



BARTEL
ASSOCIATES, LLC

STATE OF MAINE
STATE AND TEACHERS RETIREE HEALTHCARE PLAN

March 31, 2011 GASB 45 Actuarial Valuation
Final Valuation Results

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November 2, 2011

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BENEFIT SUMMARY

■ Eligibility

- **MainePERS normal retirement:**
 - **Regular Plan:**
 - Normal retirement age and 1 year of service:
 - 60 if ≥ 10 years of service on 7/1/93 (Tier 1)
 - 62 if < 10 years of service on 7/1/93 or hire $\geq 7/1/93$ (Tier 2)
 - 65 if < 5 years of service on 7/1/11 or hire $\geq 7/1/11$ (Tier 3)
 - 25 years of service if earlier
 - **Special Plans:**
 - 1998 Special Plan – 55&10 or 25 years
 - 25 & Out Plan – 25 years
 - State Police, Marine Resource Officers, and Inland Fisheries Wildlife Officers Plans – 20 years
 - State Prison Plan – 50 & 20
 - Forest Rangers Plan – 50 & 25
- **MainePERS disability retirement**
- **Former employees with 25 years of service at normal retirement age**
- **Part-time employees eligible for full benefits**



BENEFIT SUMMARY

■ State Employees & Ancillary Group Service Retirement Medical Benefit

DOH $\leq 7/1/91$	7/1/91 < Hired < 7/1/11		DOH $\geq 7/1/11$	
100% of Retiree Premium	Years in <u>Medical</u>	% Retiree <u>Premium</u>	Years in <u>Medical</u>	% Retiree <u>Premium</u>
	< 5	0%	< 10	0%
	5	50%	10-14	50%
	6	60%	15-19	75%
	7	70%	≥ 20	100%
	8	80%		
	9	90%		
	≥ 10	100%		

- **No State cash subsidy until retiree reaches normal retirement age for non-special plan service retirements $\geq 1/1/12$ (7/1/12 for Maine Educational Center for Deaf and Teachers in unorganized territories)**
- **Disability retirement benefits are 100% vested and cash subsidy begins at disability retirement**
- **Medical premiums for 2011/12 and 2012/13 remain at their 2010/11 levels per LD 1043**



BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Teachers Medical Benefit 	<ul style="list-style-type: none"> ● 45% of retiree premium based on: <ul style="list-style-type: none"> ➢ Single rate for single and employee + children coverage ➢ 50% of 2-party rate for 2-party and family coverage ● No State cash subsidy until retiree reaches normal retirement age for retirements $\geq 7/1/12$ ● The State's total cost for retired Teachers premiums for 2011/12 and 2012/13 is capped at the 2010/11 funding level per LD 1043 (\$23 million for 2011/12 and 2012/13 per State budget)
<ul style="list-style-type: none"> ■ Self-Pay 	<ul style="list-style-type: none"> ● Retirees not eligible for State cash subsidy can participate by paying full premium for themselves, spouses, and dependents ● Surviving spouses and surviving dependents can participate by paying full premium
<ul style="list-style-type: none"> ■ Other OPEB 	<ul style="list-style-type: none"> ● No State contribution for dental, vision, life insurance, Medicare Part B premium, or pre-retirement death benefit



BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Pay-As-You-Go Cost (000's) 	<ul style="list-style-type: none"> ● Benefit payments plus administrative expenses: <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th colspan="3" style="text-align: center; border-bottom: 1px solid black;">State</th> <th style="text-align: center; border-bottom: 1px solid black;">Teachers</th> <th></th> </tr> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Year</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Cash</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>IS</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Total</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Cash</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Source</u></th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td style="text-align: right;">\$48,632</td> <td style="text-align: right;">\$22,000</td> <td style="text-align: right;">\$70,632</td> <td style="text-align: right;">\$18,375</td> <td style="text-align: left;">State</td> </tr> <tr> <td>2009/10</td> <td style="text-align: right;">42,408</td> <td style="text-align: right;">13,000</td> <td style="text-align: right;">55,408</td> <td style="text-align: right;">18,901</td> <td style="text-align: left;">State</td> </tr> <tr> <td>2008/09</td> <td style="text-align: right;">38,384</td> <td style="text-align: right;">12,000</td> <td style="text-align: right;">50,384</td> <td style="text-align: right;">18,387</td> <td style="text-align: left;">CAFR</td> </tr> </tbody> </table> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="text-align: center; border-bottom: 1px solid black;">Maine Educational Center for the Deaf and Hard of Hearing</th> </tr> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Year</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Cash</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>IS</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Total</u></th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td style="text-align: right;">\$105</td> <td style="text-align: right;">\$37</td> <td style="text-align: right;">\$142</td> <td colspan="2" style="text-align: left;">State</td> </tr> <tr> <td>2009/10</td> <td style="text-align: right;">78</td> <td style="text-align: right;">16</td> <td style="text-align: right;">94</td> <td colspan="2" style="text-align: left;">State</td> </tr> <tr> <td>2008/09</td> <td style="text-align: right;">45</td> <td style="text-align: right;">13</td> <td style="text-align: right;">58</td> <td colspan="2" style="text-align: left;">State</td> </tr> </tbody> </table> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th colspan="6" style="text-align: center; border-bottom: 1px solid black;">Northern New England Rail Passenger Authority</th> </tr> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Year</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Cash</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>IS</u></th> <th style="text-align: right; border-bottom: 1px solid black;"><u>Total</u></th> <th colspan="2"></th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td style="text-align: right;">\$2</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$2</td> <td colspan="2" style="text-align: left;">State</td> </tr> <tr> <td>2009/10</td> <td style="text-align: right;">3</td> <td style="text-align: right;">1</td> <td style="text-align: right;">4</td> <td colspan="2" style="text-align: left;">State</td> </tr> <tr> <td>2008/09</td> <td style="text-align: right;">5</td> <td style="text-align: right;">1</td> <td style="text-align: right;">6</td> <td colspan="2" style="text-align: left;">State</td> </tr> </tbody> </table>		State			Teachers		<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>	<u>Cash</u>	<u>Source</u>	2010/11	\$48,632	\$22,000	\$70,632	\$18,375	State	2009/10	42,408	13,000	55,408	18,901	State	2008/09	38,384	12,000	50,384	18,387	CAFR	Maine Educational Center for the Deaf and Hard of Hearing						<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>			2010/11	\$105	\$37	\$142	State		2009/10	78	16	94	State		2008/09	45	13	58	State		Northern New England Rail Passenger Authority						<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>			2010/11	\$2	\$0	\$2	State		2009/10	3	1	4	State		2008/09	5	1	6	State	
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FUNDING POLICY

State Employees

- Phase into full ARC funding over 10-year period beginning with 2009/10:

Fiscal Year	Contribution
2007/08	PayGo + \$100 million
2008/09	PayGo
2009/10	PayGo + 10% x (ARC – PayGo)
2010/11	PayGo + 20% x (ARC – PayGo)
2011/12	PayGo + 30% x (ARC – PayGo)
2012/13	PayGo + 40% x (ARC – PayGo)
↓	↓
2017/18	PayGo + 90% x (ARC – PayGo)
2018/19+	100% of ARC

- Benefit payments paid from State Cash Pool until FYB 2027
- Amortization:
 - Experience gains & losses amortized over fixed 10-year periods
 - Contribution losses amortized over fixed 10-year periods
 - Assumption changes amortized over fixed 26-year periods from 6/30/11
 - Plan changes amortized over fixed 26-year periods from 6/30/11



FUNDING POLICY

Teachers

- Phase into full ARC funding over an 8-year period beginning 2013/14:

Fiscal Year	Contribution
2007/08 to 2012/13	PayGo
2013/14	PayGo + 12.5% x (ARC – PayGo)
2014/15	PayGo + 25.0% x (ARC – PayGo)
2015/16	PayGo + 37.5% x (ARC – PayGo)
2016/17	PayGo + 50.0% x (ARC – PayGo)
2017/18	PayGo + 62.5% x (ARC – PayGo)
2018/19	PayGo + 75.0% x (ARC – PayGo)
2019/20	PayGo + 87.5% x (ARC – PayGo)
2020/21+	100% of ARC

- Benefit payments assumed paid from State Cash Pool until at least FYB 2021
- Amortization:
 - Experience gains & losses amortized over fixed 15-year periods
 - Contribution losses amortized over fixed 15-year periods
 - Assumption changes amortized over fixed 26-year periods from 6/30/11
 - Plan changes amortized over fixed 26-year periods from 6/30/11



DATA SUMMARY

Participant Statistics
March 31, 2010

	State Employees ¹	Teachers	Maine Educational Center for the Deaf	Northern New England Passenger Rail Authority
■ Actives				
• Count	12,720	27,159	62	5
• Average Age	47.7	48.2	49.5	43.1
• Average Service ²	14.3	16.8	11.2	4.6
• Average Pay ³	\$42,805	\$38,853	\$41,978	\$57,602
• Total Payroll (000's)	544,480	1,055,209	2,603	288
■ Retirees				
• Count	8,920	9,381	10	1
• Average Age	70.3	70.3	60.6	69.0
■ Total Count	21,640	36,540	72	6

¹ Includes 169 Legislative and 55 Judicial active employees and 69 Legislative and 18 Judicial retirees.

² Average service by age group assumed for 827 State employees and 7,253 Teachers with missing hire dates.

³ Average pay provided by the State. Total payroll calculated as average pay multiplied by number of active employees.



DATA SUMMARY

Active Participant Statistics by Tier
State Employees and Teachers
March 31, 2010

	State Employees ⁴			Teachers		
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3
■ Actives	Excluding those without Hire Dates					
• Count	1,663	8,207	2,023	3,904	13,946	2,056
• Average Age	56.0	47.7	40.6	57.2	45.7	35.2
• Average Service	32.9	13.7	1.9	32.5	14.5	2.1
■ Actives	Including those with Assumed Hire Dates ⁵					
• Count	1,663	9,008	2,049	3,904	21,102	2,153
• Average Age	56.0	47.8	40.3	57.2	48.0	34.7
• Average Service	32.9	13.8	1.9	32.5	16.2	2.1

⁴ Includes 169 Legislative and 55 Judicial active employees and 69 Legislative and 18 Judicial retirees.

⁵ Average service by age group assumed for 827 State employees and 7,253 Teachers with missing hire dates.



STATE PLAN ASSETS

State Employees Trust Fund – Market Value of Assets

12 Months Ending 3/31/11

(Amounts in Thousands)

Market Value of Assets	State OPEB Trust	State Cash Pool ⁶	Total
■ March 31, 2010	\$ 102,931	\$ -	\$ 102,931
• Contributions	0	51,418	51,418
• Investment Return	14,442	-	14,442
• Benefit Payments	0	(51,418)	(51,418)
• Investment Expenses	(34)	-	(34)
• Administrative Expenses	(61)	-	(61)
■ March 31, 2011	117,278	-	117,278
■ Approximate Return	13.9%	-	13.9%

⁶ Cash subsidy only.



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STATE PLAN ASSETS

State Employees Trust Fund – Actuarial Value of Assets

12 Months Ending 3/31/11

(Amounts in Thousands)

Actuarial Value of Assets	March 31, 2011
■ Actuarial Value at Beginning of Year	\$ 102,931
• Contributions	51,418
• Benefit Payments	(51,418)
• Expected Investment Return	7,720
■ Expected AVA at End of Year	110,651
■ Market Value at End of Year	117,278
■ MVA – Expected AVA	6,627
■ 1/5 of (MVA – Expected AVA)	1,325
■ Preliminary AVA	111,976
■ Minimum AVA (80% of MVA)	93,822
■ Maximum AVA (120% of MVA)	140,734
■ Actuarial Value at End of Year	111,976
■ AVA Net Return	8.8%
■ AVA/MV	95.5%



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STATE PLAN ASSETS

State Employees Trust Fund – Market Value of Assets

12 Months Ending 6/30/11

(Amounts in Thousands)

Market Value of Assets	State OPEB Trust	State Cash Pool ⁷	Total
■ June 30, 2010	\$ 95,309	\$ -	\$ 95,309
• Contributions ⁸	14,411	48,632	63,043
• Investment Return	23,386	-	23,386
• Benefit Payments	0	(48,632)	(48,632)
• Investment Expenses	(36)	-	(36)
• Administrative Expenses	(63)	-	(188)
■ June 30, 2011	133,007	-	133,007
■ Approximate Return	24.2%	-	24.2%

⁷ Cash subsidy only.

⁸ Contribution made on June 8, 2011.



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STATE PLAN ASSETS

State Employees Trust Fund – Actuarial Value of Assets

12 Months Ending 6/30/11

(Amounts in Thousands)

Actuarial Value of Assets	June 30, 2011
■ Actuarial Value at Beginning of Year	\$ 95,309
• Contributions	63,043
• Benefit Payments	(48,632)
• Expected Investment Return	7,211
■ Expected AVA at End of Year	116,931
■ Market Value at End of Year	133,007
■ MVA – Expected AVA	16,075
■ 1/5 of (MVA – Expected AVA)	3,215
■ Preliminary AVA	120,146
■ Minimum AVA (80% of MVA)	106,405
■ Maximum AVA (120% of MVA)	159,608
■ Actuarial Value at End of Year	120,146
■ AVA Net Return	10.8%
■ AVA/MV	90.3%



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STATE PLAN ASSETS

Asset Allocation
(Amounts in Thousands)

Asset Class	Target Allocation	3/31/11 Actual Allocation		6/30/11 Actual Allocation	
■ US Equity	45%	\$ 54,815	47%	\$ 60,638	46%
■ International Equity	25%	29,090	25%	33,129	25%
■ US Fixed Income	25%	26,577	22%	32,186	24%
■ Real Estate	5%	6,855	6%	7,128	5%
■ Cash	0%	0	0%	0	0%
■ Total	100%	117,338 ⁹	100%	133,081 ¹⁰	100%

⁹ Differs from plan asset value of \$117,278,000 which includes recognition of a \$60,000 liability.

¹⁰ Differs from plan asset value of \$133,007,000 which includes recognition of a \$74,000 liability.



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STATE PLAN ASSETS

Expected Rate of Return Illustration

Asset Class	Expected Real Return ¹¹	Target Asset Allocation
■ US Equity	5.5%	45%
■ Foreign Equity	5.5%	25%
■ US Fixed Income	1.6%	25%
■ Real Estate	4.3%	5%
■ Cash	0.5%	0%
■ Average Gross Real Rate of Return		4.47%
■ Assumed Rate of Inflation		<u>3.00%</u>
■ Average Gross Nominal Rate of Return		7.47%
■ Investment and Administrative Expenses		<u>(0.10%)</u>
■ Average Net Nominal Rate of Return		7.37%
■ 50% Confidence Level Return (50 th Percentile)		7.67%
■ 55% Confidence Level Return (45 th Percentile)		7.42%
■ Discount Rate		7.25%

¹¹ Approximate 10-year geometric real rates of return provided by four investment advisors (Wilshire Consulting, Pension Consulting Alliance, Mercer, and Callan Associates) in May 2010.



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ASSUMPTIONS HIGHLIGHTS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • March 31, 2010 • 2010/11 ARC 	<ul style="list-style-type: none"> • March 31, 2011 • 2011/12 ARC
■ Valuation Method	<ul style="list-style-type: none"> • 6/30/10 plan provisions • 3/31/10 census data • 6/30/10 assets • 2010/11 premiums • 3/31/10 medical claims • 3/31/10 assumptions 	<ul style="list-style-type: none"> • 6/30/11 plan provisions • 3/31/10 census data • 6/30/11 assets • 2011/12 premiums • 3/31/10 medical claims • 3/31/11 assumptions
■ Discount Rate Basis	<ul style="list-style-type: none"> • No pre-funding rate - 4.5% • Full pre-funding rate - 7.5% 	<ul style="list-style-type: none"> • No pre-funding rate - 4.0% <ul style="list-style-type: none"> ➢ State cash pool return exceeded inflation by 25 bp for 5 years and 14 bp for 10 years ending 6/30/11 • Full pre-funding rate - 7.25%



ASSUMPTIONS HIGHLIGHTS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																																																
■ Discount Rate State Employees	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Rate</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">5.1%</td> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.6%</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">5.4%</td> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.9%</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">5.7%</td> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2018/19+</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">6.3%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2010/11	5.1%	2015/16	6.6%	2011/12	5.4%	2016/17	6.9%	2012/13	5.7%	2017/18	7.2%	2013/14	6.0%	2018/19+	7.5%	2014/15	6.3%			<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Rate</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2010/11</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.28%</td> </tr> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">4.98%</td> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.60%</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">5.30%</td> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.93%</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">5.63%</td> <td style="text-align: center;">2018/19+</td> <td style="text-align: center;">7.25%</td> </tr> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">5.95%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2010/11	n/a	2015/16	6.28%	2011/12	4.98%	2016/17	6.60%	2012/13	5.30%	2017/18	6.93%	2013/14	5.63%	2018/19+	7.25%	2014/15	5.95%		
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■ Discount Rate Teachers	<ul style="list-style-type: none"> • 4.5% 	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Rate</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2011/12</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">5.63%</td> </tr> <tr> <td style="text-align: center;">2012/13</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.03%</td> </tr> <tr> <td style="text-align: center;">2013/14</td> <td style="text-align: center;">4.41%</td> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">6.44%</td> </tr> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">4.81%</td> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">6.84%</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">5.22%</td> <td style="text-align: center;">2020/21+</td> <td style="text-align: center;">7.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2011/12	4.00%	2016/17	5.63%	2012/13	4.00%	2017/18	6.03%	2013/14	4.41%	2018/19	6.44%	2014/15	4.81%	2019/20	6.84%	2015/16	5.22%	2020/21+	7.25%																								
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2015/16	5.22%	2020/21+	7.25%																																															



ASSUMPTIONS HIGHLIGHTS

Assumption	March 31, 2010 Valuation				March 31, 2011 Valuation			
■ Healthcare Cost Increases State Employees and Ancillary Groups	Increase from Prior Year				Increase from Prior Year			
		HMO		Medicare		HMO		Medicare
	<u>Year</u>	<u>Choice</u>	<u>Year</u>	<u>Plan</u>	<u>Year</u>	<u>Choice</u>	<u>Year</u>	<u>Plan</u>
	2010/11	Claim	2010	Premium	2010/11	n/a	2010	n/a
	2011/12	8.0%*	2011	10.5%	2011/12	0.0%*	2011	Premium
	2012/13	9.1%	2012	9.5%	2012/13	0.0%*	2012	9.4%
	2013/14	8.2%	2013	8.5%	2013/14	8.5%	2013	8.9%
	2014/15	7.3%	2014	7.5%	2014/15	8.0%	2014	8.3%
	2015/16	6.3%	2015	6.5%	2015/16	7.5%	2015	7.8%
	2016/17	5.4%	2016	5.5%	2016/17	7.0%	2016	7.2%
	2017/18+	4.5%	2017+	4.5%	2017/18	6.5%	2017	6.7%
* State estimated 8% premium increases reflecting recently implemented cost-saving measures.				* LD 1043 caps non-Medicare premium increases to 0% for 2011/12 and 2012/13.				



ASSUMPTIONS HIGHLIGHTS

Assumption	March 31, 2010 Valuation				March 31, 2011 Valuation			
■ Healthcare Cost Increases Teachers	Increase from Prior Year				Increase from Prior Year*			
		HMO	Blue	Medicare		HMO	Blue	Medicare
	<u>Year</u>	<u>Choice</u>	<u>Choice</u>	<u>Plan</u>	<u>Year</u>	<u>Choice</u>	<u>Choice</u>	<u>Plan</u>
	2010/11	Premium	Premium	Premium	2010/11	N/A	N/A	N/A
	2011/12	10.0%*	10.0%*	10.5%	2011/12	Premium	Premium	Premium
	2012/13	9.1%	9.1%	9.5%	2012/13	9.0%	9.0%	9.4%
	2013/14	8.2%	8.2%	8.5%	2013/14	8.5%	8.5%	8.9%
	2014/15	7.3%	7.3%	7.5%	2014/15	8.0%	8.0%	8.3%
	2015/16	6.3%	6.3%	6.5%	2015/16	7.5%	7.5%	7.8%
	2016/17	5.4%	5.4%	5.5%	2016/17	7.0%	7.0%	7.2%
	2017/18	4.5%	4.5%	4.5%	2017/18	6.5%	6.5%	6.7%
* State estimate				* LD 1043 caps State cost for Teachers non-Medicare premiums for 2011/12 and 2012/13 at the 2010/11 funding level. Multiplied State paid cash subsidy by 86.3% for 2012/13 so as not to exceed budgeted \$23 million.				



ASSUMPTIONS HIGHLIGHTS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																														
<ul style="list-style-type: none"> ■ Mortality, Disability, Termination, Retirement 	<ul style="list-style-type: none"> • MainePERS 6/30/09 valuation report assumption 	<ul style="list-style-type: none"> • MainePERS 2010 Experience Study assumption 																														
<ul style="list-style-type: none"> ■ Expected Retirement Age MainePERS Assumptions 	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Group</u></th> <th style="text-align: center;"><u>Hire</u></th> <th style="text-align: center;"><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>State Tier 1</td> <td style="text-align: center;">23</td> <td style="text-align: center;">57</td> </tr> <tr> <td>State Tier 2</td> <td style="text-align: center;">35</td> <td style="text-align: center;">63</td> </tr> <tr> <td>Teachers Tier 1</td> <td style="text-align: center;">25</td> <td style="text-align: center;">59</td> </tr> <tr> <td>Teachers Tier 2</td> <td style="text-align: center;">30</td> <td style="text-align: center;">61</td> </tr> </tbody> </table>	<u>Group</u>	<u>Hire</u>	<u>ERA</u>	State Tier 1	23	57	State Tier 2	35	63	Teachers Tier 1	25	59	Teachers Tier 2	30	61	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Group</u></th> <th style="text-align: center;"><u>Hire</u></th> <th style="text-align: center;"><u>ERA</u></th> </tr> </thead> <tbody> <tr> <td>State Tier 1</td> <td style="text-align: center;">23</td> <td style="text-align: center;">56</td> </tr> <tr> <td>State Tier 2</td> <td style="text-align: center;">35</td> <td style="text-align: center;">63</td> </tr> <tr> <td>Teachers Tier 1</td> <td style="text-align: center;">25</td> <td style="text-align: center;">58</td> </tr> <tr> <td>Teachers Tier 2</td> <td style="text-align: center;">30</td> <td style="text-align: center;">60</td> </tr> </tbody> </table>	<u>Group</u>	<u>Hire</u>	<u>ERA</u>	State Tier 1	23	56	State Tier 2	35	63	Teachers Tier 1	25	58	Teachers Tier 2	30	60
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<ul style="list-style-type: none"> ■ Early Retirement for OPEB State Regular Plans and Teachers 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Increase retirement rates by 10% for Tier I and 5% for Tier II to reflect additional retirements before cash subsidy eliminated 																														



ASSUMPTIONS HIGHLIGHTS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																																													
<ul style="list-style-type: none"> ■ Service Retirement for OPEB State Regular Plans and Teachers 	<ul style="list-style-type: none"> • MainePERS 6/30/09 valuation report assumption 	<ul style="list-style-type: none"> • Percentage of expected retirees per MainePERS Experience Study who defer retirement until NRA since no cash subsidy before NRA <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Age</u></th> <th style="text-align: center;"><u>Tier I</u></th> <th style="text-align: center;"><u>Tier II</u></th> </tr> </thead> <tbody> <tr><td>51</td><td style="text-align: center;">2%</td><td style="text-align: center;">0%</td></tr> <tr><td>52</td><td style="text-align: center;">4%</td><td style="text-align: center;">0%</td></tr> <tr><td>53</td><td style="text-align: center;">6%</td><td style="text-align: center;">4%</td></tr> <tr><td>54</td><td style="text-align: center;">8%</td><td style="text-align: center;">8%</td></tr> <tr><td>55</td><td style="text-align: center;">10%</td><td style="text-align: center;">12%</td></tr> <tr><td>56</td><td style="text-align: center;">8%</td><td style="text-align: center;">16%</td></tr> <tr><td>57</td><td style="text-align: center;">6%</td><td style="text-align: center;">20%</td></tr> <tr><td>58</td><td style="text-align: center;">4%</td><td style="text-align: center;">16%</td></tr> <tr><td>59</td><td style="text-align: center;">2%</td><td style="text-align: center;">12%</td></tr> <tr><td>60</td><td style="text-align: center;">n/a</td><td style="text-align: center;">8%</td></tr> <tr><td>61</td><td style="text-align: center;">n/a</td><td style="text-align: center;">4%</td></tr> </tbody> </table> <ul style="list-style-type: none"> • Percent of retirees deferring <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Tier I</u></th> <th style="text-align: center;"><u>Tier II</u></th> </tr> </thead> <tbody> <tr> <td>State</td> <td style="text-align: center;">3%</td> <td style="text-align: center;">8%</td> </tr> <tr> <td>Teachers</td> <td style="text-align: center;">5%</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table>	<u>Age</u>	<u>Tier I</u>	<u>Tier II</u>	51	2%	0%	52	4%	0%	53	6%	4%	54	8%	8%	55	10%	12%	56	8%	16%	57	6%	20%	58	4%	16%	59	2%	12%	60	n/a	8%	61	n/a	4%		<u>Tier I</u>	<u>Tier II</u>	State	3%	8%	Teachers	5%	10%
<u>Age</u>	<u>Tier I</u>	<u>Tier II</u>																																													
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STATE EMPLOYEES RESULTS

Actuarial Obligations

(Amounts in Millions)

Actuarial Obligations	3/31/10 Valuation			3/31/11 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 608	\$ 226	\$ 834	\$ 668	\$ 249	\$ 917
• Retirees	<u>547</u>	<u>285</u>	<u>832</u>	<u>566</u>	<u>278</u>	<u>844</u>
• Total	1,155	511	1,666	1,234	527	1,761
■ Actuarial Accrued Liability						
• Actives	438	180	618	494	206	700
• Retirees	<u>547</u>	<u>285</u>	<u>832</u>	<u>566</u>	<u>278</u>	<u>844</u>
• Total	985	465	1,450	1,060	484	1,544
■ Actuarial Value of Assets ¹²	<u>(70)</u>	<u>(33)</u>	<u>(103)</u>	<u>(77)</u>	<u>(35)</u>	<u>(112)</u>
■ Unfunded AAL	915	432	1,347	983	449	1,432
■ Normal Cost	23	6	29	26	7	33
■ Normal Cost % Pay	4.1%	1.2%	5.3%	4.6%	1.2%	5.8%

¹² Allocated in proportion to the Actuarial Accrued Liability.



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STATE EMPLOYEES RESULTS

Estimated Actuarial Gains & Losses

(Amounts in Millions)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/10 Projected	5.3%	\$ 1,456	\$ (95)	\$ 1,361
■ 6/30/11 Projected	5.3%	1,489	(149)	1,340
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.3%)	(85)	-	(85)
• Demographic, Benefit Payments, & Other	0.1%	22	(3)	19
• Contribution Loss	-	-	35	35
• Investment Loss (Gain)	-	-	(3)	(3)
■ Assumption Changes:				
• MainePERS Demographic Assumptions	0.0%	75	-	75
• Healthcare Trend	0.7%	137	-	137
• Discount Rate	0.4%	54	-	54
■ Plan Changes LD 1043 ¹³	<u>(0.4%)</u>	<u>(139)</u>	<u>-</u>	<u>(139)</u>
■ Total Changes	0.5%	64	29	93
■ 6/30/11 Projected	5.8%	1,553	(120)	1,433

¹³ Including modifications to MainePERS retirement assumptions for early and deferred retirements expected under new OPEB plan provisions.



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STATE EMPLOYEES RESULTS

Annual Required Contribution (ARC)

(Amounts in Millions)

Annual Required Contribution	<u>3/31/10 Valuation</u> 2010/11 ARC			<u>3/31/11 Valuation</u> 2011/12 ARC		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 23	\$ 6	\$ 29	\$ 26	\$ 7	\$ 33
• UAAL Amortization	<u>59</u>	<u>32</u>	<u>91</u>	<u>64</u>	<u>29</u>	<u>93</u>
• ARC	82	38	120	90	36	126
■ Projected Payroll	549	549	549	567	567	567
■ ARC - %						
• Normal Cost	4.1%	1.2%	5.3%	4.6%	1.2%	5.8%
• UAAL Amortization	<u>10.7%</u>	<u>5.8%</u>	<u>16.5%</u>	<u>11.3%</u>	<u>5.1%</u>	<u>16.4%</u>
• ARC	14.8%	7.0%	21.8%	15.9%	6.3%	22.2%



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STATE EMPLOYEES RESULTS

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Millions)

Amortization Base	Original Bases			Remaining Bases 6/30/2011		2011/12 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Fresh Start UAAL	6/30/08	29 ¹⁴	\$ 1,144	26	\$ 1,143	\$ 66
■ Experience Losses (Gains)	6/30/09	10	83	8	72	10
	6/30/10	10	99	9	93	12
	6/30/11	10	(34)	10	(34)	(4)
■ Assumption Changes	6/30/10	27 ¹⁴	35	26	32	2
	6/30/11	26	266	26	266	15
■ Plan Changes	6/30/11	26	(139)	26	<u>(139)</u>	<u>(8)</u>
■ Projected Unfunded AAL	6/30/11				1,433	93
■ Projected Unfunded AAL ¹⁵	6/30/11			30	1,433	77

¹⁴ Changed from the 6/30/10 valuation.

¹⁵ Total amortization payment cannot be less than the UAAL amortized over 30 years.



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STATE EMPLOYEES RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Millions)

Estimated Net OPEB Obligation	CAFR 2007/08	CAFR 2008/09	CAFR 2009/10	Estimate 2010/11	Estimate 2011/12
■ Discount Rate	4.50%	4.50%	4.80%	5.10%	4.98%
■ NOO at Beginning of Year	\$ 0	\$ (55)	\$ (29)	\$ 8	\$ 42
■ Annual OPEB Cost (AOC)					
• Annual Required Contribution	111	77	90	120	126
• Interest on NOO	0	(2)	(1)	0	2
• NOO Adjustment ¹⁶	<u>(0)</u>	<u>2</u>	<u>3</u>	<u>(1)</u>	<u>(5)</u>
• Annual OPEB Cost	111	77	92	119	123
■ Contributions					
• Benefit Payments Outside Trust					
➢ Cash Payments & Admin Fees ¹⁷	(41)	(38)	(42)	(49)	(48)
➢ Implied Subsidy Payments	(25)	(12)	(13)	(22)	(22)
➢ Trust Pre-Funding	<u>(100)</u>	<u>(0)</u>	<u>(0)</u>	<u>(14)</u>	<u>(16)</u>
• Total Contributions	(166)	(50)	(55)	(85)	(86)
■ NOO at End of Year	(55)	(29)	8	42	79

¹⁶ NOO amortized over average weighted remaining experience gain or loss period for 2009/10, 2010/11, and 2011/12.

¹⁷ Valuation estimate for 2011/12.



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STATE EMPLOYEES RESULTS

Contribution & Expense Projection

(Amounts in Millions)

Fiscal Year	Begin Year NOO¹⁸	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre Funding	Total Contrib				
2011/12	\$ 42	\$126	\$123	\$ 70	\$16	\$ 86	69%	\$567	22.2%	15.3%
2012/13	79	136	130	73	25	98	72%	585	23.2%	16.8%
2013/14	111	145	137	80	32	113	78%	604	24.0%	18.7%
2014/15	135	154	144	87	40	127	82%	624	24.7%	20.4%
2015/16	152	163	150	94	48	142	87%	644	25.3%	22.0%
2016/17	160	171	157	101	56	157	92%	665	25.7%	23.6%
2017/18	160	179	162	107	65	172	96%	687	26.1%	25.0%
2018/19	150	186	168	113	73	186	100%	709	26.2%	26.2%
2019/20	132	179	158	119	60	179	100%	732	24.5%	24.5%
2020/21	111	169	145	123	45	169	100%	756	22.4%	22.4%

¹⁸ Gains and losses amortized over 10-year fixed (closed) periods for ARC. NOO amortized over average weighted remaining ARC gain and loss amortization period.



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STATE EMPLOYEES RESULTS

Benefit Payment Projection

(Amounts in Millions)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2011/12	\$ 48	\$ 22	\$ 70
2012/13	51	22	73
2013/14	55	25	80
2014/15	60	27	87
2015/16	64	30	94
2016/17	69	32	101
2017/18	73	34	107
2018/19	77	36	113
2019/20	81	38	119
2020/21	84	39	123



STATE EMPLOYEES RESULTS

2011/12 Implied Subsidy Transfer Illustration

(Amounts in Millions)

Before GASB 45	Actives	Retirees	Total
■ Total Premiums ¹⁹	\$ 167	\$ 59	\$ 226
■ Employee Contribution	<u>(21)</u>	<u>(11)</u>	<u>(32)</u>
■ State Contribution	146	48	194

After GASB 45	Actives	Retirees	Total
■ Total Premium/Claims	\$ 167	\$ 59	\$ 226
■ Employee Contribution	(21)	(11)	(32)
■ Implied Subsidy Transfer	<u>(22)</u>	<u>22</u>	<u>-</u>
■ State Contribution	124	70	194

¹⁹ Estimated premiums based on the 3/31/10 valuation data and 2011/12 premium rates.



TEACHERS RESULTS

Actuarial Obligations

(Amounts in Millions)

Actuarial Obligations	3/31/10 Valuation			3/31/11 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 818	n/a	\$ 818	\$ 568	n/a	\$ 568
• Retirees	<u>352</u>	<u>n/a</u>	<u>352</u>	<u>318</u>	<u>n/a</u>	<u>318</u>
• Total	1,170	n/a	1,170	886	n/a	886
■ Actuarial Accrued Liability						
• Actives	642	n/a	642	483	n/a	483
• Retirees	<u>352</u>	<u>n/a</u>	<u>352</u>	<u>318</u>	<u>n/a</u>	<u>318</u>
• Total	994	n/a	994	801	n/a	801
■ Actuarial Value of Assets	<u>0</u>	<u>n/a</u>	<u>0</u>	<u>0</u>	<u>n/a</u>	<u>0</u>
■ Unfunded AAL	994	n/a	994	801	n/a	801
■ Normal Cost	20	n/a	20	14	n/a	14
■ Normal Cost % Pay	1.9%	n/a	1.9%	1.3%	n/a	1.3%



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TEACHERS RESULTS

Estimated Actuarial Gains & Losses

(Amounts in Millions)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/10 Projected	1.9%	\$ 1,005	\$ 0	\$ 1,005
■ 6/30/11 Expected	1.9%	1,048	(40)	1,008
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.1%)	(67)	-	(67)
• Demographic, Benefit Payments, & Other	0.1%	17	(3)	14
• Contribution Loss	-	-	43	43
■ Assumption Changes:				
• MainePERS Demographic Assumptions	(0.1%)	33	-	33
• Healthcare Trend	0.3%	133	-	133
• Discount Rate	(0.6%)	(299)	-	(299)
■ Plan Changes LD 1043 ²⁰	<u>(0.2%)</u>	<u>(59)</u>	<u>-</u>	<u>(59)</u>
■ Total Changes	(0.6%)	(242)	40	(202)
■ 6/30/11 Projected	1.3%	806	0	806

²⁰ Including modifications to MainePERS retirement assumptions for early and deferred retirements expected under new OPEB plan provisions.



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TEACHERS RESULTS

Annual Required Contribution (ARC)

(Amounts in Millions)

Annual Required Contribution	<u>3/31/10 Valuation</u> 2010/11 ARC			<u>3/31/11 Valuation</u> 2011/12 ARC		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 20	n/a	\$ 20	\$ 14	n/a	\$ 14
• UAAL Amortization	<u>41</u>	n/a	<u>41</u>	<u>41</u>	<u>n/a</u>	<u>41</u>
• ARC	61	n/a	61	55	n/a	55
■ Projected Payroll	1,064	n/a	1,064	1,098	n/a	1,098
■ ARC - %						
• Normal Cost	1.9%	n/a	1.9%	1.3%	n/a	1.3%
• UAAL Amortization	<u>3.8%</u>	n/a	<u>3.8%</u>	<u>3.7%</u>	<u>n/a</u>	<u>3.7%</u>
• ARC	5.7%	n/a	5.7%	5.0%	n/a	5.0%



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TEACHERS RESULTS

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Millions)

Amortization Base	Original Bases			Remaining Bases 6/30/2011		2011/12 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Fresh Start UAAL	6/30/08	29 ²¹	\$ 1,044	26	\$ 1,069	\$ 58
■ Experience Losses (Gains)	6/30/09	15	(62)	13	(60)	(5)
	6/30/10	15	(7)	14	(7)	(1)
	6/30/11	15	(10)	15	(10)	(1)
■ Assumption Changes	6/30/10	27 ²¹	6	26	6	0
	6/30/11	26	(133)	26	(133)	(7)
■ Plan Changes	6/30/11	26	(59)	26	<u>(59)</u>	<u>(3)</u>
■ Projected Unfunded AAL	6/30/11				806	41
■ Projected Unfunded AAL ²²	6/30/11			30	806	40

²¹ Changed from the 6/30/10 valuation.

²² Total amortization payment cannot be less than the UAAL amortized over 30 years.



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TEACHERS RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Millions)

Estimated Net OPEB Obligation	CAFR 2007/08	CAFR 2008/09	CAFR 2009/10	Estimate 2010/11	Estimate 2011/12
■ Discount Rate	4.50%	4.50%	4.50%	4.50%	4.00%
■ NOO at Beginning of Year	\$ 0	\$ 28	\$ 70	\$ 107	\$ 147
■ Annual OPEB Cost (AOC)					
• Annual Required Contribution	46	60	58	61	55
• Interest on NOO	0	1	3	5	6
• NOO Adjustment ²³	<u>(0)</u>	<u>(1)</u>	<u>(5)</u>	<u>(8)</u>	<u>(12)</u>
• Annual OPEB Cost	46	60	56	58	49
■ Contributions					
• Benefit Payments Outside Trust					
➢ Cash Payments & Admin Fees ²⁴	(18)	(18)	(19)	(18)	(22)
➢ Implied Subsidy Payments	(0)	(0)	(0)	(0)	(0)
➢ Trust Pre-Funding	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
• Total Contributions	(18)	(18)	(19)	(18)	(22)
■ NOO at End of Year	28	70	107	147	174

²³ NOO amortized over average weighted remaining experience gain or loss period for 2009/10, 2010/11, and 2011/12.

²⁴ Valuation estimate for 2011/12.



TEACHERS RESULTS

Contribution & Expense Projection

(Amounts in Millions)

Fiscal Year	Begin Year NOO ²⁵	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre-Funding	Total Contrib				
2011/12	\$147	\$55	\$49	\$22	\$0	\$22	40%	\$1,098	5.0%	2.0%
2012/13	174	59	52	23	0	23	39%	1,134	5.2%	2.0%
2013/14	203	64	56	30	4	34	53%	1,171	5.5%	2.9%
2014/15	224	69	60	34	9	43	62%	1,209	5.7%	3.6%
2015/16	241	74	64	38	14	51	69%	1,248	5.9%	4.1%
2016/17	254	79	68	41	19	60	76%	1,289	6.1%	4.7%
2017/18	262	83	71	45	24	69	83%	1,331	6.2%	5.2%
2018/19	264	88	75	48	29	78	89%	1,374	6.4%	5.7%
2019/20	261	92	78	52	35	87	95%	1,418	6.5%	6.1%
2020/21	253	95	81	55	41	95	100%	1,465	6.5%	6.5%

²⁵ Gains and losses amortized over 15-year fixed (closed) periods for ARC. NOO amortized over average weighted ARC gain and loss amortization period.



TEACHERS RESULTS

Benefit Payment Projection

(Amounts in Millions)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2011/12	\$ 22	n/a	\$ 22
2012/13	23	n/a	23
2013/14	30	n/a	30
2014/15	34	n/a	34
2015/16	38	n/a	38
2016/17	41	n/a	41
2017/18	45	n/a	45
2018/19	48	n/a	48
2019/20	52	n/a	52
2020/21	55	n/a	55



TEACHERS RESULTS



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MAINE EDUCATIONAL CENTER FOR THE DEAF

Actuarial Obligations

(Amounts in Thousands)

Actuarial Obligations	3/31/10 Valuation			3/31/10 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 4,083	\$ 1,035	\$ 5,118	\$ 4,958	\$ 1,122	\$ 6,080
• Retirees	<u>1,391</u>	<u>746</u>	<u>2,137</u>	<u>1,511</u>	<u>762</u>	<u>2,273</u>
• Total	5,474	1,781	7,255	6,469	1,884	8,353
■ Actuarial Accrued Liability						
• Actives	2,597	774	3,371	3,137	857	3,994
• Retirees	<u>1,391</u>	<u>746</u>	<u>2,137</u>	<u>1,511</u>	<u>762</u>	<u>2,273</u>
• Total	3,988	1,520	5,508	4,648	1,619	6,267
■ Actuarial Value of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	3,988	1,520	5,508	4,648	1,619	6,267
■ Normal Cost	176	34	210	231	37	268
■ Normal Cost % Pay	6.7%	1.3%	8.0%	8.5%	1.4%	9.9%



MAINE EDUCATIONAL CENTER FOR THE DEAF

Estimated Actuarial Gains & Losses

(Amounts in Thousands)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/10 Projected	8.0%	\$ 5,589	\$ 0	\$ 5,589
■ 6/30/11 Expected	8.0%	5,923	(378)	5,545
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.4%)	(314)	-	(314)
• Demographic, Benefit Payments, & Other	1.2%	50	15	65
• Contribution Loss	-	-	363	363
■ Assumption Changes:				
• MainePERS Demographic Assumptions	(0.7%)	35	-	35
• Healthcare Trend	1.2%	693	-	693
• Discount Rate	1.1%	490	-	490
■ Plan Changes LD 1043 ²⁶	<u>(0.5%)</u>	<u>(517)</u>	<u>-</u>	<u>(517)</u>
■ Total Changes	1.9%	437	378	815
■ 6/30/11 Projected	9.9%	6,360	0	6,360

²⁶ Including modifications to MainePERS retirement assumptions for early and deferred retirements expected under new OPEB plan provisions.



Annual Required Contribution (ARC)

(Amounts in Thousands)

Annual Required Contribution	<u>3/31/10 Valuation</u> 2010/11 ARC			<u>3/31/11 Valuation</u> 2011/12 ARC		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 176	\$ 34	\$ 210	\$ 231	\$ 37	\$ 268
• UAAL Amortization	<u>214</u>	<u>81</u>	<u>295</u>	<u>233</u>	<u>81</u>	<u>314</u>
• ARC	390	115	505	464	118	582
■ Projected Payroll	2,624	2,624	2,624	2,709	2,709	2,709
■ ARC - %						
• Normal Cost	6.7%	1.3%	8.0%	8.5%	1.4%	9.9%
• UAAL Amortization	<u>8.1%</u>	<u>3.1%</u>	<u>11.2%</u>	<u>8.6%</u>	<u>3.0%</u>	<u>11.6%</u>
• ARC	14.8%	4.4%	19.2%	17.1%	4.4%	21.5%



Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Thousands)

Amortization Base	Original Bases			Remaining Bases 6/30/2011		2011/12 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/07	30	\$ 3,814	26	\$ 3,895	\$ 170
■ Experience Losses (Gains)	6/30/08	15	(127)	12	(116)	(10)
	6/30/09	15	474	13	446	37
	6/30/10	15	597	14	579	45
	6/30/11	15	114	15	114	8
	■ Assumption Changes	6/30/08	29 ²⁷	511	26	494
	6/30/10	27 ²⁷	251	26	247	11
	6/30/11	26	1,218	26	1,218	53
■ Plan Changes	6/30/11	26	(517)	26	<u>(517)</u>	<u>(22)</u>
■ Projected Unfunded AAL	6/30/11				6,360	314
■ Projected Unfunded AAL ²⁸	6/30/11			30	6,360	244

²⁷ Changed from the 6/30/10 valuation.

²⁸ Total amortization payment cannot be less than the UAAL amortized over 30 years.



MAINE EDUCATIONAL CENTER FOR THE DEAF

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Thousands)

Estimated Net OPEB Obligation	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Estimate 2011/12
■ Discount Rate	4.50%	4.50%	4.50%	4.50%	4.00%
■ NOO at Beginning of Year	\$ 0	\$ 358	\$ 645	\$ 950	\$ 1,284
■ Annual OPEB Cost (AOC)					
• Annual Required Contribution	394	353	416	505	582
• Interest on NOO	0	16	29	43	51
• NOO Adjustment ²⁹	<u>(0)</u>	<u>(24)</u>	<u>(46)</u>	<u>(72)</u>	<u>(94)</u>
• Annual OPEB Cost	394	345	399	476	539
■ Contributions					
• Benefit Payments Outside Trust					
➢ Cash Payments & Admin Fees ³⁰	(22)	(45)	(78)	(105)	(90)
➢ Implied Subsidy Payments	(14)	(13)	(16)	(37)	(43)
➢ Trust Pre-Funding	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
• Total Contribution	(36)	(58)	(94)	(142)	(133)
■ NOO at End of Year	358	645	950	1,284	1,690

²⁹ NOO amortized over average weighted remaining experience gain or loss period for 2009/10, 2010/11, and 2011/12.

³⁰ Valuation estimate for 2011/12.



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MAINE EDUCATIONAL CENTER FOR THE DEAF

Contribution & Expense Projection

(Amounts in Thousands)

Fiscal Year	Begin Year NOO³¹	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre- Funding	Total Contrib				
2011/12	\$1,284	\$582	\$539	\$ 33	\$0	\$133	23%	\$2,709	21.5%	4.9%
2012/13	1,690	633	578	166	0	166	26%	2,797	22.6%	5.9%
2013/14	2,102	688	614	192	0	192	28%	2,888	23.8%	6.6%
2014/15	2,524	746	651	213	0	213	29%	2,982	25.0%	7.1%
2015/16	2,961	809	690	253	0	253	31%	3,078	26.3%	8.2%
2016/17	3,398	876	729	251	0	251	29%	3,179	27.6%	7.9%
2017/18	3,876	950	772	286	0	286	30%	3,282	28.9%	8.7%
2018/19	4,362	1,030	815	315	0	315	31%	3,388	30.4%	9.3%
2019/20	4,862	1,115	860	336	0	336	30%	3,499	31.9%	9.6%
2020/21	5,386	1,208	907	342	0	342	28%	3,612	33.4%	9.5%

³¹ Gains and losses amortized over 15-year fixed (closed) periods for ARC. NOO amortized over average weighted remaining ARC gain and loss amortization period.



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Benefit Payment Projection

(Amounts in Thousands)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2011/12	\$ 90	\$ 43	\$ 133
2012/13	106	60	166
2013/14	124	68	192
2014/15	140	73	213
2015/16	165	88	253
2016/17	172	79	251
2017/18	202	84	286
2018/19	227	88	315
2019/20	246	90	336
2020/21	252	90	342



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Actuarial Obligations

(Amounts in Thousands)

Actuarial Obligations	3/31/10 Valuation			3/31/10 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 220	\$ 22	\$ 242	\$ 297	\$ 24	\$ 321
• Retirees	<u>57</u>	<u>0</u>	<u>57</u>	<u>69</u>	<u>0</u>	<u>69</u>
• Total	277	22	299	366	24	390
■ Actuarial Accrued Liability						
• Actives	84	5	89	124	5	129
• Retirees	<u>57</u>	<u>0</u>	<u>57</u>	<u>69</u>	<u>0</u>	<u>69</u>
• Total	141	5	146	193	5	198
■ Actuarial Value of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	141	5	146	193	5	198
■ Normal Cost	14	1	15	19	2	21
■ Normal Cost % Pay	4.6%	0.5%	5.1%	6.4%	0.6%	7.0%



Estimated Actuarial Gains & Losses

(Amounts in Thousands)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/10 Projected	5.1%	\$ 150	\$ 0	\$ 150
■ 6/30/11 Expected	5.1%	168	(19)	149
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.3%)	(6)	-	(6)
• Demographic, Expected Payments, & Other	1.6%	21	(2)	19
• Contribution Loss	-	-	21	21
■ Assumption Changes:				
• MainePERS Demographic Assumptions	(0.7%)	(14)	-	(14)
• Healthcare Trend	1.0%	27	-	27
• Discount Rate	0.7%	16	-	16
■ Plan Changes LD 1043 ³²	<u>(0.4%)</u>	<u>(8)</u>	-	<u>(8)</u>
■ Total Changes	2.0%	36	19	55
■ 6/30/11 Projected	7.0%	204	0	204

³² Including modifications to MainePERS retirement assumptions for early and deferred retirements expected under new OPEB plan provisions.



Annual Required Contribution (ARC)

(Amounts in Thousands)

Annual Required Contribution	<u>3/31/10 Valuation</u> 2010/11 ARC			<u>3/31/11 Valuation</u> 2011/12 ARC		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 13	\$ 2	\$ 15	\$ 19	\$ 2	\$ 21
• UAAL Amortization	<u>8</u>	<u>0</u>	<u>8</u>	<u>10</u>	<u>0</u>	<u>10</u>
• ARC	21	2	23	29	2	31
■ Projected Payroll	290	290	290	300	300	300
■ ARC - %						
• Normal Cost	4.6%	0.5%	5.1%	6.4%	0.6%	7.0%
• UAAL Amortization	<u>2.6%</u>	<u>0.1%</u>	<u>2.8%</u>	<u>3.2%</u>	<u>0.1%</u>	<u>3.3%</u>
• ARC	7.2%	0.6%	7.9%	9.6%	0.7%	10.3%



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Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Thousands)

Amortization Base	Original Bases			Remaining Bases 6/30/2011		2011/12 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/07	30	\$ 130	26	\$ 132	\$ 6
■ Experience Losses (Gains)	6/30/08	15	119	12	109	10
	6/30/09	15	35	13	33	3
	6/30/10	15	(198)	14	(192)	(15)
	6/30/11	15	34	15	34	2
■ Assumption Changes	6/30/08	29 ³³	60	26	58	3
	6/30/10	27 ³³	9	26	9	0
	6/30/11	26	29	26	29	1
■ Plan Changes	6/30/11	26	(8)	26	<u>(8)</u>	<u>(0)</u>
■ Projected Unfunded AAL	6/30/11				204	10
■ Projected Unfunded AAL ³⁴	6/30/11			30	204	8

³³ Changed from the 6/30/10 valuation.

³⁴ Total amortization payment cannot be less than the UAAL amortized over 30 years.



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Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Thousands)

Estimated Net OPEB Obligation	Estimate 2007/08	Estimate 2008/09	Estimate 2009/10	Estimate 2010/11	Estimate 2011/12
■ Discount Rate	4.50%	4.50%	4.50%	4.50%	4.00%
■ NOO at Beginning of Year	\$ 0	\$ 13	\$ 36	\$ 63	\$ 82
■ Annual OPEB Cost (AOC)					
• Annual Required Contribution	17	29	33	23	31
• Interest on NOO	0	1	2	3	3
• NOO Adjustment ³⁵	(0)	(1)	(2)	(5)	(6)
• Annual OPEB Cost	17	28	32	21	28
■ Contributions					
• Benefit Payments Outside Trust					
➢ Cash Payments & Admin Fees ³⁶	(4)	(5)	(3)	(2)	(5)
➢ Implied Subsidy Payments	(1)	(1)	(1)	(0)	(0)
➢ Trust Pre-Funding	(0)	(0)	(0)	(0)	(0)
• Total Contribution	(4)	(6)	(4)	(2)	(5)
■ NOO at End of Year	13	36	63	82	105

³⁵ NOO amortized over average weighted remaining experience gain or loss period for 2009/10, 2010/11, and 2011/12.

³⁶ Valuation estimate for 2011/12.



Contribution & Expense Projection

(Amounts in Thousands)

Fiscal Year	Begin Year NOO³⁷	ARC	Annual OPEB Cost (AOC)	Contribution			Contrib % of ARC	Payroll	ARC as % of Payroll	Contrib % of Payroll
				Benefit Pmts	Pre- Funding	Total Contrib				
2011/12	\$ 82	\$31	\$28	\$5	\$0	\$5	16%	\$300	10.3%	1.7%
2012/13	105	34	30	5	0	5	15%	309	11.0%	1.6%
2013/14	130	37	32	6	0	6	16%	320	11.6%	1.9%
2014/15	156	40	34	7	0	7	18%	330	12.1%	2.1%
2015/16	183	44	37	8	0	8	18%	341	12.9%	2.3%
2016/17	212	48	39	9	0	9	19%	352	13.6%	2.6%
2017/18	242	53	41	10	0	10	19%	363	14.6%	2.8%
2018/19	273	57	44	11	0	11	19%	375	15.2%	2.9%
2019/20	306	63	47	11	0	11	17%	387	16.3%	2.8%
2020/21	342	68	49	12	0	12	18%	400	17.0%	3.0%

³⁷ Gains and losses amortized over 15-year fixed (closed) periods for ARC. NOO amortized over average weighted remaining ARC gain and loss amortization period.



Benefit Payment Projection

(Amounts in Thousands)

Fiscal Year	Cash Subsidy	Implied Subsidy	Total
2011/12	\$ 5	\$ -	\$ 5
2012/13	5	-	5
2013/14	6	-	6
2014/15	7	-	7
2015/16	8	-	8
2016/17	9	-	9
2017/18	10	-	10
2018/19	11	-	11
2019/20	11	-	11
2020/21	11	1	12



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ACTUARIAL CERTIFICATION

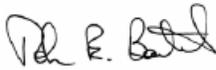
This report presents the State of Maine Retiree Healthcare Plan for State Employees and Teachers (“Plan”) March 31, 2011 actuarial valuation. The purpose of this valuation is to:

- Determine the Plan’s Benefit Obligations and Funded Status as of March 31, 2011 under Governmental Accounting Standards Board Statement Nos. 43 and 45, and
- Calculate the Annual Required Contribution for fiscal year 2011/12.

The valuation is based on Plan provisions, participant data, claims, contribution policy, and asset information provided by the State and Anthem and summarized in this report. We reviewed the participant data and claims for reasonableness but did not perform an audit. The valuation was prepared using generally accepted actuarial principles and practices and the actuarial methods and assumptions summarized in this report. The assumptions represent our best estimate of expected future experience. Some of the assumptions used are based on the MainePERS 2010 experience study. The healthcare claims cost and healthcare cost increase assumption were reviewed by a qualified healthcare plan actuary.

This report presents Bartel Associates’ best estimate of the Plan’s liabilities, funded status, and costs in accordance with our understanding of GASB 43 and 45. The information presented in this report is intended to be used to satisfy the requirements of GASB 43 and 45 and for no other purpose. The undersigned are members of the American Academy of Actuaries and meet Academy Qualification Standards to render the actuarial results and opinions in this report.

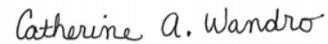
Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
President
Bartel Associates, LLC
November 2, 2011



Joseph R. D’Onofrio, FSA, EA, MAAA, FCA
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November 2, 2011

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EXHIBITS

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PREMIUMS

State Employees' Health Plans
Monthly Premiums

Actives and Non-Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
HMO Choice	2008/09	\$648.10	\$1,355.00	\$1,612.10	\$1,065.84
	2009/10	686.66	1,435.96	1,708.50	1,129.46
	2010/11	727.54	1,521.78	1,810.70	1,196.90
	2011/12*	727.54	1,521.78	1,810.70	1,196.90
	2012/13*	727.54	1,521.78	1,810.70	1,196.90

* LD 1043 caps premium increases to 0% for 2011/12 and 2012/13.



PREMIUMS

State Employees' Health Plans
Monthly Premiums

Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
Group Companion	2008/09	\$320.10	\$634.70	\$988.14	\$673.54
Advantra Freedom PFFS	2009	237.42	469.34	n/a	n/a
Anthem SmartValue PFFS	2010	269.28	533.06	n/a	n/a
Anthem Medicare PPO	2011	290.07	574.64	n/a	n/a



PREMIUMS

Teachers' Health Plans
Monthly Premiums

Active and Non-Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
MEA Choice Plus (HMO Choice)	2008/09	\$528.40	\$1,190.91	\$1,449.51	\$935.16
	2009/10	528.40	1,190.91	1,449.51	935.16
	2010/11	538.97	1,214.73	1,478.50	953.86
	2011/12	574.00	1,293.69	1,574.60	1,015.86
MEA Standard Plan (Blue Choice)	2008/09	\$570.61	\$1,286.19	\$1,565.47	\$1,009.96
	2009/10	570.61	1,286.19	1,565.47	1,009.96
	2010/11	582.02	1,311.91	1,596.78	1,030.16
	2011/12	619.85	1,397.18	1,700.75	1,097.12



PREMIUMS

Teachers' Health Plans
Monthly Premiums

Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
Group Companion	2008/09	\$321.36	\$674.55	n/a	n/a
	2009/10	321.36	674.55	n/a	n/a
	2010/11	321.36	674.55	n/a	n/a
	2011/12	327.79	688.04	n/a	n/a



CLAIMS

State HMO Choice Average Claim Per Covered Person Non-Medicare Retirees

1/1/09 - 12/31/09

■ Claims for Retiree & Spouse	
• Medical Claims	\$ 37,848,000
• R _x Claims	<u>8,767,000</u>
• Total Claims	46,615,000
■ Average Covered Persons	
• Retirees	3,664
• Spouses	<u>346</u>
• Total	4,010
■ Period	12 months
■ Average Monthly Claim Per Covered Person	969
■ Average Monthly Claim Trended to 1/1/11 ³⁸	1,148
■ Average Monthly Net Claims Cost ³⁹	1,160

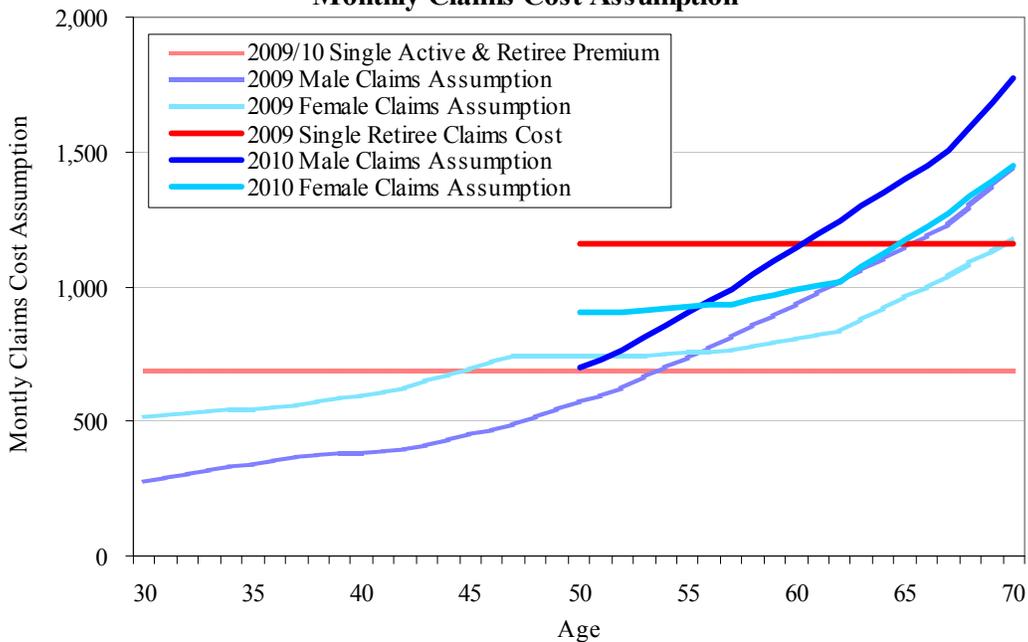
³⁸ Average monthly claim per person increased to the middle of the 2010/11 fiscal year using a 12% medical trend rate.

³⁹ Loaded 1% for stop/loss premium and administrative expenses.



CLAIMS

State HMO Choice Monthly Claims Cost Assumption



PARTICIPANT STATISTICS

Active Employee Plan & Coverage Elections

March 31, 2010

State Employees

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES⁴⁰	Total
HMO Choice	6,296	1,768	2,256	928	847	602	12,697
Comp Care ⁴¹	<u>17</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>4</u>	<u>-</u>	<u>23</u>
Total	6,313	1,769	2,256	929	851	602	12,720

Teachers

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES	Total
HMO Choice	9,673	3,485	5,177	1,412	1,774	n/a	21,521
Blue Choice	2,846	1,213	1,002	275	293	n/a	5,629
Group Companion	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	n/a	<u>9</u>
Total	12,528	4,698	6,179	1,687	2,067	n/a	27,159

⁴⁰ State employees or retirees married to other State employees or retirees and valued as single coverage.

⁴¹ Included with HMO Choice for purposes of the valuation.



November 2, 2011

E-7



PARTICIPANT STATISTICS

Retiree Plan & Coverage Elections

March 31, 2010

State Employees

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES⁴²	Total
HMO Choice	3,111	279	27	96	30	15	3,558
Comp Care ⁴³	132	6	1	1	1	-	141
Medicare PFFS	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>5,221</u>
Total	3,243	285	28	97	31	15	8,920

Teachers

Medical Plan	Single	2-Party	Family	EE + Child	EE + Children	FLES	Total
HMO Choice	1,406	241	19	11	8	n/a	1,685
Blue Choice	1,834	191	12	16	3	n/a	2,056
Group Companion	4,528	1,102	-	-	-	n/a	5,630
Medigap B	<u>8</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>n/a</u>	<u>10</u>
Total	7,776	1,536	31	27	11	n/a	9,381

⁴² State employees or retirees married to other State employees or retirees and valued as single coverage.

⁴³ Included with HMO Choice for purposes of the valuation.



November 2, 2011

E-8



PARTICIPANT STATISTICS

State Actives by Age and Service
Excluding Actives Without Hire Dates
March 31, 2010

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	61	121	13	-	-	-	-	195
25-29	96	351	202	4	-	-	-	653
30-34	83	298	394	156	4	-	-	935
35-39	66	265	386	313	114	24	-	1,168
40-44	80	245	327	287	211	289	21	1,460
45-49	81	252	369	258	212	496	284	1,952
50-54	67	255	366	254	206	408	673	2,229
55-59	49	197	263	213	157	353	756	1,988
60-64	25	107	197	114	122	169	302	1,036
≥ 65	1	23	62	32	22	55	82	277
Total	609	2,114	2,579	1,631	1,048	1,794	2,118	11,893



PARTICIPANT STATISTICS

Teacher Actives by Age and Service
Excluding Actives Without Hire Dates
March 31, 2010

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	101	255	22	-	-	-	-	378
25-29	104	779	761	32	-	-	-	1,676
30-34	64	325	795	655	24	-	-	1,863
35-39	31	277	410	657	628	2	-	2,005
40-44	41	240	409	420	785	341	10	2,246
45-49	23	182	393	400	393	672	461	2,524
50-54	27	138	370	443	486	492	1,242	3,198
55-59	20	115	245	355	469	598	1,882	3,684
60-64	10	58	134	148	262	412	951	1,975
≥ 65	1	13	30	37	38	57	181	357
Total	422	2,382	3,569	3,147	3,085	2,574	4,727	19,906



PARTICIPANT STATISTICS

State Actives by Age and Service
Including Actives With Assumed Hire Dates
March 31, 2010

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	61	147	13	-	-	-	-	221
25-29	96	410	202	4	-	-	-	712
30-34	83	298	446	156	4	-	-	987
35-39	66	265	453	313	114	24	-	1,235
40-44	80	245	327	383	211	289	21	1,556
45-49	81	252	369	258	326	496	284	2,066
50-54	67	255	366	254	362	408	673	2,385
55-59	50	196	263	213	157	497	756	2,132
60-64	25	107	197	114	203	169	302	1,117
≥ 65	1	23	62	32	54	55	82	309
Total	610	2,198	2,698	1,727	1,431	1,938	2,118	12,720



PARTICIPANT STATISTICS

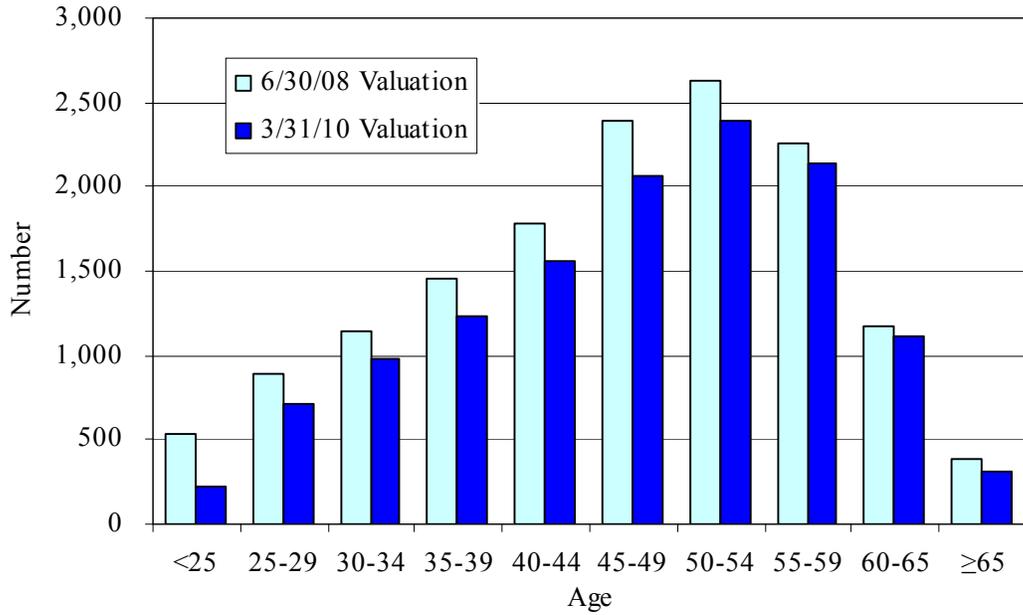
Teacher Actives by Age and Service
Including Actives With Assumed Hire Dates
March 31, 2010

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	101	352	22	-	-	-	-	475
25-29	104	1,008	762	31	-	-	-	1,905
30-34	65	324	1,044	654	24	-	-	2,111
35-39	31	277	411	1,061	628	2	-	2,410
40-44	41	240	409	1,152	785	341	10	2,978
45-49	23	182	394	399	1,515	672	461	3,646
50-54	27	138	372	441	486	1,877	1,242	4,583
55-59	20	115	246	354	469	1,898	1,882	4,984
60-64	10	58	134	148	262	1,506	951	3,069
≥ 65	1	13	30	37	38	57	822	998
Total	423	2,707	3,824	4,277	4,207	6,353	5,368	27,159



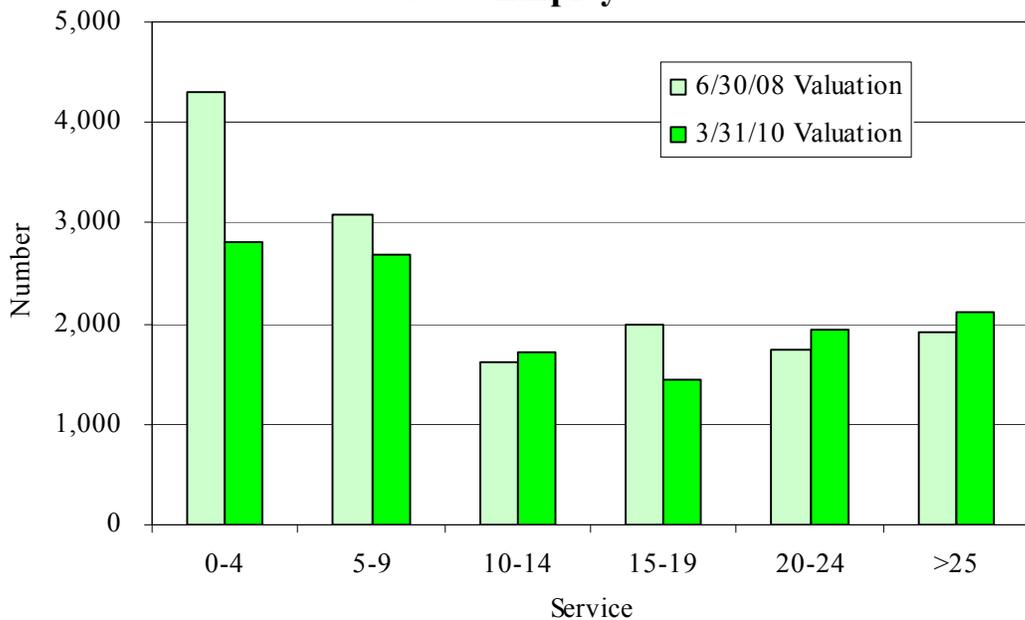
PARTICIPANT STATISTICS

Active Age Distribution
State Employees



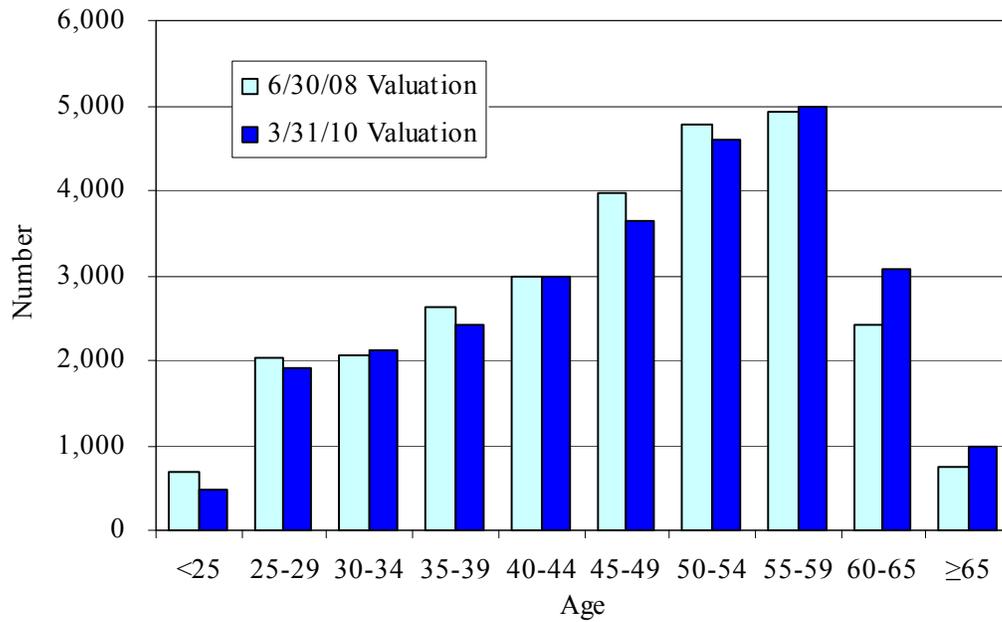
PARTICIPANT STATISTICS

Active Service Distribution
State Employees



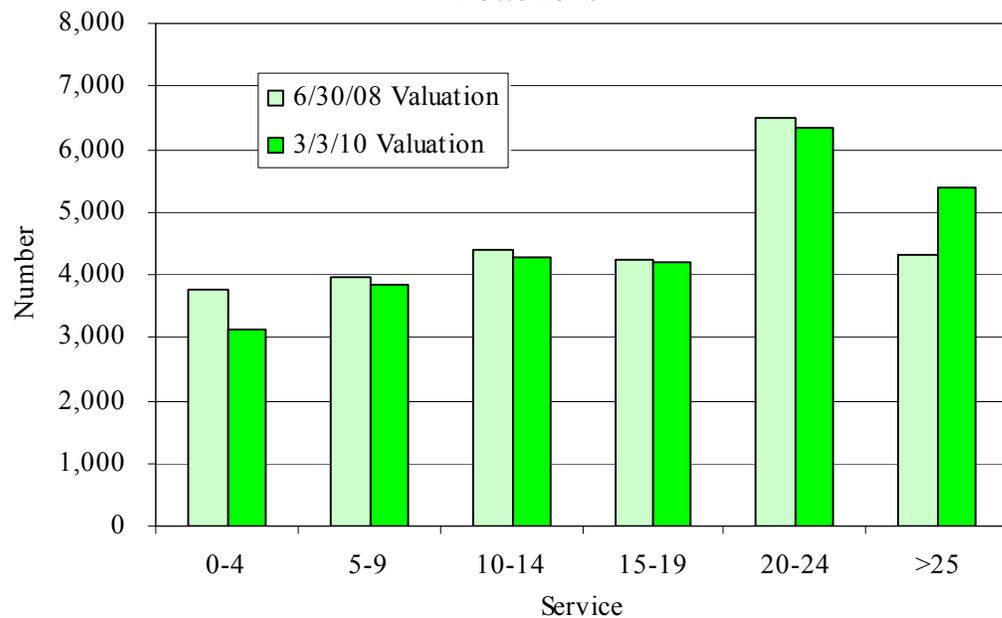
PARTICIPANT STATISTICS

Active Age Distribution Teachers



PARTICIPANT STATISTICS

Active Service Distribution Teachers



PARTICIPANT STATISTICS

State Retiree Healthcare Coverage by Age Group
March 31, 2010

Age	Single	2-Party	Family	FLES	PFFS ⁴⁴	Total
Under 50	107	2	23	6	1	139
50-54	335	23	29	3	7	397
55-59	740	54	46	4	8	852
60-64	1,498	160	51	2	48	1,759
65-69	177	17	5	-	1,292	1,491
70-74	174	12	-	-	1,089	1,275
75-79	106	12	2	-	1,052	1,172
80-84	60	4	-	-	933	997
Over 85	46	1	-	-	791	838
Total	3,243	285	156	15	5,221	8,920

Average Age	70.9	62.5	56.9	52.1	76.5	70.3
< 65 Election %	85%	8%	5%	0%	2%	100%
≥ 65 Election %	10%	1%	0%	0%	89%	100%
Total Election %	36%	3%	2%	0%	59%	100%

⁴⁴ Medical coverage election not provided for State retirees in Medicare PFFS plan.



PARTICIPANT STATISTICS

Teachers Retiree Healthcare Coverage by Age Group
March 31, 2010

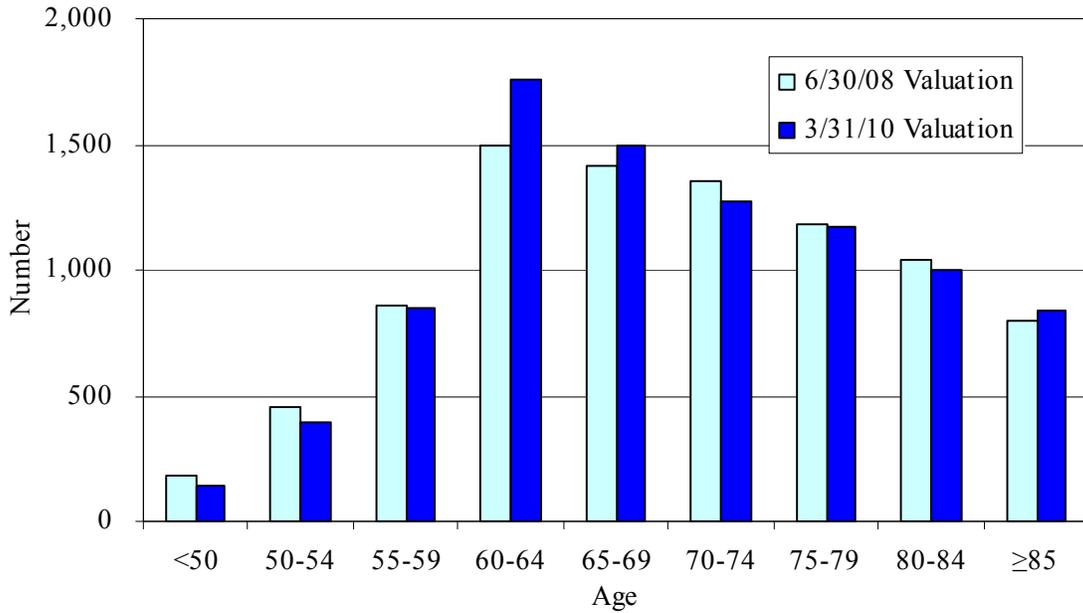
Age	Single	2-Party	Family	Total
Under 50	25	2	7	34
50-54	80	10	9	99
55-59	549	87	24	660
60-64	1,965	303	27	2,295
65-69	1,884	309	1	2,194
70-74	1,180	356	-	1,536
75-79	877	246	1	1,124
80-84	542	157	-	699
Over 85	674	66	-	740
Total	7,776	1,536	69	9,381

Average Age	70.3	71.0	58.2	70.3
< 65 Election %	85%	13%	2%	100%
≥ 65 Election %	82%	18%	0%	100%
Total Election %	83%	16%	1%	100%



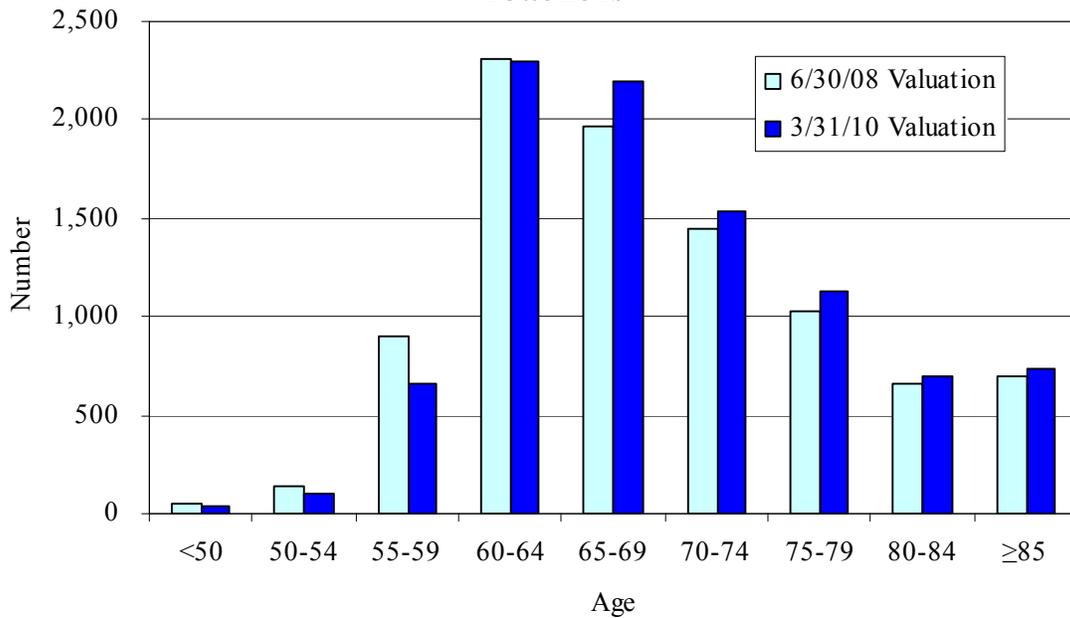
PARTICIPANT STATISTICS

**Retiree Age Distribution
State Employees**



PARTICIPANT STATISTICS

**Retiree Age Distribution
Teachers**



ACTUARIAL METHODS

Method	March 31, 2010 Valuation	March 31, 2011 Valuation
■ Cost Method	<ul style="list-style-type: none"> • Entry Age Normal • Normal Cost is a level percentage of payroll 	<ul style="list-style-type: none"> • Same
■ Actuarial Value of Assets	<ul style="list-style-type: none"> • Market Value 	<ul style="list-style-type: none"> • Investment gains and losses spread over a 5-year period • Not less than 80% nor more than 120% of market value
■ Amortization Method	<ul style="list-style-type: none"> • Level percent of payroll 	<ul style="list-style-type: none"> • Same



ACTUARIAL METHODS

Method	March 31, 2010 Valuation	March 31, 2011 Valuation
■ Amortization Periods State Employees	<ul style="list-style-type: none"> • 30-year fixed (closed) period for 6/30/08 UAAL (28 years remaining on 6/30/10) • 10-year fixed (closed) periods for gains and losses • Maximum 30-year combined period 	<ul style="list-style-type: none"> • 30-year fixed (closed) period from 6/30/07 for initial UAAL, assumption and plan changes (26 years remaining on 6/30/10) • 10-year fixed (closed) periods for gains and losses • Maximum 30-year combined period
■ Amortization Periods Teachers and Ancillary Groups	<ul style="list-style-type: none"> • 30-year fixed (closed) period for 6/30/08 UAAL (28 years remaining on 6/30/10) • 15-year fixed (closed) periods for gains and losses • Maximum 30-year combined period 	<ul style="list-style-type: none"> • 30-year fixed (closed) period from 6/30/07 for initial UAAL, assumption and plan changes (26 years remaining on 6/30/10) • 15-year fixed (closed) periods for gains and losses • Maximum 30-year combined period



ACTUARIAL METHODS

Method	March 31, 2010 Valuation	March 31, 2011 Valuation
<ul style="list-style-type: none"> ■ Implied Subsidy 	<ul style="list-style-type: none"> • Employer cost for allowing non-Medicare eligible retirees to participate at active rates • State Employees and Ancillary Groups – Valuation includes an implied subsidy for retirees, spouses, and surviving spouses to age 65 if Medicare eligible and for life if not Medicare eligible • Teachers – Valuation does not include an implied subsidy assuming State is not responsible for Teachers’ implied subsidy as Public Education General Purpose Aid payments do not directly pay for active Teachers’ premiums 	
<ul style="list-style-type: none"> ■ Future New Entrants 	<ul style="list-style-type: none"> • Valuation Results – Closed group, no new hires • Projections – Simplified open group projection: <ul style="list-style-type: none"> ➢ Actives – Total pay increased with aggregate payroll assumption ➢ Retirees – no additional retirees from new hires over projection period 	



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
<ul style="list-style-type: none"> ■ Valuation Date 	<ul style="list-style-type: none"> • March 31, 2010 • 2010/11 ARC 	<ul style="list-style-type: none"> • March 31, 2011 • 2011/12 ARC
<ul style="list-style-type: none"> ■ Valuation Method 	<ul style="list-style-type: none"> • 6/30/10 plan provisions • 3/31/10 census data • 6/30/10 assets • 2010/11 premiums • 3/31/10 medical claims • 3/31/10 assumptions 	<ul style="list-style-type: none"> • 6/30/11 plan provisions • 3/31/10 census data • 6/30/11 assets • 2011/12 premiums • 3/31/10 medical claims • 3/31/11 assumptions
<ul style="list-style-type: none"> ■ Discount Rate Basis 	<ul style="list-style-type: none"> • No pre-funding rate - 4.5% • Full pre-funding rate - 7.5% 	<ul style="list-style-type: none"> • No pre-funding rate - 4.0% <ul style="list-style-type: none"> ➢ State cash pool return exceeded inflation by 25 bp for 5 years and 14 bp for 10 years ending 6/30/11 • Full pre-funding rate - 7.25%



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																																																
<p>■ Discount Rate State Employees</p>	<ul style="list-style-type: none"> Select & ultimate discount rates based on ARC phase-in funding policy: <table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td>5.1%</td> <td>2015/16</td> <td>6.6%</td> </tr> <tr> <td>2011/12</td> <td>5.4%</td> <td>2016/17</td> <td>6.9%</td> </tr> <tr> <td>2012/13</td> <td>5.7%</td> <td>2017/18</td> <td>7.2%</td> </tr> <tr> <td>2013/14</td> <td>6.0%</td> <td>2018/19+</td> <td>7.5%</td> </tr> <tr> <td>2014/15</td> <td>6.3%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2010/11	5.1%	2015/16	6.6%	2011/12	5.4%	2016/17	6.9%	2012/13	5.7%	2017/18	7.2%	2013/14	6.0%	2018/19+	7.5%	2014/15	6.3%			<ul style="list-style-type: none"> Select & ultimate discount rates based on ARC phase-in funding policy: <table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2010/11</td> <td>n/a</td> <td>2015/16</td> <td>6.28%</td> </tr> <tr> <td>2011/12</td> <td>4.98%</td> <td>2016/17</td> <td>6.60%</td> </tr> <tr> <td>2012/13</td> <td>5.30%</td> <td>2017/18</td> <td>6.93%</td> </tr> <tr> <td>2013/14</td> <td>5.63%</td> <td>2018/19+</td> <td>7.25%</td> </tr> <tr> <td>2014/15</td> <td>5.95%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2010/11	n/a	2015/16	6.28%	2011/12	4.98%	2016/17	6.60%	2012/13	5.30%	2017/18	6.93%	2013/14	5.63%	2018/19+	7.25%	2014/15	5.95%		
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<p>■ Discount Rate Teachers</p>	<ul style="list-style-type: none"> 4.5% 	<ul style="list-style-type: none"> Select & ultimate discount rates based on ARC phase-in funding policy: <table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>4.00%</td> <td>2016/17</td> <td>5.63%</td> </tr> <tr> <td>2012/13</td> <td>4.00%</td> <td>2017/18</td> <td>6.03%</td> </tr> <tr> <td>2013/14</td> <td>4.41%</td> <td>2018/19</td> <td>6.44%</td> </tr> <tr> <td>2014/15</td> <td>4.81%</td> <td>2019/20</td> <td>6.84%</td> </tr> <tr> <td>2015/16</td> <td>5.22%</td> <td>2020/21+</td> <td>7.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2011/12	4.00%	2016/17	5.63%	2012/13	4.00%	2017/18	6.03%	2013/14	4.41%	2018/19	6.44%	2014/15	4.81%	2019/20	6.84%	2015/16	5.22%	2020/21+	7.25%																								
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ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
<p>■ Discount Rate Ancillary Groups</p>	<ul style="list-style-type: none"> 4.5% 	<ul style="list-style-type: none"> 4.0%
<p>■ General Inflation</p>	<ul style="list-style-type: none"> 3% annually Basis for aggregate payroll and discount rate assumptions 	<ul style="list-style-type: none"> 3% annually Basis for aggregate payroll and discount rate assumptions
<p>■ Aggregate Payroll Increases</p>	<ul style="list-style-type: none"> 3.25% Inflation plus 0.25% For Normal Cost calculation and UAAL amortization 	<ul style="list-style-type: none"> Same



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																																			
■ Merit and Longevity Pay Increases	<ul style="list-style-type: none"> MainePERS 6/30/09 valuation report assumption: <table border="1"> <thead> <tr> <th><u>Service</u></th> <th><u>State & Teachers</u></th> </tr> </thead> <tbody> <tr><td>0</td><td>5.25%</td></tr> <tr><td>5</td><td>2.75%</td></tr> <tr><td>10</td><td>1.32%</td></tr> <tr><td>15</td><td>0.53%</td></tr> <tr><td>20</td><td>0.15%</td></tr> <tr><td>25+</td><td>0.00%</td></tr> </tbody> </table> Interpolated for intermediate years of service 0% for Legislative and Judicial Added to aggregate payroll increase assumption and used for Normal Cost calculation 	<u>Service</u>	<u>State & Teachers</u>	0	5.25%	5	2.75%	10	1.32%	15	0.53%	20	0.15%	25+	0.00%	<ul style="list-style-type: none"> MainePERS 2010 Experience Study assumption sample rates: <table border="1"> <thead> <tr> <th><u>Service</u></th> <th><u>State</u></th> <th><u>Teachers</u></th> </tr> </thead> <tbody> <tr><td>0</td><td>7.25%</td><td>10.25%</td></tr> <tr><td>5</td><td>2.75%</td><td>3.00%</td></tr> <tr><td>10</td><td>1.25%</td><td>1.75%</td></tr> <tr><td>15</td><td>0.70%</td><td>1.25%</td></tr> <tr><td>20</td><td>0.45%</td><td>0.45%</td></tr> <tr><td>25+</td><td>0.25%</td><td>0.25%</td></tr> </tbody> </table> 0.0% for Legislative 0.5% for Judicial Added to aggregate payroll increase assumption and used for Normal Cost calculation 	<u>Service</u>	<u>State</u>	<u>Teachers</u>	0	7.25%	10.25%	5	2.75%	3.00%	10	1.25%	1.75%	15	0.70%	1.25%	20	0.45%	0.45%	25+	0.25%	0.25%
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ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation				March 31, 2011 Valuation			
■ Healthcare Cost Increases State Employees and Ancillary Groups	Increase from Prior Year				Increase from Prior Year			
	<u>Year</u>	<u>HMO Choice</u>	<u>Year</u>	<u>Medicare Plan</u>	<u>Year</u>	<u>HMO Choice</u>	<u>Year</u>	<u>Medicare Plan</u>
	2010/11	Claim	2010	Premium	2010/11	n/a	2010	n/a
	2011/12	8.0%*	2011	10.5%	2011/12	0.0%*	2011	Premium
	2012/13	9.1%	2012	9.5%	2012/13	0.0%*	2012	9.4%
	2013/14	8.2%	2013	8.5%	2013/14	8.5%	2013	8.9%
	2014/15	7.3%	2014	7.5%	2014/15	8.0%	2014	8.3%
	2015/16	6.3%	2015	6.5%	2015/16	7.5%	2015	7.8%
	2016/17	5.4%	2016	5.5%	2016/17	7.0%	2016	7.2%
	2017/18+	4.5%	2017+	4.5%	2017/18	6.5%	2017	6.7%
					2018/19	6.0%	2018	6.1%
					2019/20	5.5%	2019	5.6%
					2020/21+	5.0%	2020+	5.0%

* State estimated 8% premium increases reflecting recently implemented cost-saving measures.

* LD 1043 caps non-Medicare premium increases to 0% for 2011/12 and 2012/13.



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation			March 31, 2011 Valuation				
■ Healthcare Cost Increases Teachers	Increase from Prior Year			Increase from Prior Year*				
		HMO <u>Choice</u>	Blue <u>Choice</u>	Medicare <u>Plan</u>		HMO <u>Choice</u>	Blue <u>Choice</u>	Medicare <u>Plan</u>
		<u>Year</u>				<u>Year</u>		
	2010/11	Premium	Premium	Premium	2010/11	N/A	N/A	N/A
	2011/12	10.0%*	10.0%*	10.5%	2011/12	Premium	Premium	Premium
	2012/13	9.1%	9.1%	9.5%	2012/13	9.0%	9.0%	9.4%
	2013/14	8.2%	8.2%	8.5%	2013/14	8.5%	8.5%	8.9%
	2014/15	7.3%	7.3%	7.5%	2014/15	8.0%	8.0%	8.3%
	2015/16	6.3%	6.3%	6.5%	2015/16	7.5%	7.5%	7.8%
	2016/17	5.4%	5.4%	5.5%	2016/17	7.0%	7.0%	7.2%
	2017/18	4.5%	4.5%	4.5%	2017/18	6.5%	6.5%	6.7%
		* State estimate			2018/19	6.0%	6.0%	6.1%
				2019/20	5.5%	5.5%	5.6%	
				2020/21+	5.0%	5.0%	5.0%	
				* LD 1043 caps State cost for Teachers non-Medicare premiums for 2011/12 and 2012/13 at the 2010/11 funding level. Multiplied State paid cash subsidy by 86.3% for 2012/13 so as not to exceed budgeted \$23 million.				



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																								
■ State Average Monthly Net Claims Cost	<ul style="list-style-type: none"> • Average HMO Choice net claims cost: <ul style="list-style-type: none"> ➢ Based on 2009 retiree claims ➢ Includes 1% load for stop/loss premium and admin expenses ➢ \$1,160 per month for retiree ➢ \$1,160 per month for spouse • Claims cost by age: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th align="center" colspan="3">HMO Choice Retiree Monthly Claims</th> </tr> <tr> <th align="center"><u>Age</u></th> <th align="center"><u>Male</u></th> <th align="center"><u>Female</u></th> </tr> </thead> <tbody> <tr> <td align="center">50</td> <td align="center">\$ 697</td> <td align="center">\$ 907</td> </tr> <tr> <td align="center">55</td> <td align="center">901</td> <td align="center">924</td> </tr> <tr> <td align="center">60</td> <td align="center">1,145</td> <td align="center">986</td> </tr> <tr> <td align="center">65</td> <td align="center">1,400</td> <td align="center">1,174</td> </tr> <tr> <td align="center">70</td> <td align="center">1,774</td> <td align="center">1,446</td> </tr> <tr> <td align="center">75</td> <td align="center">2,143</td> <td align="center">1,729</td> </tr> </tbody> </table> 	HMO Choice Retiree Monthly Claims			<u>Age</u>	<u>Male</u>	<u>Female</u>	50	\$ 697	\$ 907	55	901	924	60	1,145	986	65	1,400	1,174	70	1,774	1,446	75	2,143	1,729	<ul style="list-style-type: none"> • LD 1043 caps premium increases to 0% for 2011/12 and 2012/13 • Same claims costs assumed for 2011/12 and 2012/13 • Assumes implied subsidy does not change from 2010/11 through 2012/13
HMO Choice Retiree Monthly Claims																										
<u>Age</u>	<u>Male</u>	<u>Female</u>																								
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ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation		
■ State Relative Age-Related Claims Cost Factors	HMO Choice Retiree and Spouse			
	<u>Age</u> <u>Male</u> <u>Female</u>	<ul style="list-style-type: none"> • Same 		
	50-55		51%	71%
	55-60		66%	73%
	60-65		83%	80%
	65-70		100%	100%
	70-75		130%	122%
	75-80		151%	144%
	80-85		160%	160%
	<ul style="list-style-type: none"> • Used to allocate average net claims cost by age and gender 			



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation								
■ Mortality for Healthy Lives	<ul style="list-style-type: none"> • MainePERS 6/30/09 valuation report assumption <ul style="list-style-type: none"> ➢ State, Legislative & Judicial - 1994 Uninsured Pensioner Mortality Table (UP94) ➢ Teachers - 85% of UP94 				<ul style="list-style-type: none"> • MainePERS 2010 Experience Study assumption <ul style="list-style-type: none"> ➢ State, Legislative & Judicial - RP2000 projected to 2015 ➢ Teachers - RP2000 projected to 2015 setback 2-years 					
	<u>State</u>		<u>Teachers</u>		<u>State</u>		<u>Teachers</u>			
	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
	20	0.05%	0.03%	0.05%	0.03%	20	0.03%	0.01%	0.02%	0.02%
	25	0.07%	0.03%	0.06%	0.03%	25	0.03%	0.02%	0.03%	0.02%
	30	0.09%	0.04%	0.07%	0.03%	30	0.04%	0.02%	0.04%	0.02%
	35	0.09%	0.05%	0.08%	0.04%	35	0.07%	0.04%	0.06%	0.03%
	40	0.12%	0.08%	0.10%	0.06%	40	0.10%	0.06%	0.09%	0.05%
	45	0.17%	0.10%	0.14%	0.09%	45	0.12%	0.09%	0.11%	0.07%
	50	0.28%	0.15%	0.24%	0.13%	50	0.16%	0.13%	0.15%	0.11%
	55	0.48%	0.25%	0.40%	0.21%	55	0.27%	0.24%	0.22%	0.18%
	60	0.86%	0.48%	0.73%	0.41%	60	0.53%	0.47%	0.41%	0.36%
	65	1.56%	0.93%	1.33%	0.79%	65	1.03%	0.90%	0.81%	0.71%
	70	2.55%	1.48%	2.17%	1.25%	70	1.77%	1.56%	1.45%	1.25%



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
■ Mortality for Disabled Lives	• MainePERS 6/30/09 valuation report assumption	• Same
	<u>State & Teachers</u>	
	<u>Age</u>	<u>Male</u> <u>Female</u>
	25	0.92% 0.72%
	30	1.12% 0.89%
	35	1.34% 1.09%
	40	1.60% 1.26%
	45	1.93% 1.44%
	50	2.36% 1.65%
	55	2.95% 1.91%
	60	3.62% 2.26%
65	4.46% 2.72%	
70	5.76% 3.31%	



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
■ Termination	• MainePERS 6/30/09 valuation report assumption	• MainePERS 2010 Experience Study assumption
	<u>Service</u>	<u>State</u> <u>Teachers</u>
	0	30.0% 37.0%
	5	7.5% 12.5%
	10	4.4% 6.0%
	15	3.5% 4.5%
	20	2.0% 3.0%
	25+	2.0% 2.0%
	<u>Age</u>	<u>Legislative</u> <u>Judicial</u>
	25	7.0% 7.0%
	30	6.0% 6.0%
	35	5.0% 5.0%
	40	4.0% 4.0%
	45	3.0% 3.0%
	50	2.0% 2.0%
	55	1.0% 1.0%
	<u>Service</u>	<u>State</u> <u>Teachers</u>
	0	30.0% 37.0%
	5	7.5% 12.0%
	10	4.4% 6.9%
15	4.0% 5.5%	
20	4.0% 5.5%	
25+	4.0% 5.5%	
<u>Age</u>	<u>Legislative</u> <u>Judicial</u>	
25	7.0% 7.0%	
30	6.0% 6.0%	
35	5.0% 5.0%	
40	4.0% 4.0%	
45	3.0% 3.0%	
50	2.0% 2.0%	
55	1.0% 1.0%	



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation				March 31, 2011 Valuation				
■ Disability Incidence	• MainePERS 6/30/09 valuation report assumption				• MainePERS 2010 Experience Study assumption				
				Legislative				Legislative	
		<u>Age</u>	<u>State</u>	<u>Teachers</u>	<u>& Judicial</u>	<u>Age</u>	<u>State</u>	<u>Teachers</u>	<u>& Judicial</u>
		25	.07%	.05%	.06%	25	.07%	.04%	.06%
		30	.08%	.05%	.06%	30	.08%	.04%	.06%
		35	.10%	.05%	.07%	35	.10%	.04%	.07%
		40	.19%	.07%	.11%	40	.19%	.05%	.11%
		45	.28%	.16%	.22%	45	.28%	.12%	.22%
		50	.43%	.24%	.42%	50	.43%	.18%	.42%
		55	.81%	.33%	.72%	55	.53%	.25%	.72%
	60	1.19%	.42%	.00%	60	.63%	.31%	.00%	



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation					March 31, 2011 Valuation					
■ Service Retirement State Regular Plans and Teachers MainePERS Assumptions	• Interpolated MainePERS 6/30/09 valuation assumption					• MainePERS 2010 Experience Study assumption*					
			State		Teachers			State		Teachers	
		<u>Age</u>	<u>Tier I</u>	<u>Tier II</u>	<u>Tier I</u>	<u>Tier II</u>	<u>Age</u>	<u>Tier I</u>	<u>Tier II</u>	<u>Tier I</u>	<u>Tier II</u>
		45	2.8%	2.8%	1.8%	1.8%	45	1.0%	0.5%	1.8%	0.9%
		50	4.2%	4.2%	3.9%	3.9%	50	7.5%	3.8%	3.9%	2.0%
		55	10.3%	10.3%	10.6%	10.6%	55	7.5%	3.8%	10.6%	5.3%
		56	12.2%	11.4%	11.6%	10.4%	56	10.0%	5.0%	11.6%	5.8%
		57	13.6%	12.5%	12.9%	10.3%	57	14.0%	15.0%	12.9%	30.0%
		58	14.8%	13.7%	14.4%	10.1%	58	15.0%	15.0%	14.4%	30.0%
		59	20.0%	14.8%	15.6%	10.0%	59	23.0%	15.0%	20.0%	30.0%
		60	22.8%	14.8%	22.5%	10.0%	60	30.0%	20.0%	22.5%	30.0%
		61	13.3%	13.3%	13.9%	10.0%	61	30.0%	20.0%	23.0%	30.0%
		62	26.8%	25.0%	27.7%	25.0%	62	27.0%	25.0%	25.0%	30.0%
		63	20.2%	20.2%	22.4%	22.4%	63	27.0%	25.0%	26.0%	30.0%
		64	22.1%	22.1%	22.3%	22.3%	64	25.0%	25.0%	27.0%	30.0%
		65	47.8%	47.8%	48.5%	48.5%	65	25.0%	25.0%	30.0%	30.0%
		70	58.9%	58.9%	57.0%	57.0%	70	100%	100%	100%	100%

* Tier II rates estimated at 1/2 of Tier I rates for ages less than 57



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																																													
<ul style="list-style-type: none"> ■ Service Retirement State Regular Plans and Teachers OPEB Assumptions 	<ul style="list-style-type: none"> • MainePERS 6/30/09 valuation report assumption 	<ul style="list-style-type: none"> • Percentage of expected retirees per MainePERS Experience Study who defer retirement until NRA since no cash subsidy before NRA <table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;"><u>Age</u></td> <td style="text-align: right;"><u>Tier I</u></td> <td style="text-align: right;"><u>Tier II</u></td> </tr> <tr> <td style="text-align: right;">51</td> <td style="text-align: right;">2%</td> <td style="text-align: right;">0%</td> </tr> <tr> <td style="text-align: right;">52</td> <td style="text-align: right;">4%</td> <td style="text-align: right;">0%</td> </tr> <tr> <td style="text-align: right;">53</td> <td style="text-align: right;">6%</td> <td style="text-align: right;">4%</td> </tr> <tr> <td style="text-align: right;">54</td> <td style="text-align: right;">8%</td> <td style="text-align: right;">8%</td> </tr> <tr> <td style="text-align: right;">55</td> <td style="text-align: right;">10%</td> <td style="text-align: right;">12%</td> </tr> <tr> <td style="text-align: right;">56</td> <td style="text-align: right;">8%</td> <td style="text-align: right;">16%</td> </tr> <tr> <td style="text-align: right;">57</td> <td style="text-align: right;">6%</td> <td style="text-align: right;">20%</td> </tr> <tr> <td style="text-align: right;">58</td> <td style="text-align: right;">4%</td> <td style="text-align: right;">16%</td> </tr> <tr> <td style="text-align: right;">59</td> <td style="text-align: right;">2%</td> <td style="text-align: right;">12%</td> </tr> <tr> <td style="text-align: right;">60</td> <td style="text-align: right;">n/a</td> <td style="text-align: right;">8%</td> </tr> <tr> <td style="text-align: right;">61</td> <td style="text-align: right;">n/a</td> <td style="text-align: right;">4%</td> </tr> </table> <ul style="list-style-type: none"> • Percent of retirees deferring <table border="0" style="margin-left: 40px;"> <tr> <td></td> <td style="text-align: right;"><u>Tier I</u></td> <td style="text-align: right;"><u>Tier II</u></td> </tr> <tr> <td style="text-align: right;">State</td> <td style="text-align: right;">3%</td> <td style="text-align: right;">8%</td> </tr> <tr> <td style="text-align: right;">Teachers</td> <td style="text-align: right;">5%</td> <td style="text-align: right;">10%</td> </tr> </table> 	<u>Age</u>	<u>Tier I</u>	<u>Tier II</u>	51	2%	0%	52	4%	0%	53	6%	4%	54	8%	8%	55	10%	12%	56	8%	16%	57	6%	20%	58	4%	16%	59	2%	12%	60	n/a	8%	61	n/a	4%		<u>Tier I</u>	<u>Tier II</u>	State	3%	8%	Teachers	5%	10%
<u>Age</u>	<u>Tier I</u>	<u>Tier II</u>																																													
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State	3%	8%																																													
Teachers	5%	10%																																													



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
<ul style="list-style-type: none"> ■ Early Retirement State Regular Plans and Teachers OPEB Assumptions 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Increase retirement rates by 10% for Tier I and 5% for Tier II for ½ year for State and 1 year for Teachers from valuation date to reflect additional retirements before cash subsidy eliminated on 1/1/12 for State and 7/1/12 for Teachers
<ul style="list-style-type: none"> ■ Service Retirement Legislative and Judicial Plans 	<ul style="list-style-type: none"> • MainePERS 6/30/09 valuation report assumption • Legislative: Tier 1 - Age 60, Tier 2 - Age 62 • Judicial: Tier 1 - Age 60, Tier 2 - 50% per year starting at 62 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																																	
<ul style="list-style-type: none"> ■ Service Retirement State Special Plans 	<ul style="list-style-type: none"> • Same as State Regular Plans 	<ul style="list-style-type: none"> • MainePERS 6/30/10 valuation report assumption for all plans except 1998 Special Plan <ul style="list-style-type: none"> ➢ 50% per year once eligibility for unreduced benefits is reached • MainePERS 2010 Experience Study for 1998 Special Plan: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th><u>Age</u></th> <th><u>< 25 Yrs</u></th> <th><u>> 25 Yrs</u></th> </tr> </thead> <tbody> <tr><td>50</td><td>25%</td><td>25%</td></tr> <tr><td>55</td><td>25%</td><td>25%</td></tr> <tr><td>59</td><td>25%</td><td>25%</td></tr> <tr><td>60</td><td>25%</td><td>50%</td></tr> <tr><td>61</td><td>25%</td><td>50%</td></tr> <tr><td>62</td><td>25%</td><td>50%</td></tr> <tr><td>63</td><td>25%</td><td>50%</td></tr> <tr><td>64</td><td>25%</td><td>50%</td></tr> <tr><td>65</td><td>25%</td><td>50%</td></tr> <tr><td>70</td><td>25%</td><td>100%</td></tr> </tbody> </table> 	<u>Age</u>	<u>< 25 Yrs</u>	<u>> 25 Yrs</u>	50	25%	25%	55	25%	25%	59	25%	25%	60	25%	50%	61	25%	50%	62	25%	50%	63	25%	50%	64	25%	50%	65	25%	50%	70	25%	100%
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ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation																														
<ul style="list-style-type: none"> ■ Expected Retirement Age MainePERS Assumptions 	<table border="1" style="margin-left: 20px;"> <thead> <tr> <th><u>Group</u></th> <th><u>Hire</u></th> <th><u>ERA</u></th> </tr> </thead> <tbody> <tr><td>State Tier 1</td><td>23</td><td>57</td></tr> <tr><td>State Tier 2</td><td>35</td><td>63</td></tr> <tr><td>Teachers Tier 1</td><td>25</td><td>59</td></tr> <tr><td>Teachers Tier 2</td><td>30</td><td>61</td></tr> </tbody> </table>	<u>Group</u>	<u>Hire</u>	<u>ERA</u>	State Tier 1	23	57	State Tier 2	35	63	Teachers Tier 1	25	59	Teachers Tier 2	30	61	<table border="1" style="margin-left: 20px;"> <thead> <tr> <th><u>Group</u></th> <th><u>Hire</u></th> <th><u>ERA</u></th> </tr> </thead> <tbody> <tr><td>State Tier 1</td><td>23</td><td>56</td></tr> <tr><td>State Tier 2</td><td>35</td><td>63</td></tr> <tr><td>Teachers Tier 1</td><td>25</td><td>58</td></tr> <tr><td>Teachers Tier 2</td><td>30</td><td>60</td></tr> </tbody> </table>	<u>Group</u>	<u>Hire</u>	<u>ERA</u>	State Tier 1	23	56	State Tier 2	35	63	Teachers Tier 1	25	58	Teachers Tier 2	30	60
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<ul style="list-style-type: none"> ■ Medicare Eligible Rate 	<ul style="list-style-type: none"> • Future retirees: <ul style="list-style-type: none"> ➢ Hired < 4/1/86 - 75% ➢ Hired ≥ 4/1/86 - 100% • Current retirees < 65 - 87.5% • Current retirees ≥ 65 - 75% 	<ul style="list-style-type: none"> • Same 																														
<ul style="list-style-type: none"> ■ Medical Plan at Retirement 	<ul style="list-style-type: none"> • Medicare eligible: <ul style="list-style-type: none"> ➢ Current plan election < 65 ➢ Medicare plan ≥ 65 • Non Medicare eligible <ul style="list-style-type: none"> ➢ Current plan election • State employees have one plan option 	<ul style="list-style-type: none"> • Same 																														



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
<ul style="list-style-type: none"> ■ Coverage Election at Retirement 	<ul style="list-style-type: none"> • Current coverage election 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Participation at Retirement 	<ul style="list-style-type: none"> • State - 95% for future retirees and 20% for surviving spouses • Teachers - 75% for future retirees 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Marital Status 	<ul style="list-style-type: none"> • Based on current coverage election 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Spouse Age 	<ul style="list-style-type: none"> • Current actives - males 3 years older than females • Current retirees - males 3 years older than females, no retiree spouse birth dates provided 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
<ul style="list-style-type: none"> ■ Ineligible Teachers 	<ul style="list-style-type: none"> • Ineligible Teachers assumed equal to 10% of all Teachers • 1/3 of ineligible Teachers assumed to receive State contribution at retirement • Assumption per State 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	March 31, 2010 Valuation	March 31, 2011 Valuation
<p>■ Data Assumptions</p>	<ul style="list-style-type: none"> • 827 State employees and 7,253 Teachers missing hire dates – Average service by age group • Ineligible State elected officials – Assume none in data • Active employees with waived health insurance coverage – Small group per State and not included in valuation • Maine School Management Association (Aetna insurance) - Claims data not provided by State and not included in valuation 	<ul style="list-style-type: none"> • Same



DEFINITIONS

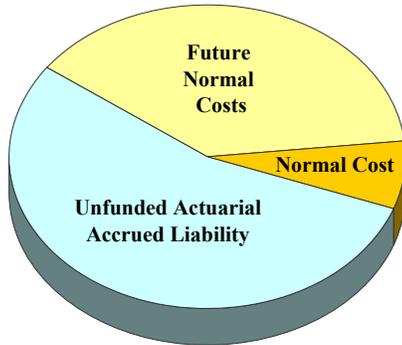
<p>■ GASB 45 Accrual Accounting</p>	<ul style="list-style-type: none"> • Project future employer-provided benefit cash flows for current active employees and current retirees • Discount projected cash flow to valuation date using discount rate (assumed return on assets used to pay benefits) and other actuarial assumptions to determine present value of projected future benefits (PVB) • Allocate PVB to past, current, and future periods using the actuarial cost method • Actuarial cost method used for this valuation is the Entry Age Normal Cost method which determines Normal Cost as a level percentage of payroll (same method used by MainePERS) • Normal Cost is amount allocated to current fiscal year • Actuarial Accrued Liability (AAL) is amount allocated to prior service with employer • Unfunded AAL (UAAL) is AAL less plan assets pre-funded in a segregated and restricted trust
<p>■ PayGo Cost</p>	<ul style="list-style-type: none"> • Cash subsidy is the pay-as-you-go employer benefit payments for retirees • Implied subsidy is the difference between the actual cost of retiree benefits and retiree premiums subsidized by active employee premiums



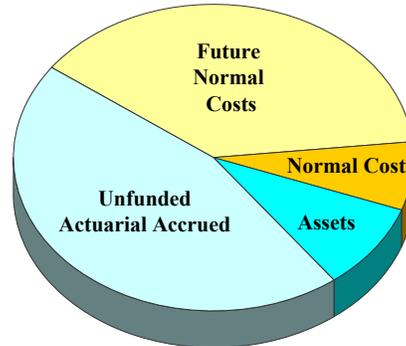
DEFINITIONS

Present Value of Benefits

**Present Value of Benefits
(Without Plan Assets)**



**Present Value of Benefits
(With Plan Assets)**



DEFINITIONS

<p>■ Annual Required Contribution (ARC)</p>	<ul style="list-style-type: none"> ● “Required contribution” for the current period including: <ul style="list-style-type: none"> ➢ Normal Cost ➢ Amortization of: <ul style="list-style-type: none"> - Initial UAAL - AAL for plan, assumption, and method changes - Experience gains/losses (difference between expected and actual) - Contribution gains/losses (difference between ARC and contributions) ● ARC in excess of pay-as-you-go costs not required to be funded
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> ● Net OPEB Obligation is the accumulated amounts expensed but not funded ● Net OPEB Asset if amounts funded exceed those expensed
<p>■ Annual OPEB Cost (AOC)</p>	<ul style="list-style-type: none"> ● Expense for the current period including: <ul style="list-style-type: none"> ➢ ARC ➢ Interest on NOO ➢ Adjustment of NOO ● NOO adjustment prevents double counting of expense since ARCs include an amortization of prior contribution gains/losses previously expensed

