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**Report on the Retiree Health Care
Valuation of the
School Employees Retirement System of Ohio**

Prepared as of June 30, 2022





Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

November 7, 2022

Board of Trustees
School Employees Retirement System of Ohio
300 East Broad Street, Suite 100
Columbus, OH 43215-3746

Dear Members of the Board:

We have submitted the results of the annual actuarial valuation of the Retiree Health Care Fund of the School Employees Retirement System of Ohio (SERS) prepared as of June 30, 2022. While not verifying the data at the source, the actuary performed tests for consistency and reasonability. The valuation indicates that an actuarially determined contribution of 2.51% of active payroll payable for the fiscal year ending June 30, 2022 is required to fund the benefits.

Separate reports will be prepared to provide accounting information under Governmental Accounting Standards Board Statements No. 74 and 75, when applicable.

The medical and drug benefits of the Plan are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method with the normal cost rate determined as a level percentage of payroll. GASB requires the discount rate used to value a plan be based on the likely return of the assets held in trust to pay benefits. The discount rate used in this valuation is 7.00%. Gains and losses are reflected in the unfunded accrued liability that is amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase by 1.75% annually. The assumptions recommended by the actuary are, in the aggregate, reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan.

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results other than plan design features.

In order to prepare the results in this report we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We note that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information, but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions, other than our annual re-evaluation of health care cost trend. We will continue to monitor the situation and advise the Board in the future of any adjustments that we believe would be appropriate. Due to the uncertainty regarding the long-term impact of COVID-19, the continuation of the projected high cost trend of prescription drugs and the uncertainty regarding the future changes to Medicare Part D, we have reset the first-year health care trend assumption at 7.00%, stepping down 0.25% per year to the ultimate rate of 4.40% in 2032, which is 2.00% plus price inflation.



November 7, 2022
Board of Trustees
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To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the system, and on actuarial assumptions that are, in the aggregate, internally consistent and reasonably based on the actual experience of the system.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Alisa Bennett'.

Alisa Bennett, FSA, FCA, EA, MAAA
President

A handwritten signature in blue ink, appearing to read 'John J. Garrett'.

John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

AB/JJG:jf



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**REPORT ON THE ANNUAL VALUATION OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

PREPARED AS OF JUNE 30, 2022

SECTION I – SUMMARY OF PRINCIPAL RESULTS

1. This report, prepared as of June 30, 2022, presents the results of the annual actuarial valuation of retiree health care offered to SERS members. For convenience of reference, the principal results of the valuation and a comparison with the preceding valuation results are summarized in the following table.

| | June 30, 2022 | June 30, 2021 |
|---|-----------------|-----------------|
| Active members included in valuation | | |
| Number | 155,063 | 146,646 |
| Annual Compensation | \$3,994,657,693 | \$3,622,097,199 |
| Service Retirees | | |
| Number | 30,569 | 30,898 |
| Disability Retirees | | |
| Number | 2,391 | 2,580 |
| Spouses of Retirees | | |
| Number | 4,909 | 5,023 |
| Spouses of Deceased Retirees | | |
| Number | 1,431 | 1,502 |
| Survivor Benefit Recipients | | |
| Number | 581 | 618 |
| Non-Spouse Dependents | | |
| Number | 250 | 276 |
| Deferred Vested | | |
| Number | 6,118 | 5,972 |
| Assets | | |
| Market Value | \$611,574,409 | \$600,330,188 |
| Unfunded Accrued Liability | \$736,679,661 | \$689,066,742 |
| Actuarial Accrued Liability | \$1,348,254,070 | \$1,289,396,930 |
| Funded Ratio (MVA/AAL) | 45.36% | 46.56% |
| Employer Contribution Rate | | |
| Normal | 1.31% | 1.24% |
| Accrued Liability | <u>1.20%</u> | <u>1.22%</u> |
| Total | 2.51% | 2.46% |
| Employer Contribution Toward Health Care* | 1.50% | 1.50% |
| Accrued liability amortization period | 30 | 30 |

* Includes 1.50% of payroll surcharge



2. The funding policy requires at least 13.50% of the employers' contributions be allocated to SERS' basic benefits when the funded ratio is 70% but less than 80%, with the remainder (if any) allocated to the health care fund. However, based on a Board Resolution in September, the entire 14.00% employer contribution will be allocated to SERS' basic benefits, therefore setting the health contribution rate at 0.00%, plus a health care surcharge of 1.50%. This rate includes the anticipated revenue from the minimum surcharge level for FY2023 of \$25,000.
3. The valuation balance sheet showing the results of the valuation is given in Schedule A.
4. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains during the valuation year are given in Section V, and the rates of contribution payable by the employer are given in Section VI. Since the previous valuation, there were no changes to the plan provisions, however changes were also made to the assumed initial per capital health care costs and future cost increases. See Schedule B for more details on assumptions and methods used.
5. The impact of the COVID-19 pandemic was considered in this valuation. Due to the uncertainty regarding the long-term impact of COVID-19, the continuation of the projected high cost trend of prescription drugs and the uncertainty regarding the future changes to Medicare Part D, we have reset the first-year health care trend assumption at 7.00%, stepping down 0.25% per year to the ultimate rate of 4.40% in 2033, which is 2% plus price inflation.
6. Since the most recent experience study was completed, we note that inflation has been significantly higher than assumed. Inflation is a component of several assumptions so the effects of higher inflation as a component of one assumption may be partially offset by the effect of higher inflation in another. We do not want to give too much credibility to recent experience, but we cannot ignore that current rates of inflation are the highest in the past 40 years. We will continue to monitor inflation in subsequent valuations to assess the reasonableness of the assumed inflation used in the valuation.
7. The following changes were reflected in this valuation:

Medicare Eligible

Premiums

Premiums will remain the same in 2023.

Benefits

Primary Care Office Visit co-pay will decrease to \$10 from \$20.

Outpatient Rehabilitation Therapies (speech, physical, occupational) co-pay will decrease to \$15 from \$20.

Cardiac Rehabilitation Services and Pulmonary Rehabilitation Services co-pays will decrease to \$15 from \$20.



Pharmacy Network

An Express Scripts Broad Performance Medicare Network was effective January 1, 2022. A new formulary will take effect on January 1, 2023. Enrollees who fill prescriptions at a pharmacy not in the network will pay 100% of the cost.

Non-Medicare Eligible

Premiums

There will be no change in premiums in 2023 for enrollees in the Aetna Choice POS II Plan.

There will be a premium increase in 2023 for enrollees in the AultCare PPO Plan.

Benefits

There are no co-pay or cost-sharing changes. However, a few prescription drugs may change to non-preferred. A new formulary will take effect on January 1, 2023 with expected rebate improvements.

SERS Wraparound HRA

The Health Reimbursement Arrangement (HRA) limit is increasing to \$1,950 from \$1,800 per family per calendar year.

8. The statute sets a contribution cap of 24.00% of payroll: 14.00% from employers and 10.00% from employees. The funding policy states that employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, the entire 14.00% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.



SECTION II – MEMBERSHIP DATA

Data regarding the membership of the System for use as a basis for the valuation were furnished by the System’s office. The following tables summarize the membership of the system as of June 30, 2022 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

Active Members

| Number | Payroll | Group Averages | | |
|---------|-----------------|----------------|------|---------|
| | | Salary | Age | Service |
| 155,063 | \$3,994,657,693 | \$25,762 | 47.2 | 7.6 |

The following table shows a six-year schedule of active member valuation data.

SCHEDULE OF SERS ACTIVE MEMBER VALUATION DATA

| Valuation Date | Number | Annual Payroll | Annual Average Pay | % Increase in Average Pay |
|----------------|----------|-----------------|--------------------|---------------------------|
| 6/30/2017 | 157,981* | 3,302,805,662 | 20,906 | (11.2%) |
| 6/30/2018 | 158,343 | 3,332,395,171 | 21,045 | 0.7 |
| 6/30/2019 | 159,363 | 3,462,524,396 | 21,727 | 3.2 |
| 6/30/2020 | 156,579 | 3,477,578,726 | 22,210 | 2.2 |
| 6/30/2021 | 146,646 | 3,622,097,199** | 24,700 | 11.2 |
| 6/30/2022 | 155,063 | 3,994,657,693 | 25,762 | 4.3 |

* Effective in FY2017, the active member headcount reflects an increase of members who have been re-categorized from inactive to active status.

**Effective June 30, 2021, the annual compensation reflects imputed salaries.



The following table shows the number of retiree members and their beneficiaries receiving health care as of the valuation date as well as average ages.

Retiree Lives

| Type of Benefit Recipient | Number | Average Age |
|----------------------------------|---------------|--------------------|
| Service Retirees | 30,569 | 75.9 |
| Disability Retirees | 2,391 | 70.1 |
| Spouses | 6,921 | 77.9 |
| Non-Spouse Dependents | 250 | 32.6 |
| Total | 40,131 | 75.7 |

This valuation also includes 6,118 deferred vested members eligible for health care.



SECTION III – ASSETS

1. As of June 30, 2022 the total market value of assets amounted to \$611,574,409.

| Asset Summary Based on Market Value | | | |
|--|---------------------------------|----|----------------------|
| (1) | Assets at June 30, 2021 | \$ | 600,330,188 |
| (2) | Contributions and Misc. Revenue | | 151,149,430 |
| (3) | Investment Gain (Loss) | | (11,108,320) |
| (4) | Benefit Payments | | <u>(128,796,889)</u> |
| (5) | Assets at June 30, 2022 | \$ | 611,574,409 |
| | (1) + (2) + (3) + (4) | | |
| (6) | Annualized Rate of Return* | | (1.82) % |

*Based on the approximation formula: $I/[0.5 \times (A + B - I)]$, where

- I = Investment Gain (Loss)
- A = Beginning of year asset value
- B = End of year asset value



SECTION IV - COMMENTS ON VALUATION

Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2022.

1. The total health care valuation balance sheet shows that the System has total future health care liabilities of \$1,863,235,831 of which \$519,877,530 is for the future benefits payable for present retiree members and beneficiaries of deceased members; \$12,285,673 is for the future benefits payable for current deferred vested members; and \$1,331,072,628 is for the future benefits payable for present active members. Against these health care liabilities, the System has a total market value of assets of \$611,574,409 as of June 30, 2022. The difference of \$1,251,661,422 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future for health care. Of this amount, no future contributions are expected to be made by members, and the balance of \$1,251,661,422 represents the present value of future contributions payable by SERS.
2. SERS' contributions on account of health care consists of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 1.31% of payroll are required to provide the benefits of the System for the average new member of SERS.
3. Prospective employer normal contributions on account of health care at the above rates have a present value of \$514,981,761. When this amount is subtracted from \$1,251,661,422 which is the present value of the total future contributions to be made by the employer, there remains \$736,679,661 as the amount of future accrued liability contributions.
4. It is recommended that the accrued liability contribution rate payable by SERS on account of health care be set at 1.20% of payroll. This rate is sufficient to liquidate the unfunded accrued liability of \$736,679,661 over 30 years on the assumption that the aggregate payroll for members will increase by 1.75% each year.



SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2022 is shown below.

**Experience Gain/(Loss)
(\$ Thousands)**

| | | |
|------|--|------------------|
| (1) | UAAL* as of 6/30/21 | \$ 689,067 |
| (2) | Normal cost from last valuation | 44,135 |
| (3) | Expected employer contributions | 98,269 |
| (4) | Interest accrual: [(1) + (2)] x .070 - (3) x .070/2 | <u>47,885</u> |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | \$ 682,818 |
| (6) | Change due to claims and retiree premiums | 69,417 |
| (7) | Change due to updated health care trend rates | <u>(106,177)</u> |
| (8) | Expected UAAL after changes: (5) - (6) - (7) | \$ 719,578 |
| (9) | Actual UAAL* as of 6/30/22 | <u>736,680</u> |
| (10) | Total gain/(loss): (8) - (9) | \$ (17,102) |
| | (a) Contribution shortfall | (10,335) |
| | (b) Investment Gain/(Loss) | <u>(53,914)</u> |
| | (c) Experience Gain/(Loss) (10) - (10a) - (10b) | \$ 47,147 |
| (11) | Accrued Liabilities as of 6/30/22 | \$ 1,348,254 |
| (12) | Experience Gain/(Loss) as percent of actuarial accrued liabilities at end of year (10c) / (11) | 3.5% |

* *unfunded actuarial liability*



ANALYSIS OF FINANCIAL EXPERIENCE
Gains and Losses in Accrued Liabilities
Resulting from Difference Between
Assumed Experience and Actual Experience
(\$ Millions)

| Type of Activity | \$ Gain (or Loss) For Year Ending 6/30/22 |
|--|--|
| Age & Service Retirements. If members retire at older ages or participate in lower numbers, there is a gain. If younger ages or higher participation, a loss. | \$ (1.0) |
| Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss. | (0.3) |
| Death-in Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss. | (1.5) |
| Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss. | 21.5 |
| Claims Increases (Including Wrap Plan). If there are smaller claims increases than assumed creates a gain; larger, a loss. | 69.4 |
| New Members. Additional accrued liability attributable to members who entered the plan since the last valuation. | (10.3) |
| Investment Income. If there is a greater investment income than assumed, there is a gain. If less income, a loss. | (53.9) |
| Contribution Shortfall. If there are more contributions than the ARC, there is a gain. If less contributions, a loss. | (10.3) |
| Death After Retirement. If retiree members live longer than assumed, there is a loss. If not as long, a gain. | 15.9 |
| Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc. | 22.8 |
| Gain (or Loss) During Year From Financial Experience | \$ 52.3 |
| Non-Recurring Items. Adjustments for plan amendments, assumption changes and method changes | (106.2) |
| Composite Gain (or Loss) During Year | \$ (53.9) |



SECTION VI – REQUIRED CONTRIBUTION RATES

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following tables show the rates of contribution payable by employers as determined from the present valuation for FY2022.

Required Contribution Rates

| Contribution for | Amount | % of Payroll |
|---|----------------|--------------|
| A. Normal Cost | \$ 54,040,758 | 1.31% |
| B. Member Contributions* | \$ 0 | 0.00% |
| C. Employer Normal Cost: [A - B] | \$ 54,040,758 | 1.31% |
| D. Unfunded Actuarial Accrued Liability** | \$ 48,027,846 | 1.20% |
| E. Total Recommended Employer Contribution Rate: [C + D] | \$ 102,068,604 | 2.51% |
| F. Employer Contribution Toward Health Care ⁺ | \$ 60,715,990 | 1.50% |

* The liabilities are net of retiree contributions towards their health care.

** Based on 30-year amortization of the UAAL from June 30, 2022.

+ Includes 1.50% payroll surcharge.

Thirteen-Year History of Employer Contribution Rates

| Fiscal Year Ending June 30 | Employer Health Care Contribution Rate | Surcharge Percentage | Total Health Care Contribution Rate |
|----------------------------|--|----------------------|-------------------------------------|
| 2010 | 0.46% | 1.50% | 1.96% |
| 2011 | 1.43 | 1.50 | 2.93 |
| 2012 | 0.55 | 1.50 | 2.05 |
| 2013 | 0.16 | 1.50 | 1.66 |
| 2014 | 0.14 | 1.50 | 1.64 |
| 2015 | 0.82 | 1.50 | 2.32 |
| 2016 | 0.00 | 1.50 | 1.50 |
| 2017 | 0.00 | 1.50 | 1.50 |
| 2018 | 0.50 | 1.50 | 2.00 |
| 2019 | 0.50 | 1.50 | 2.00 |
| 2020 | 0.00 | 1.50 | 1.50 |
| 2021 | 0.00 | 1.50 | 1.50 |
| 2022 | 0.00 | 1.50 | 1.50 |



SECTION VII - ACCOUNTING INFORMATION

Governmental Accounting Standards Board Statements 74 and 75 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2022. Additional information will be provided in separate reports.

| | |
|-------------------------------|--------------------|
| Valuation date | 6/30/2022 |
| Actuarial cost method | Entry Age |
| Amortization | Level Percent Open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Investment rate of return* | 7.00% |
| * Includes price inflation at | 2.40% |
| Wage increases | 1.75% |
| Medical Trend Assumption | 7.00% - 4.40% |
| Year of Ultimate Trend | 2033 |



Eleven-Year Schedule of Funding Progress
(\$ Millions)

| Actuarial Valuation Date | Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / (c) |
|---------------------------------|-----------------------------------|--|--------------------------------------|-------------------------------|------------------------------|---|
| 6/30/2012 | \$355 | \$2,691 | \$2,336 | 13.2% | \$2,788 | 83.8% |
| 6/30/2013 | 379 | 2,918 | 2,539 | 13.0 | 2,747 | 92.4 |
| 6/30/2014 | 414 | 2,476 | 2,062 | 16.7 | 2,759 | 74.7 |
| 6/30/2015 | 408 | 2,425 | 2,016 | 16.8 | 2,845 | 70.9 |
| 6/30/2016 | 370 | 2,407 | 2,037 | 15.4 | 2,932 | 69.5 |
| 6/30/2017 | 382 | 2,396 | 2,014 | 15.9 | 3,303 | 61.0 |
| 6/30/2018 | 436 | 2,525 | 2,089 | 17.3 | 3,332 | 62.7 |
| 6/30/2019 | 464 | 2,199 | 1,735 | 21.1 | 3,463 | 50.1 |
| 6/30/2020 | 483 | 1,797 | 1,314 | 26.9 | 3,478 | 37.8 |
| 6/30/2021 | 600 | 1,289 | 689 | 46.5 | 3,622 | 19.0 |
| 6/30/2022 | 612 | 1,348 | 736 | 45.4 | 3,995 | 18.4 |



Eleven-Year Schedule of Employer Contributions

| Year Ended | Annual Required Contribution (ARC) (a) | Employer Contribution (b) | Federal Subsidies and Other Receipts (c) | Total Contribution (d) = (b)+(c) | Percentage of ARC Contributed (e) = (d)/(a) |
|---------------|---|------------------------------|---|-------------------------------------|--|
| June 30, 2012 | \$155,857,785 | \$56,476,230 | \$0 | \$56,476,230 | 36.2% |
| June 30, 2013 | 171,402,038 | 45,489,443 | 0 | 45,489,443 | 26.5 |
| June 30, 2014 | 190,390,431 | 46,097,206 | 29,200,200 | 75,297,406 | 39.5 |
| June 30, 2015 | 164,182,107 | 68,904,867 | 20,084,826 | 88,989,693 | 54.2 |
| June 30, 2016 | 161,566,234 | 44,855,441 | 32,493,250 | 77,348,691 | 47.9 |
| June 30, 2017 | 178,034,717 | 47,672,886 | 17,341,005 | 65,013,891 | 36.5 |
| June 30, 2018 | 176,950,184 | 63,539,354 | 36,517,382 | 100,056,736 | 56.5 |
| June 30, 2019 | 190,092,589 | 65,877,673 | 16,067,175 | 81,944,848 | 43.1 |
| June 30, 2020 | 161,011,895 | 48,187,050 | 32,349,114 | 80,536,164 | 50.0 |
| June 30, 2021 | 132,930,967 | 53,533,333 | 20,059,596 | 73,592,929 | 55.4 |
| June 30, 2022 | 98,268,579 | 53,766,548 | 34,516,422 | 88,282,970 | 89.8 |



SCHEDULE A
VALUATION BALANCE SHEET

The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of June 30, 2022 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2021.

VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

| | June 30, 2022 | June 30, 2021 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Current market value of assets | \$ 611,574,409 | \$ 600,330,188 |
| Prospective contributions | | |
| Employer normal contributions | 514,981,761 | 440,016,749 |
| Unfunded accrued liability contributions | 736,679,661 | 689,066,742 |
| Total prospective contributions | <u>\$ 1,251,661,422</u> | <u>\$ 1,129,083,491</u> |
| Total assets | <u>\$ 1,863,235,831</u> | <u>\$ 1,729,413,679</u> |
| LIABILITIES | | |
| Present value of benefits payable on account of present retiree members and beneficiaries | \$ 519,877,530 | \$ 533,055,355 |
| Present value of benefits payable on account of active members | 1,331,072,628 | 1,185,107,982 |
| Present value of benefits payable on account of deferred vested members | <u>12,285,673</u> | <u>11,250,342</u> |
| Total liabilities | <u>\$ 1,863,235,831</u> | <u>\$ 1,729,413,679</u> |



The following 11-year table provides the solvency test for SERS members. The table allocates the valuation assets of the System to its liabilities based on an order of precedence. The highest order of precedence is active member contributions. The second highest order of precedence are members in pay status and vested and non-vested terminated members. The lowest order of precedence is the employer financed portion of active member accrued benefits. The liabilities are determined using the System's assumed rate of return.

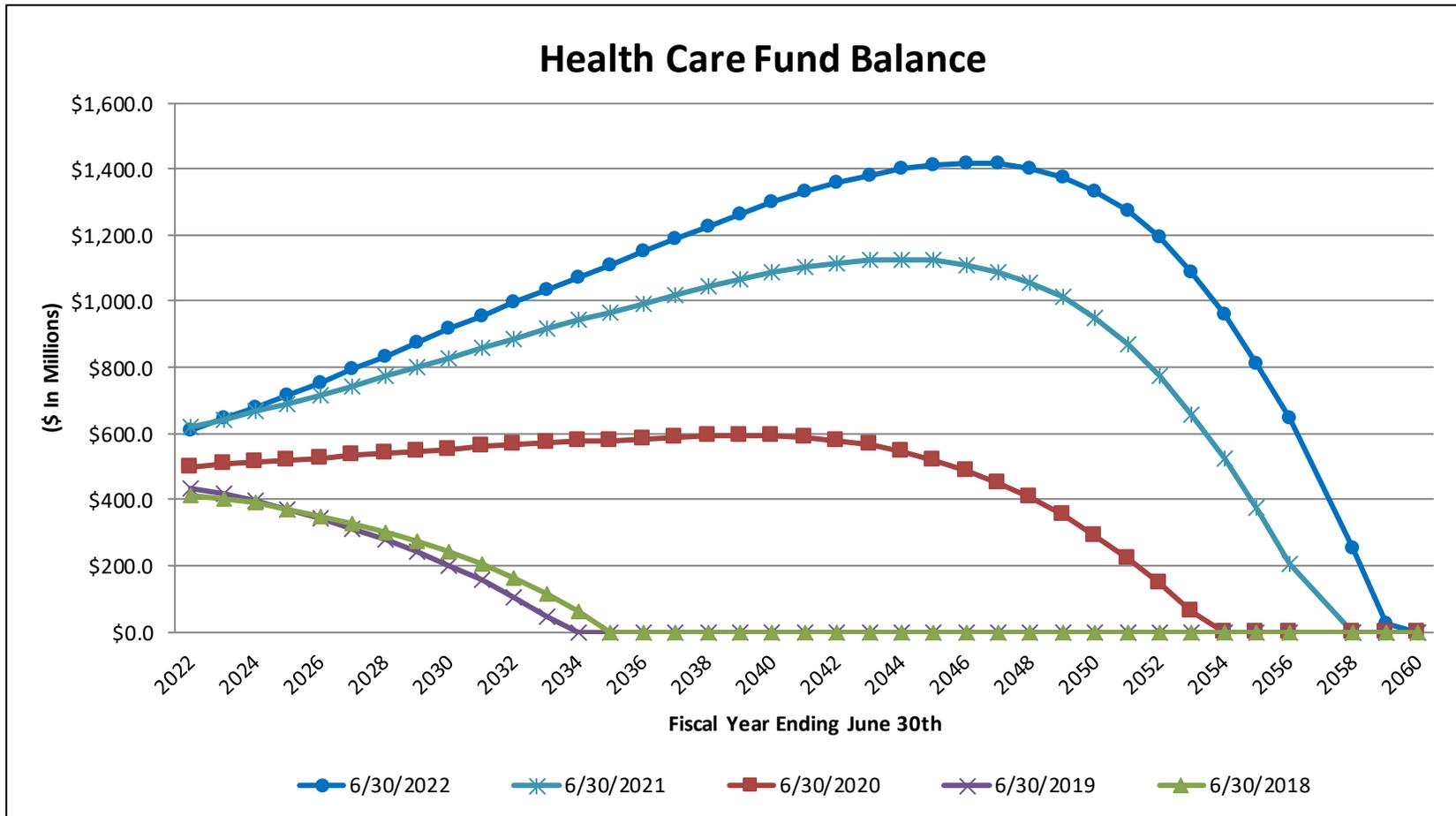
Solvency Test
(\$ Millions)

| Valuation Date | Aggregate Accrued Liabilities For | | | | Actuarial Value of Assets | Portion of Accrued Liabilities Covered by Reported Asset | | |
|----------------|------------------------------------|--|---|-------|---------------------------|--|------|-----|
| | (1) Active Member Contributions | (2) Retiree Members & Beneficiaries | (3) Active Members (Employer Financed Portion) | | | (1) | (2) | (3) |
| 6/30/2012 | \$0 | \$1,074 | \$1,617 | \$355 | 100.0% | 33.1% | 0.0% | |
| 6/30/2013 | 0 | 1,157 | 1,761 | 379 | 100.0 | 32.8 | 0.0 | |
| 6/30/2014 | 0 | 968 | 1,508 | 414 | 100.0 | 42.8 | 0.0 | |
| 6/30/2015 | 0 | 979 | 1,507 | 408 | 100.0 | 41.7 | 0.0 | |
| 6/30/2016 | 0 | 918 | 1,489 | 370 | 100.0 | 40.3 | 0.0 | |
| 6/30/2017 | 0 | 916 | 1,480 | 382 | 100.0 | 41.7 | 0.0 | |
| 6/30/2018 | 0 | 968 | 1,557 | 436 | 100.0 | 45.0 | 0.0 | |
| 6/30/2019 | 0 | 813 | 1,386 | 464 | 100.0 | 57.0 | 0.0 | |
| 6/30/2020 | 0 | 626 | 1,171 | 483 | 100.0 | 77.1 | 0.0 | |
| 6/30/2021 | 0 | 544 | 745 | 600 | 100.0 | 100.0 | 7.5 | |
| 6/30/2022 | 0 | 532 | 816 | 612 | 100.0 | 100.0 | 9.8 | |



Solvency Chart

The following chart shows the projected Health Care Fund Balances from the five most recent valuations. The prior year projections were based on the funding policy and assumptions in effect on the prior year valuation dates. The current year projection is based on a 7.00% future asset rate of return assumption, on a payroll growth assumption of 1.75% per year, and on the assumption that the health contribution rate will be 0.00%, plus a health care surcharge of 1.50%. These projections assume there will be no health care cost increases due to ACA law changes or COVID-19 impact other than anticipated health care trend.





SCHEDULE B

STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The decremental assumptions used in the valuation were adopted by the Board on April 15, 2021.

INTEREST RATE: 7.00% per annum, compounded annually (net after all System expenses).

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions:

| Calendar Year | |
|-----------------|-------|
| 2022 | 7.00% |
| 2023 | 6.75 |
| 2024 | 6.50 |
| 2025 | 6.25 |
| 2026 | 6.00 |
| 2027 | 5.75 |
| 2028 | 5.50 |
| 2029 | 5.25 |
| 2030 | 5.00 |
| 2031 | 4.75 |
| 2032 | 4.50 |
| 2033 and beyond | 4.40 |

AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

| Participant Age | Annual Increase | |
|-----------------|-----------------|-------------------|
| | Medical | Prescription Drug |
| Under 41 | 0.00% | 0.00% |
| 41 – 45 | 2.50 | 1.25 |
| 46 – 50 | 2.60 | 1.30 |
| 51 – 55 | 3.20 | 1.60 |
| 56 – 60 | 3.40 | 1.70 |
| 61 – 65 | 3.70 | 1.85 |
| 66 – 70 | 3.20 | 1.60 |
| 71 – 75 | 2.40 | 1.20 |
| 76 – 80 | 1.80 | 0.90 |
| 81 – 85 | 1.30 | 0.65 |
| Over 85 | 0.00 | 0.00 |



ANTICIPATED PLAN PARTICIPATION: The assumed annual rates of retiree participation and spouse coverage are as follows:

| Retiree Gender | Spouse Coverage | Dependent Child Coverage |
|----------------|-----------------|--------------------------|
| Male | 25.0% | 0.0% |
| Female | 25.0% | 0.0% |

Wives are assumed to be three years younger than husbands.

Pre-65 Participants:

| Years of Service | Service Retiree Participation | Disabled Retiree Participation | Deferred Vested Retiree Participation | Death in Service Surviving Spouse Participation |
|------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| 1.5 – 4 | N/A | N/A | N/A | 100.0% |
| 5 – 9 | N/A | 25.0% | N/A | 100.0 |
| 10 – 14 | 25.0% | 25.0 | 50.0% | 100.0 |
| 15 – 19 | 25.0 | 45.0 | 50.0 | 100.0 |
| 20 – 24 | 45.0 | 50.0 | 50.0 | 100.0 |
| 25 – 29 | 50.0 | 75.0 | 50.0 | 100.0 |
| 30 – 34 | 75.0 | 75.0 | 50.0 | 100.0 |
| 35 and over | 90.0 | 90.0 | 50.0 | 100.0 |

Post-65 Participants:

| Years of Service | Service Retiree Participation | Disabled Retiree Participation | Deferred Vested Retiree Participation | Death in Service Surviving Spouse Participation |
|------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| 1.5 – 4 | N/A | N/A | N/A | 100.0% |
| 5 – 9 | N/A | 70.0% | N/A | 100.0 |
| 10 – 14 | 25.0% | 70.0 | 50.0% | 100.0 |
| 15 – 19 | 45.0 | 70.0 | 50.0 | 100.0 |
| 20 – 24 | 70.0 | 75.0 | 50.0 | 100.0 |
| 25 – 29 | 75.0 | 75.0 | 50.0 | 100.0 |
| 30 – 34 | 85.0 | 85.0 | 50.0 | 100.0 |
| 35 and over | 90.0 | 90.0 | 50.0 | 100.0 |



ANTICIPATED PLAN ELECTIONS: The assumed annual rates of member plan elections are as follows:

| Plan Type | Future Retirees | |
|----------------|-----------------|----------|
| | Non-Medicare | Medicare |
| PPO | 90.0% | 100.0% |
| Wraparound HRA | 10.0% | N/A |

Anticipated plan elections within the above plan types are further expanded below:

| Plan Type | Future Retirees* | |
|-----------------------------------|------------------|----------|
| | Non-Medicare | Medicare |
| <u>PPO</u> | | |
| Aetna Choice POS II | 96.0% | 0.0% |
| Aetna Medicare SM Plan | 0.0% | 100.0% |
| AultCare PPO | 4.0% | 0.0% |

**Future disabled retirees assumed 85% Non-Medicare coverage and 15% Medicare coverage before age 65.*

ANTICIPATED MEDICARE COVERAGE AT AGE 65: The assumed annual rates of future retirees obtaining Medicare coverage at age 65 are as follows:

| Medicare Coverage | Percent Covered |
|-----------------------|-----------------|
| No Medicare at age 65 | 1.0% |
| Medicare Part A | 98.0% |
| Medicare Part B Only | 1.0% |

Current service retirees, disabled benefit recipients, spouses, and dependent children under age 65 were assumed to have similar Medicare coverage at age 65 as their post-Medicare counterparts.

Effective September 30, 2021, an individual who fails to enroll in Medicare Part B during their Medicare initial or special enrollment period will lose eligibility for SERS health care coverage. If an individual enrolls in Medicare Part B coverage but then fails to maintain the coverage, the individual must re-enroll during Medicare's first available general enrollment period.

HEALTH CARE PREMIUM DISCOUNT PROGRAM PARTICIPATION: Current Medicare-eligible service retirees, disabled benefit recipients, spouses and dependent children reported as qualifying for the health care Premium Discount Program were assumed to continue participating in the program for their lifetime. The health care premium Discount Program is not available for non-Medicare participants.



MONTHLY EXPECTED MEDICAL/PRESCRIPTION DRUG CLAIMS COSTS (INCLUDES ADMINISTRATIVE EXPENSES): Following are charts detailing expected claims for the year following the valuation date.

| Retiree Costs | | | |
|------------------------|--|---------------------------------|---------------------|
| Medicare Status | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
| Non-Medicare | \$1,483 | N/A | \$1,071 |
| Medicare A | \$159 | \$659 | N/A |
| Medicare B Only | \$159 | N/A | N/A |

| Spouse Costs | | | |
|------------------------|--|---------------------------------|---------------------|
| Medicare Status | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
| Non-Medicare | \$1,186 | N/A | \$856 |
| Medicare A | \$159 | \$659 | N/A |
| Medicare B Only | \$159 | N/A | N/A |

| Children Costs | | | |
|------------------------|--|---------------------------------|---------------------|
| Medicare Status | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
| Non-Medicare | \$371 | N/A | \$189 |
| Medicare A | \$159 | \$659 | N/A |

The above amounts are shown as average costs and represent premiums paid to insurers.



ANNUAL EXPECTED MEDICAL/PRESCRIPTION DRUG COSTS (INCLUDES ADMINISTRATIVE EXPENSES) (continued): In the valuation, the premium costs are converted to age 65 amounts, age adjusted and blended based on actual elections for current retirees, current disabled retirees, current retiree spouses and current dependent children, and based on projected elections for future retirees and future spouses. For this valuation, we have assumed 10% participation in the SERS Marketplace Wraparound HRA for pre-Medicare retirees. The age adjusted and blended amounts are as follows:

| Annual Medical and Prescription Drug Blended Costs Age Adjusted to 65 | | | | | | | |
|--|--------------------------------|---------------------------------|-----------------------|--------------------------------|----------------------------------|--------------------------------|-----------------------------------|
| | Future Service Retirees | Future Disabled Retirees | Future Spouses | Current Service Retires | Current Disabled Retirees | Current Retiree Spouses | Current Dependent Children |
| Pre-65 | \$17,172 | \$14,862 | \$14,004 | \$17,652 | \$10,656 | \$9,468 | \$6,708 |
| 65 & Older | 1,776 | 1,776 | 1,728 | 1,656 | 1,776 | 1,632 | N/A |



SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

| Service | Annual Rates of Withdrawal |
|---------|----------------------------|
| 0 | 40.00% |
| 1 | 19.00 |
| 2 | 11.00 |
| 3 | 9.00 |
| 4 | 8.00 |
| 5 | 6.50 |
| 10 | 3.50 |
| 15 | 2.25 |

| Age | Annual Rates of | | | |
|-----|-----------------|--------|------------|--------|
| | Death * | | Disability | |
| | Male | Female | Male | Female |
| 20 | .041% | .013% | .020% | .010% |
| 25 | .041 | .012 | .039 | .010 |
| 30 | .052 | .019 | .071 | .028 |
| 35 | .068 | .030 | .127 | .059 |
| 40 | .096 | .047 | .214 | .106 |
| 45 | .143 | .072 | .313 | .180 |
| 50 | .218 | .107 | .414 | .300 |
| 55 | .320 | .157 | .530 | .450 |
| 60 | .466 | .238 | .590 | .450 |
| 65 | .682 | .380 | .533 | .300 |
| 70 | 1.025 | .627 | .300 | .200 |
| 74 | 1.461 | .937 | .300 | .200 |

* Pre-retirement mortality is based on the PUB-2010 General Amount Weighted Below Median Employee Mortality Table with fully generational projection using the MP-2020 projection scale. The above rates represent the base rates used.



| Annual Rates of | | | | | | | | |
|-----------------|-------------------------------------|-----------------|--------------------------|----------------------|----------------------------------|-----------------|--------------------------|----------------------|
| Age | Retirement Eligible prior to 8/1/17 | | | | Retirement Eligible after 8/1/17 | | | |
| | Reduced | Reduced (55/25) | First Eligible Unreduced | Subsequent Unreduced | Reduced | Reduced (60/25) | First Eligible Unreduced | Subsequent Unreduced |
| 50 | | | 21% | 19% | | | | |
| 55 | | 10% | 27% | 19% | | | | |
| 57 | | 10% | 27% | 19% | | | 30% | 19% |
| 60 | 43% | 15% | 27% | 19% | | 6% | 30% | 19% |
| 62 | 43% | 15% | 27% | 19% | 5% | 6% | 30% | 19% |
| 65 | | | 50% | 33% | 15% | 17% | 30% | 19% |
| 68 | | | 50% | 33% | | | 30% | 18% |
| 70 | | | 50% | 33% | | | 30% | 18% |
| 75 | | | 100% | 100% | | | 100% | 100% |

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

| Annual Rates of | | | |
|-----------------|-----------------------|--------------------|------------------------------------|
| Service | Merit & Seniority (A) | Base (Economy) (B) | Increase Next Year (1+(A))*(1+(B)) |
| 0 | 10.00% | 3.25% | 13.58% |
| 1 | 3.00 | 3.25 | 6.35 |
| 2 | 1.75 | 3.25 | 5.06 |
| 3 | 1.25 | 3.25 | 4.54 |
| 4 | 1.00 | 3.25 | 4.28 |
| 5-9 | 0.75 | 3.25 | 4.02 |
| 10-15 | 0.50 | 3.25 | 3.77 |
| 16-17 | 0.25 | 3.25 | 3.51 |
| 18 & over | 0.00 | 3.25 | 3.25 |

PAYROLL GROWTH: 1.75% per annum, compounded annually.

PRICE INFLATION: 2.40% per annum, compounded annually.



DEATH AFTER RETIREMENT: These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally

VALUATION METHOD: Entry age normal cost method. Entry age is established on an individual basis.

ASSET VALUATION METHOD: Market value.



SCHEDULE C

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO Summary of Main Plan Provisions as of June 30, 2022

ELIGIBILITY FOR ACCESS TO RETIREE HEALTH CARE:

Normal Retirement:

Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017: Attainment of age 65 with at least 10 years of creditable service, or completion of 30 years of creditable service, regardless of age.

Members attaining 25 years of service after August 1, 2017: Attainment of age 67 with at least 10 years of creditable service, or attainment of age 57 with at least 30 years of creditable service. Buy-up option available.

Early Retirement:

Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017: Not eligible for unreduced service retirement but has attained age 55 with at least 25 years of service, or age 60 with 10 years of service.

Members attaining 25 years of service after August 1, 2017: Attainment of age 62 with at least 10 years of creditable service, or attainment of age 60 with at least 25 years of creditable service.

Disability Retirement: Permanently disabled after completion of at least 5 years of total service credit.

Survivor Allowances: Beneficiary must be receiving monthly benefits due to the death of a member, age and service retiree or disability benefit recipient.

Termination: Members that terminated with at least 10 years of creditable service and have attained age 60 (age 62 for those retiring after August 1, 2017).

PREMIUM PAYMENTS:

Retirees, spouses and dependent children pay either all or a portion of the cost of health care and prescription drug coverage as well as a \$35 monthly surcharge. The remainder of the cost is paid by SERS.

Medicare-eligible retirees, spouses and dependent children may qualify for the health care Premium Discount Program if their household income falls at or below a specified level. Income limits are updated annually. Retirees, spouses and dependent children qualifying for the program will receive a 25% discount in their monthly health care premiums.



PREMIUM PAYMENTS (Continued):

The following schedule lists the percentage of the retiree premium paid by service retirees:

| Years of Service | Retirement Date on or before July 1, 1989 | Retirement Date August 1, 1989 through July 1, 2008 | Retirement Date on or after August 1, 2008 |
|------------------|---|---|--|
| | Service Retiree Premium Contribution Percentage | | |
| 5 – 9 | 50.0% | N/A | N/A |
| 10 – 14 | 17.5 | 100.0% | 100.0% |
| 15 – 19 | 17.5 | 50.0 | 100.0 |
| 20 – 24 | 17.5 | 25.0 | 50.0 |
| 25 – 29 | 17.5 | 17.5 | 30.0 |
| 30 – 34 | 17.5 | 17.5 | 20.0 |
| 35 and over | 17.5 | 17.5 | 15.0* |

* Additional 1% reduction for each year over 35.

The following schedule lists the percentage of the retiree premium paid by disability benefit recipients:

| Years of Service | Disabled Benefit Recipient Premium Contribution Percentage |
|------------------|--|
| 5 – 9 | 50.0% |
| 10 – 24 | 33.0 |
| 25 and over | 17.5 |

The following schedule lists the percentage of the spouse premium paid by spouses of retirees:

| Service Retiree, Disability Recipient, or Member's Qualified Years of Service | Spouse Premium Contribution Percentage |
|---|--|
| 1.5 – 24 | 100.0% |
| 25 – 29 | 90.0 |
| 30 and over | 80.0 |

Dependent children pay 70.0% of the child premium.

In addition, SERS offered a new coverage option beginning in 2017, the Marketplace Wraparound HRA. This option is only available to health care participants who are not eligible for Medicare and who are not enrolled in Medicaid. Participants will be able to choose insurance from any insurer offering coverage in the federal Marketplace, and if eligible, receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Marketplace Wraparound HRA offers additional benefits to help pay for deductibles, co-pays, and other costs.



OTHER POST-EMPLOYMENT BENEFITS: Health care and prescription drug coverage is provided in all post-employment group health care plan options. Dental and vision coverage are made available to retirees, spouses, and dependent children at the full cost.

2023 RETIREE HEALTH CARE PLAN OPTIONS:

Options available to members without Medicare

- ◇ Aetna Choice POS II with Express Scripts prescription drug coverage
- ◇ AultCare PPO with AultCare prescription drug coverage
- ◇ Wraparound HRA

Options available to members with Medicare:

- ◇ Aetna MedicareSM Plan (PPO) with Express Scripts Medicare Part D Prescription Drug Plan
- ◇ Aetna Traditional Choice with Express Scripts Medicare Part D Prescription Drug Plan (only available to members with special circumstances)

The following pages contain information that was provided by SERS in the 2023 *Open Enrollment Guide* and the 2023 *Member Health Care Guide*.



2023 Contribution Rates

| Years of Service | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
|---|--|---|-------------------------|
| Service Retirement Date on or before July 1, 1989 Premiums | | | |
| 5-9.999 years | | | |
| Without Medicare | \$780 | | \$571 |
| With Medicare A & B | \$117 | \$408 | |
| With Medicare B Only | \$297 | | |
| 10-24.999 years | | | |
| Without Medicare | \$296 | | \$222 |
| With Medicare A & B | \$64 | \$166 | |
| With Medicare B Only | \$127 | | |
| 25 years & over | | | |
| Without Medicare | \$296 | | \$222 |
| With Medicare A & B | \$64 | \$166 | |
| With Medicare B Only | \$64 | | |

| Years of Service | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
|---|--|---|-------------------------|
| Service Retirement Date August 1, 1989 through July 1, 2008 Premiums | | | |
| 10-14.999 years | | | |
| Without Medicare | \$1,524 | | \$1,106 |
| With Medicare A & B | \$198 | \$781 | |
| With Medicare B Only | \$558 | | |
| 15-19.999 years | | | |
| Without Medicare | \$780 | | \$571 |
| With Medicare A & B | \$117 | \$408 | |
| With Medicare B Only | \$297 | | |
| 20-24.999 years | | | |
| Without Medicare | \$407 | | \$303 |
| With Medicare A & B | \$76 | \$222 | |
| With Medicare B Only | \$166 | | |
| 25 years & over | | | |
| Without Medicare | \$296 | | \$222 |
| With Medicare A & B | \$64 | \$166 | |
| With Medicare B Only | \$64 | | |



**2023 Contribution Rates
(continued)**

| Years of Service | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
|---|--|---|-------------------------|
| Service Retirement Date on or after August 1, 2008 Premiums* | | | |
| 10-19.999 years | | | |
| Without Medicare | \$1,524 | | \$1,106 |
| With Medicare A & B | \$198 | \$781 | |
| With Medicare B Only | \$558 | | |
| 20-24.999 years | | | |
| Without Medicare | \$780 | | \$571 |
| With Medicare A & B | \$117 | \$408 | |
| With Medicare B Only | \$297 | | |
| 25-29.999 years | | | |
| Without Medicare | \$482 | | \$356 |
| With Medicare A & B | \$84 | \$259 | |
| With Medicare B Only | \$84 | | |
| 30-34.999 years* | | | |
| Without Medicare | \$333 | | \$249 |
| With Medicare A & B | \$68 | \$184 | |
| With Medicare B Only | \$68 | | |

* Further reductions for each year over 35.

| Years of Service | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
|--|--|---|-------------------------|
| Disability Benefit Recipient Premiums | | | |
| 5-9.999 years | | | |
| Without Medicare | \$780 | | \$571 |
| With Medicare A & B | \$117 | \$408 | |
| With Medicare B Only | \$297 | | |
| 10-24.999 years | | | |
| Without Medicare | \$526 | | \$389 |
| With Medicare A & B | \$89 | \$281 | |
| With Medicare B Only | \$208 | | |
| 25 years & over | | | |
| Without Medicare | \$296 | | \$222 |
| With Medicare A & B | \$64 | \$166 | |
| With Medicare B Only | \$64 | | |



**2023 Contribution Rates
(continued)**

| Years of Service | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
|---|--|---|-------------------------|
| Spouse Premiums (Service Retiree, Disability Recipient, or Member's Qualified Service) | | | |
| Up to 25 years | | | |
| Without Medicare | \$1,227 | | \$891 |
| With Medicare A & B | \$198 | \$781 | |
| With Medicare B Only | \$558 | | |
| 25-29.999 years | | | |
| Without Medicare | \$1,108 | | \$805 |
| With Medicare A & B | \$182 | \$706 | |
| With Medicare B Only | \$182 | | |
| 30 years & over | | | |
| Without Medicare | \$989 | | \$720 |
| With Medicare A & B | \$166 | \$632 | |
| With Medicare B Only | \$166 | | |

| Years of Service | Aetna Choice POS II and Aetna MedicareSM | Aetna Traditional Choice | AultCare PPO |
|---------------------------|--|---|-------------------------|
| Child Premiums | | | |
| Child w/o Medicare A | \$296 | | \$167 |
| Child with Medicare A & B | \$149 | \$557 | |



SERS' Non-Medicare Plans

Non-Medicare plans are available to benefit recipients and dependents under age 65 and not Medicare eligible. Beginning 1/1/2021, however, members who are under age 65 that are eligible for Medicaid are not eligible for the SERS Health Care Plan coverage. Beginning September 2021, plan enrollees eligible for Medicare B lose eligibility for SERS coverage if they do not enroll in Medicare B.

Aetna Choice POS II

This is a Preferred Provider Organization (PPO) plan with prescription drug coverage by Express Scripts. The plan is available throughout the United States.

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare

Use of out-of-network providers will increase out-of-pocket costs.

AultCare PPO

This is a Preferred Provider Organization (PPO) plan with prescription drug coverage by AultCare.

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare.
- Live in one of the Ohio counties listed on the map in the *2023 Open Enrollment Guide*.

Use of out-of-network providers will increase out-of-pocket costs.

2023 SERS Marketplace Wraparound HRA

The SERS Marketplace Wraparound HRA is available to participants who are not eligible for Medicare and who are not enrolled in Medicaid. Participants are able to choose insurance from any insurer offering coverage in the federal Marketplace. If eligible, participants receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Market place Wraparound HRA offers additional benefits to help pay for deductibles, co-pays, and other costs up to a federally established annual reimbursement limit.



SERS' Medicare Plans

Aetna Medicare Plan (PPO)

This is a Medicare Advantage plan with Medicare Part D prescription drug coverage administered by Express Scripts.

Ohio Residents: Aetna has a preferred provider network. Use of out-of-network providers will increase out-of-pocket costs.

Non-Ohio Residents: Can use any medical provider that accepts Medicare patients and agrees to file claims with Aetna.

This plan is available throughout the United States. To enroll, members must have:

- Medicare Part B
- Medicare Part A, if eligible

Aetna Traditional Choice Plan

This plan is NOT available for optional enrollment. It is only available in special circumstances. SERS determines when enrollment is appropriate. Medicare Part D prescription drug coverage is administered through Express Scripts.



Prescription Drug Coverage

Prescription drug coverage is included in SERS' health care coverage and does not require a separate premium. Express Scripts provides the prescription drug coverage for Aetna. AultCare provides their own prescription coverage. All prescription plans have a formulary of covered medications. These are referred to as preferred medications. Medications not on the formulary are referred to as non-preferred. The amount members are responsible for paying, known as the co-pay, is based on the medication's preferred status. Members pay the least for generic medications. Members pay the most for brand-name medications that are not preferred. Members can get prescriptions at retail pharmacies or through the mail. Members save money by having prescriptions for maintenance medications mailed to their homes.

The following is a partial list of situations or types of medications that are not covered.

- Prescriptions or medications dispensed in a hospital. These are typically covered under the medical plan.
- Prescriptions covered by Workers' Compensation.
- Prescriptions for fertility, erectile dysfunction, or cosmetic drugs.
- Over-the-counter drugs and herbal preparations, including homeopathic preparations.

With the exception of insulin, Express Scripts does not cover non-preferred medications. Members pay the full amount for non-preferred medications, and these costs do not count toward any out-of-pocket maximum or the Medicare coverage gap.

All prescription plans include these common coverage rules:

- Prior Authorization - For some medications, the doctor must contact the drug plan before certain prescriptions can be filled. The prescription is only covered if the doctor is able to confirm that the medication is necessary.
- Quantity Limits - Limits how much of a specific medication members can get at a time.
- Step Therapy - A process where certain medications that have proven to be safe and effective are tried as the first choice rather than starting with a more expensive prescribed medication.

Medicare Part D Prescription Drugs

SERS' health plan participants enrolled in a Medicare plan are automatically covered under a Medicare Part D prescription drug plan through SERS and should not enroll in a separate Medicare Part D plan. Enrolling in another Part D plan would cause cancellation of SERS coverage for both medical and prescription drug benefits per federal law.



Non-Medicare Plan Benefits

| | Aetna Choice POS II (In-Network) | AultCare PPO (In Network) |
|---|--|--|
| Annual Combined Medical & Prescription Drug Out-of-Pocket Maximum | \$7,350/person \$14,700/family | \$7,350/person \$14,700/family |
| Deductible | \$2,000/person \$4,000/family | \$2,000/person \$4,000/family |
| Primary Care Office Visit | \$20 co-pay | \$20 co-pay |
| Specialist Office Visit | \$40 co-pay | \$40 co-pay |
| Outpatient Diagnostic X-Ray and Lab | 20% coinsurance | 20% coinsurance |
| Retail Walk-In Clinic | \$20 co-pay | \$20 co-pay |
| Urgent Care | \$40 co-pay | \$40 co-pay |
| Emergency Room | \$150 co-pay | \$150 co-pay |
| Ambulance | 20% coinsurance | 20% coinsurance |
| Inpatient Hospital | 20% coinsurance after \$250 co-pay | 20% coinsurance after \$250 co-pay |
| Outpatient Surgery | 20% coinsurance | 20% coinsurance |
| Skilled Nursing Facility (100-day max) | 20% coinsurance | 20% coinsurance |
| Home Health Care | 20% coinsurance | 20% coinsurance |
| Hospice Health Care | 100% coverage | Inpatient: 100% coverage Outpatient: 20% coinsurance |
| Outpatient Short-Term Rehab | 20% coinsurance | 20% coinsurance |
| Chiropractic | 20% coinsurance | 20% coinsurance |
| Durable Medical Equipment | 20% coinsurance | 20% coinsurance |
| Prescription Drugs | Express Scripts <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) <u>Insulin Retail:</u> \$25 preferred brand, 25% or \$45 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$115 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min, \$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min, \$67 max per 30-day supply) | AultCare <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) Non-preferred at 100% <u>Insulin Retail:</u> \$30 preferred brand, \$45 non-preferred brand <u>Insulin Mail Order:</u> \$60 preferred brand, \$115 non-preferred brand <u>Specialty medications:</u> \$100 co-pay <u>Specialty Mail order:</u> \$100 co-pay; 30-day supply only |



**Non-Medicare Plan Benefits
(continued)**

SERS Marketplace Wraparound HRA

| Benefit | Maximum Reimbursement |
|---|---|
| Deductible | Reimbursements are limited to \$1,950 per family, per calendar year in accordance with federal limits.* |
| Covered prescription drugs | |
| Physician office visit co-pay | |
| Inpatient hospital admission co-pay or coinsurance | |
| Imaging (X-rays, CT/PET Scans, MRI) co-pay or coinsurance | |
| <p>*All benefit category costs in the aggregate are subject to the overall total Maximum Amount under this Plan. Such costs can be used in various combinations but shall not, in the aggregate, exceed the Maximum Amount. Reimbursement is limited to cost sharing after the Participant's Marketplace plan has adjudicated any claim(s). Actual reimbursement may vary according to the Participant's Marketplace plan's terms, but will in no event exceed the Participant's actual out-of-pocket expenses under the applicable Marketplace plan.</p> | |
| <p>The SERS Wraparound HRA eligible expenses noted above only apply to covered services under your Marketplace plan. Claims for non-covered services are not eligible for reimbursement.</p> | |



Medicare Plan Benefits

Aetna MedicareSM Plan (PPO)

| | |
|--|---|
| Annual Out-of-Pocket Maximum | \$3,000 per person |
| Deductible | None |
| Primary Care Office Visit | \$10 co-pay |
| Specialist Office Visit | \$30 co-pay |
| Outpatient Diagnostic X-Ray | \$25 co-pay |
| Outpatient Diagnostic Lab | 100% coverage |
| Urgent Care | \$40 co-pay |
| Emergency Room | \$100 co-pay |
| Ambulance | \$80 co-pay |
| Inpatient Hospital | \$150 co-pay per day 1-5, then 100% |
| Outpatient Surgery /Procedures | 15% coinsurance up to \$200 max |
| Skilled Nursing Facility (100-day max) | Co-pay: \$0 per day 1-10, \$25 per day 11-20, \$50 per day 21-100 |
| Home Health Care | 100% coverage |
| Hospice | Covered per Medicare |
| Outpatient Short-Term Rehab | \$15 co-pay |
| Chiropractic | \$20 co-pay limited to Medicare coverage |
| Durable Medical Equipment | 20% coinsurance |
| Prescription Drugs | Express Scripts Medicare D PDP <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min,\$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) <u>Insulin Retail:</u> \$25 preferred brand, 25% or \$35 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$90 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min,\$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min,\$67 max per 30-day supply) |



SCHEDULE D
DETAILED TABULATIONS OF THE DATA

All Retirees, Spouses and Dependents Receiving Health Care
Male and Female Demographic Breakdown
As of June 30, 2022
Tabulated by Attained Ages

| Attained Age | Number of | | Total Number |
|--------------|---------------|---------------|---------------|
| | Males | Females | |
| Under 20 | 24 | 38 | 62 |
| 20-24 | 45 | 34 | 79 |
| 25-29 | 17 | 18 | 35 |
| 30-34 | 1 | 2 | 3 |
| 35-39 | 2 | 3 | 5 |
| 40-44 | 10 | 6 | 16 |
| 45-49 | 12 | 15 | 27 |
| 50-54 | 73 | 91 | 164 |
| 55-59 | 303 | 467 | 770 |
| 60-64 | 1,083 | 2,009 | 3,092 |
| 65-69 | 2,374 | 5,107 | 7,481 |
| 70-74 | 2,493 | 5,761 | 8,254 |
| 75-79 | 1,895 | 5,081 | 6,976 |
| 80-84 | 1,637 | 4,514 | 6,151 |
| 85-89 | 1,077 | 3,057 | 4,134 |
| 90-94 | 455 | 1,688 | 2,143 |
| 95-99 | 82 | 559 | 641 |
| 100 | 4 | 31 | 35 |
| 101 | 1 | 34 | 35 |
| 102 | 1 | 11 | 12 |
| 103 | 1 | 6 | 7 |
| 104 | 0 | 2 | 2 |
| 105 & Over | 1 | 6 | 7 |
| Total | 11,591 | 28,540 | 40,131 |



**Schedule of Retiree Members Added to and Removed from Rolls
Last Eleven Fiscal Years**

| Year Ended | Added to Rolls | | Removed from Rolls* | | Rolls at Year-End | | % Increase in Projected Benefits | Average Projected Benefits |
|------------|----------------|--------------------|---------------------|--------------------|-------------------|--------------------|----------------------------------|----------------------------|
| | Number | Projected Benefits | Number | Projected Benefits | Number | Projected Benefits | | |
| 6/30/2012 | 2,073 | 9,280,779 | 3,785 | 5,391,796 | 46,439 | 90,708,513 | 11.49% | 1,953 |
| 6/30/2013 | 2,110 | 8,977,566 | 3,217 | 4,370,993 | 45,332 | 100,514,730 | 10.81% | 2,217 |
| 6/30/2014 | 2,251 | 8,658,731 | 2,873 | 4,834,922 | 44,710 | 87,007,272 | (13.44)% | 1,946 |
| 6/30/2015 | 2,329 | 8,897,861 | 2,932 | 4,682,901 | 44,107 | 90,855,858 | 4.42% | 2,060 |
| 6/30/2016 | 2,820 | 10,209,470 | 2,650 | 4,258,016 | 44,277 | 90,484,518 | (0.41)% | 2,044 |
| 6/30/2017 | 2,355 | 10,099,985 | 2,774 | 4,834,866 | 43,858 | 91,554,056 | 1.18% | 2,088 |
| 6/30/2018 | 2,383 | 7,833,624 | 2,820 | 5,004,204 | 43,421 | 90,696,175 | (0.94)% | 2,089 |
| 6/30/2019 | 1,791 | 6,375,244 | 2,665 | 4,496,857 | 42,547 | 82,778,168 | (8.73)% | 1,946 |
| 6/30/2020 | 2,058 | 6,645,569 | 2,749 | 4,275,713 | 41,856 | 69,600,381 | (15.92)% | 1,663 |
| 6/30/2021 | 2,213 | 7,152,506 | 3,172 | 4,050,170 | 40,897 | 69,028,349 | (0.82)% | 1,688 |
| 6/30/2022 | 2,245 | 6,676,697 | 3,011 | 4,299,770 | 40,131 | 63,016,244 | (8.71)% | 1,570 |

* The benefits removed from rolls do not include subsidies that were changed due to premium changes, plan election changes or reductions due to members obtaining Medicare eligibility.



Deferred Vested Members Eligible for Health Care
Male and Female Demographic Breakdown
As of June 30, 2022
Tabulated by Attained Ages

| Attained Age | Number of | | Total Number |
|--------------|--------------|--------------|--------------|
| | Males | Females | |
| Under 35 | 6 | 9 | 15 |
| 35-39 | 60 | 56 | 116 |
| 40-44 | 122 | 209 | 331 |
| 45-49 | 155 | 422 | 577 |
| 50-54 | 250 | 851 | 1,101 |
| 55-59 | 344 | 1,435 | 1,779 |
| 60 & Over | 370 | 1,829 | 2,199 |
| Total | 1,307 | 4,811 | 6,118 |



Total Active Members as of June 30, 2022
Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 2,804 | | | | | | | 2,804 |
| Avg Pay | \$11,088 | | | | | | | \$11,088 |
| 20-24 | 9,629 | 94 | | | | | | 9,723 |
| Avg Pay | \$12,984 | \$31,584 | | | | | | \$13,164 |
| 25-29 | 9,617 | 1,142 | 26 | | | | | 10,785 |
| Avg Pay | \$16,270 | \$33,323 | \$43,478 | | | | | \$18,141 |
| 30-34 | 8,827 | 2,293 | 368 | 39 | | | | 11,527 |
| Avg Pay | \$17,326 | \$35,293 | \$46,235 | \$52,499 | | | | \$21,942 |
| 35-39 | 9,424 | 3,111 | 780 | 343 | 39 | | | 13,697 |
| Avg Pay | \$17,839 | \$34,305 | \$46,705 | \$54,939 | \$61,129 | | | \$24,275 |
| 40-44 | 10,078 | 4,287 | 1,284 | 746 | 425 | 29 | | 16,849 |
| Avg Pay | \$16,865 | \$31,925 | \$42,655 | \$52,878 | \$57,588 | \$69,085 | | \$25,374 |
| 45-49 | 8,780 | 4,505 | 1,754 | 1,133 | 819 | 264 | 11 | 17,266 |
| Avg Pay | \$16,140 | \$30,797 | \$37,258 | \$45,982 | \$55,557 | \$57,234 | \$59,779 | \$26,594 |
| 50-54 | 7,893 | 4,503 | 2,707 | 2,139 | 1,769 | 685 | 177 | 19,873 |
| Avg Pay | \$17,147 | \$31,511 | \$34,485 | \$39,734 | \$47,094 | \$59,253 | \$61,873 | \$29,710 |
| 55-59 | 6,027 | 3,585 | 2,567 | 2,926 | 3,346 | 1,520 | 513 | 20,484 |
| Avg Pay | \$16,963 | \$31,313 | \$34,194 | \$36,941 | \$41,130 | \$47,611 | \$56,046 | \$31,688 |
| 60-64 | 4,739 | 2,803 | 1,995 | 2,452 | 3,695 | 2,302 | 934 | 18,920 |
| Avg Pay | \$15,494 | \$29,954 | \$33,933 | \$36,446 | \$38,823 | \$41,770 | \$49,504 | \$31,728 |
| 65-69 | 2,960 | 1,341 | 779 | 746 | 1,126 | 844 | 729 | 8,525 |
| Avg Pay | \$12,263 | \$25,326 | \$31,184 | \$36,967 | \$40,268 | \$41,028 | \$44,367 | \$27,501 |
| 70 & over | 2,098 | 803 | 405 | 283 | 271 | 223 | 527 | 4,610 |
| Avg Pay | \$9,904 | \$19,727 | \$26,066 | \$29,057 | \$33,745 | \$38,798 | \$38,366 | \$20,263 |
| Totals | 82,876 | 28,467 | 12,665 | 10,807 | 11,490 | 5,867 | 2,891 | 155,063 |
| Avg Pay | \$15,848 | \$31,341 | \$36,192 | \$39,852 | \$42,753 | \$45,936 | \$48,136 | \$25,761 |

Averages:
Age: 47.2
Service: 7.6
Annual Pay: \$25,761



Male Active Members as of June 30, 2022
Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 1,462 | | | | | | | 1,462 |
| Avg Pay | \$11,509 | | | | | | | \$11,509 |
| 20-24 | 3,971 | 39 | | | | | | 4,010 |
| Avg Pay | \$13,898 | \$36,657 | | | | | | \$13,374 |
| 25-29 | 3,922 | 531 | 16 | | | | | 4,469 |
| Avg Pay | \$16,266 | \$38,848 | \$46,319 | | | | | \$19,056 |
| 30-34 | 3,118 | 836 | 186 | 27 | | | | 4,167 |
| Avg Pay | \$17,917 | \$41,335 | \$52,726 | \$57,160 | | | | \$24,423 |
| 35-39 | 2,775 | 894 | 357 | 202 | 24 | | | 4,252 |
| Avg Pay | \$18,743 | \$44,147 | \$52,761 | \$60,013 | \$68,317 | | | \$29,181 |
| 40-44 | 3,137 | 979 | 409 | 315 | 215 | 13 | | 5,068 |
| Avg Pay | \$17,217 | \$42,942 | \$56,990 | \$65,389 | \$69,301 | \$79,552 | | \$30,760 |
| 45-49 | 3,140 | 949 | 410 | 270 | 277 | 131 | 6 | 5,183 |
| Avg Pay | \$14,491 | \$40,412 | \$50,670 | \$63,018 | \$72,735 | \$63,436 | \$62,415 | \$29,032 |
| 50-54 | 3,003 | 1,065 | 504 | 376 | 359 | 270 | 86 | 5,663 |
| Avg Pay | \$15,952 | \$39,018 | \$47,453 | \$59,248 | \$67,631 | \$74,020 | \$69,421 | \$32,825 |
| 55-59 | 2,384 | 1,040 | 545 | 460 | 460 | 300 | 203 | 5,392 |
| Avg Pay | \$17,410 | \$37,637 | \$47,386 | \$55,117 | \$60,193 | \$67,934 | \$64,118 | \$35,777 |
| 60-64 | 1,973 | 975 | 590 | 505 | 515 | 283 | 245 | 5,086 |
| Avg Pay | \$16,794 | \$35,338 | \$42,146 | \$50,217 | \$56,973 | \$61,658 | \$66,841 | \$35,584 |
| 65-69 | 1,243 | 604 | 330 | 215 | 221 | 113 | 139 | 2,865 |
| Avg Pay | \$13,515 | \$28,343 | \$35,872 | \$45,898 | \$52,112 | \$58,718 | \$59,707 | \$28,648 |
| 70 & over | 992 | 424 | 215 | 114 | 69 | 44 | 49 | 1,907 |
| Avg Pay | \$10,533 | \$22,561 | \$28,591 | \$32,989 | \$40,834 | \$48,900 | \$49,533 | \$19,569 |
| Totals | 31,120 | 8,336 | 3,562 | 2,484 | 2,140 | 1,154 | 728 | 49,524 |
| Avg Pay | \$15,842 | \$38,195 | \$46,620 | \$55,514 | \$61,837 | \$65,811 | \$63,823 | \$27,665 |

Averages:
Age: 45.6
Service: 5.9
Annual Pay: \$27,665



Female Active Members as of June 30, 2022
Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 1,342 | | | | | | | 1,342 |
| Avg Pay | \$10,643 | | | | | | | \$10,643 |
| 20-24 | 5,658 | 55 | | | | | | 5,713 |
| Avg Pay | \$12,350 | \$26,524 | | | | | | \$12,486 |
| 25-29 | 5,695 | 611 | 10 | | | | | 6,316 |
| Avg Pay | \$16,277 | \$28,557 | \$39,037 | | | | | \$17,501 |
| 30-34 | 5,709 | 1,457 | 182 | 12 | | | | 7,360 |
| Avg Pay | \$17,005 | \$31,840 | \$39,667 | \$42,222 | | | | \$20,543 |
| 35-39 | 6,649 | 2,217 | 423 | 141 | 15 | | | 9,445 |
| Avg Pay | \$17,459 | \$30,339 | \$41,638 | \$47,790 | \$49,791 | | | \$22,069 |
| 40-44 | 6,941 | 3,308 | 875 | 431 | 210 | 16 | | 11,781 |
| Avg Pay | \$16,704 | \$28,660 | \$35,970 | \$43,783 | \$45,690 | \$60,645 | | \$23,059 |
| 45-49 | 5,640 | 3,556 | 1,344 | 863 | 542 | 133 | 5 | 12,083 |
| Avg Pay | \$17,056 | \$28,223 | \$33,163 | \$40,649 | \$46,802 | \$51,195 | \$56,706 | \$25,546 |
| 50-54 | 4,890 | 3,438 | 2,203 | 1,763 | 1,410 | 415 | 91 | 14,210 |
| Avg Pay | \$17,882 | \$29,179 | \$31,507 | \$35,561 | \$41,856 | \$49,690 | \$54,813 | \$28,465 |
| 55-59 | 3,643 | 2,545 | 2,022 | 2,466 | 2,886 | 1,220 | 310 | 15,092 |
| Avg Pay | \$16,676 | \$28,730 | \$30,631 | \$33,536 | \$38,071 | \$42,603 | \$50,790 | \$30,221 |
| 60-64 | 2,766 | 1,828 | 1,405 | 1,947 | 3,180 | 2,019 | 689 | 13,834 |
| Avg Pay | \$14,574 | \$27,092 | \$30,488 | \$32,867 | \$35,865 | \$38,959 | \$43,342 | \$30,305 |
| 65-69 | 1,717 | 737 | 449 | 531 | 905 | 731 | 590 | 5,660 |
| Avg Pay | \$11,365 | \$22,875 | \$27,762 | \$33,353 | \$37,362 | \$38,272 | \$40,739 | \$26,921 |
| 70 & over | 1,106 | 379 | 190 | 169 | 202 | 179 | 478 | 2,703 |
| Avg Pay | \$9,348 | \$16,588 | \$23,248 | \$26,422 | \$31,318 | \$36,301 | \$37,194 | \$20,759 |
| Totals | 51,756 | 20,131 | 9,103 | 8,323 | 9,350 | 4,713 | 2,163 | 105,539 |
| Avg Pay | \$15,854 | \$28,505 | \$32,114 | \$35,174 | \$38,373 | \$41,059 | \$42,854 | \$24,867 |

Averages:
Age: 47.9
Service: 8.4
Annual Pay: \$24,867



Active Members as of June 30, 2022
Tabulated by Annual Pay

| Annual Pay | Number of Active Members | | | Portion of Total Number | |
|-------------------|--------------------------|----------------|----------------|-------------------------|------------|
| | Men | Women | Totals | Group | Cumulative |
| Less than \$1,000 | 1,853 | 2,957 | 4,810 | 3.1% | 3.1% |
| \$1,000 - 1,999 | 2,232 | 2,811 | 5,043 | 3.3% | 6.4% |
| 2,000 - 2,999 | 2,987 | 2,952 | 5,939 | 3.8% | 10.2% |
| 3,000 - 3,999 | 2,999 | 2,823 | 5,822 | 3.8% | 13.9% |
| 4,000 - 4,999 | 2,572 | 2,449 | 5,021 | 3.2% | 17.2% |
| 5,000 - 5,999 | 1,936 | 2,335 | 4,271 | 2.8% | 19.9% |
| 6,000 - 6,999 | 1,515 | 2,305 | 3,820 | 2.5% | 22.4% |
| 7,000 - 7,999 | 1,206 | 2,296 | 3,502 | 2.3% | 24.7% |
| 8,000 - 8,999 | 1,032 | 2,197 | 3,229 | 2.1% | 26.7% |
| 9,000 - 9,999 | 827 | 2,156 | 2,983 | 1.9% | 28.7% |
| 10,000 - 11,999 | 1,537 | 4,461 | 5,998 | 3.9% | 32.5% |
| 12,000 - 13,999 | 1,367 | 4,844 | 6,211 | 4.0% | 36.5% |
| 14,000 - 15,999 | 1,312 | 5,216 | 6,528 | 4.2% | 40.7% |
| 16,000 - 17,999 | 1,353 | 5,445 | 6,798 | 4.4% | 45.1% |
| 18,000 - 19,999 | 1,355 | 5,740 | 7,095 | 4.6% | 49.7% |
| 20,000 - 24,999 | 3,255 | 14,635 | 17,890 | 11.5% | 61.2% |
| 25,000 - 29,999 | 2,538 | 11,116 | 13,654 | 8.8% | 70.0% |
| 30,000 - 35,999 | 2,674 | 8,613 | 11,287 | 7.3% | 77.3% |
| 36,000 and over | 14,974 | 20,188 | 35,162 | 22.7% | 100.0% |
| Totals | 49,524 | 105,539 | 155,063 | | |



SCHEDULE E

GLOSSARY

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability".

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Equivalent. A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Age-Related Morbidity. Assumed increase to the net incurred claims related to increase in age.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Health Care Cost Trend Rates. The annual assumed rate of increase for both claims and contributions.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.



Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.