

The City of Bristol Board of Education Postemployment Benefits Other Than Pensions

Actuarial Valuation as of July 1, 2024

Prepared by

Jennifer M. Castelhana, FSA

Consulting Actuary

Sharad Arora

Consultant



Table of Contents

	Page
Certification	1
Executive Summary	3
Exhibits	
1 Accrued Liability	4
2 20-Year Projection of Benefit Payments	5
3 Summary of Membership Data	6
Appendices	
A Actuarial Method	7
B Actuarial Assumptions	8
C Summary of Plan Provisions	13
D Healthcare Information	14
E Glossary	17

Certification

As part of our engagement with the The City of Bristol Board of Education ("Board"), we have performed an actuarial valuation of the Plan as of July 1, 2024. Our findings are set forth in this actuary's report. The main purposes of this report are to review the Plan's experience since the prior valuation and form the basis for financial reporting under GASB 75 for fiscal years 2025-26 and 2026-27.

Actuarial computations presented in this report are for purposes of assisting the employer in fulfilling its financial accounting requirements. The calculations in this report have been made on a basis consistent with our understanding of the plan provisions described in this report and of GASB 75. Determinations for purposes other than meeting the requirements of GASB 75 may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Actuarial assumptions, including mortality tables, and others identified in this report, are adopted by the Board. In compliance with GASB 75, the discount rate reflects an index rate for 20-year, tax-exempt general obligation municipal bonds with average rating of AA or higher and the individual entry age actuarial cost method is used. All costs, liabilities, and other factors for the Plan have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of the Plan and reasonable expectations); and which, in combination, offer a reasonable estimate of anticipated future experience affecting the Plan and are expected to have no significant bias.

This valuation is only an estimate of the Plan's financial condition as of a single date. It can neither predict the Plan's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of Plan benefits. While the valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct. Determining results using alternative assumptions is outside the scope of our engagement.

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; and changes in plan provisions or applicable law. Due to the limited scope of the actuarial assignment, we did not perform an analysis of the potential range of future measurements.

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the Board. This information includes, but is not limited to, benefit provisions and member census data. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

Certification (continued)

Milliman's work is prepared solely for the use and benefit of the Board. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions: (a) the Board may provide a copy of Milliman's work, in its entirety, to the Board's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the Board; and (b) the Board may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law. No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The valuation results were developed using models intended for valuations that use standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. The intent of the models was to estimate retiree claim costs and healthcare trend used in this analysis.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the *Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States*, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.



Jennifer M. Castelhana, FSA
Consulting Actuary

Executive Summary

Plan Experience

From July 1, 2022 to July 1, 2024 the overall membership increased from 1,252 to 1,278. The number of active members increased from 1,069 to 1,133, and the total number of members and spouses/dependents receiving benefits decreased from 183 to 145.

The average age of active members decreased slightly from 45.5 to 45.2, and the average age of members receiving benefits decreased slightly from 69.3 to 68.0.

We updated expected claims costs based on our analysis of the claims experience and premium information that was provided to us for this valuation. Per capita healthcare costs increased more than expected, which increased the Accrued Liability by about \$2.1 million.

Plan Changes

None.

Changes in Actuarial Assumptions

We updated the medical trend assumption to better anticipate future experience. This increased the Accrued Liability by about \$0.3 million.

We updated the discount rate to 3.93% since this is the discount rate that is used as of the valuation date to measure the Total OPEB Liability for purposes of GASB 75. This discount rate reflects that the Board is not currently making employer contributions to the OPEB trust to prefund the OPEB liability. This increased the Accrued Liability by about \$6.1 million.

Changes in Actuarial Methods

None.

Other Significant Changes

None.

1. Accrued Liability

We have broken the Accrued Liability into several pieces: benefits that are expected to be paid prior to age 65 (i.e., prior to Medicare) and after age 65 (i.e., after Medicare) that current active members and their covered dependents will receive once the member retires, and the same figures for members who have already retired and are currently receiving benefits. In all cases, the Accrued Liability only reflects benefits that are paid for by the Board, taking into account any implicit rate subsidies.

	BOE Certified	BOE Non-Certified	Total
Current Active Members			
Members Under Age 65	\$4,436,017	\$5,104,395	\$9,540,412
Members Over Age 65	66,987	1,102,276	1,169,263
Spouses/Dependents Under Age 65	1,406,308	2,358,403	3,764,711
Spouses/Dependents Over Age 65	<u>47,130</u>	<u>1,553,795</u>	<u>1,600,925</u>
Total	5,956,442	10,118,869	16,075,311
Current Members Receiving Benefits			
Members Under Age 65	\$738,169	\$1,955,995	\$2,694,164
Members Over Age 65	13,729,942	745,862	14,475,804
Spouses/Dependents Under Age 65	162,308	845,148	1,007,456
Spouses/Dependents Over Age 65	<u>0</u>	<u>325,501</u>	<u>325,501</u>
Total	14,630,419	3,872,506	18,502,925
Total Accrued Liability	20,586,861	13,991,375	34,578,236
<hr/>			
Accrued Liability Sensitivity	1% Decrease	Baseline	1% Increase
Discount Rate	37,446,016	34,578,236	31,999,091
Trend Rate	31,584,253	34,578,236	38,021,105

2. 20-Year Projection of Benefit Payments

This projection is based on the results of the July 1, 2024 actuarial valuation. It reflects benefits that are expected to be paid to current plan members, without reflection of benefits that might be paid within the projection period to future new hires. Actual benefit payments will reflect the emerging experience of the plan membership as well as any future changes that are made to the plan provisions.

Plan Year Beginning	Benefit Payments
07/01/2024	\$2,261,564
07/01/2025	2,356,650
07/01/2026	2,503,644
07/01/2027	2,512,511
07/01/2028	2,460,406
07/01/2029	2,410,027
07/01/2030	2,435,911
07/01/2031	2,493,229
07/01/2032	2,587,897
07/01/2033	2,623,474
07/01/2034	2,692,731
07/01/2035	2,733,719
07/01/2036	2,744,846
07/01/2037	2,734,245
07/01/2038	2,631,649
07/01/2039	2,691,373
07/01/2040	2,754,177
07/01/2041	2,719,063
07/01/2042	2,841,403
07/01/2043	2,794,815

3. Summary of Membership Data

	BOE Certified	BOE Non-Certified	Total
Number of Members			
Active Members	676	457	1,133
Retirees	51	56	107
Spouses of Retirees	8	29	37
Beneficiaries	0	1	1
Total	735	543	1,278
Average Age			
Active	43.75	47.22	45.15
Inactive members	71.25	65.74	67.98
Average Service			
Active	12.73	8.31	10.95
Covered Payroll	\$64,865,208	\$18,939,659	\$83,804,867

Where complete census data was not available, we have made assumptions which we believe to be reasonable.

Appendix A - Actuarial Method

The actuarial funding method used is the Entry Age Normal Cost Method.

The Normal Cost is determined by calculating the present value of future benefits for present Active Members. This cost is then spread as a level percentage of earnings from entry age to termination as an Active Member. If Normal Costs had been paid at this level for all prior years, a fund would have accumulated. Because this fund represents the portion of benefits that would have been funded to date, it is termed the Accrued Liability. In fact, it is calculated by adding the present value of benefits for Retired Members to the present value of benefits for Active Members and subtracting the present value of future Normal Cost contributions.

The Normal Cost and Accrued Liability are derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Appendix B - Actuarial Assumptions

Each of the assumptions used in this valuation was set based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and our professional judgment regarding future plan experience. We believe the assumptions are reasonable for the contingencies they are measuring, and are not anticipated to produce significant cumulative actuarial gains or losses over the measurement period.

Interest Rate 3.93% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2024 (prior: 6.50%)

Inflation 2.40%

Salary Scale **BOE Certified#:**

Service	Rate
0	6.50%
1	6.25%
2-9	6.00%
10-11	5.50%
12	5.25%
13	5.00%
14	4.75%
15	4.50%
16	4.00%
17	3.75%
18	3.50%
19	3.25%
20+	3.00%

BOE Non-Certified:

Service	Rate
1	10.00%
2	5.00%
3	5.00%
4	5.00%
5	4.00%
10	4.00%
15	3.50%
26+	3.00%

Dental Trend 4.00%

Medical Trend The medical trend assumption used in this valuation is based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model. Inputs to the model are consistent with other assumptions used in the valuation.

Fiscal Year	Pre-65	Fiscal Year	Post-65
2024 to 2025	6.50%	2024 to 2025	8.10%
2025 to 2026	5.90%	2025 to 2026	6.80%
2026 to 2027	5.40%	2026 to 2027	5.80%
2027 to 2028	5.10%	2027 to 2028	5.30%
2028 to 2029	4.90%	2028 to 2029	5.10%
2029 to 2030	4.80%	2029 to 2030	4.90%
2030 to 2031	4.70%	2030 to 2031	4.80%
2031 to 2032	4.60%	2031 to 2032	4.60%
2032 to 2033	4.40%	2032 to 2033	4.50%
2033 to 2034	4.30%	2033 to 2034	4.30%
2034 to 2066	4.20%	2034 to 2059	4.20%
2066 to 2068	4.10%	2059 to 2061	4.30%
2068 to 2070	4.00%	2061 to 2066	4.20%
2070 to 2073	3.90%	2066 to 2068	4.10%
2073 +	3.80%	2068 to 2070	4.00%
		2070 to 2073	3.90%
		2073 +	3.80%

Prior:

Year Beginning	Rate
2022	5.90%
2023	6.40%
2024	6.50%
2025	6.00%
2026	5.30%
2027	5.00%
2028	4.80%
2029	4.60%
2030	4.50%
2031	4.30%
2032	4.20%
2059	4.30%
2061	4.20%
2066	4.10%
2068	4.00%
2070	3.90%
2073	3.80%

Mortality

BOE Certified[#]: PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2021 Ultimate scale. The PubT-2010 Contingent Survivor Table projected generationally per the MP-2021 Ultimate scale and set forward 1 year for both males and females is used for survivors and beneficiaries. This assumption includes a margin for improvements in longevity beyond the valuation date.

BOE Non-Certified: PubG-2010 Mortality Table with generational projection per the MP-2021 Ultimate scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement. This assumption includes a margin for improvements in longevity beyond the valuation date.

Turnover

BOE Certified[#]: rates based on gender and length of service for the first ten years and gender and age thereafter.

Service	Male	Female
0-1	15.00%	12.00%
1-2	11.00%	11.00%
2-3	8.50%	9.50%
3-4	7.00%	8.00%
4-5	5.50%	7.50%
5-6	4.50%	7.00%
6-7	4.00%	6.50%
7-8	3.50%	6.00%
8-9	3.50%	5.50%
9-10	3.50%	5.00%
10+	1.80%	6.00%

Age	Male	Female
25	1.80%	6.00%
35	1.80%	4.25%
45	1.80%	2.00%
55	4.00%	3.90%

BOE Non-Certified:

Service	Rate
<5	10.00%
5-7	5.00%
8-9	2.00%
10-11	5.00%
12-14	3.00%
15-24	1.50%
25+	0.00%

This work product was prepared solely for the Board for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Retirement

BOE Certified#: Rates based on age, eligibility for pension benefits, and gender.

Age	Unreduced			
	< 35 years of service		35+ years of service	
	Male	Female	Male	Female
50-59			35.00%	30.00%
60	20.00%	20.00%	30.00%	30.00%
61	20.00%	20.00%	30.00%	30.00%
62	22.50%	20.00%	30.00%	30.00%
63	22.50%	20.00%	30.00%	30.00%
64	25.00%	25.00%	30.00%	30.00%
65	27.50%	32.50%	35.00%	37.50%
66	27.50%	30.00%	35.00%	37.50%
67-74	27.50%	30.00%	30.00%	32.50%
75	100.00%	100.00%	100.00%	100.00%

Age	Proratable		Reduced	
	Male	Female	Male	Female
50-52			1.50%	1.25%
53			1.50%	1.75%
54			2.00%	2.25%
55			3.00%	3.00%
56			4.00%	3.75%
57			5.00%	4.50%
58			6.50%	5.50%
59			8.00%	7.00%
60	6.00%	5.00%		
61	6.00%	6.00%		
62	6.00%	7.00%		
63	9.00%	8.00%		
64	12.00%	9.00%		
65	15.00%	12.00%		
66-68	18.00%	15.00%		
69-79	28.50%	15.00%		
80	100.00%	100.00%		

This work product was prepared solely for the Board for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Retirement* **BOE Non-Certified:** Members who have satisfied normal retirement eligibility are assumed to retire according to the following rates.

Age	Attained Rule of 80	Not Yet Attained
55	50.00%	2.00%
56-59	20.00%	2.00%
60	22.00%	2.00%
61	25.00%	2.00%
62	40.00%	2.00%
63	30.00%	2.00%
64	25.00%	2.00%
65	28.00%	2.00%
66	40.00%	2.00%
67-69	25.00%	2.00%
70-74	30.00%	30.00%
75+	100.00%	100.00%

Disability **BOE Certified#:** Rates based on age and gender.

Age	Male	Female
20	0.02%	0.02%
30	0.02%	0.02%
40	0.03%	0.06%
50	0.15%	0.15%
60	0.15%	0.15%

BOE Non-Certified: 50% of the 1985 Pension Disability Table (DP-85) Class 1. 40% of disabilities are assumed to be service-connected.

Future Retiree Coverage 60% of active members are assumed to elect coverage at retirement.

Future Dependent Coverage 80% of current active members are assumed to elect dependent coverage at retirement. All female spouses are assumed to be 3 years younger than males.

Valuation of Benefits for Children Benefits attributed to children have been excluded from this valuation for all groups, as they were determined to be de minimis.

Valuation of Dental Benefits These benefits were valued without aging, per guidance from a March 2021 ASOP No. 6 Practice Note.

Valuation of Post-65 Medical Benefits For retirees paying 100% of the premium, it is assumed that there is no implicit rate subsidy associated with post-65 medical benefits, as Medicare premiums are intended to be self-supporting.

Certain actuarial demographic assumptions for Teachers and Administrators are based on the assumptions used in the June 30, 2024 valuation of the Connecticut State Teachers' Retirement System.

This work product was prepared solely for the Board for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Appendix C - 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. All eligibility requirements and benefit amounts shall be determined in strict accordance with the plan document itself. To the extent that this summary does not accurately reflect the plan provisions, then the results of this valuation may not be accurate.

Eligibility

Teachers and Administrators (BAPS): Age 55 with 20 Years of Service.

All Others: Rule of 80 with minimum age 55.

Benefits

Teachers: Medical, drug and dental coverage for self and spouse with a \$700 annual subsidy* for the first 7 years of retirement. Teachers not eligible for Medicare can stay on the plan after age 65.

BAPS: Medical, drug and dental coverage for self and spouse with a \$750 annual subsidy* for the first 7 years of retirement. BAPS retirees hired after July 1, 2017 are not eligible for the subsidy.

AFSCME 2267: Full-time employees and 10 month employees retired before July 1, 2013 receive medical and drug coverage for self and spouse for 10 years and pay the active cost share rate. Retirees can continue on Medicare supplement plans at age 65.

10 month employees who retire on or after July 1, 2013 receive the same coverage as above, but for 5 years.

AFSCME 818: Retirees hired before July 1, 2004 receive medical and drug coverage for self and spouse for 10 years and pay the active cost share rate. Retirees can continue on Medicare supplement plans at age 65.

Retirees hired after July 1, 2004 receive medical and drug coverage for self only for 5 years and pay the active cost share rate.

AFSCME 3551: Retirees hired before July 1, 1992 receive medical, drug, and dental coverage for self and spouse at no cost for the first 5 years following retirement and pay the active cost share rate for the next 5 years. Retirees can continue on Medicare supplement plans at age 65.

Retirees hired after July 1, 1992 can elect the same coverage at their own expense.

Certified Non-Bargaining: Retirees receive medical, drug, and dental coverage for self and spouse for 10 years and pay the active cost share rate. Retirees go on to the state plan at age 65.

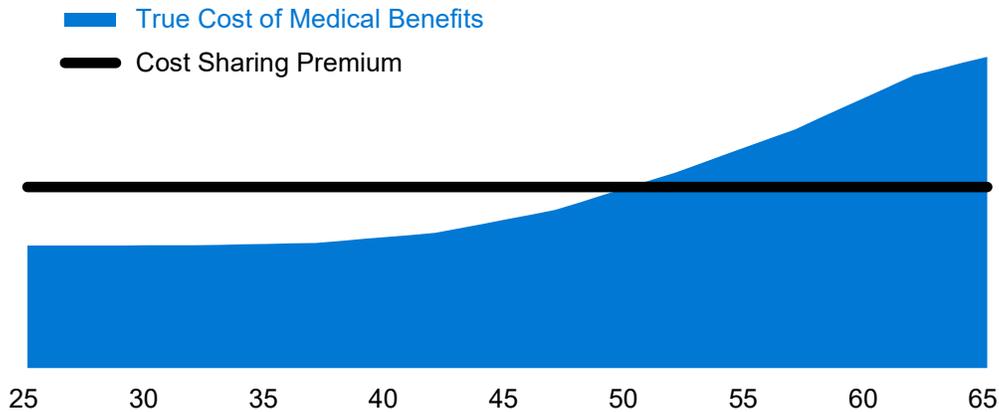
Non-Certified Non-Bargaining: Retirees receive medical, drug, and dental coverage for self and spouse for 10 years at no cost. Retirees can continue on Medicare supplement plans at age 65.

*Only Teachers and BAPs who retire at Normal Retirement (age 60 with 20 Years of Service or 35 Years of Service) are eligible for the BOE subsidy.

Appendix D - Healthcare Information - Introduction

In many cases, the cost sharing premium is lower than the true cost of providing the medical benefits, for two reasons:

- The cost sharing premium is usually a fixed amount such as a COBRA premium that does not take into account the age of the retiree and his/her dependents. Since medical costs generally increase with age, the cost sharing premium is often lower than the true cost of the medical benefits:



- The cost sharing premium is usually a blended rate that takes into account the cost of medical benefits for active employees as well as retirees. Medical costs are generally higher for retirees than for active employees of the same age. This means that, again, the cost sharing premium is often lower than the true cost of the medical benefits.

Because of these two factors, a retiree who is paying 100% of the cost sharing premium is most likely not paying 100% of the true cost of the medical benefits. This situation is known as an **implicit rate subsidy**. GASB 75 requires the plan sponsor to measure the liability for this subsidy; that is, the difference between the true cost of the medical benefits and the cost sharing premiums paid by the retiree. To do this, our valuation consists of several steps:

First, we calculate the liability for the true cost of medical benefits expected to be received by retirees and their dependents. This liability is based on factors developed by Milliman’s health actuaries that reflect how the cost of medical benefits varies by age and gender, as well as the other assumptions discussed in this report. We term this amount the **gross liability**.

Next, we calculate the liability for the future premiums expected to be paid by the retiree for their own and their dependents’ coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the Other Post Employment Benefits Program – different retirees pay different percentages based on their union or department, date of retirement, age at retirement, and other factors. We term this amount the **offset liability**.

Finally, the net Accrued Liability for the Board is calculated as the difference between the gross liability and the offset liability.

Appendix D - Healthcare Information - Current Premiums

The annual blended premiums as of July 1, 2024 are shown below.

	Retiree	Spouse
Pre-65 Medical Premiums	\$13,929.24	\$15,288.96
Post-65 Medical Premiums	7,156.68	8,371.20
Dental Premium	319.92	873.60

Appendix D - Healthcare Information - Expected Healthcare Costs

Milliman's Health Cost Guidelines were used to develop the expected true cost of healthcare benefits by age and gender, separately for employees and spouses/dependents. Representative healthcare cost factors are shown in the tables below. These factors were then applied to the plan's healthcare rates for the year beginning July 1, 2024 to arrive at the expected annual per capita claims costs for a 65-year-old, which are also shown below.

BOE Certified

Age	Retiree		Spouse	
	Male	Female	Male	Female
45	0.53705	0.87157	0.40495	0.57469
50	0.62119	0.81351	0.50991	0.67023
55	0.73114	0.80408	0.64091	0.75841
60	0.84766	0.88741	0.77956	0.83625
65	1.00000	1.00000	1.00000	1.00000
70	1.19208	1.14178	1.31919	1.25112
75	1.41305	1.29095	1.62840	1.46728
80	1.60842	1.42069	1.85355	1.61475
85	1.74163	1.52929	2.00705	1.73818
90	1.83109	1.61483	2.11014	1.83540
Age 65 per capita claims cost	\$29,317.60	\$28,123.03	\$25,440.50	\$24,743.37

BOE Non-Certified

Age	Retiree		Spouse	
	Male	Female	Male	Female
45	0.53705	0.87157	0.40495	0.57469
50	0.62119	0.81351	0.50991	0.67023
55	0.73114	0.80408	0.64091	0.75841
60	0.84766	0.88741	0.77956	0.83625
65	1.00000	1.00000	1.00000	1.00000
70	1.10117	1.07708	1.10117	1.07708
75	1.21533	1.14139	1.21533	1.14139
80	1.28160	1.15446	1.28160	1.15446
85	1.22247	1.06695	1.22247	1.06695
90	1.13462	0.96691	1.13462	0.96691
Age 65 per capita claims cost				
Pre-65	\$29,317.60	\$28,123.03	\$25,440.50	\$24,743.37
Post-65	7,259.44	6,434.69	7,259.44	6,434.69

Appendix E - Glossary

Actuarial Cost Method	This is a procedure for determining the Actuarial Present Value of Benefits and allocating it to time periods to produce the Accrued Liability and the Normal Cost.
Accrued Liability	This is the portion of the Actuarial Present Value of Benefits attributable to periods prior to the valuation date by the Actuarial Cost Method (i.e., that portion not provided by future Normal Costs).
Actuarial Assumptions	With any valuation of future benefits, assumptions of anticipated future events are required. If actual events differ from the assumptions made, the actual cost of the plan will vary as well. Some examples of key assumptions include the interest rate, salary scale, and rates of mortality, turnover and retirement.
Actuarial Present Value of Benefits	This is the present value, as of the valuation date, of future payments for benefits and expenses under the Plan, where each payment is: a) multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and b) discounted at the assumed interest rate.
Attribution Period	The period of an active member's service to which the expected benefit obligation for that member is assigned. The beginning of the attribution period is the member's date of hire and costs are spread across all service.
Benefit Payments	The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a post-employment benefit plan, including health care benefits and life insurance not provided through a pension plan.
Interest Rate	This is the long-term expected rate of return on any investments set aside to pay for the benefits. In a financial reporting context (e.g., GASB 75) this is termed the Discount Rate.
Implicit Rate Subsidy	This is the excess of the expected health care cost per retired member over the gross premium charged for that coverage. In most cases, the gross premium charged to a retiree is less than the expected health care cost, since the premium is a blended average rate that does not fully reflect the above-average, increasing costs by age that apply during retirement.
Normal Cost	This is the portion of the Actuarial Present Value of Benefits allocated to a valuation year by the Actuarial Cost Method.
Other Post-Employment Benefits ("OPEB")	This refers to post-employment benefits other than pension benefits, including healthcare benefits regardless of the type of plan that provides them, and all other post-employment benefits provided separately from a pension plan, excluding benefits defined as termination benefits or offers.
Substantive Plan	The terms of the postretirement benefit plan as understood by an employer that provides postretirement benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for the plan.
Trend Rate	This is the rate at which medical or dental costs are assumed to increase over time.