



# Retiree Health Care

Other Post Employment Benefits  
(OPEB)

2012 Actuarial Results

The top of the slide features a decorative background with several gold coins scattered across it. Faint, semi-transparent text is visible in the background, including the words "the best of the best" and "Retire".

# What is OPEB?

- Other Post-employment Benefits (OPEB) include all retiree benefits that are not a part of pension plan.
  - Health Care
  - Dental
  - Life Insurance
  - Other

# Retiree Health Care (OPEB)

- Explicit Benefit – Retirees hired prior to benefit sunset dates who meet age and service criteria are eligible for **employer paid** retiree health insurance benefits for life.
- Implicit Rate Subsidy – Retirees pooled with actives to determine premium rates; MS 471.61 allows retirees to participate in health plans indefinitely - **retiree pays** total premium.

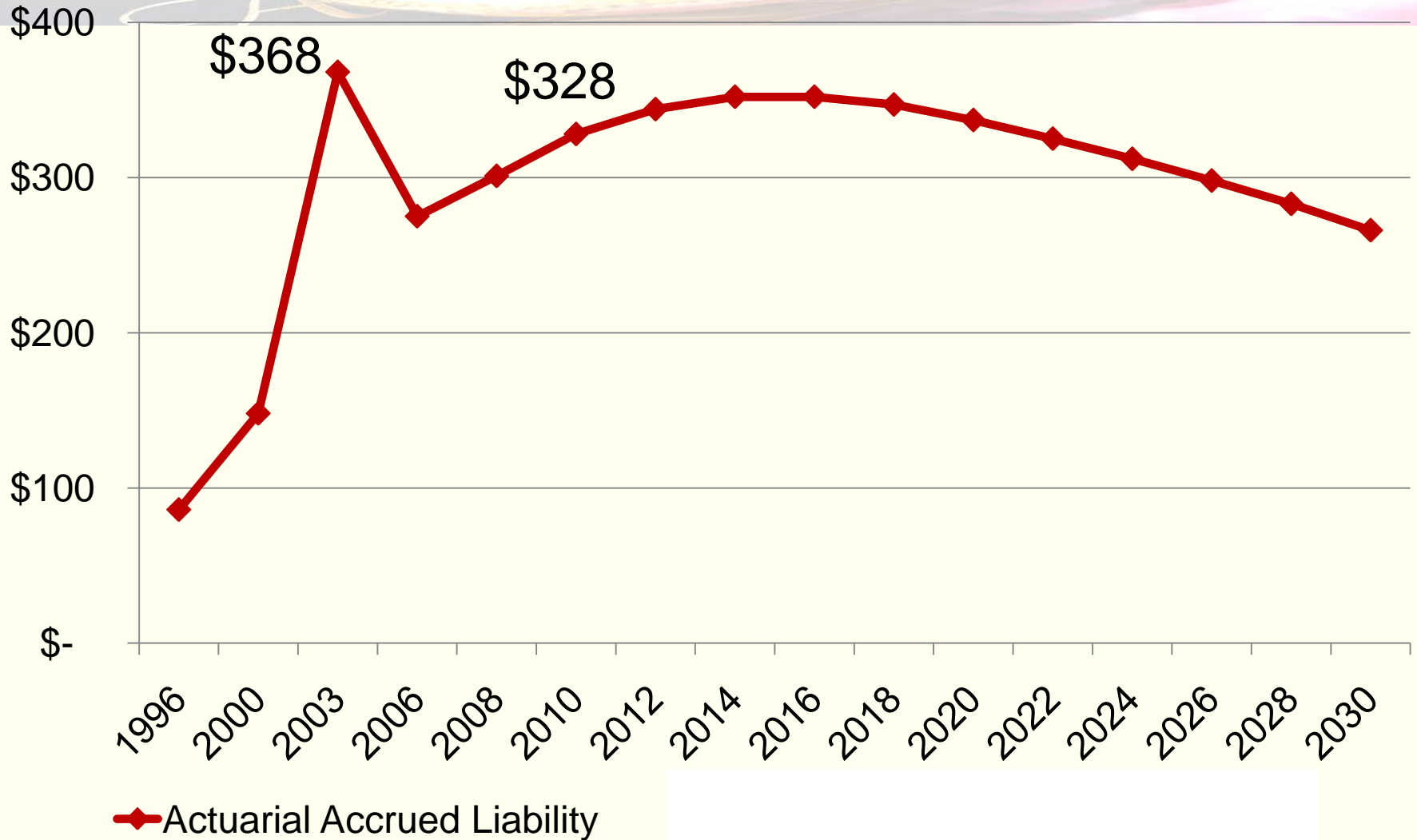
# Council Funding Policy

- Requires annual funding of explicit benefits:
  - Future costs associated with eligible active employees (normal cost)
  - Current costs associated with retirees (pay-as-go)
- For how long?
  - Until such time as funds set aside are adequate, with expected interest, to meet all projected future retiree benefits

# Funding Policy (cont.)

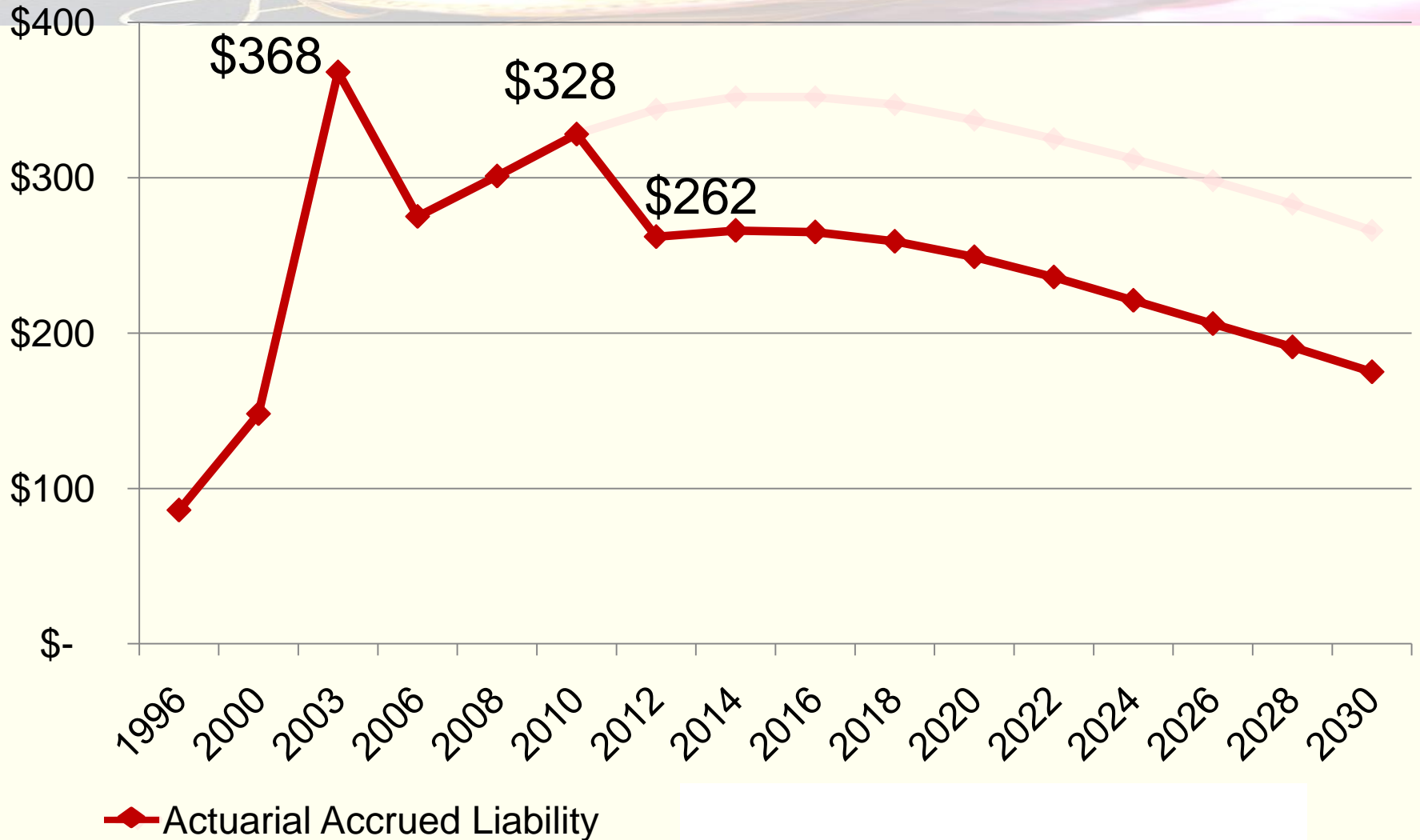
- Council will review year-end surpluses and consider whether to make additional contributions to the benefit fund.

# Projected OPEB and Funding



Dollars in Millions

# Projected OPEB and Funding



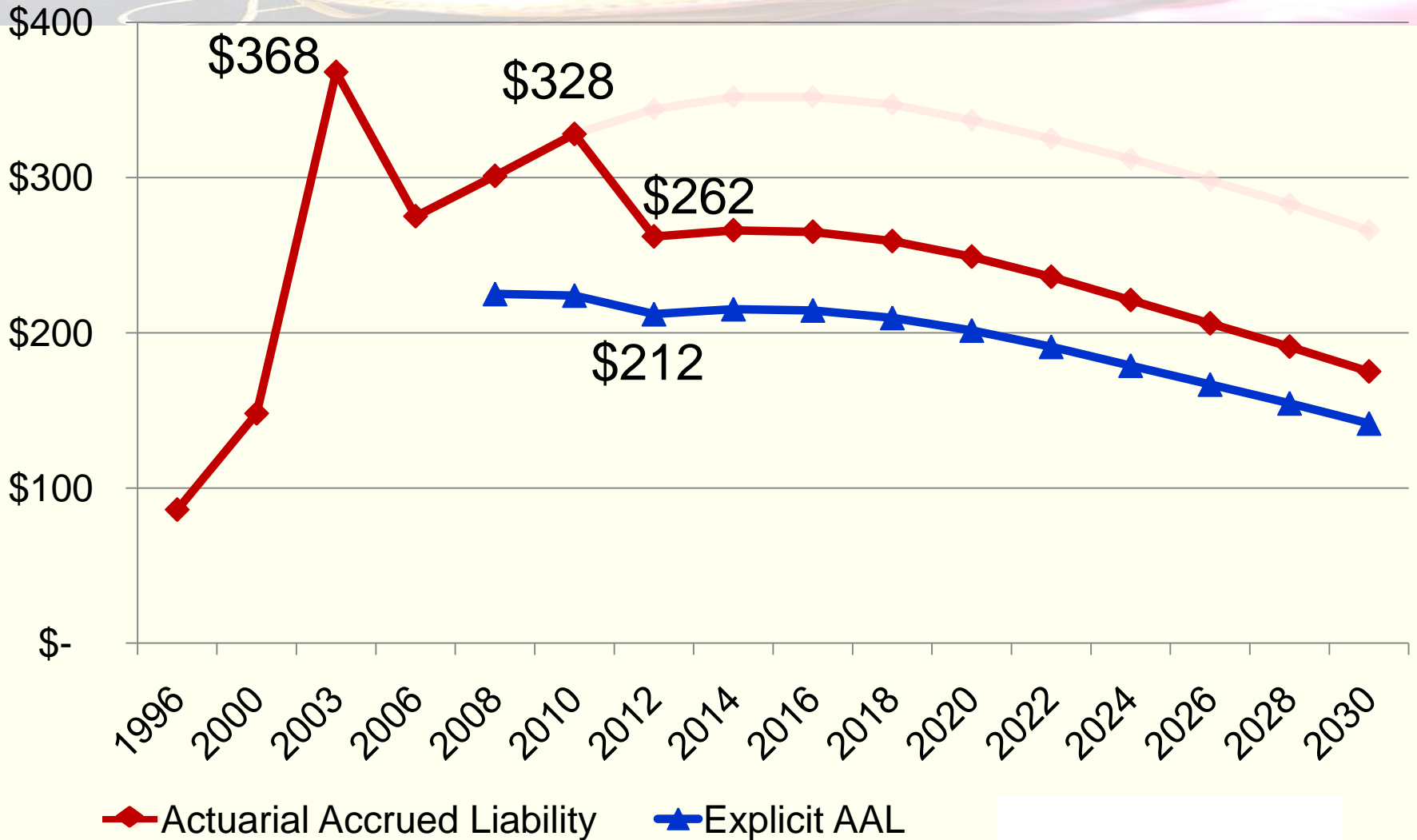
Dollars in Millions

# Actuarial Gain \$84M

- Gains
  - Census/Demographic Data - \$28M
  - Post-65 Retiree Claims & Premiums - \$27M
  - Pre-65 Retiree Claims & Premiums - \$26M
  - Direct subsidies experience - \$8M
- Losses
  - Updated Health Care Trend Rates - (\$5M)

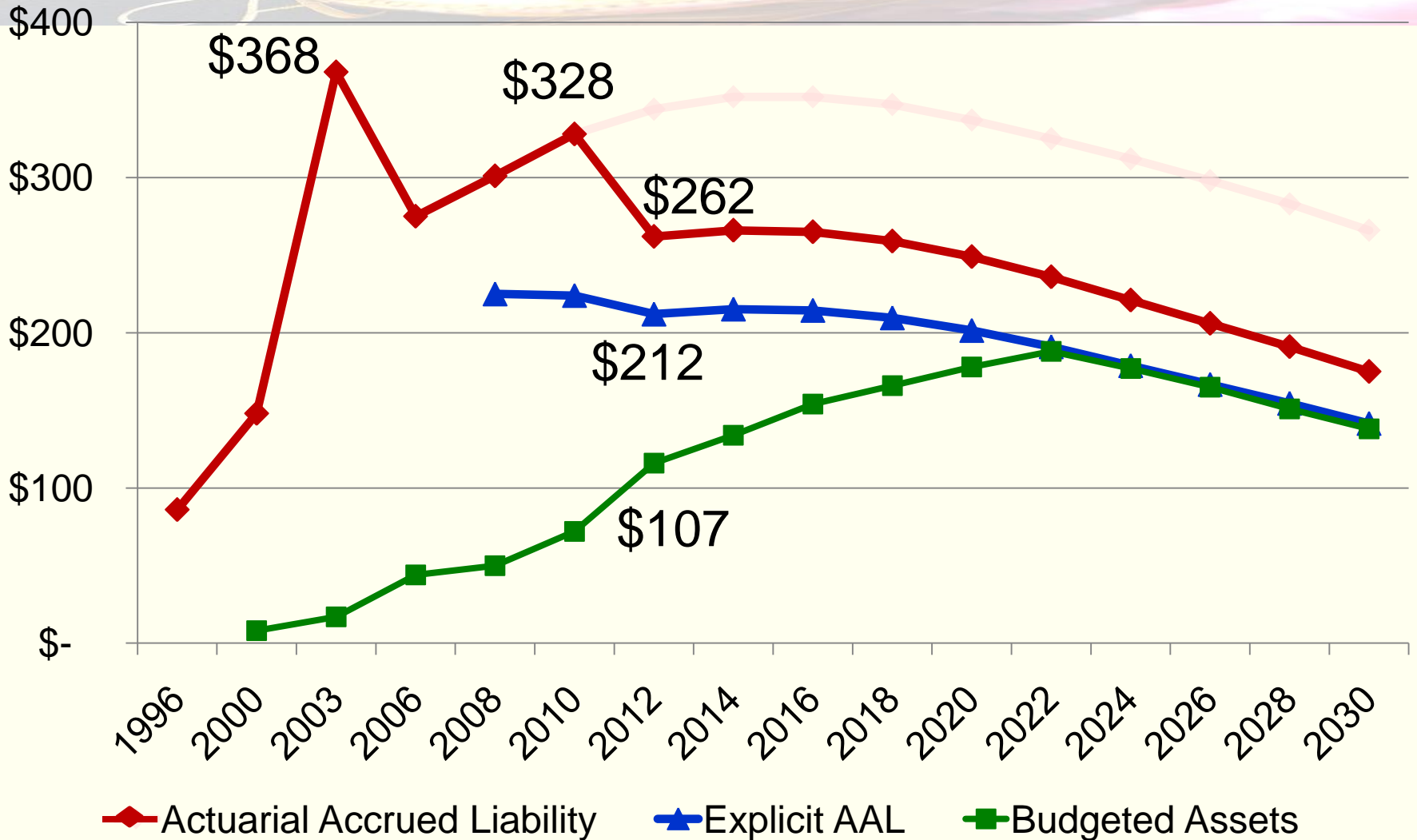


# Projected OPEB and Funding



Dollars in Millions

# Projected OPEB and Funding



Dollars in Millions

# Actuarial Accrued Liability

	<u>Metro Transit</u>	<u>Envr Services</u>	<u>Regional Admin</u>	<u>Total</u>
Actuarial Accr Liab	\$191	\$ 66	\$ 5	\$262
Explicit Portion	\$152	\$ 56	\$ 4	\$212
Market Value Assets	\$ 61	\$ 43	\$ 3	\$107
Percent Funded	40%	77%	100%	50%
Est. Funded Date	2022	2016	2012	

Dollars in Millions

# Funding Plan (Operating Budget Impact)

	<u>Metro Transit</u>	<u>Envr Services</u>	<u>Regional Admin</u>	<u>Total</u>
Actives (Future Cost)	\$ 2.5	\$0.4	\$0.1	\$ 3.0
Retirees (Pay-as-Go)	8.2	3.0	0.1	11.3
2012 Funds Required	\$10.7	\$3.4	\$0.2	\$14.3
2012 Adopted Budget	\$13.0	\$5.3	\$0.1	\$18.4
2013 Projected Need	\$11.1	\$3.6	\$0.0	\$14.7

Dollars in Millions

# Demographics

	<u>Metro</u> <u>Transit</u>	<u>Envr</u> <u>Services</u>	<u>Reg</u> <u>Admin</u>	<u>2012</u> <u>Total</u>	<u>2010</u> <u>Total</u>
All Actives	2,546	558	341	3,445	3,558
Eligible Actives	1,227	301	46	1,574	1,843
Average Age	49.5	51.1	49.6	49.8	49.4
Average Service	12.2	17.9	12.1	13.1	14.0
All Retirees	1,137	325	55	1,517	1,563
Post-65 Retirees	789	227	34	1,050	1,063
Average Age	70.5	70.7	67.1	70.4	69.9

Dollars in Millions