# Nashoba Regional School District

**Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of December 31, 2013 in accordance with GASB Statements No. 43 and No. 45**

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*March 25, 2014*

*Mr. George P. King*
*Assistant Superintendent for Finance*
*Nashoba Regional School District*
*Central Office*
*50 Mechanic Street*
*Bolton, MA 01740*

*Dear Mr. King:*

*We are pleased to submit this report on our actuarial valuation of postemployment welfare benefits as of December 31, 2013 under Governmental Accounting Standards Board (GASB) Statements Number 43 and 45. It establishes the liabilities of the postemployment welfare benefit plan in accordance with GASB Statements Number 43 and 45 for the fiscal year beginning July 1, 2013 and summarizes the actuarial data.*

*This report is based on information received from the Nashoba Regional School District. The actuarial projections were based on the assumptions and methods described in Exhibit II and on the plan of benefits as summarized in Exhibit III.*

*We look forward to discussing this with you at your convenience.*

*Sincerely,*

*Segal Consulting, a Member of The Segal Group, Inc.*

*By:*

*Kathleen A. Riley, FSA, MAAA, EA*
*Senior Vice President and Actuary*

*Daniel J. Rhodes, FSA, MAAA*
*Vice President and Consulting Actuary*

*7961364v1/10226.004*

## SECTION 1

### EXECUTIVE SUMMARY



## SECTION 2

### VALUATION RESULTS



## SECTION 3

### VALUATION DETAILS



## SECTION 4

### SUPPORTING INFORMATION

**PURPOSE**

This report presents the results of our actuarial valuation of the Nashoba Regional School District (the "Employer") postemployment welfare benefit plan as of December 31, 2013. The results are in accordance with the Governmental Accounting Standards, which prescribe an accrual methodology for accumulating the value of other postemployment benefits (OPEB) over participants' active working lifetimes. The accounting standard supplements cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (*i.e.*, a pay-as-you-go basis).

**HIGHLIGHTS OF THE VALUATION**

During the fiscal year ending June 30, 2014, we project the School District will pay benefits (net of retiree contributions) on behalf of retired employees of about $1,007,000. This amount is less than the annual "cost" (the "Annual Required Contribution," or ARC) of approximately $3,764,000.

The GASB statements provide the method for selecting the investment return assumption (discount rate). If the benefits are funded, the discount rate should be based on the estimated long-term investment yield on the investments expected to be used to finance the payment of benefits. If financing continues to be pay-as-you-go, the discount rate should be based on the expected yield on the assets of the employer. If the benefits are partially funded, a blended discount rate can be used that reflects the proportionate amounts of plan and employer assets expected to be used.

For the purpose of this valuation, we have used 7.75% and 4.50%, respectively, for funded and pay-as-you-go. In the prior valuation, the funded discount rate was 8.0%.

The GASB statements allow the use of one of six funding methods to determine the actuarial liabilities. We have used the projected unit credit cost method.

To determine the amortization payment on the unfunded actuarial accrued liability (UAAL), an amortization period and amortization method must be selected. We have used a 30-year open amortization of the UAAL (the maximum permitted by the GASB statements), with payments increasing at 4.5% per year. The GASB statements allow for either an open or closed amortization period. In open amortization, the period is reset to the initial value every year and the UAAL is reamortized, while under a closed amortization, the remaining period decreases and the UAAL is eventually "paid off."

To be considered a funded plan, the "contribution in relation to the ARC" must equal the ARC. For example, if the ARC is $2,514,000, and the employer pays benefits to retirees of $1,007,000, then an additional contribution of the difference, or approximately $1,507,000 will need to be added to an OPEB trust fund during the fiscal year ending June 30, 2014.

Assets set aside to fund OPEB liabilities must be held in a trust or equivalent arrangement, through which assets are accumulated and benefits are paid as they come due. Employer contributions to the plan are irrevocable, plan assets are dedicated to providing benefits to retirees and their spouses in accordance with the terms of the plan, and plan assets are legally protected from creditors of the employer.

Chapter 68 of the Acts of 2011 permits municipalities, authorities and certain other government entities of the Commonwealth to establish a liability trust fund for funding retiree benefits (other than pension), also known as Other Post-Employment Benefits (OPEB). The legislation also ensures that these entities have access to the state's investment trust, the State Retiree Benefits Trust Fund (SRBTF) for purposes of investment OPEB funds.

GASB guidelines prohibit the offset of OPEB obligations by the future value of Medicare Part D subsidies. Therefore, these calculations do not include an estimate for retiree prescription drug plan federal subsides that the Employer may be eligible to receive for plan years beginning in 2006.

Employer decisions regarding plan design, cost sharing between the Employer and its retirees, actuarial cost method, amortization techniques, and integration with Medicare are just some of the decisions that affect the magnitude of OPEB obligations. We are available to assist you with any investigation of such options you may wish to undertake.

This valuation does not include the potential impact of any future changes due to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 other than the excise tax on high cost health plans beginning in 2018 (reflected in this valuation) and those previously adopted as of the valuation date.

**KEY VALUATION RESULTS**

- The **unfunded actuarial accrued liability (UAAL)** as of December 31, 2013 is $45,407,000. Going forward, net unfunded plan obligations will be expected to change due to normal plan operations, which consist of continuing accruals for active members, plus interest on the total actuarial accrued liability, less expected benefit payments and contributions. Future valuations will analyze the difference between actual and expected unfunded actuarial accrued liabilities.
  - As of December 31, 2013 the ratio of assets to the AAL (the funded ratio) is 0.00%.
- The **Annual Required Contribution (ARC)** for fiscal year 2014 is $3,764,000. The ARC is expected to remain relatively level as a percentage of payroll, as long as the ARC is funded each year. If the ARC is not funded, it may be expected to increase as a percentage of payroll over time.

Plan obligations of $45,407,000 as of December 31, 2013 represent an increase of $4,704,000 from $40,703,000 as shown in the December 31, 2011 valuation.

Plan obligations had been expected to increase $6,366,000 due to normal plan operations, which consist of continuing accruals for active members, plus interest on the total obligation, less expected benefit payments. The decrease was the net effect of the following:

- An **actuarial experience gain** decreased obligations by $99,000. This was the net result of gains and losses due to demographic changes.
- **Valuation assumption and plan changes** decreased obligations by $1,563,000. This was the net result of *decreases* in obligations due to 1) valuation year per capita health costs not increasing as much as projected, 2) a change in the retirement eligibility requirements for members hired on or after April 2, 2012, and 3) a change in the non-Medicare and Medicare enrollment assumption for current and future retirees, partially offset by *increases* in obligations due to 4) a change in the future trend on per capita health care costs based on what is likely to occur in the marketplace, 5) changes in the demographic assumptions as described in Exhibit II, Section 4, and 6) reflecting the excise tax on high cost health plans beginning in 2018. The addition of the excise tax in this valuation resulted in a 0.84% increase in the actuarial accrued liability and a 1.42% increase in the normal cost. The complete set of assumptions is shown in Exhibit II.

**ACCOUNTING REQUIREMENTS**

The Governmental Accounting Standards Board (GASB) issued Statement Number 43 -- *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and Statement Number 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* Under these statements, all state and local governmental entities that provide other post employment benefits (OPEB) are required to report the cost of these benefits on their financial statements.

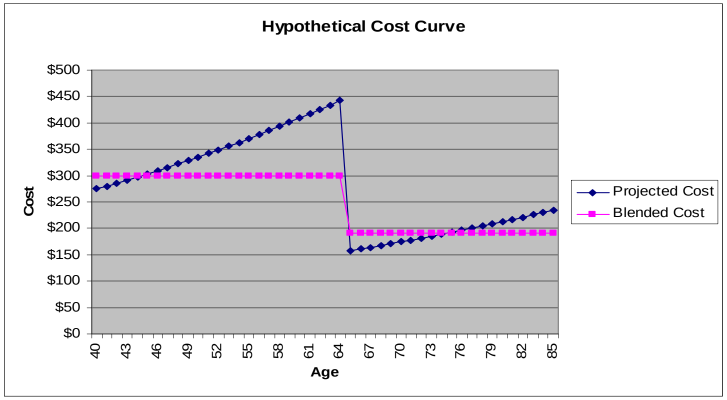
The statements cover postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. These benefits, referred to as OPEB, are typically financed on a pay-as-you-go basis. The new standard introduces an accrual-basis accounting requirement; thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also introduce a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. This amount is then discounted to determine the actuarial present value of the total projected benefits (APB). The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan.

Once the UAAL is determined, the Annual Required Contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made and any difference is reported as the net OPEB obligation (NOO). In addition, required supplementary information (RSI) must be reported, including historical information about the UAAL and the progress in funding the Plan.

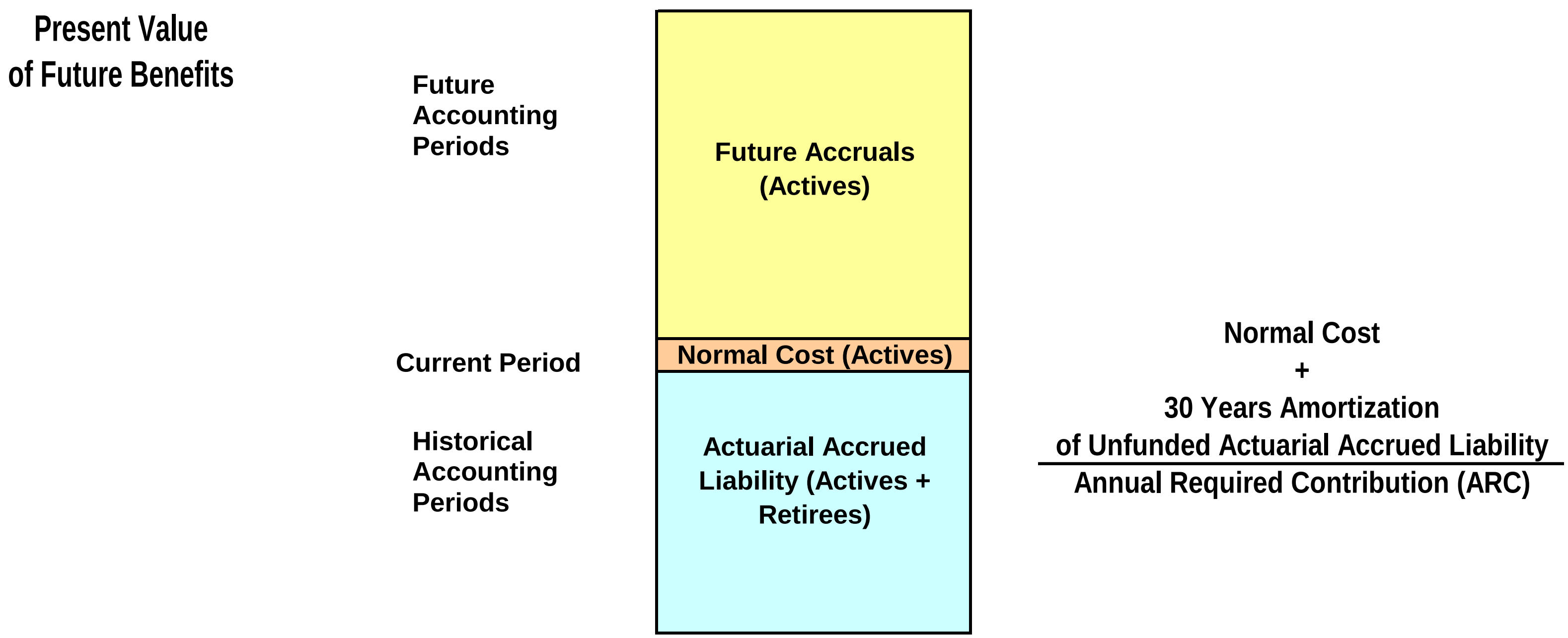
The benefits valued in this report are limited to those described in Exhibit III of Section 4.

The following graph illustrates why a significant accounting obligation may exist even though the retiree contributes most or all of the blended premium cost of the plan. The average cost for retirees is likely to exceed the average cost for the whole group, leading to an implicit subsidy for these retirees. The accounting standard requires the employer to identify and account for this implicit subsidy as well as any explicit subsidies the employer may provide.



This graph shows how the actuarial present value of the total projected benefits (APB) is broken down and allocated to various accounting periods. The exact breakdown depends on the actuarial cost method and amortization methods selected by the employer.

## GASB 43/45 Measurement




**Net OPEB Obligation = $ARC_1 + ARC_2 + ARC_3 + \ldots\ldots$**

**$- \text{Contribution}_1 - \text{Contribution}_2 - \text{Contribution}_3 - \ldots\ldots$**

Actuarial computations under GASB statements are for purposes of fulfilling certain welfare plan accounting requirements. The calculations shown in this report have been made on a basis consistent with our understanding of GASB. Determinations for purposes other than meeting the financial accounting requirements of GASB may differ significantly from the results reported here.

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits does not incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short term volatility in accrued liabilities and the actuarial value of assets, if any.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

*The key results for the current year are shown on a funded basis and a pay-as-you-go basis.*

**SUMMARY OF VALUATION RESULTS**
**ALL DEPARTMENTS**

| | | Funded (7.75% interest rate) | Pay-as-you-go (4.50% interest rate) |
|---|---|---|---|
| **Actuarial Accrued Liability by Participant Category** | | | |
| 1. | Current retirees, beneficiaries and dependents | $12,475,608 | $17,705,599 |
| 2. | Current active members | 15,067,211 | 27,701,489 |
| 3. | Total as of December 31, 2013: (1) + (2) | $27,542,819 | $45,407,088 |
| 4. | Actuarial value of assets as of December 31, 2013 | 0 | 0 |
| 5. | Unfunded actuarial accrued liability (UAAL) as of December 31, 2013: (3) – (4) | $27,542,819 | $45,407,088 |
| **Annual Required Contribution for Fiscal Year Ending June 30, 2014** | | | |
| 6. | Normal cost as of January 1, 2014 | $1,131,329 | $2,250,239 |
| 7. | 30-year increasing amortization (increasing 4.50% per year) of the UAAL as of December 31, 2013 | 1,382,287 | 1,513,570 |
| 8. | Total Annual Required Contribution (ARC): (6) + (7) | $2,513,616 | $3,763,809 |
| 9. | Projected benefit payments | 1,006,538 | 1,006,538 |

*Note: Assumes payment in the middle of the fiscal year.*

**FUNDING SCHEDULE**

**30 Years Closed (7.75% discount rate)**

| Fiscal Year Ended June 30 | (1) Projected Benefit Payments | (2) Normal Cost | (3) Amortization of UAAL | (4) Total Funding Requirement (3) + (2) | (5) Additional Funding (4) - (1) | (6) Assets at End of Year | (7) AAL at End of Year | (8) UAAL at End of Year (7) – (6) |
|---|---|---|---|---|---|---|---|---|
| 2014 | $1,006,538 | $1,131,329 | $1,382,287 | $2,513,616 | $1,507,078 | $1,564,388 | $28,719,726 | $27,155,338 |
| 2015 | 1,126,521 | 1,187,895 | 1,444,490 | 2,632,385 | 1,505,864 | 3,248,756 | 31,009,213 | 27,760,457 |
| 2016 | 1,280,419 | 1,247,290 | 1,509,492 | 2,756,782 | 1,476,363 | 5,033,039 | 33,378,038 | 28,344,999 |
| 2017 | 1,440,203 | 1,309,655 | 1,577,419 | 2,887,074 | 1,446,871 | 6,924,991 | 35,829,324 | 28,904,333 |
| 2018 | 1,609,741 | 1,375,138 | 1,648,403 | 3,023,541 | 1,413,800 | 8,929,240 | 38,362,572 | 29,433,332 |
| 2019 | 1,784,938 | 1,443,895 | 1,722,581 | 3,166,476 | 1,381,538 | 11,055,330 | 40,981,659 | 29,926,329 |
| 2020 | 1,938,655 | 1,516,090 | 1,800,097 | 3,316,187 | 1,377,532 | 13,342,033 | 43,719,104 | 30,377,071 |
| 2021 | 2,106,881 | 1,591,895 | 1,881,101 | 3,472,996 | 1,366,115 | 15,794,105 | 46,572,765 | 30,778,660 |
| 2022 | 2,303,842 | 1,671,490 | 1,965,751 | 3,637,241 | 1,333,399 | 18,402,252 | 49,525,756 | 31,123,504 |
| 2023 | 2,473,245 | 1,755,065 | 2,054,210 | 3,809,275 | 1,336,030 | 21,215,262 | 52,618,512 | 31,403,250 |
| 2024 | 2,619,227 | 1,842,818 | 2,146,649 | 3,989,467 | 1,370,240 | 24,281,791 | 55,890,513 | 31,608,722 |
| 2025 | 2,750,188 | 1,934,959 | 2,243,248 | 4,178,207 | 1,428,019 | 27,645,952 | 59,375,798 | 31,729,846 |
| 2026 | 2,887,697 | 2,031,707 | 2,344,194 | 4,375,901 | 1,488,204 | 31,333,309 | 63,088,882 | 31,755,573 |
| 2027 | 3,032,082 | 2,133,292 | 2,449,683 | 4,582,975 | 1,550,893 | 35,371,509 | 67,045,302 | 31,673,793 |
| 2028 | 3,183,686 | 2,239,957 | 2,559,919 | 4,799,876 | 1,616,190 | 39,790,450 | 71,261,697 | 31,471,247 |
| 2029 | 3,342,871 | 2,351,955 | 2,675,115 | 5,027,070 | 1,684,199 | 44,622,454 | 75,755,881 | 31,133,427 |
| 2030 | 3,510,014 | 2,469,553 | 2,795,495 | 5,265,048 | 1,755,034 | 49,902,467 | 80,546,935 | 30,644,468 |
| 2031 | 3,685,515 | 2,593,031 | 2,921,292 | 5,514,323 | 1,828,808 | 55,668,260 | 85,655,295 | 29,987,035 |
| 2032 | 3,869,791 | 2,722,683 | 3,052,750 | 5,775,433 | 1,905,642 | 61,960,658 | 91,102,851 | 29,142,193 |
| 2033 | 4,063,280 | 2,858,817 | 3,190,124 | 6,048,941 | 1,985,661 | 68,823,779 | 96,913,057 | 28,089,278 |
| 2034 | 4,266,444 | 3,001,758 | 3,333,680 | 6,335,438 | 2,068,994 | 76,305,293 | 103,111,041 | 26,805,748 |
| 2035 | 4,479,766 | 3,151,846 | 3,483,696 | 6,635,542 | 2,155,776 | 84,456,707 | 109,723,730 | 25,267,023 |
| 2036 | 4,703,755 | 3,309,438 | 3,640,462 | 6,949,900 | 2,246,145 | 93,333,661 | 116,779,980 | 23,446,319 |
| 2037 | 4,938,942 | 3,474,910 | 3,804,283 | 7,279,193 | 2,340,251 | 102,996,263 | 124,310,724 | 21,314,461 |
| 2038 | 5,185,889 | 3,648,656 | 3,975,476 | 7,624,132 | 2,438,243 | 113,509,435 | 132,349,116 | 18,839,681 |
| 2039 | 5,445,184 | 3,831,089 | 4,154,372 | 7,985,461 | 2,540,277 | 124,943,292 | 140,930,698 | 15,987,406 |
| 2040 | 5,717,443 | 4,022,643 | 4,341,319 | 8,363,962 | 2,646,519 | 137,373,555 | 150,093,579 | 12,720,024 |
| 2041 | 6,003,315 | 4,223,775 | 4,536,678 | 8,760,453 | 2,757,138 | 150,881,989 | 159,878,621 | 8,996,632 |
| 2042 | 6,303,481 | 4,434,964 | 4,740,829 | 9,175,793 | 2,872,312 | 165,556,880 | 170,329,643 | 4,772,763 |
| 2043 | 6,618,655 | 4,656,712 | 4,954,166 | 9,610,878 | 2,992,223 | 181,493,546 | 181,493,546 | - |

*Notes: Assumes payment in the middle of the fiscal year.*
*Amortization payments calculated to increase 4.5% per year.*
*The return on assets is assumed to be 7.75%.*

**PROJECTION OF ARC**

**30 Years Open (4.5% discount rate)**

| Fiscal Year Ended June 30 | (1) Projected Benefit Payments | (2) Normal Cost | (3) Amortization of UAAL | (4) ARC (3) + (2) | (5) Additional Funding | (6) Assets at End of Year | (7) AAL at End of Year | (8) UAAL at End of Year (7) – (6) |
|---|---|---|---|---|---|---|---|---|
| 2014 | $1,006,538 | $2,250,239 | $1,513,570 | $3,763,809 | $0 | $0 | $47,688,881 | $47,688,881 |
| 2015 | 1,126,521 | 2,362,751 | 1,625,002 | 3,987,753 | - | - | 51,098,620 | 51,098,620 |
| 2016 | 1,280,419 | 2,480,888 | 1,741,190 | 4,222,078 | - | - | 54,625,241 | 54,625,241 |
| 2017 | 1,440,203 | 2,604,933 | 1,861,359 | 4,466,292 | - | - | 58,274,025 | 58,274,025 |
| 2018 | 1,609,741 | 2,735,180 | 1,985,692 | 4,720,872 | - | - | 62,046,838 | 62,046,838 |
| 2019 | 1,784,938 | 2,871,939 | 2,114,251 | 4,986,190 | - | - | 65,950,135 | 65,950,135 |
| 2020 | 1,938,655 | 3,015,535 | 2,247,256 | 5,262,791 | - | - | 70,018,735 | 70,018,735 |
| 2021 | 2,106,881 | 3,166,312 | 2,385,894 | 5,552,206 | - | - | 74,252,584 | 74,252,584 |
| 2022 | 2,303,842 | 3,324,628 | 2,530,163 | 5,854,791 | - | - | 78,637,451 | 78,637,451 |
| 2023 | 2,473,245 | 3,490,859 | 2,679,577 | 6,170,436 | - | - | 83,216,395 | 83,216,395 |
| 2024 | 2,619,227 | 3,665,402 | 2,835,605 | 6,501,007 | - | - | 88,030,588 | 88,030,588 |
| 2025 | 2,750,188 | 3,848,672 | 2,999,649 | 6,848,321 | - | - | 93,114,892 | 93,114,892 |
| 2026 | 2,887,697 | 4,041,106 | 3,172,897 | 7,214,003 | - | - | 98,484,138 | 98,484,138 |
| 2027 | 3,032,082 | 4,243,161 | 3,355,855 | 7,599,016 | - | - | 104,153,952 | 104,153,952 |
| 2028 | 3,183,686 | 4,455,319 | 3,549,054 | 8,004,373 | - | - | 110,140,811 | 110,140,811 |
| 2029 | 3,342,871 | 4,678,085 | 3,753,057 | 8,431,142 | - | - | 116,462,073 | 116,462,073 |
| 2030 | 3,510,014 | 4,911,990 | 3,968,455 | 8,880,445 | - | - | 123,136,039 | 123,136,039 |
| 2031 | 3,685,515 | 5,157,589 | 4,195,870 | 9,353,459 | - | - | 130,181,992 | 130,181,992 |
| 2032 | 3,869,791 | 5,415,468 | 4,435,962 | 9,851,430 | - | - | 137,620,254 | 137,620,254 |
| 2033 | 4,063,280 | 5,686,242 | 4,689,421 | 10,375,663 | - | - | 145,472,242 | 145,472,242 |
| 2034 | 4,266,444 | 5,970,554 | 4,956,978 | 10,927,532 | - | - | 153,760,524 | 153,760,524 |
| 2035 | 4,479,766 | 6,269,082 | 5,239,402 | 11,508,484 | - | - | 162,508,880 | 162,508,880 |
| 2036 | 4,703,755 | 6,582,536 | 5,537,503 | 12,120,039 | - | - | 171,742,368 | 171,742,368 |
| 2037 | 4,938,942 | 6,911,663 | 5,852,135 | 12,763,798 | - | - | 181,487,392 | 181,487,392 |
| 2038 | 5,185,889 | 7,257,246 | 6,184,198 | 13,441,444 | - | - | 191,771,774 | 191,771,774 |
| 2039 | 5,445,184 | 7,620,108 | 6,534,639 | 14,154,747 | - | - | 202,624,826 | 202,624,826 |
| 2040 | 5,717,443 | 8,001,113 | 6,904,457 | 14,905,570 | - | - | 214,077,430 | 214,077,430 |
| 2041 | 6,003,315 | 8,401,169 | 7,294,706 | 15,695,875 | - | - | 226,162,127 | 226,162,127 |
| 2042 | 6,303,481 | 8,821,227 | 7,706,493 | 16,527,720 | - | - | 238,913,195 | 238,913,195 |
| 2043 | 6,618,655 | 9,262,289 | 8,140,986 | 17,403,275 | - | - | 252,366,750 | 252,366,750 |

*Notes: Assumes payment in the middle of the fiscal year.*
*Amortization payments calculated to increase 4.5% per year.*

## DEPARTMENT RESULTS

### Actuarial Accrued Liability (AAL) and Annual Required Contribution – Pay-As-You-Go (4.5%)

| | All Others | Teachers | Total |
|---|---|---|---|
| **Actuarial Accrued Liability by Participant Category** | | | |
| 1. Current retirees, beneficiaries and dependents | $3,236,280 | $14,469,319 | $17,705,599 |
| 2. Current active members | 9,226,861 | 18,474,628 | 27,701,489 |
| 3. Total as of December 31, 2013: (1) + (2) | $12,463,141 | $32,943,947 | $45,407,088 |
| 4. Actuarial value of assets as of December 31, 2013 | 0 | 0 | 0 |
| 5. Unfunded actuarial accrued liability (UAAL) as of December 31, 2013: (3) – (4) | $12,463,141 | $32,943,947 | $45,407,088 |
| **Annual Required Contribution for Fiscal Year Ending June 30, 2014** | | | |
| 6. Normal cost as of January 1, 2014 | $798,773 | $1,451,466 | $2,250,239 |
| 7. 30-year increasing amortization (increasing 4.50% per year) of the UAAL as of December 31, 2013 | 415,438 | 1,098,132 | 1,513,570 |
| 8. Total Annual Required Contribution (ARC): (6) + (7) | $1,214,211 | $2,549,598 | $3,763,809 |
| 9. Projected benefit payments | 229,797 | 776,741 | 1,006,538 |

*Note: Assumes payment in the middle of the fiscal year.*

March 25, 2014

**ACTUARIAL CERTIFICATION**

This is to certify that Segal Consulting, a Member of The Segal Group, Inc. has conducted an actuarial valuation of certain benefit obligations of the Nashoba Regional School District other postemployment benefit programs as of December 31, 2013, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Number 43 and 45 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the School District and on participant and September 1, 2013 premium data provided by the School District or from vendors employed by the School District. Segal Consulting does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination or adequacy of funding an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to comply with GASB Statements Number 43 and 45 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet their “General Qualification Standards for Statements of Actuarial Opinion” to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the School District are reasonably related to the experience and expectations of the postemployment benefit programs.

Kathleen A. Riley, FSA, MAAA, EA
Senior Vice President and Actuary

Daniel J. Rhodes, FSA, MAAA
Vice President and Consulting Actuary

**CHART 1**

**Required Supplementary Information – Schedule of Employer Contributions**

| Fiscal Year Ended June 30, | Annual OPEB Costs | Actual Contributions | Percentage Contributed |
|---|---|---|---|
| 2009 | $4,118,287 | $999,497 | 24.3% |
| 2010 | 4,161,462 | 1,159,649 | 27.9% |
| 2011 | 6,882,988 | 1,198,680 | 17.4% |
| 2012 | 3,619,466 | 797,451 | 22.0% |
| 2013 | 3,849,434 | 888,977 | 23.1% |
| 2014 | 3,955,950 | 1,006,538 | 25.4% |
| 2015 | 4,212,116 | 1,126,521 | 26.7% |

*Note: 2015 information assumes there will be no plan changes that need to be reflected.*

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CHART 2**
**Required Supplementary Information – Schedule of Funding Progress**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) - (a) | Funded Ratio (a) / (b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)] |
|---|---|---|---|---|---|---|
| 12/31/2006 | $0 | $49,752,457 | $49,752,457 | 0.00% | N/A | N/A |
| 12/31/2009 | 0 | 75,120,075 | 75,120,075 | 0.00% | N/A | N/A |
| 12/31/2011 | 0 | 40,702,993 | 40,702,993 | 0.00% | N/A | N/A |
| 12/31/2013 | 0 | 45,407,088 | 45,407,088 | 0.00% | - - | - - |

*Note: Enter covered payroll for fiscal 2104.*

**CHART 3**

**Required Supplementary Information – Net OPEB Obligation/(Asset) (NOO/NOA)**

| Fiscal Year Ended June 30, | Annual Required Contribution (a) | Interest on Existing NOO (b) | ARC Adjustment (c) | Annual OPEB Cost (a) + (b) + (c) (d) | Actual Contribution Amount (e) | Net Increase in NOO (d) - (e) (f) | NOO as of Following Date (g) |
|---|---|---|---|---|---|---|---|
| 2009 | $4,118,287 | $0 | $0 | $4,118,287 | $999,497 | $3,118,790 | $3,118,790 |
| 2010 | 4,236,507 | 155,940 | (230,985) | 4,161,462 | 1,159,649 | 3,001,813 | 6,120,603 |
| 2011 | 6,769,235 | 423,602 | (309,849) | 6,882,988 | 1,198,680 | 5,684,308 | 11,804,911 |
| 2012 | 3,490,498 | 531,221 | (402,253) | 3,619,466 | 797,451 | 2,822,015 | 14,626,926 |
| 2013 | 3,689,636 | 658,212 | (498,414) | 3,849,434 | 888,977 | 2,960,457 | 17,587,383 |
| 2014 | 3,763,809 | 791,432 | (599,291) | 3,955,950 | 1,006,538 | 2,949,412 | 20,536,795 |
| 2015 | 3,987,753 | 924,156 | (699,793) | 4,212,116 | 1,126,521 | 3,085,595 | 23,622,390 |

*Note: 2015 information assumes there will be no plan changes that need to be reflected.*

## CHART 4
## Summary of Required Supplementary Information

| | |
|---|---|
| **Valuation date** | December 31, 2013 |
| **Actuarial cost method** | Projected Unit Credit |
| **Amortization method** | Payments increasing at 4.5% |
| **Remaining amortization period** | 30 years open |
| **Asset valuation method** | Market value |
| **Actuarial assumptions**: | |
| Investment rate of return | 4.50%, pay-as-you-go scenario |
| Inflation rate | 4.5% |
| Medicare cost trend rate | 7.5% decreasing by 0.5% for 5 years to an ultimate level of 5.0% per year |
| Part B premium | 6.0% |
| Dental | 5.0% |
| **Plan membership:** | |
| Current retirees, beneficiaries, and dependents | 186 |
| Current active participants | 350 |
| Total | 536 |

*This exhibit summarizes the participant data used for the current and prior valuations.*

**EXHIBIT I**
**Summary of Participant Data**

| | 2014 | 2012 |
|---|---|---|
| **Active employees covered for medical benefits** | | |
| Number of employees | | |
| Male | 88 | 86 |
| Female | 262 | 271 |
| Total | 350 | 357 |
| Average age | 46.5 | 46.4 |
| Average service | 10.8 | 10.5 |
| **Retired employees, spouses and beneficiaries covered for medical benefits** | | |
| Number of individuals | 186 | 139 |
| Average age | 68.5 | 67.0 |
| **Retired employees with life insurance coverage** | | |
| Number of individuals | 102 | 72 |
| Average age | 68.0 | 66.5 |

**EXHIBIT II**
**Actuarial Assumptions and Actuarial Cost Method**

| | |
|---|---|
| **Data:** | Detailed census data, premium rates, and summary plan descriptions for postemployment welfare benefits were provided by the School District. |
| **Actuarial Cost Method**: | Projected Unit Credit |
| **Per Capita Cost Development:** | |
| *Medical and Drug, Dental* | Per capita claims costs were based on the insured premium rates effective September 1, 2013. Premiums were combined by taking a weighted average based on the number of participants in each plan, and were then trended to the midpoint of the valuation year at assumed trend rates. Actuarial factors were then applied to the premium to estimate individual retiree and spouse costs by age and by gender. |
| **Measurement Date**: | December 31, 2013 |
| **Discount Rate**: | 4.50% pay-as-you-go, 7.75% funded (previously, 8.00% funded) |
| **Mortality Rates:** | |
| *Pre-Retirement (Non-Teachers)* | RP-2000 Healthy Employee Mortality Table projected 20 years with Scale AA (previously, RP-2000 Healthy Employee Mortality Table projected 12 years with Scale AA) |
| *Healthy (Non-Teachers)* | RP-2000 Healthy Annuitant Mortality Table projected 15 years with Scale AA (previously, RP-2000 Healthy Annuitant Mortality Table projected 12 years with Scale AA) |
| *Disabled (Non-Teachers)* | RP-2000 Healthy Annuitant Mortality Table set forward 2 years |

| | |
|---|---|
| *Pre-Retirement (Teachers)* | RP-2000 Combined Healthy White Collar Mortality Table projected 20 years with Scale AA (previously, RP-2000 Healthy Employee Mortality Table projected 12 years with Scale AA) |
| *Healthy (Teachers)* | RP-2000 Healthy Annuitant with Large Benefit Amount Adjustment Mortality Table projected 15 years with Scale AA (previously, RP-2000 Healthy Annuitant Mortality Table projected 12 years with Scale AA) |
| *Disabled (Teachers)* | RP-2000 Healthy Annuitant with Large Benefit Amount Adjustment Mortality Table projected 15 years with Scale AA (previously, RP-2000 Healthy Annuitant Mortality Table set forward 3 years for males) |
| | The mortality assumptions were determined to contain provisions appropriate to reflect future mortality improvements. |

**Termination Rates before Retirement**:

**Groups 1 and 2 (excluding Teachers) - Rate per year (%)**

| | Mortality | | | | |
|---|---|---|---|---|---|
| | Current | | Previously | | |
| Age | Male | Female | Male | Female | Disability |
| 20 | 0.02 | 0.01 | 0.03 | 0.02 | 0.01 |
| 25 | 0.03 | 0.02 | 0.03 | 0.02 | 0.02 |
| 30 | 0.04 | 0.02 | 0.04 | 0.02 | 0.03 |
| 35 | 0.07 | 0.04 | 0.07 | 0.04 | 0.05 |
| 40 | 0.09 | 0.05 | 0.10 | 0.06 | 0.10 |
| 45 | 0.12 | 0.08 | 0.13 | 0.09 | 0.15 |
| 50 | 0.15 | 0.12 | 0.17 | 0.14 | 0.19 |
| 55 | 0.21 | 0.22 | 0.24 | 0.23 | 0.24 |
| 60 | 0.35 | 0.36 | 0.40 | 0.37 | 0.28 |

*Note: 55% of the rates shown represent accidental disability and death.*

**Teachers - Rate per year (%)**

| | Mortality | | | | Disability | |
|---|---|---|---|---|---|---|
| | Current | | Previously | | | |
| Age | Male | Female | Male | Female | Current | Previously |
| 20 | 0.02 | 0.01 | 0.03 | 0.02 | 0.00 | 0.00 |
| 25 | 0.03 | 0.02 | 0.03 | 0.02 | 0.01 | 0.01 |
| 30 | 0.03 | 0.02 | 0.04 | 0.02 | 0.01 | 0.01 |
| 35 | 0.05 | 0.04 | 0.07 | 0.04 | 0.01 | 0.01 |
| 40 | 0.08 | 0.05 | 0.10 | 0.06 | 0.01 | 0.01 |
| 45 | 0.10 | 0.07 | 0.13 | 0.10 | 0.03 | 0.03 |
| 50 | 0.14 | 0.11 | 0.18 | 0.14 | 0.05 | 0.05 |
| 55 | 0.23 | 0.22 | 0.25 | 0.23 | 0.07 | 0.08 |
| 60 | 0.40 | 0.42 | 0.42 | 0.37 | 0.07 | 0.10 |

*Notes: 35% of the rates shown represent accidental disability.*
*55% of the death rates shown represent accidental death.*

**Withdrawal Rates:**

| | Rate per year (%) |
|---|---|
| **Years of Service** | **Groups 1 and 2 (excluding teachers)** |
| 0 | 15.0 |
| 1 | 12.0 |
| 2 | 10.0 |
| 3 | 9.0 |
| 4 | 8.0 |
| 5 | 7.6 |
| 6 | 7.5 |
| 7 | 6.7 |
| 8 | 6.3 |
| 9 | 5.9 |
| 10 | 5.4 |
| 11 | 5.0 |
| 12 | 4.6 |
| 13 | 4.1 |
| 14 | 3.7 |
| 15 | 3.3 |
| 16 – 20 | 2.0 |
| 21 – 29 | 1.0 |
| 30+ | 0.0 |

**Withdrawal Rates:**

| | Teachers - Rate per year (%) | | | | | |
|---|---|---|---|---|---|---|
| | 0 Years of Service | | 5 Years of Service | | 10+ Years of Service | |
| Age | Male | Female | Male | Female | Male | Female |
| 20 | 13.0 | 10.0 | 5.5 | 7.0 | 1.5 | 5.0 |
| 30 | 15.0 | 15.0 | 5.4 | 8.8 | 1.5 | 4.5 |
| 40 | 13.3 | 10.5 | 5.2 | 5.0 | 1.7 | 2.2 |
| 50 | 16.2 | 9.8 | 7.0 | 5.0 | 2.3 | 2.0 |

Previously,

| | Teachers - Rate per year (%) | | | | | |
|---|---|---|---|---|---|---|
| | 0 - 4 Years of Service | | 5 - 9 Years of Service | | 10+ Years of Service | |
| Age | Male | Female | Male | Female | Male | Female |
| 20 | 12.0 | 10.0 | 4.5 | 9.0 | 1.0 | 5.0 |
| 30 | 11.4 | 12.0 | 4.5 | 9.0 | 1.0 | 5.0 |
| 40 | 9.7 | 11.0 | 5.4 | 6.5 | 1.7 | 2.9 |
| 50 | 10.0 | 8.2 | 4.8 | 4.2 | 2.2 | 2.1 |

**Retirement Rates:**

| | Rate per year (%) | |
|---|---|---|
| | Groups 1 and 2 (excluding Teachers) | |
| **Age** | **Male** | **Female** |
| 45 - 49 | - - | - - |
| 50 | 1.0 | 1.5 |
| 51 | 1.0 | 1.5 |
| 52 | 1.0 | 2.0 |
| 53 | 1.0 | 2.5 |
| 54 | 2.0 | 2.5 |
| 55 | 2.0 | 5.5 |
| 56 | 2.5 | 6.5 |
| 57 | 2.5 | 6.5 |
| 58 | 5.0 | 6.5 |
| 59 | 6.5 | 6.5 |
| 60 | 12.0 | 5.0 |
| 61 | 20.0 | 13.0 |
| 62 | 30.0 | 15.0 |
| 63 | 25.0 | 12.5 |
| 64 | 22.0 | 18.0 |
| 65 | 40.0 | 15.0 |
| 66 | 25.0 | 20.0 |
| 67 | 25.0 | 20.0 |
| 68 | 30.0 | 25.0 |
| 69 | 30.0 | 20.0 |
| 70 | 100.0 | 100.0 |

**Teachers - Rate per year (%)**

| | Years of Service | | | | | |
|---|---|---|---|---|---|---|
| | Less than 20 | | 20 – 29 | | 30 or more | |
| Age | Male | Female | Male | Female | Male | Female |
| 50 - 52 | - - | - - | 1.0 | 1.0 | 2.0 | 1.5 |
| 53 | - - | - - | 1.5 | 1.0 | 2.0 | 1.5 |
| 54 | - - | - - | 2.5 | 1.0 | 2.0 | 2.0 |
| 55 | 5.0 | 3.0 | 3.0 | 3.0 | 6.0 | 5.0 |
| 56 | 5.0 | 3.0 | 6.0 | 5.0 | 20.0 | 15.0 |
| 57 | 5.0 | 4.0 | 10.0 | 8.0 | 40.0 | 35.0 |
| 58 | 5.0 | 8.0 | 15.0 | 10.0 | 50.0 | 35.0 |
| 59 | 10.0 | 8.0 | 20.0 | 15.0 | 50.0 | 35.0 |
| 60 | 10.0 | 10.0 | 25.0 | 20.0 | 40.0 | 35.0 |
| 61 | 20.0 | 12.0 | 30.0 | 25.0 | 40.0 | 35.0 |
| 62 | 20.0 | 12.0 | 35.0 | 30.0 | 35.0 | 35.0 |
| 63 | 25.0 | 15.0 | 40.0 | 30.0 | 35.0 | 35.0 |
| 64 | 25.0 | 20.0 | 40.0 | 30.0 | 35.0 | 35.0 |
| 65 | 25.0 | 25.0 | 40.0 | 40.0 | 35.0 | 35.0 |
| 66 | 30.0 | 25.0 | 30.0 | 30.0 | 40.0 | 35.0 |
| 67 | 30.0 | 30.0 | 30.0 | 30.0 | 40.0 | 30.0 |
| 68 | 30.0 | 30.0 | 30.0 | 30.0 | 40.0 | 30.0 |
| 69 | 30.0 | 30.0 | 30.0 | 30.0 | 40.0 | 30.0 |
| 70 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Previously,

**Teachers - Rate per year (%)**

| | Years of Service | | | | | |
|---|---|---|---|---|---|---|
| | Less than 20 | | 20 – 29 | | 30 or more | |
| **Age** | **Male** | **Female** | **Male** | **Female** | **Male** | **Female** |
| 50 – 53 | 0.0 | 0.0 | 1.0 | 1.5 | 2.0 | 2.0 |
| 54 | 0.0 | 0.0 | 1.0 | 1.5 | 2.0 | 2.0 |
| 55 | 3.0 | 2.0 | 3.0 | 3.0 | 6.0 | 6.0 |
| 56 | 8.0 | 2.0 | 5.0 | 3.0 | 20.0 | 15.0 |
| 57 | 15.0 | 8.0 | 8.0 | 7.0 | 35.0 | 30.0 |
| 58 | 15.0 | 10.0 | 10.0 | 7.0 | 50.0 | 35.0 |
| 59 | 20.0 | 15.0 | 20.0 | 11.0 | 50.0 | 35.0 |
| 60 | 15.0 | 20.0 | 20.0 | 16.0 | 50.0 | 35.0 |
| 61 | 30.0 | 20.0 | 25.0 | 20.0 | 50.0 | 35.0 |
| 62 | 20.0 | 25.0 | 30.0 | 30.0 | 40.0 | 40.0 |
| 63 | 30.0 | 24.0 | 30.0 | 30.0 | 40.0 | 35.0 |
| 64 | 40.0 | 20.0 | 30.0 | 30.0 | 40.0 | 35.0 |
| 65 | 40.0 | 30.0 | 40.0 | 30.0 | 50.0 | 35.0 |
| 66 | 40.0 | 30.0 | 30.0 | 30.0 | 50.0 | 35.0 |
| 67 | 40.0 | 30.0 | 30.0 | 30.0 | 50.0 | 30.0 |
| 68 | 40.0 | 30.0 | 30.0 | 30.0 | 50.0 | 30.0 |
| 69 | 40.0 | 30.0 | 30.0 | 30.0 | 50.0 | 30.0 |
| 70 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

**Dependents**: Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be three years older than their wives. For future retirees who elect to continue their health coverage at retirement, 70% were assumed to have an eligible spouse who also opts for health coverage at that time.

**Per Capita Health Costs**: Calendar 2014 medical and prescription drug claims costs are shown in the table below for retirees and for spouses at selected ages. These costs are net of deductibles and other benefit plan cost sharing provisions.

| | Non-Medicare Plans | | | | Medicare Plans | | | |
|---|---|---|---|---|---|---|---|---|
| | Retiree | | Spouse | | Retiree | | Spouse | |
| Age | Male | Female | Male | Female | Male | Female | Male | Female |
| 45 | $8,040 | $10,087 | $4,987 | $7,529 | N/A | N/A | N/A | N/A |
| 50 | 9,543 | 10,870 | 6,666 | 8,728 | N/A | N/A | N/A | N/A |
| 55 | 11,333 | 11,701 | 8,920 | 10,103 | N/A | N/A | N/A | N/A |
| 60 | 13,459 | 12,612 | 11,941 | 11,717 | N/A | N/A | N/A | N/A |
| 65 | 15,985 | 13,587 | 15,985 | 13,587 | $5,615 | $4,773 | $5,615 | $4,773 |
| 70 | 18,527 | 14,642 | 18,527 | 14,642 | 6,508 | 5,143 | 6,508 | 5,143 |
| 75 | 19,965 | 15,761 | 19,965 | 15,761 | 7,013 | 5,536 | 7,013 | 5,536 |
| 80 | 21,500 | 16,992 | 21,500 | 16,992 | 7,552 | 5,969 | 7,552 | 5,969 |

**Weighted Average Annual Retiree Contribution Amount:**

*Non-Medicare:* $5,270

*Medicare:* $2,886

**Annual Dental Cost:** $691

**Health Care Cost Trend Rates**: Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are "net" and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year's cost to yield the next year's projected cost.

| Year Ending December 31 | Medical/Drug | Dental | Part B |
|---|---|---|---|
| 2014 | 7.5% | 5.0% | 6.0% |
| 2015 | 7.0% | 5.0% | 6.0% |
| 2016 | 6.5% | 5.0% | 6.0% |
| 2017 | 6.0% | 5.0% | 6.0% |
| 2018 | 5.5% | 5.0% | 6.0% |
| 2019 and later | 5.0% | 5.0% | 6.0% |

**Retiree Contribution Increase Rate**: Retiree contributions for medical and prescription drug coverage are expected to increase with medical trend.

**Participation and Coverage Election**: 100% of active employees with coverage are assumed to elect retiree coverage.

80% of retirees are assumed to elect dental coverage.

100% of retirees over age 65 are assumed to remain with their current medical plan for life.

For future retirees hired prior to 1986 and current retirees under age 65, 90% are assumed to enroll in the Medicare Supplement plan upon reaching age 65 and 10% are assumed to remain enrolled in a non-Medicare plan. (Previously, 80% and 20%, respectively)

For future retirees hired in 1986 or later, 100% are assumed to enroll in the Medicare Supplement plan upon reaching age 65.

**Plan Design**: Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.

**Administrative Expenses:** Administrative expenses are assumed to be included in the fully insured premium rates.

| | |
|---|---|
| **Annual Maximum Benefits**: | No increase in the annual maximum benefit levels was assumed. |
| **Lifetime Maximum Benefits**: | No information was available regarding accumulations toward lifetime maximum benefits and no such accumulations were assumed. |
| **Missing Participant Data**: | A missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known. |
| **Health Care Reform Assumption:** | This valuation does not include the potential impact of any future changes due to the Patient Protection and Affordable Care Act (PPACA) and the Health Care and Education Reconciliation Act (HCERA) of 2010 other than the excise tax on high cost health plans beginning in 2018 (reflected with this valuation) and those previously adopted as of the valuation date. The addition of the excise tax in this valuation increased the actuarial accrued liability by 0.84% and the normal cost by 1.42%. |
| **Assumption Changes Since Prior Valuation**: | Per capita health care costs were updated to reflect current experience.<br><br>The mortality assumption for non-teachers was changed to reflect future mortality improvement. The retirement, turnover, mortality and disability assumptions for teachers have been changed to reflect the assumptions being used in the January 1, 2013 Commonwealth Actuarial Valuation Report of the Massachusetts Teachers' Retirement System dated October 31, 2013.<br><br>The medical trend assumption was revised.<br><br>The funded discount rate was decreased from 8.0% to 7.75%.<br><br>The excise tax was added to reflect the additional liability for high cost health plans beginning in 2018.<br><br>The non-Medicare and Medicare enrollment assumptions for current retirees under age 65 and future retirees hired prior to 1986 were updated to reflect current experience. |

## EXHIBIT III
## Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

**Eligibility**: Retired and receiving a pension from the Worcester Regional Retirement System or Massachusetts State Teachers Retirement System.

*Members hired before April 2, 2012*

**Group 1 (including Teachers):**
- Retirees with at least 10 years of creditable service are eligible at age 55;
- Retirees with at least 20 years of creditable service are eligible at any age.

*Members hired on or after April 2, 2012*

**Group 1 (including Teachers):**
- Retirees with at least 10 years of creditable service are eligible at age 60.

**Disability:** Accidental (job-related) Disability has no age or service requirement. Ordinary (non-job related) Disability has no age requirement but requires 10 years of creditable service.

**Pre-Retirement Death:** Surviving spouses of members who die in active service on Accidental (job-related) Death are eligible at any age. Surviving spouses of members who die in active service on Ordinary (non-job related) Death are eligible after two years of service.

**Post-Retirement Death:** Surviving spouse is eligible.

| | |
|---|---|
| **Benefit Types**: | Medical and prescription drug benefits are provided to all eligible retirees through plans offered by Blue Cross Blue Shield of Massachusetts. Dental benefits are provided through Delta Dental. The Nashoba Regional School District pays 50% of the retiree life insurance premium and reimburses the Medicare Part B penalty for 28 retirees and spouses. |
| **Duration of Coverage**: | Lifetime. |
| **Dependent Benefits**: | Medical and Prescription Drugs. |
| **Dependent Coverage**: | Benefits are payable to a spouse for their lifetime, regardless of when the retirees dies. |
| **MGL Chapter 32B, Section 18A**: | Effective July 1, 2011. |

**Retiree Contributions**: Premium rates and retiree contributions as of September 1, 2013 are summarized below:

| | Subscribers: Active | Subscribers: Retiree | Subscribers: Total | *Retirees 65 and over** | Monthly Premium (eff. 9/1/2013) | School District Cost | Retiree cost |
|---|---|---|---|---|---|---|---|
| **Non-Medicare Plans** | | | | | | | |
| HMO Blue | | | | | | | |
| Individual | 86 | 18 | 104 | *4* | $640.18 | $320.09 | $320.09 |
| Family | 214 | 6 | 220 | *0* | $1,693.09 | $846.55 | $846.55 |
| Blue Choice | | | | | | | |
| Individual | 10 | 4 | 14 | *2* | $782.39 | $391.20 | $391.20 |
| Family | 17 | 3 | 20 | *0* | $2,052.34 | $1,026.17 | $1,026.17 |
| Blue Care Elect PPO | | | | | | | |
| Individual | 10 | 11 | 21 | *1* | $820.97 | $410.49 | $410.49 |
| Family | 13 | 5 | 18 | *1* | $2,153.61 | $1,076.81 | $1,076.81 |
| **Non-Medicare Total** | 350 | 47 | 397 | *8* | | | |

| | Subscribers: Active | Subscribers: Retiree | Subscribers: Total | Monthly Premium (eff. 9/1/2013) | School District Cost | Retiree cost |
|---|---|---|---|---|---|---|
| **Medicare Supplement Plans** | | | | | | |
| Medex | N/A | 75 | 75 | $473.27 | $236.64 | $236.63 |
| MBFS | N/A | 5 | 5 | $363.55 | $181.78 | $181.77 |
| **Medicare Total** | | 80 | 80 | | | |
| **Retiree Total**** | | 127 | | | | |

* 8 of 88 over-65 retirees are in a non-Medicare plan

** In addition, there are 59 spouses of retirees covered under an individual or family policy.

**Retiree Life:** $5,000.

**Plan Changes Since the Prior Valuation**: None

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