



# **RIVERSIDE COMMUNITY COLLEGE DISTRICT**

## **GASB 45 ACTUARIAL VALUATION REPORT**

**FOR POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

July 1, 2015 – June 30, 2016 Fiscal Year

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**A. PLAN OVERVIEW**

Riverside Community College District (“*District*”) provides post-employment benefits other than pensions (“OPEB”) to employees who meet certain criteria. As a result of offering such benefits, the District is required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“GASB 45”).

The District provides medical, dental, and life insurance benefits to eligible retirees and their covered eligible dependents, and pays a portion of the cost for eligible retirees, spouses, and dependents. All active employees who retire directly from the District and meet the eligibility criteria may participate.

The summary below identifies the value of benefits at July 1, 2015 and costs for the 2015-2016 Fiscal Year according to the accounting requirements of GASB 45, and summarizes the actuarial valuation results by the District’s active and retired employee groups.

**Note that implicit rate subsidies as required by GASB 45 are factored into all relevant values in this report.**

	July 1, 2015
<b>Present Value of Future Benefits</b>	
Actives	\$37,125,770
<u>Retirees</u>	<u>5,833,346</u>
<b>Total</b>	<b>\$42,959,116</b>
<b>Actuarial Accrued Liability</b>	
Actives	\$19,514,645
<u>Retirees</u>	<u>5,833,346</u>
<b>Total</b>	<b>\$25,347,991</b>
<b>GASB 45 Measures</b>	<b>2015-2016 FY</b>
<b>Annual Required Contribution (ARC)</b>	<b>\$3,147,095</b>
<b>Annual OPEB Cost</b>	<b>\$3,022,159</b>
<b>Employer Contributions, reflecting implicit rate subsidies</b>	<b>\$1,693,128</b>
<b>Employer Contributions, (Pay-As-You-Go)<sup>1</sup></b>	<b>\$1,309,110</b>

\* 24,161,707  
 D.I.F.F. = 1,186,284

<sup>1</sup> Estimated annual employer contributions based on data received from the District.

**B. LIABILITIES AND NORMAL COST**

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The OPEB's Actuarial Accrued Liability (at July 1, 2015) is \$25,347,991. The Actuarial Accrued Liability represents 59.00% of the Present Value of Future Benefits.

<b>Liabilities and Normal Cost</b>	<b>July 1, 2015</b>
Actuarial Accrued Liability	\$25,347,991
<u>Plan Assets</u>	<u>0</u>
Unfunded Actuarial Accrued Liability	\$25,347,991
Normal Cost	\$1,500,847

The Normal Cost for the plan is the amount that the liabilities are expected to increase during the year based on increased eligibility and service.

Normal Cost is the value of benefits expected to be earned during the year, again based on certain actuarial methods and assumptions. The 2015-2016 Fiscal Year Normal Cost is \$1,500,847.

The results were calculated based upon plan provisions and census data, as provided by the District, along with certain demographic and economic assumptions as recommended by Grant Thornton with guidance from the GASB statement and approved by the District.

**C. DEMOGRAPHIC INFORMATION**

Data was provided by the District for the 2015-2016 Fiscal Year.

<b>Participant Information</b>	<b>2015-2016 FY</b>
Active Participants	907
<u>Inactive Participants</u>	<u>71</u>
<b>Total</b>	<b>978</b>
<b>Employer Contributions</b>	<b>2015-2016 FY</b>
Expected OPEB Contributions:	
Active Participants	\$0
<u>Inactive Participants</u>	<u>1,693,128</u>
<b>Total Contribution</b>	<b>\$1,693,128</b>

**D. ASSETS**

As of the valuation date, the District does not set aside assets in trust to pay future benefits.

Assets	July 1, 2015
Market Value of Assets	\$0
Actuarial Value of Assets	\$0
Investment Return	N/A

According to GASB 45, an employer has made a contribution to pay for future benefits only if it meets one of these criteria:

- The employer has made benefit payments directly to or on behalf of a retiree or beneficiary.
- The employer has made premium payments to an insurer.
- The employer has made contributions to an OPEB plan to fund payments of benefits as they come due in the future, and all the following apply:
  - The employer no longer has ownership or control of the assets.
  - The plan is effectively a legally separate entity under the stewardship of a board of trustees.
  - The plan assets provide benefits to retirees and their beneficiaries in accordance to the terms stated in the plan.
  - The plan assets are legally protected from creditors of the employer.

**E. ECONOMIC ASSUMPTIONS**

GASB 45 requires that the discount rate used to calculate the actuarial present value of projected plan benefits should be the estimated long-term yield on the “investments that are expected to be used to finance the payments of benefits”. Since the District does not pre-fund plan liabilities, the discount rate should be based on “employer assets”, specifically, the long-term expected return on employer investments that are not restricted for other purposes and are expected to be used to finance benefit payments.

It is not clear how the general pool of assets used to finance the District’s payment of OPEB premiums is invested for the long-term. Many public sector employers are using a rate closer to the required rate under the Financial Accounting Standards Board No. 106 (FAS 106) to value postretirement healthcare benefits for private employers or what their peers are using. A rate of 5.00% is reasonable and consistent with what other similarly situated governmental employers are using.

The trend assumption is used to project the growth of the expected claims over the lifetime of the healthcare recipients. The GASB statement does not require a particular source for information to determine healthcare trends, but it does recommend selecting a source that is “publicly available, objective and unbiased.”

Riverside Community College District ("*District*") retained Grant Thornton to perform a valuation of its postretirement healthcare benefit plans for the purpose of determining its annual cost in accordance with GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions.

The consulting actuary is a member of the Society of Actuaries and other professional actuarial organizations, and meets the "Qualification Standard for Prescribed Statements of Actuarial Opinion" relating to postretirement healthcare plans.

In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

Where reasonable, the actuarial assumptions and the accounting policies and methods employed in the development of the postretirement healthcare cost have been selected by the District, which relied upon actuarial audits and experience studies conducted for California Public Employees Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS). We did not independently study historic information to develop assumptions. The mortality table used for the valuation is RP-2000 projected to 2015. It was selected due to its relevance as a current mortality table and is also used by other governmental agencies to value their populations. The amortization of unfunded liabilities as a level dollar amount over 30 years was selected to comply with GASB 45 requirements for a Closed Group. Under a Closed Group Actuarial Cost Method, actuarial present values associated with future entrants are not considered. The selected discount rate is based on an expected return on the general assets expected to finance benefit payments. If the benefit is pre-funded with an irrevocable trust, a method of valuing assets (e.g., market value or a smooth approach) will need to be selected. The Unit Credit cost method was selected.

The valuation has been conducted in accordance with generally accepted actuarial principles and practices. In our opinion, the actuarial assumptions and methods represent reasonable expectations of anticipated plan experience. To fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate solely with respect to that individual assumption."

The information contained in this report was prepared for the internal use of the District and its auditors in connection with the actuarial valuation of the postretirement healthcare plan. It is neither intended nor necessarily suitable for other purposes. The District may also distribute this actuarial valuation report to parties which have a legal right to require the District to provide them with this report, in which case they will provide this report in its entirety including all assumptions, caveats, and limitations.

We are available to answer questions on the material contained in the report or to provide explanations or further detail, as may be appropriate.



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Brett Schwab, ASA, EA, FCA, MAAA  
Director & Lead Actuary, Compensation and Benefits  
Grant Thornton, LLP  
September 22, 2015

The following exhibits show the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2016 Net OPEB Obligation (NOO).

#### A. DEVELOPMENT OF NORMAL COST

The Unit Credit cost method was selected. The cumulative Normal Cost across all active participants is \$1,500,847.

#### B. DEVELOPMENT OF ANNUAL REQUIRED CONTRIBUTION

The Standard sets the method for determining the District's post employment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and a supplemental cost based on an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows the District's 2015-2016 FY ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

Fiscal Year Ending June 30, 2016	
<b>Preliminary ARC</b>	
a) Normal Cost	\$1,500,847
b) <u>Amortization payment</u>	<u>1,570,403</u>
c) Beginning of year contribution	\$3,071,250
d) <u>Interest on contributions</u>	<u>75,845</u>
e) Preliminary ARC	\$3,147,095
<b>ARC reflecting maximum amortization period</b>	
a) Normal Cost	\$1,500,847
b) Unfunded Liability	25,347,991
c) Amortization payment using maximum amortization period	1,570,403
d) ARC reflecting maximum amortization period	3,071,250
e) <u>Interest on contributions</u>	<u>75,845</u>
f) ARC reflecting maximum amortization period adjusted for interest	\$3,147,095
<b>Annual Required Contribution</b>	<b>\$3,147,095</b>

**C. DEVELOPMENT OF ANNUAL OPEB COST**

The following table shows the District's Annual OPEB Cost projected to the end of the 2015-2016 Fiscal Year.

Fiscal Year Ending	June 30, 2016
Annual Required Contribution (ARC)	\$3,147,095
Interest on Net OPEB Obligation	463,284
<u>Adjustment to Annual Required Contribution</u>	<u>(588,220)</u>
<b>Total Annual OPEB Cost (AOC)</b>	<b>\$3,022,159</b>

**D. DEVELOPMENT OF NET OPEB OBLIGATION**

The following table shows an estimated development of the District's Net OPEB Obligation as of the end of the 2015-2016 Fiscal Year.

Fiscal Year Ending	June 30, 2016
Net OPEB Obligation (NOO) as of beginning of year <sup>2</sup>	\$9,265,681
Annual OPEB Cost	3,022,159
<u>Estimated Annual Employer Contribution</u>	<u>(1,693,128)</u>
<b>Net OPEB Obligation as of end of year (estimated)</b>	<b>\$10,594,712</b>

GASB 45 paragraph 26(a) requires the following elements to be listed in the report. Below is the projected schedule of funding progress:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
	(a)	(b)	(b) – (a)	(a) / (b)	(c)	[(b) – (a)] / (c)
July 1, 2007	\$0	\$9,766,024	\$9,766,024	0.00%	N/A	N/A
July 1, 2009	\$0	\$15,799,353	\$15,799,353	0.00%	N/A	N/A
July 1, 2011	\$0	\$24,642,278	\$24,642,278	0.00%	N/A	N/A
July 1, 2013	\$0	\$24,161,707	\$24,161,707	0.00%	N/A	N/A
July 1, 2015	\$0	\$25,347,991	\$25,347,991	0.00%	N/A	N/A

<sup>2</sup> A July 1, 2014 – June 30, 2015 actuarial valuation was not performed. The July 1, 2015 NOO is based on a roll forward utilizing the results of the July 1, 2013 – June 30, 2014 actuarial valuation and the June 30, 2014 audited financial statements.



**E. 25- YEAR PAYOUT PROJECTION**

Annual payments expected based on the current census (i.e. a closed group projection) and actuarial assumptions detailed in Assumptions and Methods:

<b>Fiscal Year Beginning July 1</b>	<b>Employer Contribution<sup>3</sup></b>	<b>Active Headcount</b>	<b>Retiree Headcount</b>
2015	\$1,693,128	907.00	71.00
2016	1,782,095	860.68	70.87
2017	1,986,200	817.79	73.22
2018	2,149,827	775.94	76.22
2019	2,293,361	736.76	73.63
2020	2,334,409	699.86	70.15
2021	2,477,554	664.53	69.98
2022	2,473,528	625.41	65.29
2023	2,474,663	589.34	63.75
2024	2,478,543	553.95	61.98
2025	2,585,637	520.12	62.42
2026	2,710,026	486.30	62.20
2027	2,905,051	452.08	64.71
2028	2,690,786	420.31	59.19
2029	2,721,364	388.47	57.53
2030	3,077,056	357.71	62.81
2031	3,391,350	328.42	62.96
2032	3,145,309	298.32	56.97
2033	3,365,313	269.22	60.46
2034	3,433,334	243.17	59.04
2035	3,232,981	218.39	53.17
2036	3,354,450	193.25	53.26
2037	3,366,370	170.25	52.26
2038	3,329,910	147.09	49.83
2039	3,680,712	126.11	52.89

<sup>3</sup> Reflects implicit rate subsidies per GASB 45.

The following table summarizes active and retiree demographic information:

	Participants
<b>Actives</b>	
Fully Eligible to Receive Plan Benefits	190
<u>Not Fully Eligible</u>	<u>717</u>
<i>Total</i>	<i>907</i>
<b>Retirees</b>	
Under Age 65	68
<u>Age 65 or over<sup>4</sup></u>	<u>3</u>
<i>Total Receiving Plan Benefits</i>	<i>71</i>
<b>Total</b>	<b>978</b>

	Actives	Retirees	Total
Average Age	47.32	62.07	48.39
Average Service	11.55	N/A	N/A

<sup>4</sup> These three surviving spouses receive lifetime coverage, per the June 18, 1991 contracts (see Plan Provisions section for more detail).

SCHEDULE OF ACTIVE PARTICIPANT DATA

Attained Age	Attained Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	3	0	0	0	0	0	0	0	0	0	3
25 to 29	15	9	1	0	0	0	0	0	0	0	25
30 to 34	14	27	29	13	1	0	0	0	0	0	84
35 to 39	12	23	51	23	6	0	0	0	0	0	115
40 to 44	10	13	61	38	13	1	0	0	0	0	136
45 to 49	7	17	39	48	30	8	3	0	0	0	152
50 to 54	11	17	28	49	32	24	10	1	0	0	172
55 to 59	0	2	24	40	31	26	17	0	1	0	141
60 to 64	0	0	4	27	18	15	12	2	1	0	79
65 to 69	0	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>72</b>	<b>108</b>	<b>237</b>	<b>238</b>	<b>131</b>	<b>74</b>	<b>42</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>907</b>

The District finances its OPEB contributions using a Pay-As-You-Go method.

The District has not established a plan or equivalent arrangement that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors.

The assumptions and methods displayed in this section were selected from the complete set of assumptions used to calculate liabilities for the plan. The District has reviewed the assumptions and recommended to the actuary that they be used. For certificated participants, it is assumed that their termination and retirement rates follow that prescribed by the CalSTRS experience study and actuarial assumptions. Non-certificated participants are assumed to follow termination and retirement behaviors exhibited in the CalPERS experience study and actuarial assumptions.

#### A. DISCOUNT RATE

The rate used to discount liabilities is 5.00%.

#### B. TREND RATE

The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 7.00% medical cost increase for the 2015-2016 fiscal year, trending down to an ultimate 5.00% increase for the 2019-2020 and later fiscal years. The dental costs are assumed to increase at 5.00% per fiscal year.

Fiscal Year	Medical Trend	Dental Trend
2015-2016	7.00%	5.00%
2016-2017	6.50%	5.00%
2017-2018	6.00%	5.00%
2018-2019	5.50%	5.00%
2019 and Beyond	5.00%	5.00%

#### C. MORTALITY

Mortality assumptions use the RP-2000 Combined Healthy table projected to 2015 using projection scale AA.

#### D. MORBIDITY

Expected medical claims are assumed to increase 2%, on average, as participants age.

#### E. MARRIAGE

Spouses were assumed where current benefit elections indicated spousal coverage. If spouse date of birth was not provided, the spouse is assumed to be the same age as the participant.

#### F. SALARY SCALE

There are no liabilities dependent on salary, therefore no salary increase rate is assumed.

#### G. COST METHOD

The Unit Credit cost method was selected to value liabilities. Wherever Normal Cost is stated, this cost method is assumed.

**H. DATA ASSUMPTIONS**

**1. New Retiree Elections, Medical Coverage**

It is assumed that new retirees select coverage, consistent with their active election, and are assumed to participate in Medicare.

**2. Amortization Period**

The period selected for amortizing the unfunded actuarial liability in determining the ARC is the maximum limit of 30 years. Amortization reflects a closed, level dollar method.

**I. MORTALITY RATES**

Mortality for the valuation is the RP-2000 Combined Healthy Table projected to 2015 using projection scale AA. Select mortality rates are listed below. It is assumed that all participants are healthy and no deviation from the prescribed mortality is necessary.

Mortality Assumptions						
Age	Base Rates		Projection Scale		Projected Rates	
	Male	Female	Male	Female	Male	Female
20	0.00035	0.00019	0.01900	0.01600	0.00026	0.00015
25	0.00038	0.00021	0.01000	0.01400	0.00032	0.00017
30	0.00044	0.00026	0.00500	0.01000	0.00041	0.00023
35	0.00077	0.00048	0.00500	0.01100	0.00072	0.00040
40	0.00108	0.00071	0.00800	0.01500	0.00096	0.00056
45	0.00151	0.00112	0.01300	0.01600	0.00124	0.00088
50	0.00214	0.00168	0.01800	0.01700	0.00163	0.00130
55	0.00362	0.00272	0.01900	0.00800	0.00272	0.00241
60	0.00675	0.00506	0.01600	0.00500	0.00530	0.00469
65	0.01274	0.00971	0.01400	0.00500	0.01031	0.00900
70	0.02221	0.01674	0.01500	0.00500	0.01770	0.01553
75	0.03783	0.02811	0.01400	0.00800	0.03062	0.02492
80	0.06437	0.04588	0.01000	0.00700	0.05536	0.04129
85	0.11076	0.07745	0.00700	0.00600	0.09968	0.07076
90	0.18341	0.13168	0.00400	0.00300	0.17271	0.12588
95	0.26749	0.19451	0.00200	0.00200	0.25958	0.18876
100	0.34456	0.23747	0.00100	0.00100	0.33942	0.23393
105	0.39789	0.29312	0.00000	0.00000	0.39789	0.29312
110	0.40000	0.36462	0.00000	0.00000	0.40000	0.36462
115	0.40000	0.40000	0.00000	0.00000	0.40000	0.40000
>=120	1.00000	1.00000	0.00000	0.00000	1.00000	1.00000

**J. RETIREMENT RATES**

Select retirements per 100 employees are listed below.

CalSTRS				
Age	Under 30 Years		Over 30 Years	
	Male	Female	Male	Female
50	0.0	0.0	1.5	1.5
51	0.0	0.0	1.5	1.5
52	0.0	0.0	1.5	1.5
53	0.0	0.0	2.0	1.5
54	0.0	0.0	2.0	2.0
55	3.0	5.0	6.0	8.0
56	2.0	3.5	6.0	8.0
57	2.0	3.5	8.0	10.0
58	3.0	4.5	12.0	15.0
59	5.0	6.0	16.0	18.0
60	7.0	10.0	25.0	30.0
61	7.0	10.0	40.0	35.0
62	9.0	12.0	35.0	32.0
63	13.0	18.0	27.0	30.0
64	12.0	15.0	27.0	27.0
65	14.0	16.0	27.0	27.0
66	10.0	15.0	27.0	27.0
67	10.0	15.0	27.0	27.0
68	10.0	15.0	27.0	27.0
69	10.0	15.0	27.0	27.0
70	100.0	100.0	100.0	100.0

CalPERS							
Age	Years of Service						
	5	10	15	20	25	30	35+
50	0.36	0.71	1.00	1.18	1.31	1.47	1.72
51	0.35	0.69	0.96	1.14	1.27	1.42	1.66
53	0.46	0.92	1.29	1.52	1.70	1.90	2.23
55	1.94	3.84	5.37	6.35	7.07	7.92	9.29
56	1.58	3.14	4.39	5.19	5.78	6.47	7.60
57	1.70	3.37	4.71	5.57	6.20	6.94	8.15
58	2.02	4.02	5.62	6.63	7.39	8.27	9.71
59	2.31	4.57	6.40	7.56	8.42	9.42	11.06
60	3.68	7.29	10.20	12.05	13.42	15.02	17.62
61	3.64	7.21	10.09	11.92	13.28	14.86	17.44
62	7.62	15.12	21.15	24.98	27.84	31.14	36.57
63	6.87	13.63	19.06	22.52	25.10	28.08	32.97
64	5.34	10.60	14.82	17.51	19.51	21.83	25.63
65	9.06	17.97	25.13	29.69	33.08	37.01	43.45
70	6.60	13.08	18.30	21.62	24.08	26.95	31.64
75	100	100	100	100	100	100	100

**K. TERMINATION RATES**

Select terminations per 100 employees are listed below:

CalSTRS: Entry Ages – Male						
Year	Under 25 (%)	25-29 (%)	30-34 (%)	35-39 (%)	40-44 (%)	45 & Up (%)
0	15.3	15.3	15.3	15.3	15.3	15.3
1	12.5	12.5	12.5	12.5	12.5	13.5
2	7.7	7.7	7.7	7.7	7.7	8.6
3	6.3	5.4	5.4	5.4	5.4	6.3
4	4.4	4.4	4.4	4.4	4.4	4.4
5	3.9	3.0	3.0	3.0	3.0	3.6
6	3.5	2.8	2.8	2.8	2.9	
7	3.1	2.6	2.6	2.6	2.8	
8	2.8	2.4	2.4	2.4	2.6	
9	2.4	2.2	2.2	2.2	2.5	
10	2.0	2.0	2.0	2.0	2.4	
11	1.8	1.8	1.8	1.8		
12	1.6	1.6	1.6	1.7		
13	1.5	1.5	1.5	1.5		
14	1.3	1.3	1.3	1.4		
15	1.1	1.1	1.1	1.2		
16	1.0	1.0	1.0			
17	0.9	0.9	0.9			
18	0.8	0.8	0.8			
19	0.7	0.7	0.7			
20	0.6	0.6	0.6			
21	0.6	0.6				
22	0.6	0.6				
23	0.5	0.5				
24	0.5	0.5				
25	0.5	0.5				
26	0.4					
27	0.3					
28	0.2					
29	0.1					
30	0.0					



**K. TERMINATION RATES (CONTINUED)**

Select terminations per 100 employees are listed below:

CalSTRS: Entry Ages – Female						
Year	Under 25 (%)	25-29 (%)	30-34 (%)	35-39 (%)	40-44 (%)	45 & Up (%)
0	15.3	15.3	15.3	15.3	15.3	15.3
1	10.0	10.0	10.0	10.0	10.0	10.0
2	7.2	7.2	7.2	7.2	7.2	7.2
3	6.3	6.3	5.8	5.3	4.9	4.9
4	5.8	5.8	5.4	4.9	3.9	3.0
5	5.5	5.8	4.2	2.9	2.5	2.5
6	4.9	5.0	3.7	2.6	2.3	
7	4.2	4.3	3.2	2.3	2.1	
8	3.6	3.5	2.7	2.0	2.0	
9	2.9	2.8	2.2	1.7	1.8	
10	2.3	2.0	1.7	1.4	1.6	
11	2.1	1.8	1.6	1.3		
12	1.8	1.6	1.4	1.2		
13	1.6	1.3	1.3	1.1		
14	1.3	1.1	1.1	1.0		
15	1.1	0.9	1.0	0.9		
16	1.0	0.9	1.0			
17	0.9	0.8	1.0			
18	0.8	0.8	0.9			
19	0.7	0.7	0.9			
20	0.6	0.7	0.9			
21	0.6	0.7				
22	0.6	0.7				
23	0.6	0.6				
24	0.6	0.6				
25	0.6	0.6				
26	0.5					
27	0.4					
28	0.2					
29	0.1					
30	0.0					

**K. TERMINATION RATES (CONTINUED)**

Select terminations per 100 employees are listed below:

CalPERS								
Age	Years of Service							
	0	5	10	15	20	25	30	35+
20	16.17							
25	15.21	3.47						
30	14.25	3.11	2.15					
35	13.29	2.76	1.84	1.44				
40	12.33	2.40	1.53	1.18	0.91			
45	11.37	2.05	1.23	0.95	0.69	0.46		
50	10.41	1.69	0.92	0.66	0.47	0.29	0.19	
55	9.45	1.34	0.61	0.40	0.25	0.12	0.04	0.02
60	8.49	0.98	0.31	0.14	0.03	0.02	0.02	0.02
65	7.53	0.63	0.03	0.03	0.02	0.02	0.02	0.02
70	6.57	0.27	0.03	0.03	0.02	0.02	0.02	0.02

The following summary of plan provisions represents our understanding of the Riverside Community College District ("*District*") substantive plan.

Employees who retire from District are eligible for post-employment medical, dental, and life insurance benefits pursuant to the provisions below.

#### ELIGIBILITY

- At least age 50 or 55, depending on service
- Coverage ceases at age 65
- Retire from active service
- Full time employee at retirement

#### DEPENDENT ELIGIBILITY

Yes

#### SURVIVOR ELIGIBILITY

None

#### BENEFITS

##### All Employees

- Retirees age 55 but less than age 65, with at least 10 years of service will received District paid health benefits up to age 65.
- Retirees that meet one of the following criteria are allowed to purchase district offered medical coverage with no subsidy from the District:
  - age 55 or older with less than 10 years of service,
  - age 50 or older with at least 10 years of service, or
  - upon reaching age 65.
- Spouses and/or eligible dependents of a deceased employee or deceased retiree may purchase District offered medical coverage with no subsidy from the District.
- Benefits cease at age 65.
- Post age 65 retirees may purchase medical benefits at their expense as a supplement to Medicare A and B.

##### Special Arrangements

- Charles Kane, John Matulich, and Gordon Woolley receive medical, dental and life insurance benefits for life per the June 18, 1991 contract agreements. All of these participants are now deceased. Medical and dental coverage continues for their surviving spouses: Marilyn Kane, Carol Matulich, and Sue Woolley.

**Actuarial Accrued Liability**

Represents the portion of the present value of fully projected benefits attributable to service credit by the Actuarial Cost Method that has been earned (or accrued) as of the valuation date.

**Actuarial Assumptions**

Estimates of the occurrence of future events affecting pension costs, such as mortality, withdrawal, disablement and retirement, changes in compensation affecting benefits, and discount rates to reflect the time value of money.

**Actuarial Cost Method**

The method that determines how projected costs are allocated to valuation years.

**Actuarial Gain/(Loss)**

The difference between actual liabilities in the current plan year and those that were expected given the prior valuation results.

**Actuarial Present Value**

The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect (a) the time value of money (through discounts for interest) and (b) the probability of payment (by means of decrements for events such as death, disability, withdrawal, or retirement) between the specified date and the expected date of payment.

**Amortization**

Usually refers to the process of reducing a recognized liability systematically by recognizing expenses or costs.

**Annual OPEB Cost (AOC)**

An accrual-basis measure of the periodic cost of an employer's participation in an OPEB plan that specifies the amount of benefits.

**Annual Required Contributions (ARC)**

The employer's periodic required contributions to an OPEB plan that specifies the amount of benefits, calculated in accordance with the parameters of GASB 45.

**Assets**

The value of investments, stocks, bonds, cash, real estate, etc. held in trust to pay benefits to retired participants. For financial purposes, the assets offset the liabilities to determine funded status.

**Collective Bargaining Agreement**

The rules by which a union and a company agree to work under. Details pay and benefits information and rules governing how employees and the company work together.

**Discount Rate**

The interest rate used to adjust for the time value of money.

**Employer Contributions**

Contributions made in relation to the annual required contributions of the employer (ARC). An employer has made a contribution in relation to the ARC if the employer has (a) made payments of benefits directly to or on behalf of a retiree or beneficiary, (b) made premium payments to an insurer, or (c) irrevocably transferred assets to a trust, or an equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

**Gain or Loss**

A change in the value of either the projected benefit obligation or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

**Implicit Rate Subsidy**

The difference between the true cost of healthcare coverage and insurance premiums charged for retirees and older workers. Healthcare utilization and costs increase with age, yet when insurance premiums are set, they are often established as singular amounts without regard to age. A portion of the singular premium paid by younger workers subsidizes the higher costs for retirees and older workers. This subsidy is reallocated to the OPEB when determining the true costs under GASB 45.

**Measurement Date**

The date as of which plan assets and obligations are measured.

**Mortality Rate**

The proportion of the number of deaths in a specified group to the number living at the beginning of the period in which the deaths occur. Actuaries use mortality tables, which show death rates for each age, in estimating the amount of post-employment benefits that will become payable.

**Net OPEB Obligation (NOO)**

The cumulative difference since the employer's adoption of GASB 45 between annual OPEB cost and the employer's contributions to the plan. Included in this amount is the OPEB liability (asset) at transition, if any.

**Normal Cost**

Calculated in different ways, depending on the Cost Method, this is the portion of projected benefits allocated to the current plan year. In other words, the amount that the benefits will increase from one valuation year to the next. It is the actuarial present value of benefits attributed to services rendered by employees during the Fiscal Year based on actuarial methods and assumptions. The Normal Cost component is a portion of the present value of future benefits, and is unaffected by the funded status of the plan.

**Other Post Employment Benefits (OPEB)**

Other post employment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all post employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

**Pay-As-You-Go**

A method where a sponsor recognizes plan costs and contributes to a plan equal to the current year's benefit outlay. A sponsor using "Pay-As-You-Go" does not fund for future OPEB payments.

**Present Value of Future Benefits**

The value, discounted to the valuation date, of all benefits estimated to be payable on or after the valuation date. Any implicit rate subsidies are factored into this present value.

**Substantive Plan**

The terms of an OPEB plan as understood by the employer(s) and plan members.

**Turnover**

Termination of employment for a reason other than death, disability or retirement.

**Unfunded Actuarial Accrued Liability**

The difference between Actuarial Accrued Liability and Plan Assets.



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