7,100	8,830
55	9,317	10,287
60	12,003	11,998
65	15,282	14,543
70	18,384	17,010
75	21,097	19,094

The sample per capita claim for plans not integrated with Medicare was developed as follows: Using the total count of active participants eligible for post-retirement medical benefits and retirees currently electing medical coverage in a non-Medicare supplement plan, we calculate the total projected claims by multiplying the total count by the average annual premium. Using the cost increases derived from a study sponsored by the Society of Actuaries prepared by Dale H. Yamamoto from May 2013: "Health Care Costs from Birth to Death", we allocate the total projected claims by age and gender.

Patient Protection and Affordable Care Act (PPACA)

For purposes of this valuation, extended coverage for adult children and 100% coverage of preventive care are assumed to be reflected in per capita costs.

For purposes of this valuation, elimination of lifetime maximum benefits and removal of the limits on essential healthcare are assumed to have no impact on plan liabilities.



Summary of Plan Provisions

This exhibit summarizes the major provisions of the Plan. It is not intended to be, nor should it be interpreted as a complete statement of all plan provisions. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Plan identification

Single-employer OPEB plan

Teachers and Principal

Eligibility for Medical Coverage

20 years of service

Retiree/Spouse Cost of Medical Coverage

No cost to retiree or spouse (if applicable) for medical coverage for five (5) contract years or until age 65, whichever occurs first. 100% of premium thereafter.

Contribution for active employees toward future retiree Medical Coverage

All active employees contribute six (6) percent of the annual premium. Effective July 1, 2016, all active employees contribute eight (8) percent of the annual premium. Effective July 1, 2019, all active employees contribute 9.41% of the annual premium.