



STATE OF MAINE
STATE AND TEACHERS RETIREE HEALTHCARE PLAN

June 30, 2015 Interim Actuarial Valuation
Final Valuation Results

Bartel Associates, LLC
John E. Bartel, President
Joseph R. D'Onofrio, Assistant Vice President
Catherine A. Wandro, Assistant Vice President
January 14, 2016

CONTENTS

<u>Topic</u>	<u>Page</u>
Benefit Summary	1
Funding Policy & Benefit Commitment	5
Data Summary	9
State Plan Assets	11
Assumptions Highlights	17
State Employees Results	21
Teachers Results	29
Maine Educational Center for the Deaf and Hard of Hearing Results	37
Northern New England Passenger Rail Authority Results	45
Issues	53
Actuarial Certification	54
Exhibits	55



BENEFIT SUMMARY

■ Eligibility

- **MainePERS normal retirement:**
 - **Regular Plan:**
 - Normal retirement age and 1 year of service¹:
 - 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 receive full benefits²**

¹ Service as used in this section is MainePERS credit service.

² Substantive plan per State.



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> ³	% Retiree <u>Premium</u>	Years in <u>Medical</u> ³	% 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%		

- **Percent of retiree premium above based on:**
 - Single rate for single and employee + child(ren) coverage
 - 50% of 2-party rate for 2-party and family coverage
- **No 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**

³ Continuous years of group health plan participation before retirement.



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 + child(ren) 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
<ul style="list-style-type: none"> ■ Self-Pay 	<ul style="list-style-type: none"> ● Retirees eligible for State cash subsidy can pay additional premium for spouses and dependents ● 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"> ■ Waived Retirees 	<ul style="list-style-type: none"> ● Waived retirees not allowed to rejoin medical plan
<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



January 14, 2016



BENEFIT SUMMARY

<ul style="list-style-type: none"> ■ Pay-As-You-Go Cost (000's) 	<ul style="list-style-type: none"> ● Benefit payments (excluding administrative expenses): <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;"><u>Year</u></th> <th colspan="3" style="text-align: center;"><u>State Employees</u></th> <th style="text-align: center;"><u>Teachers</u></th> <th style="text-align: center;"><u>Cash Source</u></th> </tr> <tr> <th style="text-align: center;"><u>Cash</u></th> <th style="text-align: center;"><u>IS</u></th> <th style="text-align: center;"><u>Total</u></th> <th style="text-align: center;"><u>Cash</u></th> <th></th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td style="text-align: right;">\$48,921</td> <td style="text-align: right;">\$14,000</td> <td style="text-align: right;">\$62,921</td> <td style="text-align: right;">\$26,402</td> <td style="text-align: center;">State</td> </tr> <tr> <td>2013/14</td> <td style="text-align: right;">47,932</td> <td style="text-align: right;">15,000</td> <td style="text-align: right;">62,932</td> <td style="text-align: right;">25,241</td> <td style="text-align: center;">State</td> </tr> <tr> <td>2012/13</td> <td style="text-align: right;">51,988</td> <td style="text-align: right;">14,000</td> <td style="text-align: right;">65,988</td> <td style="text-align: right;">24,950</td> <td style="text-align: center;">State</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;"><u>Maine Educational Center for the Deaf and Hard of Hearing</u></th> <th style="text-align: center;"><u>Cash Source</u></th> </tr> <tr> <th style="text-align: left;"><u>Year</u></th> <th style="text-align: center;"><u>Cash</u></th> <th style="text-align: center;"><u>IS</u></th> <th style="text-align: center;"><u>Total</u></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td style="text-align: right;">\$91</td> <td style="text-align: right;">\$54</td> <td style="text-align: right;">\$145</td> <td></td> <td style="text-align: center;">State</td> </tr> <tr> <td>2013/14</td> <td style="text-align: right;">98</td> <td style="text-align: right;">27</td> <td style="text-align: right;">125</td> <td></td> <td style="text-align: center;">State</td> </tr> <tr> <td>2012/13</td> <td style="text-align: right;">97</td> <td style="text-align: right;">30</td> <td style="text-align: right;">127</td> <td></td> <td style="text-align: center;">State</td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5" style="text-align: center;"><u>Northern New England Passenger Rail Authority</u></th> <th style="text-align: center;"><u>Cash Source</u></th> </tr> <tr> <th style="text-align: left;"><u>Year</u></th> <th style="text-align: center;"><u>Cash</u></th> <th style="text-align: center;"><u>IS</u></th> <th style="text-align: center;"><u>Total</u></th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td style="text-align: right;">\$7</td> <td style="text-align: right;">\$0</td> <td style="text-align: right;">\$7</td> <td></td> <td style="text-align: center;">State</td> </tr> <tr> <td>2013/14</td> <td style="text-align: right;">5</td> <td style="text-align: right;">0</td> <td style="text-align: right;">5</td> <td></td> <td style="text-align: center;">State</td> </tr> <tr> <td>2012/13</td> <td style="text-align: right;">8</td> <td style="text-align: right;">0</td> <td style="text-align: right;">8</td> <td></td> <td style="text-align: center;">NNEPRA</td> </tr> </tbody> </table>	<u>Year</u>	<u>State Employees</u>			<u>Teachers</u>	<u>Cash Source</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>	<u>Cash</u>		2014/15	\$48,921	\$14,000	\$62,921	\$26,402	State	2013/14	47,932	15,000	62,932	25,241	State	2012/13	51,988	14,000	65,988	24,950	State	<u>Maine Educational Center for the Deaf and Hard of Hearing</u>					<u>Cash Source</u>	<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>			2014/15	\$91	\$54	\$145		State	2013/14	98	27	125		State	2012/13	97	30	127		State	<u>Northern New England Passenger Rail Authority</u>					<u>Cash Source</u>	<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>			2014/15	\$7	\$0	\$7		State	2013/14	5	0	5		State	2012/13	8	0	8		NNEPRA
<u>Year</u>	<u>State Employees</u>			<u>Teachers</u>	<u>Cash Source</u>																																																																																					
	<u>Cash</u>	<u>IS</u>	<u>Total</u>	<u>Cash</u>																																																																																						
2014/15	\$48,921	\$14,000	\$62,921	\$26,402	State																																																																																					
2013/14	47,932	15,000	62,932	25,241	State																																																																																					
2012/13	51,988	14,000	65,988	24,950	State																																																																																					
<u>Maine Educational Center for the Deaf and Hard of Hearing</u>					<u>Cash Source</u>																																																																																					
<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>																																																																																							
2014/15	\$91	\$54	\$145		State																																																																																					
2013/14	98	27	125		State																																																																																					
2012/13	97	30	127		State																																																																																					
<u>Northern New England Passenger Rail Authority</u>					<u>Cash Source</u>																																																																																					
<u>Year</u>	<u>Cash</u>	<u>IS</u>	<u>Total</u>																																																																																							
2014/15	\$7	\$0	\$7		State																																																																																					
2013/14	5	0	5		State																																																																																					
2012/13	8	0	8		NNEPRA																																																																																					



January 14, 2016



FUNDING POLICY & BENEFIT COMMITMENT

State Employees State Funding Policy

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

Fiscal Year	Prefunding Trust 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)
2013/14	PayGo + 50% x (ARC – PayGo)
2014/15	PayGo + 60% x (ARC – PayGo)
2015/16	PayGo + 70% x (ARC – PayGo)
2016/17	PayGo + 80% x (ARC – PayGo)
2017/18	PayGo + 90% x (ARC – PayGo)
2018/19+	100% of ARC



FUNDING POLICY & BENEFIT COMMITMENT

State Employees State Funding Policy

- Benefit payments paid from State Cash Pool until 2027
- Amortization (Public Law 368 §H-2 amending Title 5 MRSA §286-B):
 - Experience gains & losses amortized over fixed 10-year periods
 - Contribution losses amortized over fixed 10-year periods
 - Assumption changes amortized over fixed 22-year periods from 6/30/15
 - Plan changes amortized over fixed 22-year periods from 6/30/15

State Employees State Benefit Commitment

- Public Law Chapter 368 §H-1: “The total premium increase for active and retired state employee health insurance is capped at the fiscal year 2010-11 funding level for the fiscal years ending June 30, 2012 and June 30, 2013. The total premium increase for the fiscal years ending June 30, 2014 and June 30, 2015 is limited to no more than 1.5 percentage points per year. The total premium increase for fiscal years ending after June 30, 2015 is limited to no more than any percentage increase in the Consumer Price Index as defined in section 17001, subsection 9 plus 3%.”



FUNDING POLICY & BENEFIT COMMITMENT

Teachers State Funding Policy

- Phase into full ARC funding over an 8-year period beginning with 2015/16:

Fiscal Year	Prefunding Trust Contribution
Prior to 2013/14	PayGo
2013/14	PayGo (\$24 million per LD 1509)
2014/15	PayGo (\$26 million per LD 1509)
2015/16	PayGo + 12.5% x (ARC – PayGo)
2016/17	PayGo + 25.0% x (ARC – PayGo)
2017/18	PayGo + 37.5% x (ARC – PayGo)
2018/19	PayGo + 50.0% x (ARC – PayGo)
2019/20	PayGo + 62.5% x (ARC – PayGo)
2020/21	PayGo + 75.0% x (ARC – PayGo)
2021/22	PayGo + 87.5% x (ARC – PayGo)
2022/23+	100% of ARC



FUNDING POLICY & BENEFIT COMMITMENT

Teachers State Funding Policy

- Benefit payments assumed paid from State Cash Pool until at least 2023
- Amortization (Public Law 368 §H-2 amending Title 5 MRSA §286-B):
 - Experience gains & losses amortized over fixed 15-year periods
 - Contribution losses amortized over fixed 15-year periods
 - Assumption changes amortized over fixed 22-year periods from 6/30/15
 - Plan changes amortized over fixed 22-year periods from 6/30/15

Teachers State Benefit Commitment

- Public Law Chapter 368 §H-3: “For fiscal years ending June 30, 2012, June 30, 2013, June 30, 2014, and June 30, 2015, the State’s total cost for retired teachers’ health insurance premiums is budgeted at the fiscal years 2010-11 funding level adjusted for projected membership growth. The increase in the State’s total cost for retired teachers’ health insurance premiums for fiscal years ending after June 30, 2015 is budgeted at no more than any percentage increase in the Consumer Price Index as defined in Title 5, section 17001, subsection 9 plus 3%.”



DATA SUMMARY

Participant Statistics
June 30, 2014

	State Employees ⁴	Teachers ⁵	Maine Educational Center for the Deaf ⁶	Northern New England Passenger Rail Authority ⁷
■ Actives				
• Count	12,416	27,733	70	7
• Average Age	47.9	46.5	46.6	45.5
• Average Service	14.0	15.3	12.1	7.3
• Average Pay	\$43,758	\$39,886	\$42,130	\$63,327
• Total Payroll (\$000's)	543,300	1,106,167	2,949	443
■ Retirees				
• Count	11,056	9,933	36	2
• Average Age	71.5	70.9	69.6	71.4

⁴ Includes 181 Legislative and 60 Judicial active employees and 89 Legislative and 54 Judicial retirees.

⁵ Average age assumed for 1 retiree with missing birth date.

⁶ Actives exclude substitute teachers not eligible for the retiree healthcare plan benefit. Actives include 10 employees who waived coverage.

⁷ Actives include 1 employee who waived coverage.



DATA SUMMARY

Active Participant Statistics by Tier
State Employees and Teachers
June 30, 2014

	State Employees ⁸				Teachers			
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Total</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Total</u>
■ Actives								
• Counts								
➤ Covered	637	5,548	3,480	9,665	1,563	11,551	5,616	18,730
➤ Waived	<u>20</u>	<u>233</u>	<u>705</u>	<u>958</u>	<u>226</u>	<u>3,043</u>	<u>5,734</u>	<u>9,003</u>
➤ Total	657	5,781	4,185	10,623	1,789	14,594	11,350	27,733
• Tier Percent	6%	55%	39%	100%	6%	53%	41%	100%
• Waived Percent	3%	4%	17%	9%	13%	21%	51%	32%
• Average Age	59.3	52.1	42.2	48.6	60.0	50.5	39.4	46.5
• Average Service	35.6	18.7	4.7	14.2	34.7	19.9	6.4	15.3

⁸ Excludes 1,793 State employees in Special Plans.



STATE PLAN ASSETS

State Employees Trust Fund – Market Value of Assets (MVA)

(Amounts in Thousands)

Market Value of Assets	2011/12	2012/13	2013/14	2014/15
■ Market Value at Beginning of Year	\$133,007	\$139,897	\$160,350	\$189,829
• Adjustment	0	0	8	4
• Prefunding Contributions	6,000	1,840 ⁹	0	1,585 ¹⁰
• State Paygo Contributions	44,607	51,988	47,932	48,921
• Investment Return	1,001	18,754	29,618	5,465
• State Paygo Benefit Payments	(44,607)	(51,988)	(47,932)	(48,921)
• Investment Expenses	(42)	(47)	(53)	(59)
• Administrative Expenses	(69)	(94)	(94)	(118)
■ Market Value at End of Year	139,897	160,350	189,829	196,705
■ Approximate Net Return	0.7%	13.3%	18.4%	2.8%

⁹ Contribution receivable as of 6/30/13.

¹⁰ Contribution receivable as of 6/30/15.



January 14, 2016



STATE PLAN ASSETS

State Employees Trust Fund – Actuarial Value of Assets (AVA)

(Amounts in Thousands)

Actuarial Value of Assets	2011/12	2012/13	2013/14	2014/15
■ Actuarial Value at Beginning of Year	\$120,146	\$135,865	\$150,114	\$166,764
• Contributions	50,765	54,184	47,932	50,506
• Benefit Payments	(44,765)	(52,344)	(47,932)	(48,921)
• Expected Investment Return	8,711	9,850	10,883	12,090
■ Expected AVA at End of Year	134,857	147,555	160,998	180,439
■ Market Value at End of Year	139,897	160,350	189,829	196,705
■ MVA - Expected AVA	5,040	12,795	28,831	16,266
■ 1/5 of (MVA - Expected AVA)	1,008	2,559	5,766	3,253
■ Preliminary AVA	135,865	150,114	166,764	183,692
■ Minimum AVA (80% of MVA)	111,918	128,280	151,863	157,364
■ Maximum AVA (120% of MVA)	167,876	192,420	227,795	236,046
■ Actuarial Value at End of Year	135,865	150,114	166,764	183,692
■ AVA Net Return	8.1%	9.1%	11.1%	9.2%
■ AVA/MVA	97.1%	93.6%	87.8%	93.4%

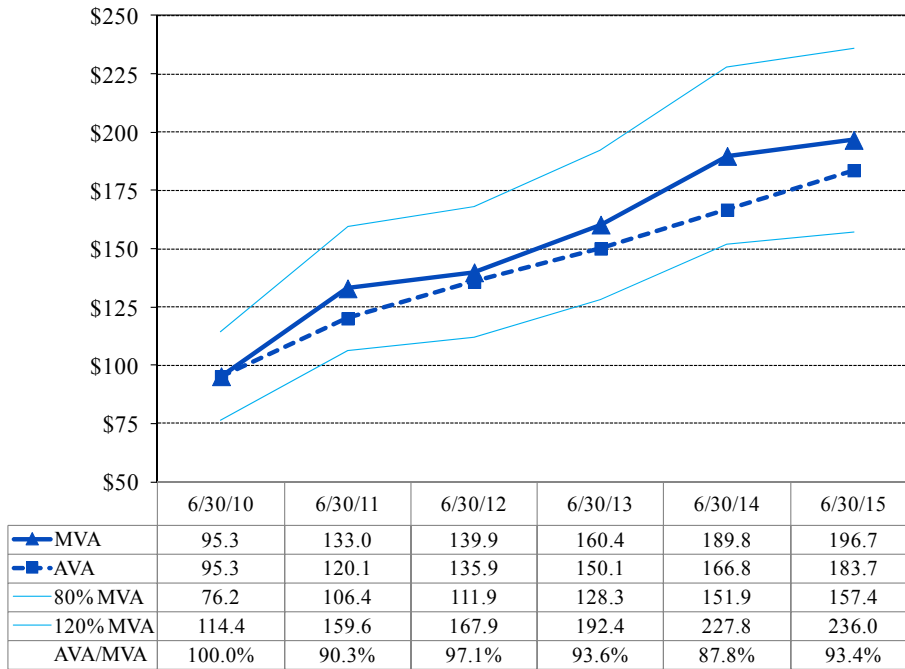


January 14, 2016



STATE PLAN ASSETS

Historical Plan Assets (Amounts in Millions)



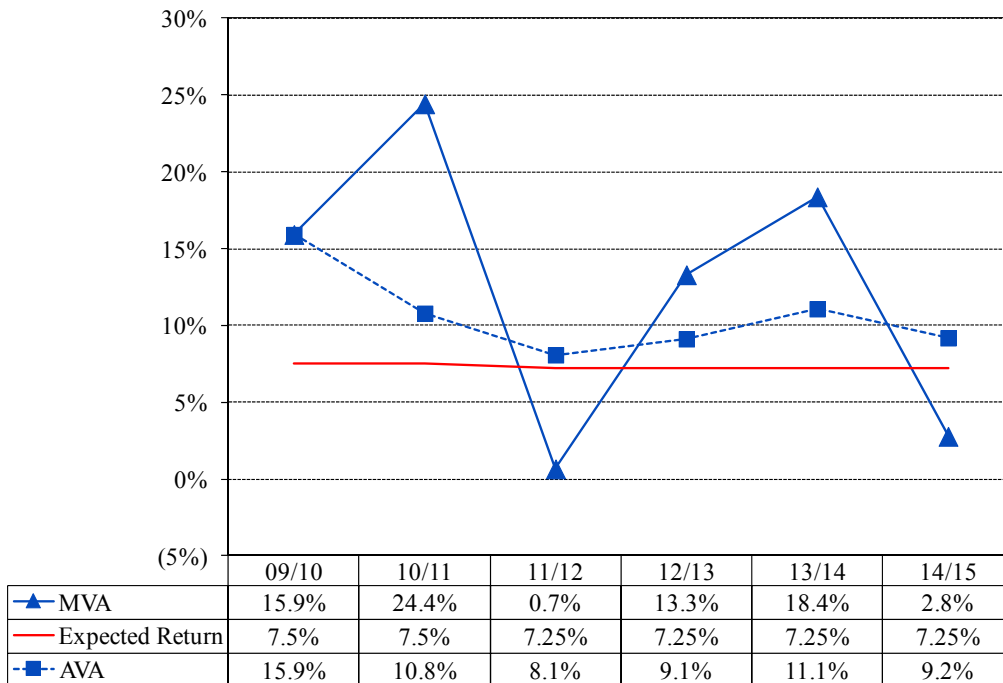
January 14, 2016

13



STATE PLAN ASSETS

Historical Asset Returns



January 14, 2016

14



STATE PLAN ASSETS

Asset Allocation
(Amounts in Thousands)

Asset Class	Target Allocation	6/30/15 Actual Allocation	
■ US Equity	45%	\$94,875	48%
■ International Equity	25%	44,304	23%
■ US Fixed Income	25%	46,683	24%
■ Real Estate	5%	9,391	5%
■ Cash	0%	0	0%
■ Total	100%	195,253 ¹¹	100%

¹¹ Differs from market value of plan assets of \$196,705 which includes a \$118 liability, \$15 in accrued investment management fees, and a contribution receivable of \$1,585.



STATE PLAN ASSETS



This page intentionally blank



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • June 30, 2014 • Full valuation • 6/30/14 AAL and UAAL • 2014/15 and 2015/16 ARCs for reporting purposes 	<ul style="list-style-type: none"> • June 30, 2015 • Interim valuation • 6/30/15 AAL and UAAL • 2015/16 ARC for internal use and projection purposes
■ Valuation Data	<ul style="list-style-type: none"> • 6/30/14 census data • 6/30/14 assets • 2014/15 premiums 	<ul style="list-style-type: none"> • 6/30/14 census data • 6/30/15 assets • 2015/16 premiums
■ Discount Rate Basis	<ul style="list-style-type: none"> • No pre-funding rate - 4.00% • Full pre-funding rate - 7.25% 	<ul style="list-style-type: none"> • Same



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																																
■ Discount Rate State Employees	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <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;">2014/15</td> <td style="text-align: center;">5.95%</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.28%</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.60%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.93%</td> </tr> <tr> <td style="text-align: center;">2018/19+</td> <td style="text-align: center;">7.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	2014/15	5.95%	2015/16	6.28%	2016/17	6.60%	2017/18	6.93%	2018/19+	7.25%	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <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;">2014/15</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.28%</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.60%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.93%</td> </tr> <tr> <td style="text-align: center;">2018/19+</td> <td style="text-align: center;">7.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	2014/15	n/a	2015/16	6.28%	2016/17	6.60%	2017/18	6.93%	2018/19+	7.25%																								
<u>Year</u>	<u>Rate</u>																																																	
2014/15	5.95%																																																	
2015/16	6.28%																																																	
2016/17	6.60%																																																	
2017/18	6.93%																																																	
2018/19+	7.25%																																																	
<u>Year</u>	<u>Rate</u>																																																	
2014/15	n/a																																																	
2015/16	6.28%																																																	
2016/17	6.60%																																																	
2017/18	6.93%																																																	
2018/19+	7.25%																																																	
■ Discount Rate Teachers	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="margin-left: 40px; 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;">2014/15</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">6.03%</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">4.41%</td> <td style="text-align: center;">2020/21</td> <td style="text-align: center;">6.44%</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">4.81%</td> <td style="text-align: center;">2021/22</td> <td style="text-align: center;">6.84%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">5.22%</td> <td style="text-align: center;">2022/23+</td> <td style="text-align: center;">7.25%</td> </tr> <tr> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">5.63%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2014/15	4.00%	2019/20	6.03%	2015/16	4.41%	2020/21	6.44%	2016/17	4.81%	2021/22	6.84%	2017/18	5.22%	2022/23+	7.25%	2018/19	5.63%			<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table style="margin-left: 40px; 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;">2014/15</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">6.03%</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">4.41%</td> <td style="text-align: center;">2020/21</td> <td style="text-align: center;">6.44%</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">4.81%</td> <td style="text-align: center;">2021/22</td> <td style="text-align: center;">6.84%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">5.22%</td> <td style="text-align: center;">2022/23+</td> <td style="text-align: center;">7.25%</td> </tr> <tr> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">5.63%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2014/15	n/a	2019/20	6.03%	2015/16	4.41%	2020/21	6.44%	2016/17	4.81%	2021/22	6.84%	2017/18	5.22%	2022/23+	7.25%	2018/19	5.63%		
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>																																															
2014/15	4.00%	2019/20	6.03%																																															
2015/16	4.41%	2020/21	6.44%																																															
2016/17	4.81%	2021/22	6.84%																																															
2017/18	5.22%	2022/23+	7.25%																																															
2018/19	5.63%																																																	
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>																																															
2014/15	n/a	2019/20	6.03%																																															
2015/16	4.41%	2020/21	6.44%																																															
2016/17	4.81%	2021/22	6.84%																																															
2017/18	5.22%	2022/23+	7.25%																																															
2018/19	5.63%																																																	



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																																																								
■ Discount Rate Ancillary Groups	<ul style="list-style-type: none"> 4.0% 	<ul style="list-style-type: none"> Same 																																																																								
■ Healthcare Cost Increases State Employees and Ancillary Groups	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Increase from Prior Year</th> </tr> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;">HMO <u>Choice</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;">Medicare <u>Plan</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">Premium</td> <td style="text-align: center;">2014</td> <td style="text-align: center;">Premium</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2015</td> <td style="text-align: center;">7.8%</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2016</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2017</td> <td style="text-align: center;">6.7%</td> </tr> <tr> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2018</td> <td style="text-align: center;">6.1%</td> </tr> <tr> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">2019</td> <td style="text-align: center;">5.6%</td> </tr> <tr> <td style="text-align: center;">2020/21+</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">2020+</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> HMO Choice premium increases for fiscal years ending after 6/30/15 limited to CPI plus 3% per Public Law Chapter 368 §H-1 	Increase from Prior Year				<u>Year</u>	HMO <u>Choice</u>	<u>Year</u>	Medicare <u>Plan</u>	2014/15	Premium	2014	Premium	2015/16	6.0%	2015	7.8%	2016/17	6.0%	2016	7.2%	2017/18	6.0%	2017	6.7%	2018/19	6.0%	2018	6.1%	2019/20	5.5%	2019	5.6%	2020/21+	5.0%	2020+	5.0%	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Increase from Prior Year</th> </tr> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;">HMO <u>Choice</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;">Medicare <u>Plan</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">2014</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">Premium</td> <td style="text-align: center;">2015</td> <td style="text-align: center;">Premium</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2016</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2017</td> <td style="text-align: center;">6.7%</td> </tr> <tr> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">2018</td> <td style="text-align: center;">6.1%</td> </tr> <tr> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">2019</td> <td style="text-align: center;">5.6%</td> </tr> <tr> <td style="text-align: center;">2020/21+</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">2020+</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> HMO Choice premium increases for fiscal years ending after 6/30/15 limited to CPI plus 3% per Public Law Chapter 368 §H-1 	Increase from Prior Year				<u>Year</u>	HMO <u>Choice</u>	<u>Year</u>	Medicare <u>Plan</u>	2014/15	n/a	2014	n/a	2015/16	Premium	2015	Premium	2016/17	6.0%	2016	7.2%	2017/18	6.0%	2017	6.7%	2018/19	6.0%	2018	6.1%	2019/20	5.5%	2019	5.6%	2020/21+	5.0%	2020+	5.0%
Increase from Prior Year																																																																										
<u>Year</u>	HMO <u>Choice</u>	<u>Year</u>	Medicare <u>Plan</u>																																																																							
2014/15	Premium	2014	Premium																																																																							
2015/16	6.0%	2015	7.8%																																																																							
2016/17	6.0%	2016	7.2%																																																																							
2017/18	6.0%	2017	6.7%																																																																							
2018/19	6.0%	2018	6.1%																																																																							
2019/20	5.5%	2019	5.6%																																																																							
2020/21+	5.0%	2020+	5.0%																																																																							
Increase from Prior Year																																																																										
<u>Year</u>	HMO <u>Choice</u>	<u>Year</u>	Medicare <u>Plan</u>																																																																							
2014/15	n/a	2014	n/a																																																																							
2015/16	Premium	2015	Premium																																																																							
2016/17	6.0%	2016	7.2%																																																																							
2017/18	6.0%	2017	6.7%																																																																							
2018/19	6.0%	2018	6.1%																																																																							
2019/20	5.5%	2019	5.6%																																																																							
2020/21+	5.0%	2020+	5.0%																																																																							



ASSUMPTIONS HIGHLIGHTS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																																																								
■ Healthcare Cost Increases Teachers	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Increase from Prior Year</th> </tr> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;">HMO <u>Choice</u></th> <th style="text-align: center;">Blue <u>Choice</u></th> <th style="text-align: center;">Medicare <u>Plan</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">Premium</td> <td style="text-align: center;">Premium</td> <td style="text-align: center;">Premium</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">7.5%</td> <td style="text-align: center;">7.5%</td> <td style="text-align: center;">7.8%</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.5%</td> <td style="text-align: center;">6.5%</td> <td style="text-align: center;">6.7%</td> </tr> <tr> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">6.1%</td> </tr> <tr> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">5.6%</td> </tr> <tr> <td style="text-align: center;">2020/21+</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>	Increase from Prior Year				<u>Year</u>	HMO <u>Choice</u>	Blue <u>Choice</u>	Medicare <u>Plan</u>	2014/15	Premium	Premium	Premium	2015/16	7.5%	7.5%	7.8%	2016/17	7.0%	7.0%	7.2%	2017/18	6.5%	6.5%	6.7%	2018/19	6.0%	6.0%	6.1%	2019/20	5.5%	5.5%	5.6%	2020/21+	5.0%	5.0%	5.0%	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4" style="text-align: center;">Increase from Prior Year</th> </tr> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;">HMO <u>Choice</u></th> <th style="text-align: center;">Blue <u>Choice</u></th> <th style="text-align: center;">Medicare <u>Plan</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2014/15</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> <td style="text-align: center;">n/a</td> </tr> <tr> <td style="text-align: center;">2015/16</td> <td style="text-align: center;">Premium</td> <td style="text-align: center;">Premium</td> <td style="text-align: center;">Premium</td> </tr> <tr> <td style="text-align: center;">2016/17</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">7.0%</td> <td style="text-align: center;">7.2%</td> </tr> <tr> <td style="text-align: center;">2017/18</td> <td style="text-align: center;">6.5%</td> <td style="text-align: center;">6.5%</td> <td style="text-align: center;">6.7%</td> </tr> <tr> <td style="text-align: center;">2018/19</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">6.1%</td> </tr> <tr> <td style="text-align: center;">2019/20</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">5.5%</td> <td style="text-align: center;">5.6%</td> </tr> <tr> <td style="text-align: center;">2020/21+</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">5.0%</td> </tr> </tbody> </table>	Increase from Prior Year				<u>Year</u>	HMO <u>Choice</u>	Blue <u>Choice</u>	Medicare <u>Plan</u>	2014/15	n/a	n/a	n/a	2015/16	Premium	Premium	Premium	2016/17	7.0%	7.0%	7.2%	2017/18	6.5%	6.5%	6.7%	2018/19	6.0%	6.0%	6.1%	2019/20	5.5%	5.5%	5.6%	2020/21+	5.0%	5.0%	5.0%
Increase from Prior Year																																																																										
<u>Year</u>	HMO <u>Choice</u>	Blue <u>Choice</u>	Medicare <u>Plan</u>																																																																							
2014/15	Premium	Premium	Premium																																																																							
2015/16	7.5%	7.5%	7.8%																																																																							
2016/17	7.0%	7.0%	7.2%																																																																							
2017/18	6.5%	6.5%	6.7%																																																																							
2018/19	6.0%	6.0%	6.1%																																																																							
2019/20	5.5%	5.5%	5.6%																																																																							
2020/21+	5.0%	5.0%	5.0%																																																																							
Increase from Prior Year																																																																										
<u>Year</u>	HMO <u>Choice</u>	Blue <u>Choice</u>	Medicare <u>Plan</u>																																																																							
2014/15	n/a	n/a	n/a																																																																							
2015/16	Premium	Premium	Premium																																																																							
2016/17	7.0%	7.0%	7.2%																																																																							
2017/18	6.5%	6.5%	6.7%																																																																							
2018/19	6.0%	6.0%	6.1%																																																																							
2019/20	5.5%	5.5%	5.6%																																																																							
2020/21+	5.0%	5.0%	5.0%																																																																							



STATE EMPLOYEES RESULTS

Actuarial Obligations

(Amounts in Millions)

Actuarial Obligations	6/30/14 Valuation			6/30/15 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$ 509	\$ 103	\$ 612	\$ 522	\$ 109	\$ 631
• Retirees	<u>574</u>	<u>164</u>	<u>738</u>	<u>540</u>	<u>164</u>	<u>704</u>
• Total	1,083	267	1,350	1,062	273	1,335
■ Actuarial Accrued Liability						
• Actives	395	91	486	414	97	511
• Retirees	<u>574</u>	<u>164</u>	<u>738</u>	<u>540</u>	<u>164</u>	<u>704</u>
• Total	969	255	1,224	954	261	1,215
■ Actuarial Value of Assets ¹²	<u>(132)</u>	<u>(35)</u>	<u>(167)</u>	<u>(144)</u>	<u>(39)</u>	<u>(184)</u>
■ Unfunded AAL	837	220	1,057	810	222	1,031
■ Funded %			13.6%			15.1%
■ Normal Cost	18	2	20	17	2	19
■ Normal Cost % Pay	3.3%	0.4%	3.7%	3.0%	0.4%	3.4%

¹² Allocated in proportion to the Actuarial Accrued Liability.



January 14, 2016

21



STATE EMPLOYEES RESULTS

Estimated Actuarial Gains & Losses

(Amounts in Millions)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/14 Actual	3.7%	\$ 1,224	\$ (167)	\$ 1,057
■ 6/30/15 Expected	3.7%	1,248	(192)	1,056
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.2%)	(41)	-	(41)
• Demographic & Other	(0.1%)	8	-	8
• Asset Loss (Gain)	-	-	8	8
■ Assumption Changes - None	0.0%	0	-	0
■ Plan Changes - None	0.0%	0	-	0
■ Total Changes	(0.3%)	(33)	8	(25)
■ 6/30/15 Actual	3.4%	1,215	(184)	1,031



January 14, 2016

22



STATE EMPLOYEES RESULTS

Annual Required Contribution (ARC)

2014/15 & 2015/16 ARCs for Disclosure

(Amounts in Millions)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/14 Valuation</u> 2015/16 ARC (For Disclosure)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 18	\$ 2	\$ 20	\$ 19	\$ 2	\$ 21
• UAAL Amortization	<u>50</u>	<u>14</u>	<u>64</u>	<u>53</u>	<u>14</u>	<u>67</u>
• Total ARC	68	16	84	72	16	88
■ Projected Payroll	543	543	543	561	561	561
■ ARC - %						
• Normal Cost	3.3%	0.4%	3.7%	3.4%	0.4%	3.7%
• UAAL Amortization	<u>9.2%</u>	<u>2.5%</u>	<u>11.8%</u>	<u>9.4%</u>	<u>2.5%</u>	<u>11.9%</u>
• Total ARC	12.5%	2.9%	15.5%	12.8%	2.9%	15.7%



January 14, 2016

23



STATE EMPLOYEES RESULTS

Annual Required Contribution (ARC)

2015/16 ARC for Projection

(Amounts in Millions)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/15 Valuation</u> 2015/16 ARC (For Projection)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 18	\$ 2	\$ 20	\$ 17	\$ 2	\$ 19
• UAAL Amortization	<u>50</u>	<u>14</u>	<u>64</u>	<u>49</u>	<u>14</u>	<u>63</u>
• Total ARC	68	16	84	66	16	82
■ Projected Payroll	543	543	543	561	561	561
■ ARC - %						
• Normal Cost	3.3%	0.4%	3.7%	3.0%	0.4%	3.4%
• UAAL Amortization	<u>9.2%</u>	<u>2.5%</u>	<u>11.8%</u>	<u>8.8%</u>	<u>2.4%</u>	<u>11.2%</u>
• Total ARC	12.5%	2.9%	15.5%	11.8%	2.8%	14.6%



January 14, 2016

24



STATE EMPLOYEES RESULTS

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Millions)

Amortization Base	Original Bases			Remaining Bases 6/30/2015		2015/16 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/08	29	\$1,144	22	\$ 1,101	\$ 75
■ Experience Losses (Gains)	6/30/09	10	83	4	42	12
	6/30/10	10	99	5	60	14
	6/30/11	10	(34)	6	(24)	(5)
	6/30/12	10	(199)	7	(156)	(26)
	6/30/13	10	(146)	8	(127)	(19)
	6/30/14	10	56	9	53	7
■ Assumption Changes	6/30/15	10		10	(25)	(3)
	6/30/10	27	35	22	31	2
	6/30/11	26	266	22	256	18
	6/30/12	25	(32)	22	(30)	(2)
■ Plan Changes	6/30/14	23	(16)	22	(16)	(1)
	6/30/11	26	(139)	22	(134)	(9)
■ Unfunded AAL	6/30/15				1,031	63
■ Unfunded AAL ¹³	6/30/15			30	1,031	56

¹³ Total amortization payment cannot be less than the UAAL amortized over 30 years.



January 14, 2016

25



STATE EMPLOYEES RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Millions)

Estimated Net OPEB Obligation	CAFR 2012/13	CAFR 2013/14	Estimate 2014/15	Estimate 2015/16
■ Discount Rate	4.49%	5.63%	5.95%	6.28%
■ NOO at Beginning of Year	\$ 92	\$ 111	\$ 140	\$ 150
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	94	99	84	88
• Interest on NOO	4	6	8	9
• NOO Adjustment	(11)	(13)	(17)	(19)
• Annual OPEB Cost	87	92	75	78
■ Contributions				
• Benefit Payments Outside Trust				
➢ Cash Subsidy Payments	(52)	(48)	(49)	(53) ¹⁴
➢ Implied Subsidy Payments	(14)	(15)	(14)	(14)
• Trust Pre-Funding	(2)	(0)	(2)	(15)
• Total Contributions	(68)	(63)	(65)	(82)
■ NOO at End of Year	111	140	150	146
■ NOO Amortization Years	10	10	10	10
■ NOO Amortization Factor	8.52	8.30	8.19	8.10

¹⁴ Estimated contributions for 2015/16. Estimated items other than the ARC must be revised when actual contributions are known.



January 14, 2016

26



STATE EMPLOYEES RESULTS

Contribution & Expense Projection – June 30, 2014 Valuation

(Amounts in Millions)

Fiscal Year	Begin Year NOO	ARC	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll	Funded % Begin Year
				Benefit Payments			Pre Fund	Total Contrib			
				Cash Subsidy	Implied Subsidy	Total Pmts					
2014/15	\$140	\$84	\$75	\$53	\$14	\$67	\$ -	\$67	80%	15.5%	13.6%
2015/16	148	88	79	56	15	71	12	83	94%	15.7%	14.2%
2016/17	144	90	81	60	16	76	11	87	97%	15.5%	15.8%
2017/18	138	92	84	63	17	80	10	90	98%	15.3%	17.3%
2018/19	132	95	86	66	18	84	11	95	100%	15.4%	18.8%
2019/20	123	87	77	68	18	86	1	86	100%	13.6%	20.4%
2020/21	113	89	77	71	19	90	0	90	101%	13.5%	21.3%
2021/22	101	91	79	73	20	93	0	93	102%	13.5%	21.7%
2022/23	89	115	100	76	20	96	19	115	100%	16.3%	22.3%
2023/24	74	143	127	78	21	99	44	143	100%	19.8%	24.5%



January 14, 2016



STATE EMPLOYEES RESULTS

Contribution & Expense Projection – June 30, 2015 Interim Valuation

(Amounts in Millions)

Fiscal Year	Begin Year NOO	ARC ¹⁵	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll	Funded % Begin Year
				Benefit Payments			Pre Fund	Total Contrib			
				Cash Subsidy ¹⁶	Implied Subsidy	Total Pmts					
2014/15	\$140	\$84	\$75	\$49	\$14	\$63	\$ 2	\$65	77%	15.5%	13.6%
2015/16	150	88	78	53	14	67	15	82	93%	15.7%	15.1%
2016/17	147	84	75	57	16	73	9	82	98%	14.5%	17.7%
2017/18	n/a	86	n/a	61	17	78	7	85	99%	14.3%	19.0%
2018/19	n/a	89	n/a	64	18	82	7	89	100%	14.4%	20.2%
2019/20	n/a	84	n/a	67	19	86	0	86	102%	13.2%	21.4%
2020/21	n/a	88	n/a	69	19	88	0	88	100%	13.3%	21.8%
2021/22	n/a	93	n/a	71	20	91	2	93	100%	13.6%	22.1%
2022/23	n/a	108	n/a	74	21	95	13	108	100%	15.4%	22.5%
2023/24	n/a	136	n/a	76	21	97	39	136	100%	18.8%	24.2%

¹⁵ ARCs from the 6/30/14 full valuation were used for 2014/15 and 2015/16, and ARCs from the 6/30/15 interim valuation were used for subsequent years.

¹⁶ Actual cash subsidy payments were used for 2014/15.



January 14, 2016



TEACHERS RESULTS

Actuarial Obligations

(Amounts in Millions)

Actuarial Obligations	6/30/14 Valuation			6/30/15 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$389	n/a	\$389	\$ 400	n/a	\$ 400
• Retirees	<u>371</u>	<u>n/a</u>	<u>371</u>	<u>354</u>	<u>n/a</u>	<u>354</u>
• Total	760	n/a	760	754	n/a	754
■ Actuarial Accrued Liability						
• Actives	313	n/a	313	330	n/a	330
• Retirees	<u>371</u>	<u>n/a</u>	<u>371</u>	<u>354</u>	<u>n/a</u>	<u>354</u>
• Total	684	n/a	684	684	n/a	684
■ 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	684	n/a	684	684	n/a	684
■ Normal Cost	11	n/a	11	12	n/a	12
■ Normal Cost % Pay	1.0%	n/a	1.0%	1.0%	n/a	1.0%



January 14, 2016

29



TEACHERS RESULTS

Estimated Actuarial Gains & Losses

(Amounts in Millions)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/14 Actual	1.0%	\$684	\$ -	\$684
■ 6/30/15 Expected	1.0%	696	(19)	677
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.1%)	(19)	-	(19)
• Demographic & Other	0.1%	7	-	7
• Asset Loss (Gain)	-	-	19	19
■ Assumption Changes - None	-	0	-	0
■ Plan Changes - None	-	0	-	0
■ Total Changes	0.0%	(12)	19	7
■ 6/30/15 Actual	1.0%	684	0	684



January 14, 2016

30



TEACHERS RESULTS

Annual Required Contribution (ARC)
2014/15 & 2015/16 ARCs for Disclosure
 (Amounts in Millions)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/14 Valuation</u> 2015/16 ARC (For Disclosure)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 11	n/a	\$ 11	\$ 12	n/a	\$ 12
• UAAL Amortization	<u>35</u>	<u>n/a</u>	<u>35</u>	<u>36</u>	<u>n/a</u>	<u>36</u>
• Total ARC	46	n/a	46	48	n/a	48
■ Projected Payroll	1,106	n/a	1,106	1,142	n/a	1,142
■ ARC - %						
• Normal Cost	1.0%	n/a	1.0%	1.0%	n/a	1.0%
• UAAL Amortization	<u>3.2%</u>	<u>n/a</u>	<u>3.2%</u>	<u>3.2%</u>	<u>n/a</u>	<u>3.2%</u>
• Total ARC	4.2%	n/a	4.2%	4.2%	n/a	4.2%



January 14, 2016

31



TEACHERS RESULTS

Annual Required Contribution (ARC)
2015/16 ARC for Projection
 (Amounts in Millions)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/15 Valuation</u> 2015/16 ARC (For Projection)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 11	n/a	\$ 11	\$ 12	n/a	\$ 12
• UAAL Amortization	<u>35</u>	<u>n/a</u>	<u>35</u>	<u>36</u>	<u>n/a</u>	<u>36</u>
• Total ARC	46	n/a	46	48	n/a	48
■ Projected Payroll	1,106	n/a	1,106	1,142	n/a	1,142
■ ARC - %						
• Normal Cost	1.0%	n/a	1.0%	1.0%	n/a	1.0%
• UAAL Amortization	<u>3.2%</u>	<u>n/a</u>	<u>3.2%</u>	<u>3.2%</u>	<u>n/a</u>	<u>3.2%</u>
• Total ARC	4.2%	n/a	4.2%	4.2%	n/a	4.2%



January 14, 2016

32



TEACHERS RESULTS

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Millions)

Amortization Base	Original Bases			Remaining Bases 6/30/2015		2015/16 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/08	29	\$ 1,044	22	\$ 1,000	\$ 63
■ Experience Losses (Gains)	6/30/09	15	(62)	9	(47)	(6)
	6/30/10	15	(7)	10	(5)	(1)
	6/30/11	15	(10)	11	(9)	(1)
	6/30/12	15	(120)	12	(104)	(10)
	6/30/13	15	25	13	23	2
	6/30/14	15	(24)	14	(23)	(2)
■ Assumption Changes	6/30/15	15	7	15	7	1
	6/30/10	27	6	22	6	0
	6/30/11	26	(133)	22	(124)	(8)
	6/30/12	25	(13)	22	(12)	(1)
■ Plan Changes	6/30/14	23	28	22	27	2
	6/30/11	26	(59)	22	(55)	(3)
■ Unfunded AAL	6/30/15				684	36
■ Unfunded AAL ¹⁷	6/30/15			30	684	36

¹⁷ Total amortization payment cannot be less than the UAAL amortized over 30 years.



January 14, 2016

33



TEACHERS RESULTS

Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Millions)

Estimated Net OPEB Obligation	CAFR 2012/13	CAFR 2013/14	Estimate 2014/15	Estimate 2015/16
■ Discount Rate	4.00%	4.41%	4.00%	4.41%
■ NOO at Beginning of Year	\$ 174	\$ 186	\$ 199	\$ 211
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	44	45	46	48
• Interest on NOO	7	8	8	9
• NOO Adjustment	(14)	(15)	(16)	(17)
• Annual OPEB Cost	37	38	38	40
■ Contributions				
• Benefit Payments Outside Trust				
➢ Cash Subsidy Payments	(25)	(25)	(26)	(27) ¹⁸
➢ Implied Subsidy Payments	(0)	(0)	(0)	(0)
• Trust Pre-Funding	(0)	(0)	(0)	(3)
• Total Contributions	(25)	(25)	(26)	(30)
■ NOO at End of Year	186	199	211	221
■ NOO Amortization Years	15	15	15	15
■ NOO Amortization Factor	12.41	12.11	12.41	12.11

¹⁸ Estimated contributions for 2015/16. Estimated items other than the ARC must be revised when actual contributions are known.



January 14, 2016

34



TEACHERS RESULTS

Contribution & Expense Projection – June 30, 2014 Valuation

(Amounts in Millions)

Fiscal Year	Begin Year NOO	ARC	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll	Funded % Begin Year
				Benefit Payments			Pre Fund	Total Contrib			
				Cash Subsidy	Implied Subsidy	Total Pmts					
2014/15	\$199	\$46	\$38	\$26	n/a	\$26	\$ 0	\$26	57%	4.2%	0.0%
2015/16	211	48	40	29	n/a	29	2	31	65%	4.2%	0.0%
2016/17	220	50	42	31	n/a	31	5	36	72%	4.2%	0.3%
2017/18	227	53	45	33	n/a	33	7	40	75%	4.3%	0.9%
2018/19	231	54	47	36	n/a	36	9	45	83%	4.3%	1.9%
2019/20	233	56	50	38	n/a	38	11	49	88%	4.3%	3.1%
2020/21	233	58	52	40	n/a	40	13	53	91%	4.3%	4.6%
2021/22	231	59	54	42	n/a	42	15	57	97%	4.3%	6.4%
2022/23	228	62	56	45	n/a	45	17	62	100%	4.3%	8.4%
2023/24	223	64	57	47	n/a	47	17	64	100%	4.3%	10.5%



January 14, 2016

35



TEACHERS RESULTS

Contribution & Expense Projection – June 30, 2015 Interim Valuation

(Amounts in Millions)

Fiscal Year	Begin Year NOO	ARC ¹⁹	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll	Funded % Begin Year
				Benefit Payments			Pre Fund	Total Contrib			
				Cash Subsidy ²⁰	Implied Subsidy	Total Pmts					
2014/15	\$199	\$46	\$38	\$26	n/a	\$26	\$ 0	\$26	57%	4.2%	0.0%
2015/16	211	48	40	27	n/a	27	3	30	63%	4.2%	0.0%
2016/17	221	50	42	29	n/a	29	5	34	68%	4.2%	0.3%
2017/18	n/a	52	n/a	32	n/a	32	8	40	77%	4.3%	1.0%
2018/19	n/a	54	n/a	35	n/a	35	10	45	83%	4.3%	2.0%
2019/20	n/a	56	n/a	37	n/a	37	12	49	88%	4.3%	3.3%
2020/21	n/a	57	n/a	39	n/a	39	14	53	93%	4.3%	4.9%
2021/22	n/a	59	n/a	42	n/a	42	15	57	97%	4.3%	6.8%
2022/23	n/a	61	n/a	44	n/a	44	17	61	100%	4.3%	8.7%
2023/24	n/a	63	n/a	46	n/a	46	17	63	100%	4.3%	11.0%

¹⁹ ARCs from the 6/30/14 full valuation were used for 2014/15 and 2015/16, and ARCs from the 6/30/15 interim valuation were used for subsequent years.

²⁰ Actual cash subsidy payments were used for 2014/15.



January 14, 2016

36



MAINE EDUCATIONAL CENTER FOR THE DEAF

Actuarial Obligations

(Amounts in Thousands)

Actuarial Obligations	6/30/14 Valuation			6/30/15 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$4,104	\$ 677	\$4,781	\$ 4,192	\$ 704	\$ 4,896
• Retirees	<u>2,889</u>	<u>737</u>	<u>3,626</u>	<u>2,713</u>	<u>732</u>	<u>3,445</u>
• Total	6,993	1,414	8,407	6,905	1,436	8,341
■ Actuarial Accrued Liability						
• Actives	2,605	555	3,160	2,729	579	3,308
• Retirees	<u>2,889</u>	<u>737</u>	<u>3,626</u>	<u>2,713</u>	<u>732</u>	<u>3,445</u>
• Total	5,494	1,292	6,786	5,442	1,311	6,753
■ Actuarial Value of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	5,494	1,292	6,786	5,442	1,311	6,753
■ Normal Cost	165	18	183	162	19	181
■ Normal Cost % Pay	5.6%	0.6%	6.2%	5.3%	0.6%	5.9%



January 14, 2016

37



MAINE EDUCATIONAL CENTER FOR THE DEAF

Estimated Actuarial Gains & Losses

(Amounts in Thousands)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/14 Actual	6.2%	\$6,786	\$ -	\$6,786
■ 6/30/15 Expected	6.2%	6,990	(315)	6,675
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.3%)	(303)	-	(303)
• Demographic & Other	0.1%	66	-	66
• Asset Loss (Gain)	-	-	315	315
■ Assumption Changes - None	0.0%	0	-	0
■ Plan Changes - None	0.0%	0	-	0
■ Total Changes	(0.2%)	(237)	315	78
■ 6/30/15 Actual	6.0%	6,753	0	6,753



January 14, 2016

38



Annual Required Contribution (ARC)
2014/15 & 2015/16 ARCs for Disclosure
 (Amounts in Thousands)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/14 Valuation</u> 2015/16 ARC (For Disclosure)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$165	\$18	\$183	\$171	\$18	\$189
• UAAL Amortization	<u>309</u>	<u>73</u>	<u>382</u>	<u>330</u>	<u>78</u>	<u>408</u>
• Total ARC	474	91	565	501	96	597
■ Projected Payroll	2,949	2,949	2,949	3,045	3,045	3,045
■ ARC - %						
• Normal Cost	5.6%	0.6%	6.2%	5.6%	0.6%	6.2%
• UAAL Amortization	<u>10.5%</u>	<u>2.5%</u>	<u>13.0%</u>	<u>10.8%</u>	<u>2.6%</u>	<u>13.4%</u>
• Total ARC	16.1%	3.1%	19.2%	16.4%	3.2%	19.6%



Annual Required Contribution (ARC)
2015/16 ARC for Projection
 (Amounts in Thousands)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/15 Valuation</u> 2015/16 ARC (For Projection)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$165	\$18	\$183	\$162	\$19	\$181
• UAAL Amortization	<u>309</u>	<u>73</u>	<u>382</u>	<u>322</u>	<u>78</u>	<u>400</u>
• Total ARC	474	91	565	484	97	581
■ Projected Payroll	2,949	2,949	2,949	3,045	3,045	3,045
■ ARC - %						
• Normal Cost	5.6%	0.6%	6.2%	5.3%	0.6%	5.9%
• UAAL Amortization	<u>10.5%</u>	<u>2.5%</u>	<u>13.0%</u>	<u>10.6%</u>	<u>2.6%</u>	<u>13.2%</u>
• Total ARC	16.1%	3.1%	19.2%	15.9%	3.2%	19.1%



MAINE EDUCATIONAL CENTER FOR THE DEAF

Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Thousands)

Amortization Base	Original Bases			Remaining Bases 6/30/2015		2015/16 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/07	30	\$ 3,814	22	\$ 3,799	\$ 194
■ Experience Losses (Gains)	6/30/08	15	(127)	8	(89)	(12)
	6/30/09	15	474	9	356	42
	6/30/10	15	597	10	477	51
	6/30/11	15	114	11	96	10
	6/30/12	15	(1,453)	12	(1,293)	(117)
	6/30/13	15	(381)	13	(355)	(30)
	6/30/14	15	2,618	14	2,532	197
	6/30/15	15	78	15	78	6
■ Assumption Changes	6/30/08	29	511	22	481	25
	6/30/10	27	251	22	241	12
	6/30/11	26	1,218	22	1,188	61
	6/30/12	25	(184)	22	(180)	(9)
	6/30/14	23	(74)	22	(74)	(4)
■ Plan Changes	6/30/11	26	(517)	22	(504)	(26)
■ Unfunded AAL	6/30/15				6,753	400
■ Unfunded AAL ²¹	6/30/15			30	6,753	259

²¹ 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 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
■ Discount Rate	4.00%	4.00%	4.00%	4.00%
■ NOO at Beginning of Year	\$1,678	\$1,891	\$2,129	\$2,479
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	396	425	565	597
• Interest on NOO	67	76	85	99
• NOO Adjustment	(123)	(138)	(155)	(181)
• Annual OPEB Cost	340	363	495	515
■ Contributions				
• Benefit Payments Outside Trust				
➢ Cash Subsidy Payments	(97)	(98)	(91)	(195) ²²
➢ Implied Subsidy Payments	(30)	(27)	(54)	(60)
• Trust Pre-Funding	(0)	(0)	(0)	(0)
• Total Contributions	(127)	(125)	(145)	(255)
■ NOO at End of Year	1,891	2,129	2,479	2,739
■ NOO Amortization Years	15	15	15	15
■ NOO Amortization Factor	13.72	13.72	13.72	13.72

²² Estimated contributions for 2015/16 based on data provided by the State for the 6/30/14 valuation. Estimated items other than the ARC must be revised when actual contributions are known.



MAINE EDUCATIONAL CENTER FOR THE DEAF

Contribution & Expense Projection – June 30, 2014 Valuation

(Amounts in Thousands)

Fiscal Year	Begin Year NOO	ARC	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll
				Benefit Payments			Pre Fund	Total Contrib		
				Cash Subsidy ²³	Implied Subsidy	Total Pmts				
2014/15	\$2,129	\$565	\$495	\$192	\$54	\$246	\$ 0	\$246	43.5%	19.2%
2015/16	2,378	597	519	209	63	272	0	272	45.6%	19.6%
2016/17	2,625	628	542	209	56	265	0	265	42.2%	20.0%
2017/18	2,902	663	567	237	68	305	0	305	46.0%	20.4%
2018/19	3,164	697	592	241	65	306	0	306	43.9%	20.8%
2019/20	3,450	733	619	264	71	335	0	335	45.7%	21.2%
2020/21	3,734	769	646	275	71	346	0	346	45.0%	21.5%
2021/22	4,034	807	674	284	75	359	0	359	44.5%	21.9%
2022/23	4,350	847	703	301	80	381	0	381	45.0%	22.2%
2023/24	4,672	903	749	327	92	419	0	419	46.4%	23.0%

²³ Estimated cash subsidy payments based on data provided by the State for the 6/30/14 valuation.



January 14, 2016



MAINE EDUCATIONAL CENTER FOR THE DEAF

Contribution & Expense Projection – June 30, 2015 Interim Valuation

(Amounts in Thousands)

Fiscal Year	Begin Year NOO	ARC ²⁴	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll
				Benefit Payments			Pre Fund	Total Contrib		
				Cash Subsidy ²⁵	Implied Subsidy	Total Pmts				
2014/15	\$2,129	\$565	\$495	\$ 91	\$54	\$145	\$ 0	\$ 145	25.7%	19.2%
2015/16	2,479	597	515	195	60	255	0	255	42.7%	19.6%
2016/17	2,739	613	523	197	55	252	0	252	41.1%	19.5%
2017/18	n/a	646	n/a	227	67	294	0	294	45.5%	19.9%
2018/19	n/a	678	n/a	232	65	297	0	297	43.8%	20.2%
2019/20	n/a	713	n/a	255	72	327	0	327	45.9%	20.6%
2020/21	n/a	747	n/a	267	72	339	0	339	45.4%	20.9%
2021/22	n/a	783	n/a	276	76	352	0	352	45.0%	21.2%
2022/23	n/a	820	n/a	293	82	375	0	375	45.7%	21.5%
2023/24	n/a	874	n/a	318	94	412	0	412	47.1%	22.2%

²⁴ ARCs from the 6/30/14 full valuation were used for 2014/15 and 2015/16, and ARCs from the 6/30/15 interim valuation were used for subsequent years.

²⁵ Actual cash subsidy payments were used for 2014/15. Estimated cash subsidy payments for subsequent years are based on data provided by the State for the 6/30/14 valuation.



January 14, 2016



Actuarial Obligations

(Amounts in Thousands)

Actuarial Obligations	6/30/14 Valuation			6/30/15 Valuation		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ Present Value of Benefits						
• Actives	\$332	\$12	\$344	\$336	\$13	\$349
• Retirees	<u>121</u>	<u>0</u>	<u>121</u>	<u>112</u>	<u>0</u>	<u>112</u>
• Total	453	12	465	448	13	461
■ Actuarial Accrued Liability						
• Actives	160	4	164	174	5	179
• Retirees	<u>121</u>	<u>0</u>	<u>121</u>	<u>112</u>	<u>0</u>	<u>112</u>
• Total	281	4	285	286	5	291
■ Actuarial Value of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
■ Unfunded AAL	281	4	285	286	5	291
■ Normal Cost	20	1	21	20	1	21
■ Normal Cost % Pay	4.5%	0.2%	4.7%	4.4%	0.2%	4.6%



Estimated Actuarial Gains & Losses

(Amounts in Thousands)

Actuarial Gains & Losses	NC%	AAL	(AVA)	UAAL
■ 6/30/14 Actual	4.7%	\$ 285	\$ -	\$ 285
■ 6/30/15 Expected	4.7%	309	(30)	279
■ Experience Losses (Gains):				
• Actual versus Expected Healthcare Costs	(0.1%)	(21)	-	(21)
• Demographic & Other	0.0%	3	-	3
• Asset Loss (Gain)	-	-	30	30
■ Assumption Changes - None	0.0%	0	-	0
■ Plan Changes - None	0.0%	0	-	0
■ Total Changes	(0.1%)	(18)	30	12
■ 6/30/15 Actual	4.6%	291	0	291



Annual Required Contribution (ARC)
2014/15 & 2015/16 ARCs for Disclosure
 (Amounts in Thousands)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/14 Valuation</u> 2015/16 ARC (For Disclosure)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 20	\$ 1	\$ 21	\$ 20	\$ 1	\$ 21
• UAAL Amortization	<u>17</u>	<u>0</u>	<u>17</u>	<u>20</u>	<u>0</u>	<u>20</u>
• Total ARC	37	1	38	40	1	41
■ Projected Payroll	443	443	443	457	457	457
■ ARC - %						
• Normal Cost	4.5%	0.2%	4.7%	4.4%	0.2%	4.6%
• UAAL Amortization	<u>3.8%</u>	<u>0.0%</u>	<u>3.8%</u>	<u>4.4%</u>	<u>0.0%</u>	<u>4.4%</u>
• Total ARC	8.3%	0.2%	8.5%	8.8%	0.2%	9.0%



Annual Required Contribution (ARC)
2015/16 ARC for Projection
 (Amounts in Thousands)

Annual Required Contribution	<u>6/30/14 Valuation</u> 2014/15 ARC (For Disclosure)			<u>6/30/15 Valuation</u> 2015/16 ARC (For Projection)		
	Cash Subsidy	Implied Subsidy	Total	Cash Subsidy	Implied Subsidy	Total
■ ARC - \$						
• Normal Cost	\$ 20	\$ 1	\$ 21	\$ 20	\$ 1	\$ 21
• UAAL Amortization	<u>17</u>	<u>0</u>	<u>17</u>	<u>19</u>	<u>0</u>	<u>19</u>
• Total ARC	37	1	38	39	1	40
■ Projected Payroll	443	443	443	457	457	457
■ ARC - %						
• Normal Cost	4.5%	0.2%	4.7%	4.4%	0.2%	4.6%
• UAAL Amortization	<u>3.8%</u>	<u>0.0%</u>	<u>3.8%</u>	<u>4.2%</u>	<u>0.0%</u>	<u>4.2%</u>
• Total ARC	8.3%	0.2%	8.5%	8.6%	0.2%	8.8%



Unfunded Actuarial Accrued Liability Amortization Balances

(Amounts in Thousands)

Amortization Base	Original Bases			Remaining Bases 6/30/2015		2015/16 Amortization Payment
	Date	Years	Amount	Years	Balance	
■ Initial UAAL	6/30/07	30	\$ 130	22	\$ 129.2	\$ 6.6
■ Experience Losses (Gains)	6/30/08	15	119	8	83.6	11.1
	6/30/09	15	35	9	25.9	3.1
	6/30/10	15	(198)	10	(157.7)	(16.9)
	6/30/11	15	34	11	29.0	2.8
	6/30/12	15	72	12	64.0	5.8
	6/30/13	15	(23)	13	(21.1)	(1.8)
	6/30/14	15	38	14	36.6	2.8
	6/30/15	15	12	15	12.2	0.9
■ Assumption Changes	6/30/08	29	60	22	56.5	2.9
	6/30/10	27	9	22	8.3	0.4
	6/30/11	26	29	22	27.6	1.4
	6/30/12	25	5	22	4.8	0.2
	6/30/14	23	(1)	22	(0.6)	(0.0)
■ Plan Changes	6/30/11	26	(8)	22	(7.3)	(0.4)
■ Unfunded AAL	6/30/15				291.0	19.0
■ Unfunded AAL ²⁶	6/30/15			30	291.0	11.2

²⁶ Total amortization payment cannot be less than the UAAL amortized over 30 years.



Estimated Net OPEB Obligation (NOO) Illustration

(Amounts in Thousands)

Estimated Net OPEB Obligation	Financial Stmt 2012/13	Estimate 2013/14	Estimate 2014/15	Estimate 2015/16
■ Discount Rate	4.00%	4.00%	4.00%	4.00%
■ NOO at Beginning of Year	\$105	\$129	\$161	\$187
■ Annual OPEB Cost (AOC)				
• Annual Required Contribution	37	41	38	41
• Interest on NOO	3	5	7	7
• NOO Adjustment	(8)	(9)	(12)	(14)
• Annual OPEB Cost	32	37	33	34
■ Contributions				
• Benefit Payments Outside Trust				
➢ Cash Subsidy Payments	(8)	(5)	(7)	(8) ²⁷
➢ Implied Subsidy Payments	(0)	(0)	(0)	(0)
• Trust Pre-Funding	(0)	(0)	(0)	(0)
• Total Contributions	(8)	(5)	(7)	(8)
■ NOO at End of Year	129	161	187	213
■ NOO Amortization Years	15	15	15	15
■ NOO Amortization Factor	13.72	13.72	13.72	13.72

²⁷ Estimated contributions for 2015/16. Estimated items other than the ARC must be revised when actual contributions are known.



Contribution & Expense Projection – June 30, 2014 Valuation

(Amounts in Thousands)

Fiscal Year	Begin Year NOO	ARC	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll
				Benefit Payments			Pre Fund	Total Contrib		
				Cash Subsidy	Implied Subsidy	Total Pmts				
2014/15	\$161	\$38	\$33	\$ 8	\$ 0	\$ 8	\$ 0	\$ 8	21.1%	8.5%
2015/16	186	41	35	9	0	9	0	9	22.0%	9.0%
2016/17	212	44	37	11	0	11	0	11	25.0%	9.3%
2017/18	238	47	39	13	0	13	0	13	27.7%	9.6%
2018/19	264	49	41	14	0	14	0	14	28.6%	9.7%
2019/20	291	52	43	14	0	14	0	14	26.9%	10.0%
2020/21	319	56	45	15	0	15	0	15	26.8%	10.4%
2021/22	349	59	47	15	0	15	0	15	25.4%	10.6%
2022/23	382	62	50	16	0	16	0	16	25.8%	10.8%
2023/24	415	51	38	16	0	16	0	16	31.4%	8.6%



Contribution & Expense Projection – June 30, 2015 Interim Valuation

(Amounts in Thousands)

Fiscal Year	Begin Year NOO	ARC ²⁸	Annual OPEB Cost (AOC)	Contributions					Contrib % of ARC	ARC as % of Payroll
				Benefit Payments			Pre Fund	Total Contrib		
				Cash Subsidy ²⁹	Implied Subsidy	Total Pmts				
2014/15	\$ 161	\$ 38	\$ 33	\$ 7	\$ 0	\$ 7	\$ 0	\$ 7	18.4%	8.6%
2015/16	187	41	34	8	0	8	0	8	19.5%	9.0%
2016/17	213	43	36	10	0	10	0	10	23.3%	9.1%
2017/18	n/a	45	n/a	12	0	12	0	12	26.7%	9.2%
2018/19	n/a	48	n/a	13	0	13	0	13	27.1%	9.5%
2019/20	n/a	51	n/a	13	0	13	0	13	25.5%	9.8%
2020/21	n/a	54	n/a	14	0	14	0	14	25.9%	10.1%
2021/22	n/a	57	n/a	14	0	14	0	14	24.6%	10.3%
2022/23	n/a	60	n/a	15	0	15	0	15	25.0%	10.5%
2023/24	n/a	50	n/a	15	0	15	0	15	30.0%	8.5%

²⁸ ARCs from the 6/30/14 full valuation were used for 2014/15 and 2015/16, and ARCs from the 6/30/15 interim valuation were used for subsequent years.

²⁹ Actual cash subsidy payments were used for 2014/15.



OPEB Accounting Changes

- OPEB Accounting:
 - GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” approved by GASB Board on June 2, 2015
 - Replaces GASB 45
 - Effective for fiscal years beginning after 6/15/17 (2017/18 for State)
- Major Issues:
 - Net OPEB Liability (UAAL) on balance sheet
 - Expense calculation disconnected from contribution calculation
 - Discount rate is expected trust rate of return when assets sufficient to pay benefits
 - Discount rate is 20-year high-quality municipal bond rate when assets not sufficient
 - Immediate recognition of Total OPEB Liability (AAL) for plan changes
 - Deferred recognition of changes in Total OPEB Liability for gains and losses and assumption changes over average active and inactive average future working lifetime
 - Recognition of investment gains and losses over 5 years
 - Disclosure of asset allocation and expected real rates of return for each asset class
 - Entry age normal cost method
 - Biennial actuarial valuations



January 14, 2016

53

**ACTUARIAL CERTIFICATION**

This report presents the State of Maine Retiree Healthcare Plan for State Employees and Teachers (“Plan”) June 30, 2015 interim actuarial valuation. The purpose of this valuation is to update the actuarial value of assets, plan obligations, and projected funding requirements as of June 30, 2015 for changes in assets and healthcare premiums since the last full actuarial valuation as of June 30, 2014.

This report provides information intended for internal plan management purposes. Future valuations may differ significantly if the Plan’s experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions, participant data, premiums, asset information, and the contribution policy provided by the State as summarized in this report, which we relied on and did not audit. The June 30, 2014 census data provided for the June 30, 2014 full actuarial valuation was used for the June 30, 2015 interim actuarial valuation. We reviewed the participant data for reasonableness.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASB 43 and 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,

John E. Bartel, ASA, MAAA, FCA
President
Bartel Associates, LLC
January 14, 2016

Joseph R. D’Onofrio, FSA, EA, MAAA, FCA
Assistant Vice President
Bartel Associates, LLC
January 14, 2016

Catherine A. Wandro, ASA, MAAA, FCA
Assistant Vice President
Bartel Associates, LLC
January 14, 2016



January 14, 2016

54



EXHIBITS

<u>Topic</u>	<u>Page</u>
Premiums	E-1
Participant Statistics	E-29
Actuarial Assumptions	E-43
Actuarial Methods	E-64
Definitions	E-67



EXHIBITS



This page intentionally blank



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
	2013/14	727.54	1,521.78	1,810.70	1,196.90
	2014/15	750.20	1,569.16	1,867.08	1,234.16
	2015/16	795.22	1,663.32	1,979.12	1,308.22



January 14, 2016

E-1



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
	2012	290.07	574.64	n/a	n/a
Aetna Medicare Advantage PPO ³⁰	2013	259.02	510.54	n/a	n/a
	2014	300.69	593.88	n/a	n/a
	2015	300.60	593.70	n/a	n/a

³⁰ Aetna Medicare Advantage ESA PPO Plan assumed to have the same premiums for valuation.



January 14, 2016

E-2



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Choice Plus

Active and Non-Medicare Eligible Retirees through 2013/14

Medical Plan	Year	Rate Band	Single	2-Party	Family	Participant w/Child(ren)
MEA Choice Plus (HMO Choice)	2008/09	n/a	\$528.40	\$1,190.91	\$1,449.51	\$935.16
	2009/10	n/a	528.40	1,190.91	1,449.51	935.16
	2010/11	n/a	538.97	1,214.73	1,478.50	953.86
	2011/12	n/a	574.00	1,293.69	1,574.60	1,015.86
	2012/13	n/a	596.96	1,345.44	1,637.58	1,056.49
	2013/14 ³¹	1	596.96	1,345.44	1,637.58	1,056.49
		2	614.87	1,385.80	1,686.71	1,088.18
		3	632.78	1,426.17	1,735.83	1,119.88
		4	644.72	1,453.08	1,768.59	1,141.01
		5	662.63	1,493.44	1,817.71	1,172.70
	6	674.56	1,520.35	1,850.47	1,193.83	

³¹ Starting 2013/14, school district premiums were separated into 6 rate bands determined by local experience factors.



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Choice Plus

Active and Non-Medicare Eligible Retirees 2014/15
Rate Bands 1 and 2

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)	
MEA Choice Plus (HMO Choice)	1	0.0%	\$596.96	\$1,345.44	\$1,637.58	\$1,056.49	
	1	2.5%	611.88	1,379.08	1,678.52	1,082.90	
	1	5.0%	626.81	1,412.71	1,719.46	1,109.31	
	1	7.5%	641.73	1,446.35	1,760.40	1,135.73	
	1	9.5%	653.67	1,473.26	1,793.15	1,156.86	
	2	2	0.0%	614.87	1,385.80	1,686.71	1,088.18
		2	2.5%	630.24	1,420.45	1,728.88	1,115.38
		2	5.0%	645.61	1,455.09	1,771.05	1,142.59
		2	7.5%	660.99	1,489.74	1,813.21	1,169.79
		2	9.5%	673.28	1,517.45	1,846.95	1,191.56



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Choice Plus

Active and Non-Medicare Eligible Retirees 2014/15

Rate Bands 3 and 4

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Choice Plus (HMO Choice)	3	0.0%	\$632.78	\$1,426.17	\$1,735.83	\$1,119.88
	3	2.5%	648.60	1,461.82	1,779.23	1,147.88
	3	5.0%	664.42	1,497.48	1,822.62	1,175.87
	3	7.5%	680.24	1,533.13	1,866.02	1,203.87
	3	9.5%	692.89	1,561.66	1,900.73	1,226.27
	4	0.0%	644.72	1,453.08	1,768.59	1,141.01
	4	2.5%	660.84	1,489.41	1,812.80	1,169.54
	4	5.0%	676.96	1,525.73	1,857.02	1,198.06
	4	7.5%	693.07	1,562.06	1,901.23	1,226.59
	4	9.5%	705.97	1,591.12	1,936.61	1,249.41



January 14, 2016

E-5



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Choice Plus

Active and Non-Medicare Eligible Retirees 2014/15

Rate Bands 5 and 6

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Choice Plus (HMO Choice)	5	0.0%	\$662.63	\$1,493.44	\$1,817.71	\$1,172.70
	5	2.5%	679.20	1,530.78	1,863.15	1,202.02
	5	5.0%	695.76	1,568.11	1,908.60	1,231.34
	5	7.5%	712.33	1,605.45	1,954.04	1,260.65
	5	9.5%	725.58	1,635.32	1,990.39	1,284.11
	6	0.0%	674.56	1,520.35	1,850.47	1,193.83
	6	2.5%	691.42	1,558.36	1,896.73	1,223.68
	6	5.0%	708.29	1,596.37	1,942.99	1,253.52
	6	7.5%	725.15	1,634.38	1,989.26	1,283.37
	6	9.5%	738.64	1,664.78	2,026.26	1,307.24



January 14, 2016

E-6



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Standard Plan

Active and Non-Medicare Eligible Retirees through 2013/14

Medical Plan	Year	Rate Band	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard Plan (Blue Choice \$15)	2008/09	n/a	\$570.61	\$1,286.19	\$1,565.47	\$1,009.96
	2009/10	n/a	570.61	1,286.19	1,565.47	1,009.96
	2010/11	n/a	582.02	1,311.91	1,596.78	1,030.16
	2011/12	n/a	619.85	1,397.18	1,700.75	1,097.12
	2012/13	n/a	644.64	1,453.07	1,768.59	1,141.00
	2013/14 ³²	1	644.64	1,453.07	1,768.59	1,141.00
		2	663.98	1,496.66	1,821.65	1,175.23
		3	683.32	1,540.25	1,874.71	1,209.46
4		696.21	1,569.32	1,910.08	1,232.28	
5		715.55	1,612.91	1,963.13	1,266.51	
	6	728.44	1,641.97	1,998.51	1,289.33	

³² Starting 2013/14, school district premiums were separated into 6 rate bands determined by local experience factors.



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Standard Plan

Active and Non-Medicare Eligible Retirees 2014/15
Rate Bands 1 and 2

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard Plan (Blue Choice \$15)	1	0.0%	\$644.64	\$1,453.07	\$1,768.59	\$1,141.00
	1	2.5%	660.76	1,489.40	1,812.80	1,169.53
	1	5.0%	676.87	1,525.72	1,857.02	1,198.05
	1	7.5%	692.99	1,562.05	1,901.23	1,226.58
	1	9.5%	705.88	1,591.11	1,936.61	1,249.40
	2	0.0%	663.98	1,496.66	1,821.65	1,175.23
	2	2.5%	680.58	1,534.08	1,867.19	1,204.61
	2	5.0%	697.18	1,571.49	1,912.73	1,233.99
	2	7.5%	713.78	1,608.91	1,958.27	1,263.37
	2	9.5%	727.06	1,638.84	1,994.71	1,286.88



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Standard Plan

Active and Non-Medicare Eligible Retirees 2014/15

Rate Bands 3 and 4

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard Plan (Blue Choice \$15)	3	0.0%	\$683.32	\$1,540.25	\$1,874.71	\$1,209.46
	3	2.5%	700.40	1,578.76	1,921.58	1,239.70
	3	5.0%	717.49	1,617.26	1,968.45	1,269.93
	3	7.5%	734.57	1,655.77	2,015.31	1,300.17
	3	9.5%	748.24	1,686.57	2,052.81	1,324.36
	4	0.0%	696.21	1,569.32	1,910.08	1,232.28
	4	2.5%	713.62	1,608.55	1,957.83	1,263.09
	4	5.0%	731.02	1,647.79	2,005.58	1,293.89
	4	7.5%	748.43	1,687.02	2,053.34	1,324.70
	4	9.5%	762.35	1,718.41	2,091.54	1,349.35



January 14, 2016

E-9



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Standard Plan

Active and Non-Medicare Eligible Retirees 2014/15

Rate Bands 5 and 6

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard Plan (Blue Choice \$15)	5	0.0%	\$715.55	\$1,612.91	\$1,963.13	\$1,266.51
	5	2.5%	733.44	1,653.23	2,012.21	1,298.17
	5	5.0%	751.33	1,693.56	2,061.29	1,329.84
	5	7.5%	769.22	1,733.88	2,110.36	1,361.50
	5	9.5%	783.53	1,766.14	2,149.63	1,386.83
	6	0.0%	728.44	1,641.97	1,998.51	1,289.33
	6	2.5%	746.65	1,683.02	2,048.47	1,321.56
	6	5.0%	764.86	1,724.07	2,098.44	1,353.80
	6	7.5%	783.07	1,765.12	2,148.40	1,386.03
	6	9.5%	797.64	1,797.96	2,188.37	1,411.82



January 14, 2016

E-10



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Standard \$500 Deductible

Active and Non-Medicare Eligible Retirees through 2013/14

Medical Plan	Year	Rate Band	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 500 \$500 Deductible (Blue Choice \$20)	2012/13	n/a	\$567.11	\$1,278.17	\$1,555.70	\$1,003.67
	2013/14 ³³	1	567.11	1,278.17	1,555.70	1,003.67
		2	584.12	1,316.52	1,602.37	1,033.78
		3	601.14	1,354.86	1,649.04	1,063.89
		4	612.48	1,380.42	1,680.16	1,083.96
		5	629.49	1,418.77	1,726.83	1,114.07
		6	640.83	1,444.33	1,757.94	1,134.15

³³ Starting 2013/14, school district premiums were separated into 6 rate bands determined by local experience factors.



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Standard \$500 Deductible

Active and Non-Medicare Eligible Retirees 2014/15

Rate Bands 1 and 2

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 500 \$500 Deductible (Blue Choice \$20)	1	0.0%	\$567.11	\$1,278.17	\$1,555.70	\$1,003.67
	1	2.5%	581.29	1,310.12	1,594.59	1,028.76
	1	5.0%	595.47	1,342.08	1,633.49	1,053.85
	1	7.5%	609.64	1,374.03	1,672.38	1,078.95
	1	9.5%	620.99	1,399.60	1,703.49	1,099.02
	2	0.0%	584.12	1,316.52	1,602.37	1,033.78
	2	2.5%	598.72	1,349.43	1,642.43	1,059.62
	2	5.0%	613.33	1,382.35	1,682.49	1,085.47
	2	7.5%	627.93	1,415.26	1,722.55	1,111.31
	2	9.5%	639.71	1,441.59	1,754.60	1,131.99



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Standard \$500 Deductible
Active and Non-Medicare Eligible Retirees 2014/15
Rate Bands 3 and 4

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 500 \$500 Deductible (Blue Choice \$20)	3	0.0%	\$601.14	\$1,354.86	\$1,649.04	\$1,063.89
	3	2.5%	616.17	1,388.73	1,690.27	1,090.49
	3	5.0%	631.20	1,422.60	1,731.49	1,117.08
	3	7.5%	646.23	1,456.47	1,772.72	1,143.68
	3	9.5%	658.25	1,483.57	1,805.70	1,164.96
	4	0.0%	612.48	1,380.42	1,680.16	1,083.96
	4	2.5%	627.79	1,414.93	1,722.16	1,111.06
	4	5.0%	643.10	1,449.44	1,764.17	1,138.16
	4	7.5%	658.42	1,483.95	1,806.17	1,165.26
	4	9.5%	670.67	1,511.56	1,839.78	1,186.94



January 14, 2016

E-13



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Standard \$500 Deductible
Active and Non-Medicare Eligible Retirees 2014/15
Rate Bands 5 and 6

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 500 \$500 Deductible (Blue Choice \$20)	5	0.0%	\$629.49	\$1,418.77	\$1,726.83	\$1,114.07
	5	2.5%	645.23	1,454.24	1,770.00	1,141.92
	5	5.0%	660.96	1,489.71	1,813.17	1,169.77
	5	7.5%	676.70	1,525.18	1,856.34	1,197.63
	5	9.5%	689.29	1,553.55	1,890.88	1,219.91
	6	0.0%	640.83	1,444.33	1,757.94	1,134.15
	6	2.5%	656.85	1,480.44	1,801.89	1,162.50
	6	5.0%	672.87	1,516.55	1,845.84	1,190.86
	6	7.5%	688.89	1,552.65	1,889.79	1,219.21
	6	9.5%	701.71	1,581.54	1,924.94	1,241.89



January 14, 2016

E-14



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Standard \$1,000 Deductible

Active and Non-Medicare Eligible Retirees through 2013/14

Medical Plan	Year	Rate Band	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 1000 \$1,000 Deductible (Blue Choice \$20)	2012/13	n/a	\$540.85	\$1,218.97	\$1,483.65	\$957.18
	2013/14 ³⁴	1	540.85	1,218.97	1,483.65	957.18
		2	557.08	1,255.54	1,528.16	985.90
		3	573.30	1,292.11	1,572.67	1,014.61
		4	584.12	1,316.49	1,602.34	1,033.75
		5	600.34	1,353.06	1,646.85	1,062.47
		6	611.16	1,377.44	1,676.52	1,081.61

³⁴ Starting 2013/14, school district premiums were separated into 6 rate bands determined by local experience factors.



PREMIUMS

Teachers' Health Plans

Monthly Premiums – MEA Standard \$1,000 Deductible

Active and Non-Medicare Eligible Retirees 2014/15

Rate Bands 1 and 2

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 1000 \$1,000 Deductible (Blue Choice \$20)	1	0.0%	\$540.85	\$1,218.97	\$1,483.65	\$957.18
	1	2.5%	554.37	1,249.44	1,520.74	981.11
	1	5.0%	567.89	1,279.92	1,557.83	1,005.04
	1	7.5%	581.41	1,310.39	1,594.92	1,028.97
	1	9.5%	592.23	1,334.77	1,624.60	1,048.11
	2	0.0%	557.08	1,255.54	1,528.16	985.90
	2	2.5%	571.01	1,286.93	1,566.36	1,010.55
	2	5.0%	584.93	1,318.32	1,604.57	1,035.20
	2	7.5%	598.86	1,349.71	1,642.77	1,059.84
	2	9.5%	610.00	1,374.82	1,673.34	1,079.56



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Standard \$1,000 Deductible
Active and Non-Medicare Eligible Retirees 2014/15
Rate Bands 3 and 4

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 1000 \$1,000 Deductible (Blue Choice \$20)	3	0.0%	\$573.30	\$1,292.11	\$1,572.67	\$1,014.61
	3	2.5%	587.63	1,324.41	1,611.99	1,039.98
	3	5.0%	601.97	1,356.72	1,651.30	1,065.34
	3	7.5%	616.30	1,389.02	1,690.62	1,090.71
	3	9.5%	627.76	1,414.86	1,722.07	1,111.00
	4	0.0%	584.12	1,316.49	1,602.34	1,033.75
	4	2.5%	598.72	1,349.40	1,642.40	1,059.59
	4	5.0%	613.33	1,382.31	1,682.46	1,085.44
	4	7.5%	627.93	1,415.23	1,722.52	1,111.28
	4	9.5%	639.61	1,441.56	1,754.56	1,131.96



PREMIUMS

Teachers' Health Plans
Monthly Premiums – MEA Standard \$1,000 Deductible
Active and Non-Medicare Eligible Retirees 2014/15
Rate Bands 5 and 6

Medical Plan	Rate Band	Increase Rate	Single	2-Party	Family	Participant w/Child(ren)
MEA Standard 1000 \$1,000 Deductible (Blue Choice \$20)	5	0.0%	\$600.34	\$1,353.06	\$1,646.85	\$1,062.47
	5	2.5%	615.35	1,386.89	1,688.02	1,089.03
	5	5.0%	630.36	1,420.71	1,729.19	1,115.59
	5	7.5%	645.37	1,454.54	1,770.36	1,142.16
	5	9.5%	657.37	1,481.60	1,803.30	1,163.40
	6	0.0%	611.16	1,377.44	1,676.52	1,081.61
	6	2.5%	626.44	1,411.88	1,718.43	1,108.65
	6	5.0%	641.72	1,446.31	1,760.35	1,135.69
	6	7.5%	657.00	1,480.75	1,802.26	1,162.73
	6	9.5%	669.22	1,508.30	1,835.79	1,184.36



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums

Medical Plan	Coverage	Rate Band CR	Rate Band 1	Rate Band 6	Rate Band 7	Rate Band 9	Rate Band 10
% Relative to Rate Band 1		18.0%	0.0%	2.6%	3.1%	4.1%	4.6%
MEA Choice Plus (HMO Choice)	Single	\$690.50	\$585.02	\$599.94	\$602.93	\$608.90	\$611.88
	2-Party	1,556.24	1,318.53	1,352.17	1,358.89	1,372.35	1,379.08
	Family	1,894.16	1,604.83	1,645.77	1,653.96	1,670.33	1,678.52
	Part & Child	1,222.02	1,035.36	1,061.77	1,067.05	1,077.62	1,082.90
MEA Standard Plan (Blue Choice \$15)	Single	745.64	631.75	647.86	651.09	657.53	660.76
	2-Party	1,680.75	1,424.01	1,460.34	1,467.60	1,482.13	1,489.40
	Family	2,045.69	1,733.22	1,777.43	1,786.28	1,803.96	1,812.80
	Part & Child	1,319.77	1,118.18	1,146.71	1,152.41	1,163.82	1,169.53
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	655.96	555.77	569.95	572.78	578.45	581.29
	2-Party	1,478.43	1,252.61	1,284.56	1,290.95	1,303.73	1,310.12
	Family	1,799.45	1,524.59	1,563.48	1,571.26	1,586.81	1,594.59
	Part & Child	1,160.92	983.60	1,008.69	1,013.71	1,023.74	1,028.76
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	625.60	530.03	543.55	546.26	551.67	554.37
	2-Party	1,409.96	1,194.59	1,225.06	1,231.16	1,243.35	1,249.44
	Family	1,716.11	1,453.98	1,491.07	1,498.49	1,513.32	1,520.74
	Part & Child	1,107.15	938.04	961.97	966.75	976.32	981.11



January 14, 2016

E-19



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 13	Rate Band 15	Rate Band 16	Rate Band 17	Rate Band 18	Rate Band 20
% Relative to Rate Band 1		6.1%	7.1%	7.7%	8.2%	8.7%	9.7%
MEA Choice Plus (HMO Choice)	Single	\$620.84	\$626.81	\$629.79	\$632.78	\$635.76	\$641.73
	2-Party	1,399.26	1,412.71	1,419.44	1,426.17	1,432.89	1,446.35
	Family	1,703.08	1,719.46	1,727.65	1,735.83	1,744.02	1,760.40
	Part & Child	1,098.75	1,109.31	1,114.60	1,119.88	1,125.16	1,135.73
MEA Standard Plan (Blue Choice \$15)	Single	670.43	676.87	680.10	683.32	686.54	692.99
	2-Party	1,511.19	1,525.72	1,532.99	1,540.25	1,547.52	1,562.05
	Family	1,839.33	1,857.02	1,865.86	1,874.71	1,883.55	1,901.23
	Part & Child	1,186.61	1,198.05	1,203.76	1,209.46	1,215.17	1,226.58
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	589.79	595.47	598.30	601.14	603.97	609.64
	2-Party	1,329.30	1,342.08	1,348.47	1,354.86	1,361.25	1,374.03
	Family	1,617.93	1,633.49	1,641.26	1,649.04	1,656.82	1,672.38
	Part & Child	1,043.82	1,053.85	1,058.87	1,063.89	1,068.91	1,078.95
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	562.48	567.89	570.60	573.30	576.01	581.41
	2-Party	1,267.73	1,279.92	1,286.01	1,292.11	1,298.20	1,310.39
	Family	1,543.00	1,557.83	1,565.25	1,572.67	1,580.09	1,594.92
	Part & Child	995.47	1,005.04	1,009.82	1,014.61	1,019.40	1,028.97



January 14, 2016

E-20



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 22	Rate Band 23	Rate Band 24	Rate Band 26	Rate Band 27	Rate Band 29
% Relative to Rate Band 1		10.7%	11.2%	11.7%	12.8%	13.3%	14.3%
MEA Choice Plus (HMO Choice)	Single	\$647.70	\$650.69	\$653.67	\$659.64	\$662.63	\$668.60
	2-Party	1,459.80	1,466.53	1,473.26	1,486.71	1,493.44	1,506.89
	Family	1,776.77	1,784.96	1,793.15	1,809.53	1,817.71	1,834.09
	Part & Child	1,146.29	1,151.57	1,156.86	1,167.42	1,172.70	1,183.27
MEA Standard Plan (Blue Choice \$15)	Single	699.43	702.66	705.88	712.33	715.55	722.00
	2-Party	1,576.58	1,583.85	1,591.11	1,605.64	1,612.91	1,627.44
	Family	1,918.92	1,927.76	1,936.61	1,954.29	1,963.13	1,980.82
	Part & Child	1,237.99	1,243.69	1,249.40	1,260.81	1,266.51	1,277.92
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	615.31	618.15	620.99	626.66	629.49	635.16
	2-Party	1,386.81	1,393.21	1,399.60	1,412.38	1,418.77	1,431.55
	Family	1,687.93	1,695.71	1,703.49	1,719.05	1,726.83	1,742.38
	Part & Child	1,088.98	1,094.00	1,099.02	1,109.06	1,114.07	1,124.11
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	586.82	589.53	592.23	597.64	600.34	605.75
	2-Party	1,322.58	1,328.68	1,334.77	1,346.96	1,353.06	1,365.25
	Family	1,609.76	1,617.18	1,624.60	1,639.43	1,646.85	1,661.69
	Part & Child	1,038.54	1,043.33	1,048.11	1,057.68	1,062.47	1,072.04



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 30	Rate Band 32	Rate Band 33	Rate Band 34	Rate Band 35	Rate Band 36
% Relative to Rate Band 1		14.8%	15.8%	16.3%	16.8%	17.3%	17.9%
MEA Choice Plus (HMO Choice)	Single	\$671.58	\$677.55	\$680.53	\$683.52	\$686.50	\$689.49
	2-Party	1,513.62	1,527.07	1,533.80	1,540.53	1,547.26	1,553.98
	Family	1,842.28	1,858.65	1,866.84	1,875.03	1,883.22	1,891.40
	Part & Child	1,188.55	1,199.12	1,204.40	1,209.68	1,214.96	1,220.25
MEA Standard Plan (Blue Choice \$15)	Single	725.22	731.67	734.89	738.11	741.34	744.56
	2-Party	1,634.70	1,649.23	1,656.50	1,663.77	1,671.03	1,678.30
	Family	1,989.66	2,007.35	2,016.19	2,025.04	2,033.88	2,042.72
	Part & Child	1,283.63	1,295.04	1,300.74	1,306.45	1,312.15	1,317.86
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	638.00	643.67	646.51	649.34	652.18	655.01
	2-Party	1,437.94	1,450.72	1,457.11	1,463.50	1,469.90	1,476.29
	Family	1,750.16	1,765.72	1,773.50	1,781.28	1,789.06	1,796.83
	Part & Child	1,129.13	1,139.17	1,144.18	1,149.20	1,154.22	1,159.24
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	608.46	613.86	616.57	619.27	621.98	624.68
	2-Party	1,371.34	1,383.53	1,389.63	1,395.72	1,401.82	1,407.91
	Family	1,669.11	1,683.94	1,691.36	1,698.78	1,706.20	1,713.62
	Part & Child	1,076.83	1,086.40	1,091.19	1,095.97	1,100.76	1,105.54



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 37	Rate Band 38	Rate Band 39	Rate Band 40	Rate Band 41	Rate Band 42
% Relative to Rate Band 1		18.4%	18.9%	19.4%	19.9%	20.4%	20.9%
MEA Choice Plus (HMO Choice)	Single	\$692.47	\$695.46	\$698.44	\$701.43	\$704.41	\$707.40
	2-Party	1,560.71	1,567.44	1,574.16	1,580.89	1,587.62	1,594.35
	Family	1,899.59	1,907.78	1,915.97	1,924.16	1,932.34	1,940.53
	Part & Child	1,225.53	1,230.81	1,236.09	1,241.38	1,246.66	1,251.94
MEA Standard Plan (Blue Choice \$15)	Single	747.78	751.01	754.23	757.45	760.68	763.90
	2-Party	1,685.56	1,692.83	1,700.09	1,707.36	1,714.62	1,721.89
	Family	2,051.56	2,060.41	2,069.25	2,078.09	2,086.94	2,095.78
	Part & Child	1,323.56	1,329.27	1,334.97	1,340.68	1,346.38	1,352.09
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	657.85	660.68	663.52	666.35	669.19	672.03
	2-Party	1,482.68	1,489.07	1,495.46	1,501.85	1,508.24	1,514.63
	Family	1,804.61	1,812.39	1,820.17	1,827.95	1,835.73	1,843.50
	Part & Child	1,164.26	1,169.28	1,174.29	1,179.31	1,184.33	1,189.35
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	627.39	630.09	632.79	635.50	638.20	640.91
	2-Party	1,414.01	1,420.10	1,426.19	1,432.29	1,438.38	1,444.48
	Family	1,721.03	1,728.45	1,735.87	1,743.29	1,750.71	1,758.13
	Part & Child	1,110.33	1,115.11	1,119.90	1,179.31	1,129.47	1,134.26



January 14, 2016

E-23



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 43	Rate Band 44	Rate Band 45	Rate Band 47	Rate Band 48	Rate Band 49
% Relative to Rate Band 1		21.4%	21.9%	22.4%	23.5%	24.0%	24.5%
MEA Choice Plus (HMO Choice)	Single	\$710.38	\$713.37	\$716.35	\$722.32	\$725.31	\$728.29
	2-Party	1,601.07	1,607.80	1,614.53	1,627.98	1,634.71	1,641.44
	Family	1,948.72	1,956.91	1,965.10	1,981.47	1,989.66	1,997.85
	Part & Child	1,257.22	1,262.51	1,267.79	1,278.35	1,283.64	1,288.92
MEA Standard Plan (Blue Choice \$15)	Single	767.12	770.34	773.57	780.01	783.24	786.46
	2-Party	1,729.15	1,736.42	1,743.68	1,758.21	1,765.48	1,772.75
	Family	2,104.62	2,113.47	2,122.31	2,139.99	2,148.84	2,157.68
	Part & Child	1,357.79	1,363.50	1,369.20	1,380.61	1,386.32	1,392.02
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	674.86	677.70	680.53	686.20	689.04	691.87
	2-Party	1,521.02	1,527.41	1,533.80	1,546.59	1,552.98	1,559.37
	Family	1,851.28	1,859.06	1,866.84	1,882.40	1,890.18	1,897.95
	Part & Child	1,194.37	1,199.39	1,204.40	1,214.44	1,219.46	1,224.48
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	643.61	646.32	649.02	654.43	657.13	659.84
	2-Party	1,450.57	1,456.67	1,462.76	1,474.95	1,481.05	1,487.14
	Family	1,765.54	1,772.96	1,780.38	1,795.22	1,802.63	1,810.05
	Part & Child	1,139.04	1,143.83	1,148.62	1,158.19	1,162.97	1,167.76



January 14, 2016

E-24



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 51	Rate Band 52	Rate Band 53	Rate Band 54	Rate Band 56	Rate Band 57
% Relative to Rate Band 1		25.5%	26.0%	26.5%	27.0%	28.1%	28.6%
MEA Choice Plus (HMO Choice)	Single	\$734.26	\$737.25	\$740.23	\$743.22	\$749.18	\$752.17
	2-Party	1,654.89	1,661.62	1,668.35	1,675.07	1,688.53	1,695.25
	Family	2,014.22	2,022.41	2,030.60	2,038.79	2,055.16	2,063.35
	Part & Child	1,299.48	1,304.77	1,310.05	1,315.33	1,325.89	1,331.18
MEA Standard Plan (Blue Choice \$15)	Single	792.91	796.13	799.35	802.58	809.02	812.25
	2-Party	1,787.28	1,794.54	1,801.81	1,809.07	1,823.60	1,830.87
	Family	2,175.37	2,184.21	2,193.05	2,201.89	2,219.58	2,228.42
	Part & Child	1,403.43	1,409.14	1,414.84	1,420.55	1,431.96	1,437.66
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	697.55	700.38	703.22	706.05	711.72	714.56
	2-Party	1,572.15	1,578.54	1,584.93	1,591.32	1,604.10	1,610.49
	Family	1,913.51	1,921.29	1,929.07	1,936.85	1,952.40	1,960.18
	Part & Child	1,234.51	1,239.53	1,244.55	1,249.57	1,259.61	1,264.62
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	665.25	667.95	670.65	673.36	678.77	681.47
	2-Party	1,499.33	1,505.43	1,511.52	1,517.62	1,529.81	1,535.90
	Family	1,824.89	1,832.31	1,839.73	1,847.14	1,861.98	1,869.40
	Part & Child	1,177.33	1,182.12	1,186.90	1,191.69	1,201.26	1,206.05



January 14, 2016

E-25



PREMIUMS

Teachers' Health Plans

Active and Non-Medicare Eligible Retirees 2015/16 Monthly Premiums (Continued)

Medical Plan	Coverage	Rate Band 60	Rate Band 62	Rate Band 63	Rate Band 64	Rate Band 65
% Relative to Rate Band 1		30.1%	31.1%	31.6%	32.1%	32.6%
MEA Choice Plus (HMO Choice)	Single	\$761.12	\$767.09	\$770.08	\$773.06	\$775.58
	2-Party	1,715.44	1,728.89	1,735.62	1,742.34	1,748.02
	Family	2,087.91	2,104.29	2,112.48	2,120.67	2,127.57
	Part & Child	1,347.02	1,357.59	1,362.87	1,368.15	1,372.61
MEA Standard Plan (Blue Choice \$15)	Single	821.92	828.36	831.59	834.81	837.53
	2-Party	1,852.66	1,867.19	1,874.46	1,881.73	1,887.85
	Family	2,254.95	2,272.64	2,281.48	2,290.32	2,297.78
	Part & Child	1,454.78	1,466.19	1,471.89	1,477.60	1,482.41
MEA Standard 500 Plan \$500 Deductible (Blue Choice \$20)	Single	723.07	728.74	731.57	734.41	736.80
	2-Party	1,629.67	1,642.45	1,648.84	1,655.23	1,660.62
	Family	1,983.52	1,999.07	2,006.85	2,014.63	2,021.19
	Part & Child	1,279.68	1,289.72	1,294.73	1,299.75	1,303.99
MEA Standard 1000 Plan \$1,000 Deductible (Blue Choice \$20)	Single	689.58	694.99	697.70	700.40	702.68
	2-Party	1,554.19	1,566.38	1,572.47	1,578.57	1,583.71
	Family	1,891.65	1,906.49	1,913.91	1,921.33	1,927.58
	Part & Child	1,220.40	1,229.98	1,234.76	1,239.55	1,243.59



January 14, 2016

E-26



PREMIUMS

Teachers' Health Plans
Monthly Premiums

Medicare Eligible Retirees

Medical Plan	Year	Single	2-Party	Family	Participant w/Child(ren)
Group Companion ³⁵	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
	2012/13	340.90	715.56	n/a	n/a
	2013/14	368.17	772.80	n/a	n/a
	2014/15	386.58	811.44	n/a	n/a
	2015/16	405.91	852.01	n/a	n/a

³⁵ Medigap B, Harvard Pilgrim, and MSMA assumed to have the same premiums for valuation.



PREMIUMS



This page intentionally blank



PARTICIPANT STATISTICS

Active Employee Plan & Coverage Elections

June 30, 2014

State Employees

Medical Plan	Single	2-Party	Family	EE+ Child(ren)	FLES³⁶	Waived	Total
HMO Choice	5,701	1,422	2,292	1,633	315	n/a	11,363
Waived	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>1,053</u>	<u>1,053</u>
Total	5,701	1,422	2,292	1,633	315	1,053	12,416

Teachers

Medical Plan	Single	2-Party	Family	EE + Child(ren)	FLES	Waived	Total
HMO Choice	6,215	2,001	4,373	2,874	n/a	n/a	15,463
Blue Choice \$15	1,399	559	716	405	n/a	n/a	3,079
Blue Choice \$20	80	26	49	33	n/a	n/a	188
Waived	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>9,003</u>	<u>9,003</u>
Total	7,694	2,586	5,138	3,312	n/a	9,003	27,733

³⁶ State employees or retirees married to other State employees or retirees and valued as single coverage.



January 14, 2016

E-29



PARTICIPANT STATISTICS

Retiree Plan & Coverage Elections

June 30, 2014

State Employees

Medical Plan	Single	2-Party	Family	EE+ Child(ren)	Total
HMO Choice	3,167	202	20	48	3,437
Medicare Advantage 100 PPO Plan	n/a	n/a	n/a	n/a	5,875
Medicare Advantage 100 ESA PPO Plan	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>1,744</u>
Total	3,167	202	20	48	11,056

Teachers

Medical Plan	Single	2-Party	Family	EE + Child(ren)	Total
HMO Choice	1,450	182	15	11	1,658
Blue Choice \$15	1,461	97	9	8	1,575
Blue Choice \$20	19	8	3	-	30
Group Companion	5,387	1,128	-	-	6,515
Medigap B	5	-	-	-	5
Harvard Pilgrim	n/a	n/a	n/a	n/a	100
MSMA	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>50</u>
Total	8,322	1,415	27	19	9,933



January 14, 2016

E-30



PARTICIPANT STATISTICS

State Actives by Age and Service³⁷
June 30, 2014

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	244	147	10	-	-	-	-	401
25-29	206	390	136	9	-	-	-	741
30-34	123	320	325	169	9	-	-	946
35-39	92	228	314	342	167	8	-	1,151
40-44	111	252	245	329	296	137	41	1,411
45-49	92	225	264	310	235	252	327	1,705
50-54	82	259	253	324	230	256	702	2,106
55-59	75	216	265	308	219	210	799	2,092
60-64	38	144	178	202	136	127	512	1,337
≥ 65	13	51	94	86	54	54	174	526
Total	1,076	2,232	2,084	2,079	1,346	1,044	2,555	12,416

³⁷ Includes 1 active with assumed birth date.



PARTICIPANT STATISTICS

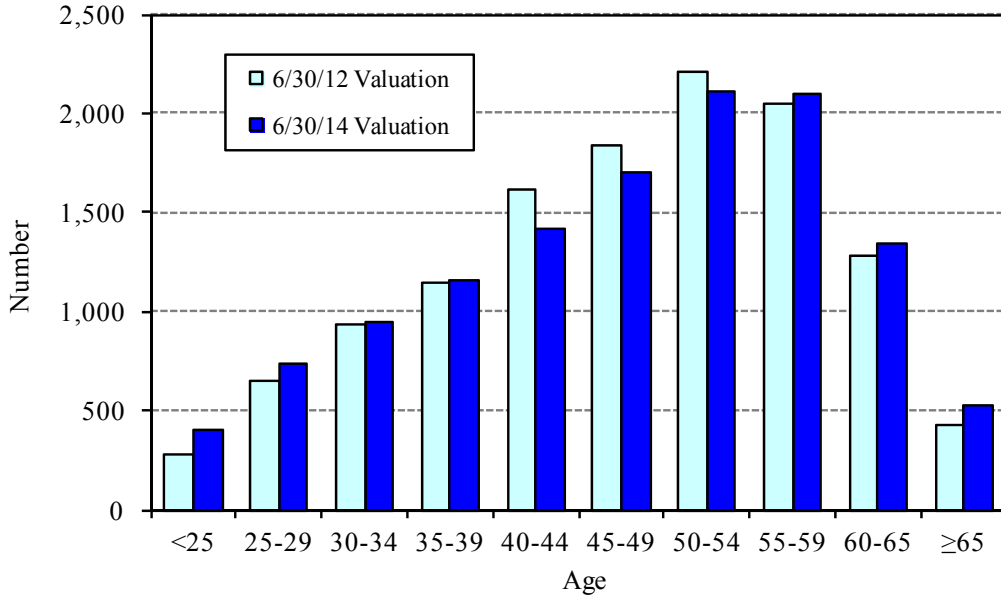
Teacher Actives by Age and Service
June 30, 2014

Age	Service							Total
	< 1	1-4	5-9	10-14	15-19	20-24	≥ 25	
< 25	328	498	14	-	-	-	-	840
25-29	259	1,225	654	40	-	-	-	2,178
30-34	177	598	972	897	41	-	-	2,685
35-39	184	560	563	906	797	29	-	3,039
40-44	183	546	611	572	834	762	2	3,510
45-49	136	432	601	627	476	923	387	3,582
50-54	91	350	443	630	521	484	1,321	3,840
55-59	71	253	340	499	548	604	1,772	4,087
60-64	43	182	200	334	322	449	1,428	2,958
≥ 65	30	94	105	123	110	127	425	1,014
Total	1,502	4,738	4,503	4,628	3,649	3,378	5,335	27,733



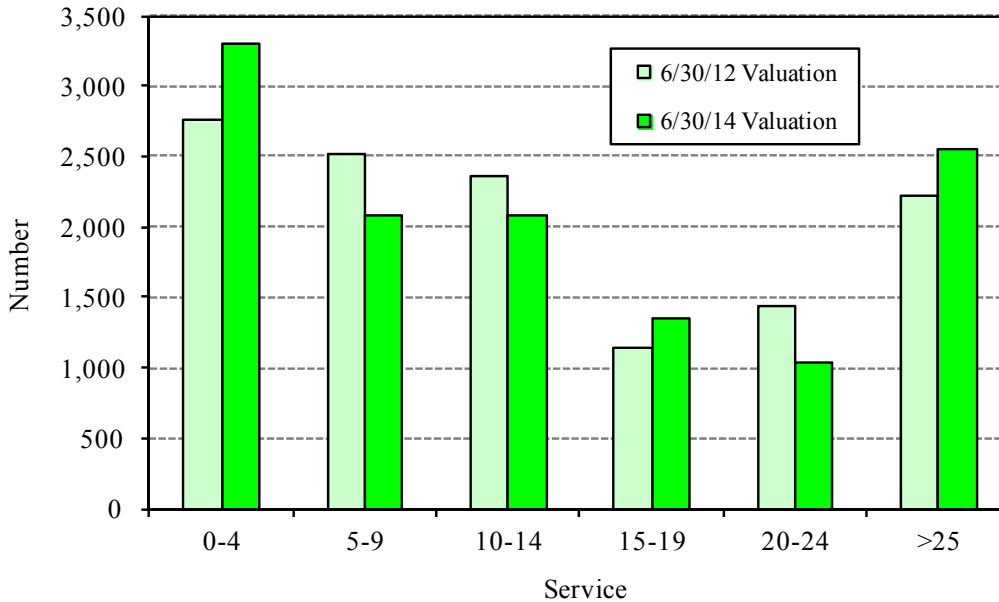
PARTICIPANT STATISTICS

Active Age Distribution
State Employees



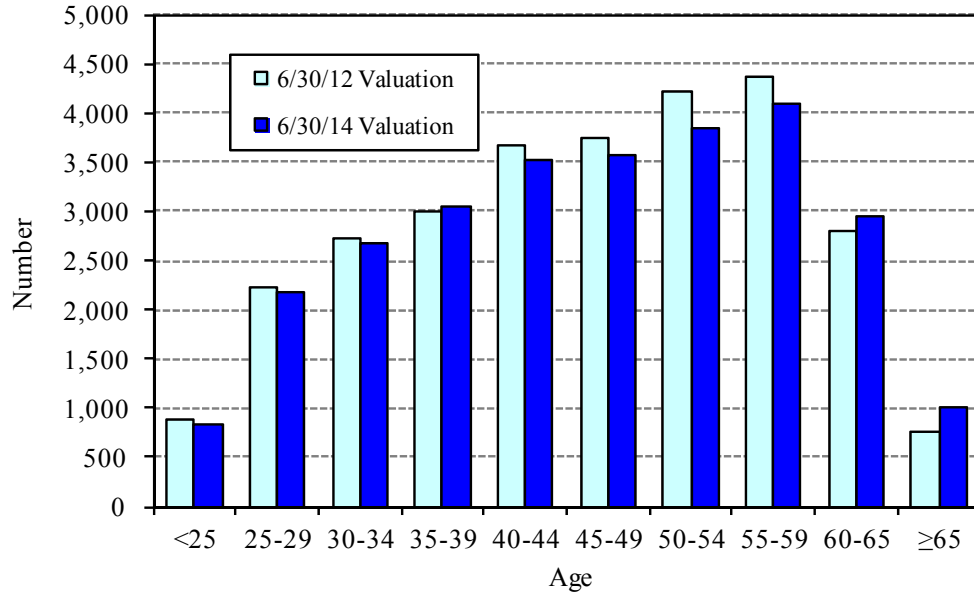
PARTICIPANT STATISTICS

Active Service Distribution
State Employees



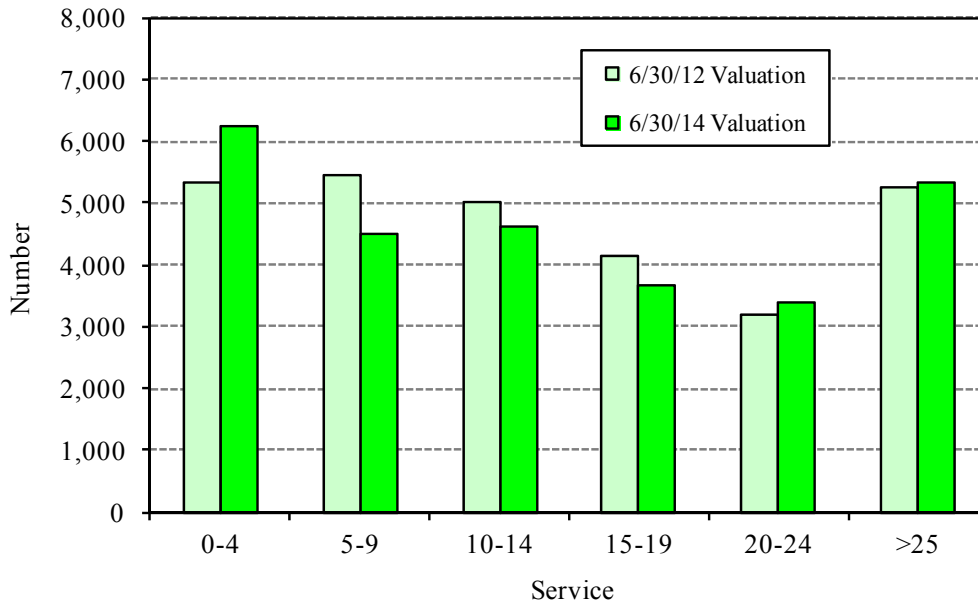
PARTICIPANT STATISTICS

Active Age Distribution Teachers



PARTICIPANT STATISTICS

Active Service Distribution Teachers



PARTICIPANT STATISTICS

State Retiree Healthcare Coverage by Age Group
June 30, 2014

Age	Single	2-Party	Family	EE+Ch	MA PPO ³⁸	Total
Under 50	67	-	-	6	11	84
50-54	231	9	4	13	9	266
55-59	714	47	5	12	32	810
60-64	1,489	105	10	16	112	1,732
65-69	212	14	1	1	2,225	2,453
70-74	167	11	-	-	1,711	1,889
75-79	150	8	-	-	1,331	1,489
80-84	73	5	-	-	1,097	1,175
Over 85	64	3	-	-	1,091	1,158
Total	3,167	202	20	48	7,619	11,056

Average Age	63.0	63.6	59.7	54.9	75.4	71.5
< 65 Election %	86%	6%	1%	2%	6%	100%
≥ 65 Election %	n/a	n/a	n/a	n/a	n/a	100%
Total Election %	n/a	n/a	n/a	n/a	n/a	100%

³⁸ Medical coverage election not provided for State retirees in Medicare Advantage PPO Plans.



PARTICIPANT STATISTICS

Teachers Retiree Healthcare Coverage by Age Group
June 30, 2014

Age	Single	2-Party	Family	EE+Ch	HP/MSMA	Total
Under 50	12	-	-	1	-	13
50-54	34	-	6	1	-	41
55-59	222	28	5	-	2	257
60-64	1,836	221	14	17	45	2,133
65-69	2,483	321	1	-	43	2,848
70-74	1,674	338	1	-	27	2,040
75-79	932	263	-	-	9	1,204
80-84	605	151	-	-	12	768
Over 85	524	93	-	-	12	629
Total	8,322	1,415	27	19	150	9,933

Average Age	70.7	72.6	60.2	59.4	70.6	70.9
< 65 Election %	86%	10%	1%	1%	2%	100%
≥ 65 Election %	83%	16%	0%	0%	1%	100%
Total Election %	84%	14%	0%	0%	2%	100%



PARTICIPANT STATISTICS

State Employees Retiree Healthcare Cash Subsidy Percent
June 30, 2014

Age	0%	50%	60%	70%	80%	90%	100%	Total
Under 50	10	0	0	5	1	1	67	84
50-54	8	0	1	2	1	1	253	266
55-59	27	2	2	1	0	1	777	810
60-64	65	2	6	3	6	9	1,641	1,732
65-69	453	12	13	17	13	19	1,926	2,453
70-74	457	3	6	14	24	6	1,379	1,889
75-79	412	5	5	1	8	3	1,055	1,489
80-84	374	0	1	0	4	0	796	1,175
Over 85	386	0	1	0	1	1	769	1,158
Total	2,192	24	35	43	58	41	8,663	11,056
Percent	19.8%	0.2%	0.3%	0.4%	0.5%	0.4%	78.4%	100%



PARTICIPANT STATISTICS

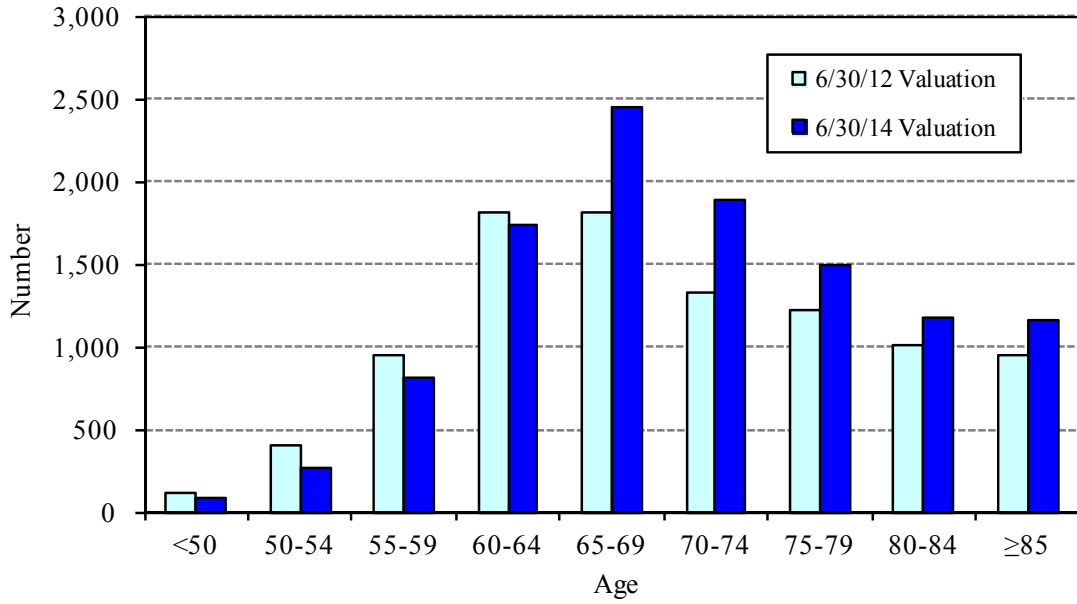
Teachers Retiree Healthcare Cash Subsidy Percent
June 30, 2014

Age	0%	45%	Total
Under 50	7	6	13
50-54	5	36	41
55-59	17	240	257
60-64	140	1,993	2,133
65-69	76	2,772	2,848
70-74	31	2,009	2,040
75-79	12	1,192	1,204
80-84	7	761	768
Over 85	14	615	629
Total	309	9,624	9,933
Percent	3.1%	96.9%	100%



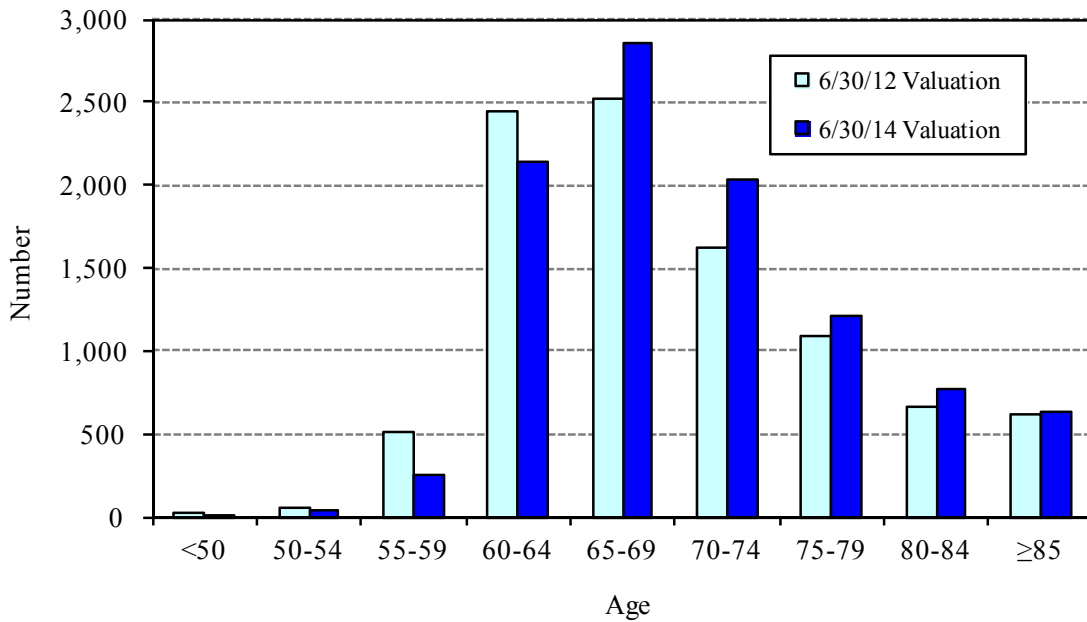
PARTICIPANT STATISTICS

**Retiree Age Distribution
State Employees**



PARTICIPANT STATISTICS

**Retiree Age Distribution
Teachers**



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
■ Valuation Date	<ul style="list-style-type: none"> • June 30, 2014 • Full valuation • 6/30/14 AAL and UAAL • 2014/15 and 2015/16 ARCs for reporting purposes 	<ul style="list-style-type: none"> • June 30, 2015 • Interim valuation • 6/30/15 AAL and UAAL • 2015/16 ARC for internal use and projection purposes
■ Valuation Data	<ul style="list-style-type: none"> • 6/30/14 census data • 6/30/14 assets • 2014/15 premiums 	<ul style="list-style-type: none"> • 6/30/14 census data • 6/30/15 assets • 2015/16 premiums
■ Discount Rate Basis	<ul style="list-style-type: none"> • No pre-funding rate - 4.00% • Full pre-funding rate - 7.25% 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																																
■ Discount Rate State Employees	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table border="0"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>5.95%</td> </tr> <tr> <td>2015/16</td> <td>6.28%</td> </tr> <tr> <td>2016/17</td> <td>6.60%</td> </tr> <tr> <td>2017/18</td> <td>6.93%</td> </tr> <tr> <td>2018/19+</td> <td>7.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	2014/15	5.95%	2015/16	6.28%	2016/17	6.60%	2017/18	6.93%	2018/19+	7.25%	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table border="0"> <thead> <tr> <th><u>Year</u></th> <th><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>n/a</td> </tr> <tr> <td>2015/16</td> <td>6.28%</td> </tr> <tr> <td>2016/17</td> <td>6.60%</td> </tr> <tr> <td>2017/18</td> <td>6.93%</td> </tr> <tr> <td>2018/19+</td> <td>7.25%</td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	2014/15	n/a	2015/16	6.28%	2016/17	6.60%	2017/18	6.93%	2018/19+	7.25%																								
<u>Year</u>	<u>Rate</u>																																																	
2014/15	5.95%																																																	
2015/16	6.28%																																																	
2016/17	6.60%																																																	
2017/18	6.93%																																																	
2018/19+	7.25%																																																	
<u>Year</u>	<u>Rate</u>																																																	
2014/15	n/a																																																	
2015/16	6.28%																																																	
2016/17	6.60%																																																	
2017/18	6.93%																																																	
2018/19+	7.25%																																																	
■ Discount Rate Teachers	<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table border="0"> <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>2014/15</td> <td>4.00%</td> <td>2019/20</td> <td>6.03%</td> </tr> <tr> <td>2015/16</td> <td>4.41%</td> <td>2020/21</td> <td>6.44%</td> </tr> <tr> <td>2016/17</td> <td>4.81%</td> <td>2021/22</td> <td>6.84%</td> </tr> <tr> <td>2017/18</td> <td>5.22%</td> <td>2022/23+</td> <td>7.25%</td> </tr> <tr> <td>2018/19</td> <td>5.63%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2014/15	4.00%	2019/20	6.03%	2015/16	4.41%	2020/21	6.44%	2016/17	4.81%	2021/22	6.84%	2017/18	5.22%	2022/23+	7.25%	2018/19	5.63%			<ul style="list-style-type: none"> • Select & ultimate discount rates based on ARC phase-in funding policy: <table border="0"> <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>2014/15</td> <td>n/a</td> <td>2019/20</td> <td>6.03%</td> </tr> <tr> <td>2015/16</td> <td>4.41%</td> <td>2020/21</td> <td>6.44%</td> </tr> <tr> <td>2016/17</td> <td>4.81%</td> <td>2021/22</td> <td>6.84%</td> </tr> <tr> <td>2017/18</td> <td>5.22%</td> <td>2022/23+</td> <td>7.25%</td> </tr> <tr> <td>2018/19</td> <td>5.63%</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>	2014/15	n/a	2019/20	6.03%	2015/16	4.41%	2020/21	6.44%	2016/17	4.81%	2021/22	6.84%	2017/18	5.22%	2022/23+	7.25%	2018/19	5.63%		
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>																																															
2014/15	4.00%	2019/20	6.03%																																															
2015/16	4.41%	2020/21	6.44%																																															
2016/17	4.81%	2021/22	6.84%																																															
2017/18	5.22%	2022/23+	7.25%																																															
2018/19	5.63%																																																	
<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>																																															
2014/15	n/a	2019/20	6.03%																																															
2015/16	4.41%	2020/21	6.44%																																															
2016/17	4.81%	2021/22	6.84%																																															
2017/18	5.22%	2022/23+	7.25%																																															
2018/19	5.63%																																																	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
■ Discount Rate Ancillary Groups	<ul style="list-style-type: none"> • 4.0% 	<ul style="list-style-type: none"> • Same
■ General Inflation	<ul style="list-style-type: none"> • 3% annually • Basis for aggregate payroll and discount rate assumptions 	<ul style="list-style-type: none"> • Same
■ Aggregate Payroll Increases	<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	June 30, 2014 Valuation	June 30, 2015 Valuation																					
■ Merit and Longevity Pay Increases	<ul style="list-style-type: none"> • MainePERS 6/30/13 Valuation 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>7.00%</td> <td>10.00%</td> </tr> <tr> <td>5</td> <td>2.50%</td> <td>2.75%</td> </tr> <tr> <td>10</td> <td>1.00%</td> <td>1.50%</td> </tr> <tr> <td>15</td> <td>0.45%</td> <td>1.00%</td> </tr> <tr> <td>20</td> <td>0.20%</td> <td>0.20%</td> </tr> <tr> <td>25+</td> <td>0.00%</td> <td>0.00%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • 0.0% for Legislative • 0.0% for Judicial • Added to aggregate payroll increase assumption and used for Normal Cost calculation 	<u>Service</u>	<u>State</u>	<u>Teachers</u>	0	7.00%	10.00%	5	2.50%	2.75%	10	1.00%	1.50%	15	0.45%	1.00%	20	0.20%	0.20%	25+	0.00%	0.00%	<ul style="list-style-type: none"> • Same for MainePERS 6/30/14 valuation
<u>Service</u>	<u>State</u>	<u>Teachers</u>																					
0	7.00%	10.00%																					
5	2.50%	2.75%																					
10	1.00%	1.50%																					
15	0.45%	1.00%																					
20	0.20%	0.20%																					
25+	0.00%	0.00%																					



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation				June 30, 2015 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>	<u>Year</u>	<u>Plan</u>
	2014/15	Premium	2014	Premium	2014/15	n/a	2014	n/a	2014/15	n/a
	2015/16	6.0%	2015	7.8%	2015/16	Premium	2015	Premium	2015/16	Premium
	2016/17	6.0%	2016	7.2%	2016/17	6.0%	2016	7.2%	2016/17	7.2%
	2017/18	6.0%	2017	6.7%	2017/18	6.0%	2017	6.7%	2017/18	6.7%
	2018/19	6.0%	2018	6.1%	2018/19	6.0%	2018	6.1%	2018/19	6.1%
	2019/20	5.5%	2019	5.6%	2019/20	5.5%	2019	5.6%	2019/20	5.6%
	2020/21+	5.0%	2020+	5.0%	2020/21+	5.0%	2020+	5.0%	2020/21+	5.0%
	•HMO Choice premium increases for fiscal years ending after 6/30/15 limited to CPI plus 3% per Public Law Chapter 368 §H-1				•HMO Choice premium increases for fiscal years ending after 6/30/15 limited to CPI plus 3% per Public Law Chapter 368 §H-1					



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation				June 30, 2015 Valuation					
■ Healthcare Cost Increases Teachers	Increase from Prior Year				Increase from Prior Year					
		HMO		Blue		Medicare			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>	<u>Year</u>	<u>Plan</u>
	2014/15	Premium	Premium	Premium	2014/15	n/a	n/a	n/a	2014/15	n/a
	2015/16	7.5%	7.5%	7.8%	2015/16	Premium	Premium	Premium	2015/16	Premium
	2016/17	7.0%	7.0%	7.2%	2016/17	7.0%	7.0%	7.2%	2016/17	7.2%
	2017/18	6.5%	6.5%	6.7%	2017/18	6.5%	6.5%	6.7%	2017/18	6.7%
	2018/19	6.0%	6.0%	6.1%	2018/19	6.0%	6.0%	6.1%	2018/19	6.1%
	2019/20	5.5%	5.5%	5.6%	2019/20	5.5%	5.5%	5.6%	2019/20	5.6%
	2020/21+	5.0%	5.0%	5.0%	2020/21+	5.0%	5.0%	5.0%	2020/21+	5.0%



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																										
<p>■ State Average Monthly Net Claims Cost</p>	<ul style="list-style-type: none"> 2014/15 claims cost by age: HMO Choice <u>Retiree Monthly Claims</u> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>50</td><td>\$ 603</td><td>\$ 784</td></tr> <tr><td>55</td><td>780</td><td>799</td></tr> <tr><td>60</td><td>990</td><td>853</td></tr> <tr><td>65</td><td>1,211</td><td>1,015</td></tr> <tr><td>70</td><td>1,535</td><td>1,250</td></tr> <tr><td>75</td><td>1,853</td><td>1,495</td></tr> </tbody> </table> Increases with healthcare trend assumption 	<u>Age</u>	<u>Male</u>	<u>Female</u>	50	\$ 603	\$ 784	55	780	799	60	990	853	65	1,211	1,015	70	1,535	1,250	75	1,853	1,495	<ul style="list-style-type: none"> 2015/16 claims cost by age: HMO Choice <u>Retiree Monthly Claims</u> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>50</td><td>\$ 639</td><td>\$ 832</td></tr> <tr><td>55</td><td>826</td><td>847</td></tr> <tr><td>60</td><td>1,050</td><td>904</td></tr> <tr><td>65</td><td>1,284</td><td>1,076</td></tr> <tr><td>70</td><td>1,627</td><td>1,325</td></tr> <tr><td>75</td><td>1,965</td><td>1,585</td></tr> </tbody> </table> Increases with healthcare trend assumption 	<u>Age</u>	<u>Male</u>	<u>Female</u>	50	\$ 639	\$ 832	55	826	847	60	1,050	904	65	1,284	1,076	70	1,627	1,325	75	1,965	1,585
<u>Age</u>	<u>Male</u>	<u>Female</u>																																										
50	\$ 603	\$ 784																																										
55	780	799																																										
60	990	853																																										
65	1,211	1,015																																										
70	1,535	1,250																																										
75	1,853	1,495																																										
<u>Age</u>	<u>Male</u>	<u>Female</u>																																										
50	\$ 639	\$ 832																																										
55	826	847																																										
60	1,050	904																																										
65	1,284	1,076																																										
70	1,627	1,325																																										
75	1,965	1,585																																										



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																								
<p>■ State Relative Age-Related Claims Cost Factors</p>	<p align="center">HMO Choice <u>Retiree and Spouse</u></p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>50-55</td><td>51%</td><td>71%</td></tr> <tr><td>55-60</td><td>66%</td><td>73%</td></tr> <tr><td>60-65</td><td>83%</td><td>80%</td></tr> <tr><td>65-70</td><td>100%</td><td>100%</td></tr> <tr><td>70-75</td><td>130%</td><td>122%</td></tr> <tr><td>75-80</td><td>151%</td><td>144%</td></tr> <tr><td>80-85</td><td>160%</td><td>160%</td></tr> </tbody> </table> <ul style="list-style-type: none"> Used to allocate claims cost by age and gender 	<u>Age</u>	<u>Male</u>	<u>Female</u>	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"> Same
<u>Age</u>	<u>Male</u>	<u>Female</u>																								
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%																								



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																																																
<p>■ Mortality for Healthy Lives</p>	<p>• MainePERS 6/30/13 valuation assumption</p> <ul style="list-style-type: none"> ➢ State, Legislative & Judicial - RP2000 projected to 2015 using Scale AA ➢ Teachers - RP2000 projected to 2015 using Scale AA setback 2 years <table border="1"> <thead> <tr> <th rowspan="2"><u>Age</u></th> <th colspan="2"><u>State</u></th> <th colspan="2"><u>Teachers</u></th> </tr> <tr> <th><u>Male</u></th> <th><u>Female</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.03%</td><td>0.01%</td><td>0.02%</td><td>0.02%</td></tr> <tr><td>25</td><td>0.03%</td><td>0.02%</td><td>0.03%</td><td>0.02%</td></tr> <tr><td>30</td><td>0.04%</td><td>0.02%</td><td>0.04%</td><td>0.02%</td></tr> <tr><td>35</td><td>0.07%</td><td>0.04%</td><td>0.06%</td><td>0.03%</td></tr> <tr><td>40</td><td>0.10%</td><td>0.06%</td><td>0.09%</td><td>0.05%</td></tr> <tr><td>45</td><td>0.12%</td><td>0.09%</td><td>0.11%</td><td>0.07%</td></tr> <tr><td>50</td><td>0.16%</td><td>0.13%</td><td>0.14%</td><td>0.11%</td></tr> <tr><td>55</td><td>0.27%</td><td>0.24%</td><td>0.22%</td><td>0.20%</td></tr> <tr><td>60</td><td>0.53%</td><td>0.47%</td><td>0.41%</td><td>0.36%</td></tr> <tr><td>65</td><td>1.03%</td><td>0.90%</td><td>0.81%</td><td>0.71%</td></tr> <tr><td>70</td><td>1.77%</td><td>1.55%</td><td>1.42%</td><td>1.25%</td></tr> </tbody> </table>	<u>Age</u>	<u>State</u>		<u>Teachers</u>		<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	20	0.03%	0.01%	0.02%	0.02%	25	0.03%	0.02%	0.03%	0.02%	30	0.04%	0.02%	0.04%	0.02%	35	0.07%	0.04%	0.06%	0.03%	40	0.10%	0.06%	0.09%	0.05%	45	0.12%	0.09%	0.11%	0.07%	50	0.16%	0.13%	0.14%	0.11%	55	0.27%	0.24%	0.22%	0.20%	60	0.53%	0.47%	0.41%	0.36%	65	1.03%	0.90%	0.81%	0.71%	70	1.77%	1.55%	1.42%	1.25%	<p>• Same for MainePERS 6/30/14 valuation</p>
<u>Age</u>	<u>State</u>		<u>Teachers</u>																																																															
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>																																																														
20	0.03%	0.01%	0.02%	0.02%																																																														
25	0.03%	0.02%	0.03%	0.02%																																																														
30	0.04%	0.02%	0.04%	0.02%																																																														
35	0.07%	0.04%	0.06%	0.03%																																																														
40	0.10%	0.06%	0.09%	0.05%																																																														
45	0.12%	0.09%	0.11%	0.07%																																																														
50	0.16%	0.13%	0.14%	0.11%																																																														
55	0.27%	0.24%	0.22%	0.20%																																																														
60	0.53%	0.47%	0.41%	0.36%																																																														
65	1.03%	0.90%	0.81%	0.71%																																																														
70	1.77%	1.55%	1.42%	1.25%																																																														



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																			
<p>■ Mortality for Disabled Lives</p>	<p>• MainePERS 6/30/13 valuation assumption</p> <table border="1"> <thead> <tr> <th rowspan="2"><u>Age</u></th> <th colspan="2"><u>State & Teachers</u></th> </tr> <tr> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>25</td><td>0.92%</td><td>0.72%</td></tr> <tr><td>30</td><td>1.12%</td><td>0.89%</td></tr> <tr><td>35</td><td>1.34%</td><td>1.09%</td></tr> <tr><td>40</td><td>1.60%</td><td>1.26%</td></tr> <tr><td>45</td><td>1.93%</td><td>1.44%</td></tr> <tr><td>50</td><td>2.36%</td><td>1.65%</td></tr> <tr><td>55</td><td>2.95%</td><td>1.91%</td></tr> <tr><td>60</td><td>3.62%</td><td>2.26%</td></tr> <tr><td>65</td><td>4.46%</td><td>2.72%</td></tr> <tr><td>70</td><td>5.76%</td><td>3.31%</td></tr> </tbody> </table>	<u>Age</u>	<u>State & Teachers</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%	<p>• Same for MainePERS 6/30/14 valuation</p>
<u>Age</u>	<u>State & Teachers</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	June 30, 2014 Valuation	June 30, 2015 Valuation
■ Termination	• MainePERS 6/30/13 valuation assumption	• Same for MainePERS 6/30/14 valuation
	<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	June 30, 2014 Valuation	June 30, 2015 Valuation
■ Disability Incidence	• MainePERS 6/30/13 valuation assumption	• Same for MainePERS 6/30/14 valuation
	<u>Age</u> <u>State</u> <u>Teachers</u> <u>Legislative & Judicial</u>	
	25 .068% .035% .06%	
	30 .076% .038% .06%	
	35 .102% .038% .07%	
	40 .190% .051% .11%	
	45 .279% .116% .22%	
	50 .427% .182% .42%	
	55 .530% .248% .72%	
	60 .630% .313% .00%	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation											
■ Service Retirement - State Regular Plan Adjusted MainePERS Assumption	• MainePERS 2010 Experience Study Tier 1 assumption*	• Same											
	<table border="0"> <tr> <td></td> <td align="center" colspan="2"><u>Pension</u></td> <td align="center" colspan="2"><u>OPEB</u></td> </tr> <tr> <td align="center"><u>Age</u></td> <td align="center"><u>Tier 1</u></td> <td align="center"><u>Tier 1</u></td> <td align="center"><u>Tier 2</u></td> <td align="center"><u>Tier 3</u></td> </tr> </table>			<u>Pension</u>		<u>OPEB</u>		<u>Age</u>	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	
			<u>Pension</u>		<u>OPEB</u>								
	<u>Age</u>		<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>							
	45		1.0%	1.0%	1.0%	1.0%							
	50		7.5%	7.5%	7.5%	1.0%							
	55		7.5%	6.6%	6.5%	7.5%							
	56		10.0%	9.0%	6.2%	7.1%							
	57		14.0%	12.7%	5.8%	6.6%							
	58		15.0%	13.6%	8.0%	6.1%							
	59		23.0%	21.0%	11.4%	5.5%							
	60		30.0%	36.3%	12.4%	5.0%							
	61		30.0%	30.0%	19.3%	7.0%							
	62		27.0%	27.0%	41.6%	10.3%							
	63		27.0%	27.0%	30.0%	11.3%							
64	25.0%	25.0%	27.0%	17.8%									
65	25.0%	25.0%	27.0%	46.1%									
70	100%	100%	100%	100%									
	* Tier 1 rates set back 2 years for Tier 2 and 5 years for Tier 3 and adjusted for OPEB as stated below												



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation											
■ Service Retirement - Teachers Adjusted MainePERS Assumption	• MainePERS 2010 Experience Study Tier 1 assumption*	• Same											
	<table border="0"> <tr> <td></td> <td align="center" colspan="2"><u>Pension</u></td> <td align="center" colspan="2"><u>OPEB</u></td> </tr> <tr> <td align="center"><u>Age</u></td> <td align="center"><u>Tier 1</u></td> <td align="center"><u>Tier 1</u></td> <td align="center"><u>Tier 2</u></td> <td align="center"><u>Tier 3</u></td> </tr> </table>			<u>Pension</u>		<u>OPEB</u>		<u>Age</u>	<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	
			<u>Pension</u>		<u>OPEB</u>								
	<u>Age</u>		<u>Tier 1</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>							
	45		1.8%	1.8%	1.8%	1.8%							
	50		3.9%	3.9%	2.9%	1.8%							
	55		10.6%	9.4%	4.5%	3.9%							
	56		11.6%	10.4%	4.8%	3.7%							
	57		12.9%	11.7%	8.3%	4.1%							
	58		14.4%	13.2%	9.3%	4.1%							
	59		20.0%	18.3%	10.6%	4.3%							
	60		22.5%	29.0%	12.0%	7.2%							
	61		23.0%	23.0%	16.9%	8.2%							
	62		25.0%	25.0%	34.4%	9.5%							
	63		26.0%	26.0%	23.0%	11.0%							
64	27.0%	27.0%	25.0%	15.6%									
65	30.0%	30.0%	26.0%	39.1%									
70	100%	100%	100%	100%									
	* Tier 1 rates set back 2 years for Tier 2 and 5 years for Tier 3 and adjusted for OPEB as stated below												



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation																																																												
<ul style="list-style-type: none"> ■ Service Retirement State Regular Plan and Teachers OPEB Assumption Adjustment 	<ul style="list-style-type: none"> • Retirement rates above include an additional percentage of retirees who defer retirement until NRA since no cash subsidy before NRA <table border="1" style="margin-left: 40px;"> <thead> <tr> <th><u>Age</u></th> <th><u>Tier 1</u></th> <th><u>Tier 2</u></th> <th><u>Tier 3</u></th> </tr> </thead> <tbody> <tr><td>51</td><td>2%</td><td>0%</td><td>0%</td></tr> <tr><td>52</td><td>4%</td><td>0%</td><td>0%</td></tr> <tr><td>53</td><td>6%</td><td>4%</td><td>0%</td></tr> <tr><td>54</td><td>8%</td><td>8%</td><td>0%</td></tr> <tr><td>55</td><td>10%</td><td>12%</td><td>0%</td></tr> <tr><td>56</td><td>8%</td><td>16%</td><td>6%</td></tr> <tr><td>57</td><td>6%</td><td>20%</td><td>12%</td></tr> <tr><td>58</td><td>4%</td><td>16%</td><td>18%</td></tr> <tr><td>59</td><td>2%</td><td>12%</td><td>24%</td></tr> <tr><td>60</td><td>n/a</td><td>8%</td><td>30%</td></tr> <tr><td>61</td><td>n/a</td><td>4%</td><td>24%</td></tr> <tr><td>62</td><td>n/a</td><td>n/a</td><td>18%</td></tr> <tr><td>63</td><td>n/a</td><td>n/a</td><td>12%</td></tr> <tr><td>64</td><td>n/a</td><td>n/a</td><td>6%</td></tr> </tbody> </table>	<u>Age</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	51	2%	0%	0%	52	4%	0%	0%	53	6%	4%	0%	54	8%	8%	0%	55	10%	12%	0%	56	8%	16%	6%	57	6%	20%	12%	58	4%	16%	18%	59	2%	12%	24%	60	n/a	8%	30%	61	n/a	4%	24%	62	n/a	n/a	18%	63	n/a	n/a	12%	64	n/a	n/a	6%	<ul style="list-style-type: none"> • Same
<u>Age</u>	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>																																																											
51	2%	0%	0%																																																											
52	4%	0%	0%																																																											
53	6%	4%	0%																																																											
54	8%	8%	0%																																																											
55	10%	12%	0%																																																											
56	8%	16%	6%																																																											
57	6%	20%	12%																																																											
58	4%	16%	18%																																																											
59	2%	12%	24%																																																											
60	n/a	8%	30%																																																											
61	n/a	4%	24%																																																											
62	n/a	n/a	18%																																																											
63	n/a	n/a	12%																																																											
64	n/a	n/a	6%																																																											



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Service Retirement Legislative and Judicial Plans 	<ul style="list-style-type: none"> • Maine Legislative and Judicial 6/30/13 valuation assumptions • Legislative: Tier 1 - Age 60, Tier 2 - Age 62, Tier 3 - Age 65 • Judicial: Tier 1 - Age 60, Tier 2 - 50%/year starting at 62, Tier 3 - 50%/year starting at 65 	<ul style="list-style-type: none"> • Same for Maine Legislative and Judicial 6/30/14 valuations
<ul style="list-style-type: none"> ■ Service Retirement State Special Plans 	<ul style="list-style-type: none"> • MainePERS 6/30/13 valuation assumption for all Special Plans <ul style="list-style-type: none"> > 50% per year once eligibility for unreduced benefits is reached 	<ul style="list-style-type: none"> • Same for MainePERS 6/30/14 valuation



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation	
■ Expected Retirement Age	Assumed		
	<u>Group</u>	<u>Hire Age</u> <u>ERA</u>	• Same
	State Tier 1	25 57	
	State Tier 2	25 58	
	State Tier 3	25 60	
	Teachers Tier 1	25 58	
	Teachers Tier 2	25 60	
	Teachers Tier 3	25 62	



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
■ Participation at Retirement	<ul style="list-style-type: none"> • State: <ul style="list-style-type: none"> ➢ Currently covered - 95% for future retirees and 10% for spouses ➢ Currently waived: <ul style="list-style-type: none"> - Hired \leq 7/1/91 - 20% will elect medical coverage before retirement - Hired $>$ 7/1/91 - 20% will elect medical coverage before retirement and receive 50% cash subsidy, 10% will elect medical and have implied subsidy only • Teachers: <ul style="list-style-type: none"> ➢ Currently covered - 75% for future retirees ➢ Currently waived - $\frac{1}{3}$ will elect medical coverage 	• Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
<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
<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 - 94% • Current retirees ≥ 65 - actual data 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Marital Status 	<ul style="list-style-type: none"> • Currently covered - based on current coverage election • Currently waived - 80% 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 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
<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 if no retiree spouse birth date provided 	<ul style="list-style-type: none"> • Same



ACTUARIAL ASSUMPTIONS

Assumption	June 30, 2014 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Data Assumptions 	<ul style="list-style-type: none"> • 1 Teacher retiree missing birth date - assigned average age by medical plan • Ineligible State elected officials - assume none in data • Active employees with waived health insurance coverage - included in valuation 	<ul style="list-style-type: none"> • Same



ACTUARIAL METHODS

Method	June 30, 2014 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ 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
<ul style="list-style-type: none"> ■ Actuarial Value of Assets 	<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 	<ul style="list-style-type: none"> • Same
<ul style="list-style-type: none"> ■ Amortization Method 	<ul style="list-style-type: none"> • Level percent of payroll 	<ul style="list-style-type: none"> • Same



ACTUARIAL METHODS

Method	June 30, 2014 Valuation	June 30, 2015 Valuation
<ul style="list-style-type: none"> ■ Amortization Periods State Employees 	<ul style="list-style-type: none"> ● 30-year fixed (closed) period from 6/30/07 for initial UAAL, assumption and plan changes (23 years remaining on 6/30/14) ● 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 (22 years remaining on 6/30/15) ● 10-year fixed (closed) periods for gains and losses ● Maximum 30-year combined period
<ul style="list-style-type: none"> ■ Amortization Periods Teachers and Ancillary Groups 	<ul style="list-style-type: none"> ● 30-year fixed (closed) period from 6/30/07 for initial UAAL, assumption and plan changes (23 years remaining on 6/30/14) ● 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 (22 years remaining on 6/30/15) ● 15-year fixed (closed) periods for gains and losses ● Maximum 30-year combined period



ACTUARIAL METHODS

Method	June 30, 2014 Valuation	June 30, 2015 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 	



DEFINITIONS

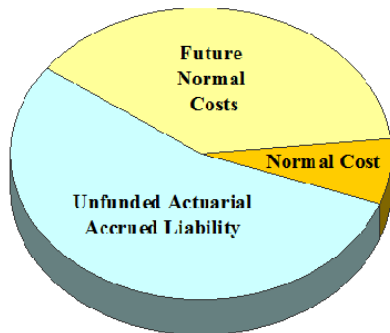
<p>■ GASB 45 Accrual Accounting</p>	<ul style="list-style-type: none"> ● Project future employer-provided benefit cash flow for current active employees and current retirees ● Discount projected cash flow to valuation date using discount rate and actuarial assumptions to determine present value of benefits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



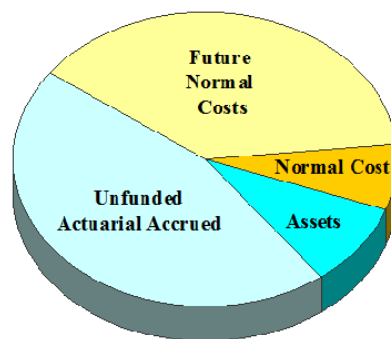
DEFINITIONS

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"> ● GASB 45 contribution is Normal Cost plus amortization of: <ul style="list-style-type: none"> ➢ Initial UAAL and AAL for plan, assumption, and method changes ➢ Experience gains and losses (difference between actual experience and that expected from assumptions) ➢ Contribution gains and losses (difference between ARC and actual contributions)
<p>■ Net OPEB Obligation (NOO)</p>	<ul style="list-style-type: none"> ● NOO is 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 current period including: <ul style="list-style-type: none"> ➢ ARC ➢ Interest on NOO ➢ Adjustment of NOO ● Adjustment of NOO prevents double counting of expense since ARCs include amortization of prior contribution gains and losses previously expensed



DEFINITIONS

<p>■ Terminology Used in Report</p>	<ul style="list-style-type: none"> ● AAL - Actuarial Accrued Liability ● AOC - Annual OPEB Cost ● ARC - Annual Required Contribution ● AVA - Actuarial Value of Assets ● EAN - Entry Age Normal Cost Method ● GASB 45 - Governmental Accounting Standards Board Statement No. 45 ● MVA - Market Value of Assets ● NOO - Net OPEB Obligation ● OPEB - Other (than pensions) Post Employment Benefits ● NC - Normal Cost ● PVB - Present Value of Projected Benefits ● S&U - Select and Ultimate assumption ● UAAL - Unfunded Actuarial Accrued Liability
-------------------------------------	--

