CLAY COUNTY, MISSOURI
POSTRETIREMENT INSURANCE

GASB 45 INFORMATION

FOR

FISCAL YEAR ENDING
DECEMBER 31, 2012

BASED ON A
VALUATION DATE OF JANUARY 1, 2012

FEBRUARY 2013

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February 28, 2013

Clay County, Missouri
Ms. Laurie Bonk
Human Resources Director
1 Courthouse Square
Liberty, MO 64068

Dear Ms. Bonk:

This report presents actuarial information in accordance with Governmental Accounting Standards Board Statement No. 45 regarding the insurance benefits available to retirees of Clay County, Missouri ("County"). The purpose of this report is to:

- Present information that provides a basis for financial disclosure for the fiscal year ending December 31, 2012; and

- Determine the Annual OPEB Cost for the fiscal year beginning January 1, 2012.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. Employee data and plan descriptions were furnished by the County and its vendors. The data provided has been reviewed for reasonableness, but no attempt has been made to audit such information. The valuation is based on the provisions of the plan as of the time of the completion of this valuation study. Each actuarial assumption used in this valuation is reasonably related to past experience of the covered group and represents reasonable expectations of future experience.

The undersigned is a member of the American Academy of Actuaries and meets the qualification standards of the Academy to render the actuarial information contained herein.

Respectfully submitted,

LEWIS & ELLIS, INC.

Patrick Glenn

Patrick Glenn, ASA, ACAS, MAAA, CPA(inactive)

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SUMMARY

BACKGROUND

The valuation procedures noted below and information presented in this report are based on provisions underlying Government Accounting Standards Board (GASB) Statement 45. GASB stipulates retiree benefits be based on age-adjusted costs. The excess of expected costs by age less retiree contributions equals the employer benefit that forms the basis for the valuation. The amount of annual expense accrual under GASB is equal to the Annual OPEB Cost. The offsetting liability, called the Net OPEB Obligation, is reduced by the amount of employer benefits provided during the year.

VALUATION PROCEDURES

The financial information for fiscal year 2012 is based upon an actuarial valuation performed as of January 1, 2012, using the participant census as of January 1, 2012. The previous valuation was based on a valuation date of January 1, 2010, using the participant census as of January 1, 2010. Updated valuations are required every two years unless a material change occurs. Financial results for interim years are based on the prior "full" valuation.

SUBSTANTIVE PLAN

The County offers medical, prescription drug, dental and vision insurance to qualifying retirees and their dependents. Qualifying retirees are those employees who apply for retiree health insurance coverage and have rendered at least 5 years of service. Retirees may continue coverage with the County by paying the carrier-charged premium for the group insurance program. Medical / Rx coverage is available to Medicare eligibility with lifetime coverage for Dental & Vision. The benefits are provided through a fully-insured program that operates as a single-employer defined benefit plan. The benefits that are valued exist as an indirect or implicit subsidy since retirees do not contribute the full age-based cost.

FUNDING OF BENEFITS

Benefits are paid from general operating funds of the County. The arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus the assets may not be reported as an offset to GASB liabilities. GASB 45 requires a valuation interest rate (or discount rate) be used to calculate the present value of expected future benefits. Irrespective of whether a qualifying OPEB plan exists, the valuation interest rate should equal the estimated long-term investment yield on the source of assets used to provide for benefits. Based on analysis of long-term experience of comparable asset classes anticipated to be held by the County, results are shown assuming a return at 3.5%. The prior valuation assumed a return of 4.0%.

RESULTS

The Annual OPEB Cost is a charge of $128,218 for fiscal year 2012. The Actuarial Accrued Liability (AAL) is $1,047,243.

Annual OPEB Cost consists of the Annual Required Contribution (ARC) and the Interest and ARC Adjustments. The ARC equals the Normal Cost plus amortization of the Actuarial Accrued Liability (AAL). The Normal Cost is the amount of the Actuarial Present Value of benefits allocated to the current year as determined under the applicable actuarial cost method. The amount of AAL is the portion of the Actuarial Present Value allocated to all prior years. The actuarial cost method is a procedure to allocate present value costs to different time periods. The projected unit credit actuarial cost method has been utilized for allocation. This same method was utilized for the prior valuation.

We have used a 30 year amortization of the AAL (based on level % of pay) to produce the 2012 expense. Thirty years is the maximum allowable number of years for amortizing the AAL. While only a portion of the AAL is currently recognized, the full amount of AAL must be disclosed. The Actuarial Present Value is shown for informational / instructional purposes only; it is not required to be disclosed or recognized.

Changes and items of impact relative to the last valuation are shown below:

- Dental coverage is assumed to continue for life, instead of stopping at age 80.
- The assumed plan distribution elected by future retirees was changed from 80% HMO / 20% PPO to 85% HMO / 15% PPO.
- The assumed mortality was changed from the RP-200 Combined Mortality Table to the RP-2000 Combined Mortality Table with projected mortality improvement to 2012.
- Retirement rates and turnover rates were updated if necessary based on the latest available LAGERS information.
- The assumed Medical / Rx trend rates were changed from Actual-9.6%, 8.5%, 8.0%, 7.5%, 7.0%, 6.5%, 6.0%, 5.5%, 5.0% (to Ultimate) **to** Actual-8.0%, 7.7%, 7.4%, 7.1%, 6.8%, 6.5%, 6.2%, 5.9%, 5.6%, 5.3%, 5.0% (to Ultimate).
- The attribution method was changed from linear to eligibility **to** linear to expected decrement as allowed under GASB 45.
- The valuation interest rate was lowered from 4.0% to 3.5%. This is based on our analysis of long-term experience of short-term fixed assets (such as 1 month CD's) and considering recent emerging experience.
- The projected age-adjusted premiums increased less than retiree contribution premiums.

FUTURE REPORTING

The next updated valuation is required to cover fiscal years 2014 and 2015 and should be based on a valuation date of January 1, 2014. The Annual Required Contribution for interim year 2013 will remain at $131,567 but the Annual OPEB Cost will change. After the implementation year, the Annual Required Contribution (ARC) and Annual OPEB Cost do not equal due to two adjustments. These are the interest cost and the ARC adjustments. The Net OPEB Obligation at any point in time equals the accumulated Annual OPEB Cost minus accumulated net employer contributions since implementation of GASB 45. For a fully-insured program, the net employer contributions should equal age-approximating premiums paid on behalf of retirees less premiums received from retirees.

Based on the current valuation, the expected net employer contributions for 2013 are shown below. The expected amount includes projected retirements which may vary from actual.

		2013
A.	Age-Approximating Premiums	$173,000
B.	Retiree Contribution Premiums	$120,000
C.	Net Employer Contributions (A-B)	$ 53,000

ANNUAL OPEB COST FOR 2012

A.	Actuarial Present Value of Benefits	
	Current Retirees	316,713
	Future Retirees	1,611,492
		1,928,205
B.	Actuarial Accrued Liability	
	Current Retirees	316,713
	Future Retirees	730,530
		1,047,243
C.	OPEB Plan Assets	-0-
D.	Unfunded Actuarial Accrued Liability (B – C)	1,047,243
E.	Amortization Factor (Based on 30 Year Open – Level % of Pay)	21.51933
F.	Amortization of Unfunded [(D / E) x 1.035]	50,369
G.	Normal Cost (with interest)	81,198
H.	Annual Required Contribution (ARC) (F + G)	131,567
I.	Net OPEB Obligation at Beginning of Year	292,022
J.	Interest on Net OPEB Obligation to end of year (I x .035)	10,221
K.	Adjustment to the ARC (I / E)	13,570
L.	**Annual OPEB Cost (H + J – K)**	**128,218**
M.	Valuation Interest Rate	3.50%
N.	Measurement Date	January 1, 2012
O.	Aggregate Payroll Growth Per Year	1.00%

FINANCIAL INFORMATION AS OF DECEMBER 31, 2012

1. **Annual OPEB Cost for 2012**

A. Normal Cost	$81,198
B. Amortization of Unfunded Actuarial Accrued Liability	50,369
C. Annual Required Contribution (with interest)	$131,567
D. Interest on Net OPEB Obligation	10,221
E. Adjustment to the ARC	13,570
F. Annual OPEB Cost (C + D – E)	$128,218

2. **Expected Employer Contributions for 2012** *

A. Expected Age-Adjusted Premiums	$158,000
B. Expected Retiree Contributions	110,000
C. Expected Employer Contributions (A - B)	$48,000

* Includes projected retirements which may vary from actual

3. **Schedule of Employer Contributions**

Fiscal Year Ending December 31

Year Ending	Annual OPEB Cost	Employer Contributions	Percentage Contributed	Net OPEB Obligation
2008	$ 70,852	$ 6,000	8.47%	$ 64,852
2009	$ 69,840	$ 6,000	8.59%	$128,692
2010	$132,165	$43,000	32.5%	$217,857
2011	$132,165	$58,000	43.9%	$292,022
2012	$128,218	$48,000	37.4%	$372,240

4. **Net OPEB Obligation at 12/31/2012**

A. Balance at 12/31/2011	$292,022
B. Annual OPEB Cost for 2012	128,218
C. Expected Employer Contributions for 2012	48,000
D. Balance at 12/31/2012 (A + B - C)	$372,240

5. **Schedule of Funding Progress**

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 Percent Of Covered Payroll ((b-a)/c)
1/1/2008	0	555,571	555,571	0%	20,000,000	2.78%
1/1/2010	0	1,091,200	1,091,200	0%	17,948,508	6.08%
1/1/2012	0	1,047,243	1,047,243	0%	18,566,639 (A)	5.64%

(A) Annualized Pay (as of 1/1/2012) of Active Employees valued for the 1/1/2012 valuation.

SUMMARY OF PARTICIPANT DATA

Data on participants electing coverage was provided by the County. A summary of participants is presented here for the current and prior valuation.

Participant Summary	January 1, 2010	January 1, 2012
Active Employees – General	357	385
Active Employees – Police	121	122
Total Actives	478	507
Retirees (< Age 65)	9	12
Retirees (≥ Age 65)	14	14
Spouses of Retirees	7	10

Census Averages

Average Service of Actives	8.5 years	9.2 years
Average Age of Actives	44.2 years	45.2 years
Average Age of Retirees (pre-65 only)	61.3 years	60.6 years
Average Age of Retirees (All)	68.5 years	66.7 years

Current Retirees for 1/1/2012 Valuation

	Dental	Medical / Rx
Single	16	9
Single + Spouse	9	3
Waived / Not Available	1	14
Total	26	26

Distribution of Active Participants

	Years of Service as of January 1, 2012								
Age	**Under 5**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35+**	**Total**
Under 25	14	1							**15**
25-29	32	12							**44**
30-34	28	19	6	1					**54**
35-39	13	16	21	4					**54**
40-44	20	18	12	12	2				**64**
45-49	17	16	12	7	5	6			**63**
50-54	18	19	15	11	4	11	4		**82**
55-59	11	17	14	9	2	5	3		**61**
60-64	13	14	10	3	4	3	2	1	**50**
65-69	3	5	2	4			1		**15**
70+	1	1	3						**5**
Total	**170**	**138**	**95**	**51**	**17**	**25**	**10**	**1**	**507**

SUMMARY OF PLAN PROVISIONS

Clay County, Missouri (the County) offers medical, dental and vision insurance coverage to its employees (and their dependents) during retirement. A summary of the provisions of the health insurance program utilized in completing this study is presented below.

ELIGIBILITY

- Elects "retiree" health insurance upon termination, and has rendered at least 5 years of service with the County.
- An employee who waives participation in the County's health insurance program at the time of retirement (or during any subsequent open enrollment) is not eligible to participate at a later date.
- Eligibility under the substantive plan is deemed to be based on eligibility for LAGERS. LAGERS Pension Benefit Eligibility for County employees is shown below.

	Pension Eligibility	
Category	Unreduced Retirement	Reduced Early Retirement
General Employees	60 & 5	55 & 5
	Rule of 80*	
Police Employees	55 & 5	50 & 5
	Rule of 80*	

* The County has not elected Rule of 80.

RETIREE PREMIUM CONTRIBUTIONS

Participants must contribute one hundred percent (100%) of the carrier premium to maintain coverage. The monthly amounts utilized as a starting point for the valuation are presented below. These contributions are assumed to increase in the future at the same rate as age-adjusted expected premiums.

Coverage	Single	Spouses *
Medical / Rx	$539.50	$593.44
Dental	$ 33.78	$ 33.22

* Spousal contribution premiums equal 102% of the single premium when Cobra coverage applies.

BENEFITS

The group insurance program of the County is provided through a fully insured arrangement. Two medical plan options (HMO and PPO) are available to retirees. Plan benefits renew on a calendar year basis. Coverage parameters are the same as those available to active employees. Effective January 1, 2011, Medical / Rx coverage is no longer available to retiree / spouse participants on Medicare. Retirees may elect Dental and Vision coverage for life.

Medical / Rx Plan Design Summary (2012 and 2013 Plan Years)

	Blue Care HMO	**Preferred Blue PPO**
Deductible Individual / Family	N/A	In Network - $1,000 / $2,000 Out of Network - $2,000 / $4,000
Coinsurance – Plan Pays (after deductible)	100%	In Network – 80% Out of Network – 60%
Out of Pocket Individual / Family	N/A	In Network - $4,000 / $8,000 Out of Network - $2,000 / $4,000
Office Visit Copays PCP / Specialist	$35 / $70	$40 / $40
Wellness Benefit	100% Covered	
Emergency Room	$200	$75
Prescription Drugs - Retail Tier 1 Tier 2 Tier 3	 $15 Copay $45 Copay $70 Copay Mail Order = 2x Retail	
Lifetime Maximum	Unlimited	

Dental Plan Design Summary (2012 and 2013 Plan Years)

Deductible - Individual / Family	$25 / $75
Preventative & Diagnostic	100%
Basic	80%
Major	50%
Annual Maximum	$1,500

EXPECTED COST BY AGE

The benefit that is valued under GASB 45 equals the age-approximating premium (sample ages shown below) less the retiree contribution premium. GASB 45 requires age be taken into account when determining the expected cost applicable to coverage during the retirement. Age-approximating premiums are the estimated costs that would result if a credible-size group of like-age participants was measured.

Implicit Subsidy

If retirees were detached and rated separately based on a similar age distribution of a credible size group, the applicable premium would be higher than a premium determined based on the combined active/retiree group. Thus, even if retirees pay the full carrier premium rate, an indirect benefit (or "implicit subsidy") may still exist. This is the implicit rate subsidy that must be valued and recognized under GASB 45. Over time, if retirees weren't covered by the County, the average realized cost per member would be lower and thus the portion of the carrier premium paid directly by the County on behalf of actives would be lower.

Analysis

We evaluated medical / Rx claims experience from June 2010 to June 2012 and studied the detail of the 2012 carrier renewal data and plan design. Credible cost relativities weighted by the current age distribution of the County were applied to per member per month expected costs to determine age-adjusted costs. Industry experience was also evaluated.

Age-approximating premiums and the resulting amount of employer subsidy for 2012 are shown below on a per member per month basis at sample ages. It is assumed 85% of future retirees will elect HMO coverage and 15% will elect coverage through the PPO.

Medical / Rx Plan	Age	A Age-Approximating Premium	B Retiree Premium	A – B Employer Benefit
HMO	55	646	540	106
	62	850	540	310
	64	901	540	361
PPO	55	623	540	83
	62	820	540	280
	64	869	540	329

Dental Age	A Age-Approximating Premium	B Retiree Premium	A – B Employer Benefit
55	36	34	2
62	41	34	7
70	47	34	13
75	50	34	16

ACTUARIAL ASSUMPTIONS

A. Valuation Interest Rate 3.50%

B. Measurement Date January 1, 2012

C. Medical/Rx Cost Trend

Year From Measurement Date	Increase Over Prior Year
1	Actual (+8.0%)
2	7.7%
3	7.4%
4	7.1%
5	6.8%
6	6.5%
7	6.2%
8	5.9%
9	5.6%
10	5.3%
11 (To Ultimate)	5.0%

D. Dental Cost Trend

Year From Measurement Date	Increase Over Prior Year
1	Actual (-8.0%)
2 (To Ultimate)	4.0%

E. Retirement Age Assumed retirement rates are based on rates used for the LAGERS pension valuation. Retirement rates project the annual probability of retiring for eligible employees.

		General Members		
	Age(s)	**Men**	**Women**	**Police**
No Rule of 80	50-54	N/A	N/A	0.030
	55-59	0.025	0.030	0.100
	60-61	0.100	0.100	0.100
	62	0.250	0.150	0.250
	63	0.250	0.150	0.200
	64	0.200	0.150	0.200
	65	0.250	0.200	1.000
	66	0.250	0.250	
	67-68	0.200	0.200	
	69	0.200	0.150	
	70+	1.000	1.000	

F. Turnover Incidence (Other than Retirement)

Assumed turnover rates are based on rates used for the LAGERS pension actuarial valuation. Turnover rates are not applied when retirement eligibility is achieved. Illustrations of annual rates of turnover are shown below at sample ages and levels of service:

Police

Age	Years of Service 0-1	1-2	2-3	3-4	4-5
All Ages	.18	.17	.16	.13	.12

Age	Years of Service > 5 Rate
25	.101
30	.080
35	.061
40	.047
50	.018

General

Gender	Age	Years of Service 0-1	1-2	2-3	3-4	4-5
Male	All Ages	.18	.16	.14	.11	.09
Female	All Ages	.21	.20	.16	.13	.12

Age	Years of Service > 5 Male	Female
25	.075	.107
30	.065	.094
35	.051	.072
40	.038	.055
50	.024	.034

G. Mortality

Assumed mortality is based on the RP-2000 Combined Mortality Table with projected mortality improvement to the valuation year. Illustrations of assumed annual rates of mortality are shown in the table below for selected ages:

Age	Males	Females
35	.0007	.0004
45	.0013	.0009
55	.0029	.0025
65	.0108	.0091
75	.0319	.0255
85	.1018	.0721

H. Disability	None Assumed
I. Participation in Coverage with the County for Retirees	Twenty percent (25%) of future retirees who are eligible for health insurance are assumed to elect medical and dental coverage upon retirement. This is based on County experience.
J. Duration of Coverage	Medical coverage is assumed to end at Medicare eligibility and Dental coverage is assumed to continue for life.
K. Future Spousal Participation	Forty percent (40%) of future participating retirees are assumed to have a covered spouse during retirement. This is based on coverage tier elections of the current census. Actual spouse elections were valued for spouses of current retirees.
L. Age Difference for Covered Spouses	Males are assumed to be 3 years older than their female spouses.
M. Medical Plan Participation	Eighty-five percent (85%) of future participating retirees are assumed to elect HMO coverage and fifteen percent (15%) are assumed to elect PPO coverage. Actual plan elections were valued for current retirees.
N. Spousal Cobra Coverage	Upon retiree death (or attainment of age 65 for Medical), fifty percent (50%) of participating spouses are assumed to elect Cobra coverage. However, no Cobra coverage is assumed beyond age 65 for Medical.
O. Medicare Eligibility Age	Age 65
P. Timing of Premium Payments And Decrements	Mid-year
Q. Non-Spouse Dependents	None
R. Aggregate Payroll Growth	1% per year
S. Implied Inflation Rate	The valuation process does directly utilize an explicit inflation rate assumption to build the trend assumptions. An estimated long-term inflation rate that is reasonable in accordance with the trend assumptions is 2.5%.

ACTUARIAL METHODS

A. POPULATION VALUED

The valuation is based on a closed group. Current employees and covered retirees as of the valuation date are considered; no provision is made for future hires.

B. ACTUARIAL COST METHOD -- PROJECTED UNIT CREDIT

The actuarial calculations were performed in accordance with the Projected Unit Credit Actuarial Cost Method as allowed under Governmental Accounting Standard No. 45 (GASB 45).

- Benefits are projected and the actuarial present value is determined for each individual included in the actuarial valuation. Benefits are earned over the period from date of hire to expected decrement and are allocated as follows:

    a. all valuation years preceding the valuation date;
    b. the current valuation year; and
    c. all subsequent valuation years.

- The sum of the actuarial present values of benefits allocated to the current valuation year for all individuals is the Normal Cost for the valuation year.

- The sum of the actuarial present values of benefits allocated to all valuation years preceding the valuation date is the Actuarial Accrued Liability (AAL). The excess of the AAL over the actuarial value of plan assets is the unfunded AAL.

C. AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

The amortization of the Unfunded Actuarial Accrued Liability is determined on a level percent-of-pay basis using a 30 year amortization period.

D. ANNUAL REQUIRED CONTRIBUTION (ARC)

The sum of the Normal Cost and the amortization of the Unfunded Actuarial Accrued Liability comprise the ARC.

E. ANNUAL OPEB COST

The Annual OPEB Cost equals the Annual Required Contribution when reporting for the GASB 45 implementation year. After the implementation year, the Annual OPEB Cost consists of the following components:

(i) Annual Required Contribution (ARC)
(ii) Interest on the Net OPEB Obligation
(iii) Adjustment to the ARC

F. ACTUARIAL VALUE OF ASSETS

Premiums for the health insurance program of the County are paid as they come due from general operating funds. As of the date of this valuation, it is our understanding there are no plan assets structured in accordance with GASB rules.

G. CALCULATION OF PRESENT VALUES

Using the actuarial assumptions, the number of retired participants is projected each year in the future. Costs are projected for each future year at each age using the trend and aging assumptions. The projected costs less projected retiree contributions are multiplied by the expected number of retirees in each future year to produce expected benefits payments. These payments are then discounted using the valuation interest rate to determine the present value of the projected liabilities.

The actuarial calculations reflect a long-term perspective that involves estimates of reported amounts and assumptions about the probability of events far into the future. 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 actuarial calculations are based on the substantive plan and pertinent law as they exist at the time of the preparation of this valuation study. The substantive plan is the plan that operates in practice.

GLOSSARY

Actuarial Accrued Liability (AAL). That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits which is allocated to periods prior to the valuation date.

Actuarial Cost Method. A procedure for allocating the Actuarial Present Value of plan benefits to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.

Actuarial Present Value. The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions, and plan provisions. Actuarial Present Value takes into account the probability of payment as well as the time value of money.

Adjustment to the ARC. An adjustment made to Annual OPEB Cost to avoid double counting of the Amortization of the AAL when full funding of the ARC does not occur.

Amortization Payment. That portion of the Annual Required Contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Annual OPEB Cost. The amount of expense an employer must recognize in accordance with a Defined Benefit OPEB Plan, calculated in accordance with the parameters.

Annual Required Contribution (ARC). The portion of expense an employer must recognize in accordance with a Defined Benefit OPEB Plan equal to the Amortization Payment plus the Normal Cost, calculated in accordance with the assumptions and plan provisions.

Defined Benefit OPEB Plan. An OPEB plan having terms that specify the amount of benefits to be provided at a future date or after a certain period of time. The amount specified usually is a function of one or more factors such as age and years of service.

Healthcare Cost Trend Rate. The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments.

Net Employer Contribution. The employer's contribution for OPEB less any participant contribution premiums. An employer has made a contribution for OPEB if the employer has (1) made payments of benefits directly to or on behalf of a retiree or beneficiary, (2) made premium payments to an insurer, or (3) irrevocably transferred assets to a qualifying trust.

Net OPEB Obligation. The cumulative difference since the effective date of GASB 45 between the amount of Annual OPEB Cost and Net Employer Contributions.

GLOSSARY

Normal Cost. That portion of the Actuarial Present Value of OPEB plan benefits that is allocated to a valuation year by the Actuarial Cost Method.

Other Postemployment Benefits (OPEB). Postemployment benefits other than pension benefits. OPEB includes Postemployment Healthcare Benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Postemployment Healthcare Benefits. Medical, dental, vision and other health-related benefits provided to retired employees and their dependents and beneficiaries.

Substantive Plan. The terms of the OPEB plan as understood by the employer and plan members.

Unfunded Actuarial Accrued Liability. The excess, if any, of the Actuarial Accrued Liability over the assets of the plan.

Valuation Interest Rate (or Discount Rate). The expected long-term rate of return on the source of assets used to pay retiree insurance benefits.