



York County Employees' Postemployment Benefit Plan

Actuarial Valuation as of December 31, 2018 for GASB Reporting Purposes

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This report was prepared to comply with the accounting and disclosure requirements of Government Accounting Standards Board Statement Nos. 74 and 75 (GASB 74 and 75).

The Purpose of Financial Accounting Disclosures

The Government Accounting Standards Board (GASB) is responsible for establishing and improving standards of financial accounting and reporting for government entities. The purpose of GASB statements is to promote transparency in the reporting of the financial condition of government entities by fairly and consistently disclosing an entity's assets and liabilities.

The granting of postretirement benefits represents promises made, or liabilities incurred, to provide deferred benefits as part of an employee's compensation package in exchange for current work. As such, a postretirement benefit plan's assets and liabilities affect the sponsoring entity's financial condition.

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, revised

financial reporting standards for postretirement benefits plans of state and local governmental entities to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans. GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, revised the standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. This report contains the plan (GASB 74) and entity (GASB 75) disclosure information for the York County Employees' Postemployment Benefit Plan.

GASB 74 was adopted for the 2017 fiscal year. The 2018 fiscal year is the first for which GASB 75 applies.

Section 1 of this report contains the development of the plan's financial disclosures for 2018.

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Following the disclosures, the remainder of the report contains a summary of the 2018 OPEB fund activity and plan investments at year end (Section 2), a summary of the substantive plan provisions (Section 3) and a summary of the actuarial assumptions and methods used to prepare the actuarial valuation (Section 4).

Actuarial Certification

The calculations within this report have been prepared for the purposes of fulfilling the plan sponsor's financial accounting requirements under Government Accounting Standards Board Statement No. 74 and 75 (GASB 74 and GASB 75) and have been performed in accordance with generally accepted actuarial principles and practices and based on our understanding of GASB statements.

Determinations for purposes other than meeting the plan sponsor's financial accounting requirements may differ significantly from the results in this report. Additional determinations are needed for other purposes, such as determining the funding adequacy on an ongoing plan basis or gauging benefit security upon plan termination.

The actuarial valuation is a projection of liabilities based on the plan provisions, financial information, participant data and actuarial assumptions and methods as described within the report. The actuarial valuation is not an exact statement of the Plan's ultimate benefits and liabilities.

The actuarial valuation is based on actuarial assumptions as to future economic and demographic experience. Future results may differ significantly from the results of the actuarial valuation. Analysis of the sensitivity of the valuation results to future experience was beyond the scope of this assignment, with the exception shown herein of the interest rate and medical trend rate sensitivity information.

To the best of my knowledge, this report is complete and accurate, based upon the data furnished to us. The financial data regarding the OPEB fund was provided by and the participant and beneficiary data, as well as plan medical cost information, were provided by York County. The determination of the long-term expected rate of return was provided by Marquette

Associates, the plan's investment consultants.

The participant census information used to prepare these disclosures was as of January 1, 2017. The Net OPEB Liability at December 31, 2018 was based on participant census information as of January 1, 2017. The 2018 Actuarially Determined Employer Contribution (ADEC) was determined based on the participant census and plan asset information as of January 1, 2017. This information was supplemented by 2017 and 2018 OPEB fund and membership activity to complete the disclosures in this report.

The actuarial assumptions and methods used to prepare the actuarial valuation were arrived at by consensus of the Actuary and County Management.

I certify that all costs and liabilities herein have been determined on the basis of actuarial assumptions and methods (described in Section 4), each of which is reasonable and which, in combination, offer my best estimate of anticipated experience under the plan, taking into account the plan's past experience and

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reasonable expectations of future events.

I, Charles B. Friedlander, am President & Chief Actuary, for Municipal Finance Partners, Inc. I am a Member of the American Academy of Actuaries, a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries and an Enrolled Actuary under ERISA, and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I am available to discuss this report and can be contacted at:
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*Charles B. Friedlander, F.S.A.
President & Chief Actuary
Municipal Finance Partners, Inc.*

June 5, 2019

Date

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Section 1: Financial Disclosures under GASB 74 and 75

This section contains the plan and entity disclosures required under Government Accounting Standards Board Statement Nos. 74 and 75 (GASB 74 and GASB 75). The employer and plan disclosures herein are as required under GASB 74 and GASB 75.

Summary of Significant Accounting Policies

Basis of Accounting: The financial statements for the York County Employees' Postemployment Benefit Plan are prepared using an accrual basis of accounting. Plan member contributions by retired officers toward their postretirement benefits reduce the employer cost and the resulting liability. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments: All investments of the OPEB trust fund are reported by the custodian at fair value. Investments that do not have an established market value are reported at estimated fair value.

Plan Description and Membership Information

Plan Description: The York County Employees' Postemployment Benefit Plan is a non-contributory, single-employer postretirement benefits plan that covers full-time employees of the County who were hired prior to 1989. The plan provides postretirement medical benefits upon retirement to plan members and their beneficiaries, pursuant to County Resolutions. The plan can be amended by the County through its Resolutions. The plan is administered by a plan administrator appointed by the governing body of the County.

Plan Membership: As of January 1, 2018, the beginning of the plan year and December 31, 2018, the plan year end, plan membership consisted of the following:

	1/1/2018	12/31/2018
Retirees and Beneficiaries Receiving Benefits	570	579
Terminated Members Entitled to Benefits but not yet receiving them	22	23
Active Plan Members	55	39
Total	647	641

Deferred Retirement Option Program (DROP)

The plan does not offer a Deferred Retirement Option Program (DROP).

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Plan Funding

The plan's adopted funding policy is to contribute each year the Actuarially Determined Employer Contribution. Medical costs for retired members are paid from the OPEB trust.

Net OPEB Liability

The Net OPEB Liability was measured as of December 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of January 1, 2017 and by rolling forward the liabilities from the January 1, 2017 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The Total OPEB liability as of December 31, 2018 was determined using the following economic assumptions, applied to all periods included in the measurement.

Salary Increases: 4.5%

Investment Return: 7.0% (including inflation)

Inflation: 2.5%

Mortality rates were based on the RP-2000 Mortality Tables with rates projected to 2015 using Scale AA

The actuarial assumptions and methods used for the actuarial valuation are described in more detail in Section 4 of this report.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table. This information was provided by the plan's investment consultants, Marquette Associates.

Asset Class	Target Allocation	Long-Term Expected Rate of Return	Contribution to Rate of Return
Domestic Equity	47.00%	5.50%	2.59%
International Equity	28.00%	6.00%	1.68%
Core Fixed Income	24.00%	1.20%	0.29%
Cash	1.00%	-0.10%	0.00%
Total	<u>100.00%</u>		4.56%
Inflation			<u>2.50%</u>
Long-Term Expected Rate of Return			<u>7.06%</u>

Discount Rate The discount rate used to measure the Total OPEB Liability was 7.0%, based upon the expected rate of return, net of expected investment expenses. The OPEB plan's Fiduciary Net Position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability. The employer's funding policy is to fund the rate subsidies through the General Fund and pay only the actual premiums for retired members from the OPEB trust.

The actuarial assumptions and methods used for the actuarial valuation are described in more detail in Section 4 of this report.

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Changes in the Net OPEB Liability

The schedule below shows the changes in the Net OPEB Liability during the most recent year.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 1/1/2018	\$85,117,703	\$5,189,915	\$79,927,788
Changes during 2018:			
Service Cost	370,057		370,057
Interest	5,700,115		5,700,115
Differences between expected and actual experience	0		0
Changes in Actuarial Assumptions	0		0
Employer Contributions		18,800,542	(18,800,542)
Employee Contributions		0	0
Net Investment Income		(574,738)	574,738
Benefit Payments (including contribution refunds)	(8,115,084)	(8,115,084)	0
Insurance Premiums		0	0
Administrative Expenses		0	0
Other Changes	0	0	0
Net Changes	(\$2,044,912)	\$10,110,720	(\$12,155,632)
Balances at 12/31/2018	\$83,072,791	\$15,300,635	\$67,772,156

Breakdown of Net Pension Liability at January 1, 2018:

Governmental Activities	\$59,478,102
County Nursing Home	20,449,686
Total	\$79,927,788

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

The schedule below shows the impact on the Net OPEB Liability if it were calculated using a discount rate that is 1% higher and lower than the current discount rate.

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
	6.00%	7.00%	8.00%
Total OPEB Liability	\$91,043,165	\$83,072,791	\$76,147,840
Plan Fiduciary Net Position	(15,300,635)	(15,300,635)	(15,300,635)
Net OPEB Liability	<u>\$75,742,530</u>	<u>\$67,772,156</u>	<u>\$60,847,205</u>

The schedule below shows the impact on the Net OPEB Liability if it were calculated using a medical inflation rate that is 1% higher and lower than the current discount rate.

	1% Decrease in Medical Trend Rate	Current Medical Trend Rate	1% Increase in Medical Trend Rate
Total OPEB Liability	\$74,671,149	\$83,072,791	\$92,895,809
Plan Fiduciary Net Position	(15,300,635)	(15,300,635)	(15,300,635)
Net OPEB Liability	<u>\$59,370,514</u>	<u>\$67,772,156</u>	<u>\$77,595,174</u>

Components of OPEB Expense for Fiscal Year Ended December 31, 2018

Service Cost	\$370,057
Interest on the Total OPEB Liability	5,700,115
Differences between Expected and Actual Experience	0
Changes in Assumptions	0
Employee Contributions	0
Projected Earnings on OPEB Plan Investments	(737,285)
Difference between Projected and Actual Earnings on Investments ¹	262,405
OPEB Plan Administrative Expense	0
Other Changes in Net Fiduciary Position	0
Total OPEB Expense	<u>\$5,595,292</u>

¹ Each year's gain or loss is recognized over a five-year period.

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Amortization of Investment (Gains)/Losses

Year Established	2018
Investment (Gain)/Loss	\$1,312,023
Years Recognized:	
2018	\$262,405
2019	262,405
2020	262,405
2021	262,405
2022	262,403

Determination of Difference in Projected and Actual Earnings on OPEB Plan Investments

Expected Return	\$737,285
Actual Return	574,738
(Gain)/Loss on OPEB Plan Investments	<u>\$1,312,023</u>

Postretirement Benefit Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2018, the actuarially determined expense is \$5,595,292. The County has deferred outflows and inflows of resources related to the OPEB plan from the following sources as of December 31, 2018.

Deferred Outflows and Inflows of Resources Related to OPEB

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Projected and Actual Experience	\$0	\$0
Net Difference in Projected and Actual Earnings on Plan Investments	1,049,618	0
Changes in Actuarial Assumptions	0	0
Totals	<u>\$1,049,618</u>	<u>\$0</u>

Actuarially Determined Deferred Outflows and (Inflows) of Resources Related to OPEBs for Years Ending December 31:

2019	\$262,405
2020	262,405
2021	262,405
2022	262,403

Reconciliation of OPEB Expense with Net OPEB Liability

Change in Net OPEB Liability	(\$12,155,632)
Change in Deferred (Outflows) of Resources	(1,049,618)
Change in Deferred Inflows of Resources	0
Employer Contributions	18,800,542
Total OPEB Expense	<u>\$5,595,292</u>

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Employer Contributions

Contributions Required and Contributions Made: The actuarially determined employer contribution (ADEC) to the retirement fund for 2018 is calculated below. The County contributed \$18,800,542 toward the plan's ADEC for 2018, including \$18,190,913 in contributions to the OPEB fund and \$609,629 in OPEB benefits paid from the County's General Fund.

Determination of Actuarially Determined Employer Contribution (ADEC)

The ADEC for 2017 and 2018 was determined as follows:

Actuarially Determined Employer Contribution (ADEC)

Normal Cost	\$380,344
Administrative Expenses	0
Amortization of Unfunded Actuarial Accrued Liability	7,398,648
Interest to Year	
End	<u>544,529</u>
Actuarially Determined Employer Contribution	<u><u>\$8,323,521</u></u>

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Notes to Schedules

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of the fiscal year in which the contributions are reported.

The methods and assumptions used to determine contribution rates are as follows.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method.

- Amortization Method: Level Dollar, Closed
- Remaining Amortization Period: 19 years
- Asset Valuation Method: Market value of assets.
- Medical Inflation:
 - Medical Costs: Based on Gentzen Model of Long-Run Medical Cost Trends
 - Dental and Vision: 5.0% per year
- Inflation: 2.5%
- Salary Increases: 4.0%.
- Investment Rate of Return: 4.0%
- Retirement Age: Rates of retirement for members eligible for early or normal retirement are as follows:

Age	Rate of Retirement
55-59	7%
60-61	8%
62-64	15%
65	34%
66-69	23%
70+	100%

- Mortality: RP-2000 Table.

The actuarial assumptions and methods used for the actuarial valuation are described in more detail in Section 3 of this report.

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Schedule of Investment Return

The annual money-weighted return for 2018 was -5.27%, net of investment expenses, determined as follows:

	Plan Investments/ Net External Cash Flows (a)	Months Invested (b)	Period Weight (c)	Total with Interest to Year End (d)
Beginning Value at January 1	\$5,189,915.27	12	1.000000	\$4,916,332.10
Monthly Net External Cash Flows:				
Payables/Receivables at January 1	\$569,428.40	12	1.000000	\$539,411.33
January	0.00	11 1/2	0.958333	0.00
February	(569,428.40)	10 1/2	0.875000	(543,075.17)
March	2,783,247.31	9 1/2	0.791667	2,666,444.43
April	4,820,646.68	8 1/2	0.708333	4,639,230.80
May	(657,579.45)	7 1/2	0.625000	(635,695.04)
June	(632,609.02)	6 1/2	0.541667	(614,321.74)
July	(571,162.87)	5 1/2	0.458333	(557,160.61)
August	(660,281.90)	4 1/2	0.375000	(647,008.14)
September	0.00	3 1/2	0.291667	0.00
October	6,164,457.53	2 1/2	0.208333	6,095,299.77
November	(611,402.99)	1 1/2	0.125000	(607,278.18)
December	748,553.45	1/2	0.041667	746,866.27
Payables/Receivables at December 31	(698,411.02)	0	0.000000	(698,411.02)
Ending Value at December 31				\$15,300,634.80
Internal Money-Weighted Rate of Return				-5.27%

Notes on inputs and methodology:

The market value of the OPEB fund was \$5,189,915.27 at January 1, 2018 and \$15,300,634.80 at December 31, 2018. External net cash flows (inflows netted by outflows) are determined on a mid-month basis as they have occurred each month from January 1, 2018 to December 31, 2018.

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Changes in the Net OPEB Liability and Related Ratios

	2018	2017
Total OPEB Liability, Beginning of Year	\$85,117,703	\$85,868,108
Service Cost	\$370,057	\$380,344
Interest	5,700,115	5,794,991
Changes in Benefit Terms	0	0
Differences between expected and actual experience	0	0
Changes in Actuarial Assumptions	0	0
Benefit Payments (including contribution refunds)	(8,115,084)	(6,925,740)
Other Changes	0	0
Net Changes	<u>(\$2,044,912)</u>	<u>(\$750,405)</u>
Total OPEB Liability, End of Year	<u><u>\$83,072,791</u></u>	<u><u>\$85,117,703</u></u>
Plan Fiduciary Net Position, Beginning of Year	\$5,189,915	\$2,000,026
Employer Contributions	\$18,800,542	\$9,844,495
Employee Contributions	0	0
Net Investment Income	(574,738)	271,134
Benefit Payments (including contribution refunds)	(8,115,084)	(6,925,740)
Insurance Premiums	0	0
Administrative Expense	0	0
Other Changes	0	0
Net Changes	<u>\$10,110,720</u>	<u>\$3,189,889</u>
Plan Fiduciary Net Position, End of Year	<u><u>\$15,300,635</u></u>	<u><u>\$5,189,915</u></u>
Net OPEB Liability (Asset), End of Year	<u><u>\$67,772,156</u></u>	<u><u>\$79,927,788</u></u>
Plan Fiduciary Net Position, End of Year (% of Total OPEB Liability)	18.42%	6.10%
Internal Money-Weighted Rate of Return	-5.27%	5.44%
Covered Employee Payroll	\$2,529,747	\$3,535,492
Net OPEB Liability, End of Year (% of Payroll)	2679.01%	2260.73%

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The schedule below shows the history of employer contributions compared to the Actuarially Determined Contribution (ADEC).

Year	2018	2017
Actuarially Determined Employer Contribution (ADEC)	\$8,323,521	\$8,323,521
Contributions Towards the ADEC	<u>18,800,542</u>	<u>9,844,495</u>
Contribution Deficiency (Excess)	<u>(\$10,477,021)</u>	<u>(\$1,520,974)</u>
Covered Employee Payroll	\$2,529,747	\$3,535,492
Contributions as a % of Covered Payroll	743.18%	278.45%

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Section 2: Pension Fund Information

The tables below show the pension fund activity for 2018. The following page shows how the pension fund was invested at December 31, 2018.

Market Value of Assets as of January 1, 2018		\$5,189,915.27
Employer Contributions	\$18,800,541.55	
Member Contributions	0.00	
Investment Income	258,228.91	
Gains and (Losses) on Investments	<u>(832,967.10)</u>	
Total Receipts		18,225,803.36
Benefit Payments	(\$8,115,083.83)	
Refund of Member Contributions	0.00	
Investment Costs	0.00	
Administrative Expenses	0.00	
Insurance Premiums	<u>0.00</u>	
Total Disbursements		<u>(8,115,083.83)</u>
Market Value of Assets as of December 31, 2018		<u>\$15,300,634.80</u>

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The table below shows how the pension fund was invested as of December 31, 2018.

Cash	\$0.00	
Checking Account	0.00	
Certificates of Deposit	0.00	
Money Market Funds	996,996.63	
Equity Mutual Funds	8,623,342.99	
Fixed Income Mutual Funds	<u>6,376,481.59</u>	
Total Assets in Fund		\$15,996,821.21
Prepaid Benefits		0.00
Accrued Income		<u>2,224.61</u>
Total Assets		\$15,999,045.82
Benefits Payable	(\$698,411.02)	
Administrative Expenses Payable	<u>0.00</u>	
Total Liabilities		<u>(698,411.02)</u>
Net Assets		<u><u>\$15,300,634.80</u></u>

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Summary of Plan Provisions

The Plan is governed by Resolutions of the York County Retirement Board of January 5, 1983, December 7, 1983, February 22, 1984, December 31, 1986, December 21, 1988, September 12, 1990, March 3, 1993 and March 31, 2010 and the collective bargaining agreements between the County and its employee bargaining units. The following is a summary of the plan's salient provisions; actual benefits will be determined by the Resolutions and the collective bargaining agreements.

Plan Membership

An employee hired on a full-time basis prior to January 1, 1989 enters the plan on the day he becomes a full-time County employee. Employees hired prior to January 1, 1989 who terminate employment and do not vest their pension benefit and are subsequently rehired on or after January 1, 1989 are not eligible for plan benefits.

Benefit Eligibility

An eligible County employee who retires on or after January 1, 1983 after completion of 8 or more years of service and is both receiving a pension from the York County Employees' Retirement System and currently enrolled in the County's health benefits plan is eligible for paid health and life insurance benefits for the remainder of his lifetime.

Spousal coverage will be provided for retiring members if the spouse was covered under the County health benefits plan at the time of retirement.

Normal Retirement

If a member terminates after

age 55 and completion of 20 years of service, or age 60, he will be eligible for normal retirement pension under the York County Employees' Retirement System.

Early Retirement

If a member retires after voluntary termination after completion of 20 years of service, or after involuntary termination (as defined in Act 96 of 1971, the *County Pension Law*) after 8 years of service, he will be eligible for an early retirement pension under the York County Employees' Retirement System.

Termination of Employment

A county employee who terminates employment after 8 or more years of service will be eligible for benefits at retirement.

Death Benefit

If an employee dies prior to retirement, no benefits will be payable under the plan unless he has elected the Option 2(d) death benefit under the Retirement System. If an eligible retired member

receiving plan benefits had elected a pension payment option that included lifetime benefits for his spouse (i.e., Option Two, Three, Four(C) or Four (D)), should he predecease her, then the spouse will continue to receive coverage under the plan after the death of the eligible retired member.

Medical Benefits Provided

Upon meeting the eligibility requirements, the plan will pay the medical costs for benefits covered to the retired County employees. Currently, this coverage is provided under the County's self-funded insurance plan for active employees until Medicare eligibility and under an insured Medicare Supplement policy thereafter. County Employees who retired prior to April 1, 2010 will continue to receive the plan medical benefits that were in place at the time of their retirement.

The medical benefits provided at retirement include coverages:

- Coverage for hospitalization and doctor's care through

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the Indemnity or Preferred Provider Organization plan under which the member was covered as an active member.

- Prescription Drug expense reimbursement, which changes to an insured prescription drug product for members over age 65.
- Reimbursement of Medical Expenses, which is provided for a small group of grandfathered retired members.
- Dental Coverage
- Vision Coverage

The medical coverage has varying deductibles, copayments and other provisions based upon the date of retirement, union contract provisions and participant elections.

Life Insurance Benefits Provided

The designated beneficiaries of eligible members will receive a death benefit of 100% of the member's pay at retirement, to a maximum of \$50,000. For deaths after age 70, this amount will be reduced by 50%.

Contributions

Retired members do not contribute towards their medical benefits, except for members of certain employee groups who will be required to

make the following contributions towards their medical costs after retirement:

- For medical coverage (i.e., PPO or Indemnity coverage), the contributions by retired members will be determined based upon the monthly dollar amount being paid by active employees at their retirement. These amounts will not increase after retirement.
- For dental coverage, the participant will be required to pay the excess of the COBRA rate for the option and tier coverage chosen over the COBRA rate low-option single person coverage. These amounts will not increase after retirement.

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Section 4 - Actuarial Assumptions and Methods

The following is a summary of the actuarial assumptions and methods used for this actuarial valuation.

Interest Rate

7.0%

For GASB 74 and 75 disclosures, the interest rate represents the expected long-term investment return on plan assets.

Salary Increases

Active plan members' salaries are assumed to increase by 4.5% per year.

Mortality

RP-2000 Table for healthy males and females, using the combined mortality table for active and retired members with mortality improvement projected to 2015.

The mortality is assumed to follow the above-named table, which is based on mortality among the general population. The size of the member group in the plan is not sufficiently large to develop a table based upon the plan's experience.

Turnover

Select and Ultimate Withdrawal is assumed. The Ultimate Rates, for members with 6 or more years of service are from Table T-7 of the Actuary's Pension Handbook. The following is a list of the annual rates of

withdrawal (employee turnover) at selected ages under the Ultimate table:

Age	Rate of Turnover
20	10.0000%
25	9.7500%
30	9.4022%
35	8.8436%
40	7.9543%
45	6.7120%
50	4.8722%
55	1.7020%

For members with less than 7 years of service, the rate of withdrawal is a percentage of the ultimate rate, as specified below:

Years of Service	Percentage of Ultimate Rate
0-1	300%
1-2	275%
2-3	250%
3-4	225%
4-5	200%
5-6	175%
6 or more	100%

Member Elections

100% of vested terminated members are assumed to receive medical benefits at their normal retirement age.

Disability

None assumed.

Retirement

Rates of retirement for members eligible for early or normal retirement are as follows:

Age	Rate of Retirement
55-59	7%
60-61	8%
62-64	15%
65	34%
66-69	23%
71-79	21%
80	100%

Benefit Elections

75% of male and 50% of female retiring members are assumed to elect a retirement benefit option that provides for spousal coverage under the plan.

Medical Claims Rates

The annual expected medical claims for retired members' health insurance are based on a weighted average of monthly claims paid for retired members over the prior three years, or on premium rates for insured coverages. Medical claims (i.e., claims other than prescription drug, medical reimbursement, dental and vision) were further adjusted based on the age of the participant to reflect both the increased claims at older ages

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and the effect of Medicare coverage for members age 65 and older.

Medical Inflation

For the medical (non-dental, non-vision) coverage, premium rates are assumed to increase at the following rates, based on the Gentzen Model of Long-Run Medical Cost Trends:

Vision and Dental claims are assumed to increase by 5% per year.

Census Data

The actuarial valuation was prepared using census data, plan benefits and claims and insurance data as of January 1, 2017.

Actuarial Funding Method

The actuarial cost method is the way that unfunded plan costs are allocated over future years, including the current year. This actuarial valuation uses the *Entry Age Normal Actuarial Cost Method*, which is the same actuarial cost method used for the funding of the County's pension plan. Under this method, the normal cost and actuarial accrued liability are determined on an individual basis. The unfunded actuarial accrued liability is determined as the excess of the actuarial accrued liability over the actuarial value

of assets. If the actuarial accrued liability

