

**ILLINOIS STATE EMPLOYEES GROUP INSURANCE
PROGRAM**

GASB NO. 45 ACTUARIAL VALUATION REPORT
AS OF JUNE 30, 2014



September 18, 2015

Department of Central Management Services
401 South Spring Street
Springfield, IL 62706

Subject: GASB No. 45 Actuarial Valuation as of June 30, 2014, for Illinois SEGIP

Submitted in this report are the results of the actuarial valuation of the liabilities associated with the employer financed postemployment benefits provided through the Illinois State Employees Group Insurance Program (SEGIP). This program provides group insurance benefits to eligible active state employees, and postemployment benefits to eligible retired members receiving pension benefits under the:

- State Employees' Retirement System of Illinois (SERS);
- State Universities Retirement System of Illinois (SURS) but not receiving retiree healthcare benefits through the College Insurance Program (CIP);
- Teachers' Retirement System of Illinois (TRS) but not receiving retiree healthcare benefits through the Teachers' Retirement Insurance Program (TRIP);
- Judges' Retirement System of Illinois (JRS); and
- General Assembly Retirement System (GARS).

This report was prepared at the request of the Department of Central Management Services (CMS) and is intended for use by CMS and those designated or approved by CMS. This report may be provided to other parties only in its entirety and only with the permission of CMS.

The actuarial valuation as of June 30, 2014, was prepared for purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the State's financial reporting requirements of SEGIP may produce significantly different results. The valuation was based upon:

- Census information as of June 30, 2014, provided by SERS, SURS, TRS, JRS and GARS.
- Healthcare data provided by the Department of Central Management Services (CMS).
- Average per member costs by plan for the period July 1, 2015, through June 30, 2016, as calculated by the State's healthcare actuary and provided by CMS.
- Substantive plan information provided by each respective retirement system – SERS, SURS, TRS, JRS and GARS – and CMS.
- Demographic assumptions, with the exception of those noted on page 3, consistent with the actuarial valuation as of June 30, 2014, for each respective retirement system.
- Economic assumptions approved by the State. These assumptions include a discount rate of 4.5 percent and an ultimate trend rate assumption of 4.95 percent for pre-Medicare medical and prescription drug costs, which include the impact of the excise tax under healthcare reform. For post-Medicare medical and prescription drug costs, the ultimate trend rate assumption is 4.5 percent including an increase in the per capita claims costs for Medicare Advantage Prescription Drug plans (MAPD) to reflect an ultimate MAPD savings of 15 percent in 2022 and thereafter.

- Healthcare-related assumptions recommended by Gabriel, Roeder, Smith & Company and approved by the State.
- The basis used to develop the ARC has changed from the prior valuation. The prior valuation as of June 30, 2013, developed the ARC for FYE June 30, 2014, and estimated the ARC for FYE June 30, 2013, by decreasing the ARC for FYE June 30, 2014, by the wage inflation assumption. The current valuation as of June 30, 2014, is used to develop the ARC for FYE June 30, 2015. The ARC for June 30, 2016, is based on a projection of the actuarial liabilities and normal cost from July 1, 2014, to July 1, 2015.

We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the retirement systems or CMS. Authorization of the assumptions and methods applicable to this valuation was granted by the State, and they are disclosed in the assumptions and methods section of this report.

The actuarial liabilities and annual required contributions were developed in accordance with the requirements of GASB No. 45, and are applicable only for financial reporting purposes. The unfunded actuarial liability and annual required contributions disclosed in this report should not be used to assess the level of plan assets needed to settle the plan's benefit obligations or the annual actuarially determined contributions needed to fund future benefit obligations.

Future actuarial measurements may differ significantly from the current measurements 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; and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

The signing actuaries are independent of the plan sponsor.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of SEGIP as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes. Alex Rivera and Paul Wood are Members of the American Academy of Actuaries and meet the Qualification Standards of the Academy of Actuaries to render the actuarial opinion herein.

Sincerely,



Alex Rivera, FSA, EA, MAAA, FCA
Senior Consultant



Paul T. Wood, ASA, MAAA, FCA
Consultant

Table of Contents

	<u>Page</u>
Section A Executive Summary.....	1
Section B Overview	7
Section C Valuation Results	
Exhibit 1, Valuation Results as of June 30, 2014.....	8
Exhibit 1A, Valuation Results as of June 30, 2014, Projected to June 30, 2015	9
Exhibit 2, Development of Annual Required Contribution.....	10
Section D GASB Disclosure	
Exhibit 3, GASB No. 45 Disclosures, Schedule of Funding Progress	11
Exhibit 4, GASB No. 45 Disclosures, Development of Net OPEB Obligation	12
Section E Additional Valuation Exhibits	
Exhibit 5, 40-Year Projection of Expected Employer Claims.....	13
Exhibit 6, Summary of Participant Demographic Information	14
Section F Summary of Actuarial Assumptions and Methods.....	16
Section G Summary of Principal Plan Provisions	39
Section H Glossary.....	54

SECTION A
EXECUTIVE SUMMARY

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
EXECUTIVE SUMMARY

Introduction

The State of Illinois provides postemployment benefits other than pensions (OPEB) through SEGIP to certain eligible members participating in SERS, SURS, TRS, JRS and GARS. The Governmental Accounting Standards Board Statement No. 45 (GASB No. 45), requires that the State recognize a balance sheet liability and disclose certain information on its financial statement beginning with the fiscal year ending June 30, 2008. SEGIP OPEB primarily include medical, prescription drug, dental, vision and life insurance benefits. Any other OPEB offered to State of Illinois employees are outside the scope of this report.

The purpose of this report is to provide: (a) results of the actuarial calculations necessary for financial reporting pursuant to GASB No. 45 and (b) various other actuarial, statistical, and benefit information which may be useful to management when reviewing the operation of SEGIP.

Funded and Unfunded Plans

Currently, OPEB offered through SEGIP are financed through a combination of retiree premiums based on service at retirement and State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retired members. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis and no separate trust has been established for the funding of OPEB. The State recognizes SEGIP OPEB benefits as a single employer defined benefit plan with a special funding situation for employees of the State's component unit universities as defined in GASB No. 45.

According to GASB No. 45, the discount rate used to calculate the present values and costs of the OPEB obligation must be consistent with the assets supporting liabilities. Because the State finances OPEB on a pay-as-you-go basis, the discount rate is based on the long-range expected return on short-term fixed income instruments. The State has selected a discount rate of 4.5 percent for this purpose.

There is no current requirement by State or Federal Statute or regulation to pre-fund the OPEB obligations with real cash in a trust. GASB No. 45, applicable to the plan sponsor's accounting, only requires the measurement of the obligation, recognition of annual expenses, and the disclosure of unfunded liabilities in the financial statements, as applicable.

Results of the Study

The following table presents the key valuation results for GASB No. 45 financial reporting of SEGIP for fiscal year beginning July 1, 2014, under the assumption that SEGIP is a single employer plan with a special funding situation. The State is required to recognize a Net OPEB Obligation, equal to the cumulative difference between the Annual OPEB Cost and employer contributions, and disclose Required Supplementary Information, including the historical unfunded actuarial accrued liability and the relationship of employer cash contributions to the Annual OPEB Cost. The Annual OPEB Cost represents the normal cost plus a 30-year open amortization of the unfunded actuarial

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 EXECUTIVE SUMMARY

accrued liability with an adjustment for the value of the Net OPEB Obligation at the beginning of the fiscal year.

(\$ in millions)

	2013	2014	2015
Funded Status as of June 30,			
Actuarial Accrued Liability	\$ 34,488.08	\$ 33,051.28	\$ 34,766.09
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability	<u>\$ 34,488.08</u>	<u>\$ 33,051.28</u>	<u>\$ 34,766.09</u>
Net Employer Normal Cost	\$ 1,159.10	\$ 1,068.35	\$ 1,116.42
Amortization of Unfunded Liability	<u>1,079.72</u>	<u>1,101.71</u>	<u>1,158.87</u>
ARC for Following Fiscal Year	<u>\$ 2,238.82</u>	<u>\$ 2,170.06</u>	<u>\$ 2,275.29</u>
Employer Contributions for Following Fiscal Year			
Total	\$ 905.41	\$ 809.88	\$ 869.66

Liabilities decreased more than expected based on the results from the previous full valuation due to the following reasons:

- Adoption of the TRAIL Medicare Advantage Programs;
- Favorable claims experience compared with assumed trend rates from the previous valuation; and
- Changes in healthcare related assumptions

The decrease in liabilities was partially offset by the following factors:

- Changes in pension-related demographic assumptions;
- Unfavorable demographic experience; and
- Elimination of retiree contributions based on a percentage of the retiree's pension benefit, as previously defined in P.A. 97-0695, now deemed unconstitutional.

The table on the following page shows a reconciliation of the change in the accrued liability.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
EXECUTIVE SUMMARY

Reconciliation of the Change in Actuarial Accrued Liability (\$ in millions)

1.	Actual Actuarial Accrued Liability at June 30, 2013	\$ 34,488.08
2.	Expected Actuarial Accrued Liability at June 30, 2014	\$ 34,060.02
3. (a)	(Gain)/Loss due to Claims Experience	\$ (3,291.35)
3. (b)	(Gain)/Loss due to Change in Pension Related Assumptions	2,076.22
3. (c)	(Gain)/Loss due to Other Demographic Changes	<u>206.39</u>
3. (d)	Total (Gain)/Loss [3.(a) + 3.(b) + 3.(c)]	\$ (1,008.74)
4.	Actual Actuarial Accrued Liability at June 30, 2014 [2. + 3.(d)]	\$ 33,051.28

Plan Provisions

Due to recent court rulings, the provisions contained in Public Act 97-0695, which became effective June 30, 2012, and required all retirees to contribute a percentage of pension benefits from all five state retirement systems (SERS, SURS, TRS, JRS and GARS) in order to receive healthcare coverage under SEGIP, will no longer apply after September of 2014.

Effective February 1, 2014, members eligible for Medicare coverage are required to enroll in Parts A and B, and select one of the State sponsored Medicare Advantage (MA) plans – Coventry Advantra HMO, Humana HMO or United Healthcare PPO.

Actuarial Assumptions

In any long-term actuarial valuation (such as for Pensions and OPEBs), certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided and the future contributions collected. The discount rate assumption is used to discount projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual OPEB Cost, Annual Required Contribution and the Unfunded Actuarial Accrued Liability that will be disclosed in the State's financial statements.

This actuarial valuation of SEGIP is similar to the actuarial valuation performed for the pension plan systems sponsored by the State. The demographic assumptions (rates of retirement, termination, disability, and mortality) used in this OPEB valuation were identical to those used in the June 30, 2014, valuations for SERS, TRS with the exception of rates of mortality, JRS and GARS. TRS mortality rates were updated based on the results of a recent experience review and are expected to be implemented with the June 30, 2015, pension valuation. For SURS the demographic assumptions used in this OPEB valuation were updated to reflect the results of an experience review for the years June 30, 2010, to June 30, 2014, and implemented with the June 30, 2015, pension valuation.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 EXECUTIVE SUMMARY

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claim costs and the likelihood that a member selects healthcare coverage. Section F of this Report titled, “Actuarial Assumptions and Methods” contains a detailed discussion and disclosure of all the relevant actuarial assumptions and methods used in this valuation.

The following assumption and method changes were made since the previous valuation as of June 30, 2013:

- Changes in demographic assumptions for:
 - SERS that were implemented in the pension valuation as of June 30, 2014:
 - Updated mortality rates to account for assumed increases in life expectancies
 - Updates in retirement and termination rates to reflect past and future expected experience.
 - SURS that are expected to be implemented in the pension valuation as of June 30, 2015:
 - Updated mortality rates to account for assumed increases in life expectancies
 - Updates in retirement, termination and disability rates to reflect past and future expected experience.
 - TRS that are expected to be implemented in the pension valuation as of June 30, 2015:
 - Updated mortality rates to account for assumed increases in life expectancies
- Changes in healthcare-related assumptions including:
 - Fresh starting assumed healthcare trend at 8.5% beginning in fiscal year 2017
 - Updating the per capita claims costs and participation rates
 - Updating the Excise Tax trend adjustment
 - Adjusting Medicare trend rates to reflect the MAPD savings are expected to wear-away

Adjustments to the Estimate Impact of Excise Tax under Healthcare Reform

Beginning in 2018, the Patient Protection and Affordable Care Act (PPACA) imposes a 40 percent excise tax on healthcare plan costs over certain statutory limits. The annual statutory limits for 2018 depend on the age and coverage tier as shown below:

	Age less than 55 or greater than 64	Age greater than 54 or less than 65
Single person coverage	\$10,200	\$11,850
All other coverage types	\$27,500	\$30,950

In 2019 and 2020, the statutory limits are increased by the rate for the Consumer Price Index for all Urban Consumers (CPI-U) plus one percentage point, and after 2020 the statutory limits are increased by the CPI-U rate. The statutory limits don’t recognize differences due to region, health status of the group or plan design. Healthcare plan costs may be blended among active members, pre-Medicare retirees and Medicare retirees if members are covered by the same plan, and similar

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
EXECUTIVE SUMMARY

benefits are provided. Healthcare plan costs subject to the excise tax include: medical, prescription and employer Health Savings Accounts and Health Reimbursement Accounts.

For valuations after June 30, 2011, the impact of the excise tax was estimated by:

- 1) Aggregating average costs by the PPO plans and the HMO plans;
- 2) Projecting average plan costs based on the assumed valuation trend rate;
- 3) Projecting the statutory limits assuming a CPI-U rate of 3.0 percent;
- 4) Estimating the projected excise tax based on the projected average costs and statutory limits;
- 5) Assuming the plan sponsor would subsidize the excise tax and no additional costs would be passed to plan members; and
- 6) Developing an adjusted trend rate, applied to the explicit costs, to approximate the impact of the additional excise tax costs.

Based on the preceding method, the trend rates for pre-Medicare medical and prescription drug costs for the June 30, 2014, valuation were increased by an additional 0.45 of a percentage point on and after 2018. Trend rates for Medicare medical and prescription drug costs were not adjusted because of the decrease in costs after the adoption of the MAPD plans.

Actuarial Cost Methods

GASB No. 45 provides flexibility to governmental employers (and their actuaries) in the use of various actuarial cost methods. The State has selected the projected unit credit cost method for this valuation which is an acceptable method. The amortization of the Unfunded Actuarial Accrued Liabilities was calculated using a level percent of pay over a 30-year open period.

The remainder of the report is an integral component of the valuation and includes:

- An overview of the GASB Statement No. 45 requirements;
- Valuation results, including financial disclosure; and
- Summary of assumptions and methods and plan provisions.

GASB Statement Nos. 74 and 75

Currently, the applicable accounting standards for OPEB plans are found in GASB Statement Nos. 43 and 45. On June 2, 2015, the GASB released two new accounting standards applicable to OPEB. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
EXECUTIVE SUMMARY

Statement 75

Statement 75 replaces the GASB Statement No. 45. The new Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

Statement 75 requires governments to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. Also, the Statement changes the way in which the discount rate for a Plan that is being pre-funded is calculated. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

Statement 74

Statement 74 replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria.

The Statement requires a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement also requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments.

Effective Dates

The provisions in Statement 74 are first effective for the fiscal year beginning July 1, 2016. The provisions in Statement 75 are first effective for the fiscal year beginning July 1, 2017.

Potential Impact of New Accounting

As a result of the new accounting standards, the annual expense and OPEB liability amounts will become much more volatile. The discount rate for plans funded on a pay-as-you-go basis will now be tied to a municipal bond index resulting in a rate that will fluctuate from year to year. These new standards are required for accounting purposes and may result in different results if the State begins to pre-fund the benefits.

SECTION B
OVERVIEW

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2015
OVERVIEW

The following section presents the results of the valuation as of June 30, 2014, of the SEGIP OPEB obligations.

The current funding policy includes revenues from three sources: current retirees, the State and Medicare Part D subsidies from the federal government. In general, members retiring before January 1, 1998, make no contributions. Members retiring after December 31, 1997, and their eligible survivors, make contributions equal to 5.0 percent of the premium for each year of service less than 20 years. Dependents of retirees make contributions as determined by CMS. All liability and expense numbers throughout the report are net of retiree premiums.

Because plan benefits are funded under a pay-as-you-go policy, a discount rate of 4.5 percent was used to develop the Actuarial Accrued Liabilities, and Normal Costs. The valuation is based on select-and-ultimate healthcare trend rates of 8.5 percent for fiscal year end 2017 grading down to the ultimate of 4.95 percent in fiscal year end 2024 for pre-Medicare healthcare and an ultimate of 4.50 percent in fiscal year end 2024 for post-Medicare healthcare. The valuation results are based on the projected unit credit cost method which allocates costs in proportion to the member's accrued service as of the valuation date.

The Unfunded Actuarial Accrued Liabilities (UAAL) were amortized as a level percent of active member payroll over a 30-year open period. A 30-year amortization period for Unfunded Actuarial Accrued Liabilities is the maximum period that complies with the GASB No. 45 requirements. Unlike a level-dollar amortization which pays principal and interest each year, a level percent-of-pay (or increasing-payment) amortization will typically not finance principal for an extended period.

The UAAL represents the portion of the total actuarial present value of all future employer-provided benefits which is attributable to prior years, minus any valuation assets. It represents a measure of the unfunded liability allocable to past service. The cost and liabilities shown in the following pages are employer costs and liabilities, net of any co-pays, deductibles, retiree coinsurance or retiree contributions.

SECTION C
VALUATION RESULTS

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 VALUATION RESULTS

Exhibit 1

Summary of Actuarial Valuation Results as of June 30, 2014

						<i>Discount Rate</i>	4.50%
						<i>Ultimate Trend Pre-Medicare</i>	4.95%
						<i>Ultimate Trend Post-Medicare</i>	4.50%
A) Actuarial Accrued Liability (AAL)	SERS	SURS	TRS	GARS	JRS	Total	
i) Actives ^a	\$ 8,581,569,800	\$ 4,775,937,400	\$ 321,827,100	\$ 21,499,900	\$ 132,877,800	\$ 13,833,712,000	
ii) Retirees and their covered dependents ^b	9,593,982,700	6,925,186,500	252,218,100	49,144,100	180,708,300	17,001,239,700	
iii) Deferred vesteds ^b	666,950,700	1,316,660,200	31,962,000	17,081,500	2,913,200	2,035,567,600	
iv) Deferred vesteds under TRS ^c	-	-	180,761,698	-	-	180,761,698	
v) Total	\$ 18,842,503,200	\$ 13,017,784,100	\$ 786,768,898	\$ 87,725,500	\$ 316,499,300	\$ 33,051,280,998	
B) Market Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
C) Unfunded Actuarial Accrued Liability (UAAL)	\$ 18,842,503,200	\$ 13,017,784,100	\$ 786,768,898	\$ 87,725,500	\$ 316,499,300	\$ 33,051,280,998	
D) Funded Ratio: [B / A]	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
E) UAAL as a percentage of covered payroll	442.2%	426.8%	481.2%	695.0%	183.1%	431.5%	
F) Net Normal Cost Due	\$ 600,504,400	\$ 428,609,300	\$ 22,926,100	\$ 2,305,100	\$ 14,003,300	\$ 1,068,348,200	
G) Participant Information							
i) Number of Covered Participants							
a) Active employees ^a	62,428	47,506	2,096	156	951	113,137	
b) Current retirees with coverage or stipend ^d	47,198	29,200	1,031	245	720	78,394	
c) Waived retirees ^e	4,764	3,868	220	17	41	8,910	
d) Survivors	7,121	3,654	175	82	315	11,347	
e) Dependents ^f	24,452	13,447	488	144	641	39,172	
f) Deferred vesteds	3,694	9,011	213	53	14	12,985	
ii) Covered Payroll	\$ 4,261,345,100	\$ 3,050,156,900	\$ 163,504,900	\$ 12,621,500	\$ 172,846,400	\$ 7,660,474,800	
iii) Actual FYE 2015 benefit payments ^g	\$ 480,081,479	\$ 307,296,144	\$ 11,197,662	\$ 2,505,061	\$ 8,795,236	\$ 809,875,582	

^a Excludes 2,255 Active TRS members, 669 Active SURS members, and 245 Active SERS members who are dependents of SEGIP active members. Includes 1,448 members that are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS, or JRS.

^b Valuation assumes a percentage of waived retirees and deferred vested members will elect retiree healthcare coverage in the future.

^c Deferred vested under Teachers Retirement System with between 5 and 7 years of service. They are currently ineligible for TRIP healthcare benefits, but may be eligible for either TRIP or SEGIP benefits depending on reciprocal service or future TRS service. 50% of the liability for these members is allocated to TRIP and 50% is allocated to SEGIP.

^d Stipend of \$150 or \$500 per month under "Opt-Out" program, available to SEGIP retirees.

^e Excludes waived retirees over age 75. No liability is assumed for these members.

^f Dependent SERS counts include 994 dependent SEGIP members receiving pension benefits through TRS.

^g Actual benefit payments were allocated among the retirement Systems based on each System's portion of expected first year benefit payments to total expected first year benefit payments.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 VALUATION RESULTS

Exhibit 1A

Summary of Actuarial Valuation Results as of June 30, 2014, Projected to June 30, 2015

						<i>Discount Rate</i>	4.50%
						<i>Ultimate Trend Pre-Medicare</i>	4.95%
						<i>Ultimate Trend Post-Medicare</i>	4.50%
A) Actuarial Accrued Liability (AAL)	SERS	SURS	TRS	GARS	JRS	Total	
i) Actives	\$ 9,577,272,200	\$ 5,430,551,400	\$ 359,660,800	\$ 24,800,600	\$ 152,531,700	\$ 15,544,816,700	
ii) Retirees and their covered dependents	9,522,629,700	6,916,725,100	252,388,200	48,824,100	180,150,400	16,920,717,500	
iii) Deferred vesteds	691,104,200	1,366,916,800	33,312,400	17,707,700	3,039,500	2,112,080,600	
iv) Deferred vesteds under TRS	-	-	188,479,304	-	-	188,479,304	
v) Total	\$ 19,791,006,100	\$ 13,714,193,300	\$ 833,840,704	\$ 91,332,400	\$ 335,721,600	\$ 34,766,094,104	
B) Market Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
C) Unfunded Actuarial Accrued Liability (UAAL)	\$ 19,791,006,100	\$ 13,714,193,300	\$ 833,840,704	\$ 91,332,400	\$ 335,721,600	\$ 34,766,094,104	
D) Funded Ratio: [B / A]	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
E) UAAL as a percentage of covered payroll	444.4%	430.3%	488.0%	692.5%	185.9%	434.3%	
F) Net Normal Cost Due	\$ 627,527,100	\$ 447,896,700	\$ 23,957,800	\$ 2,408,800	\$ 14,633,400	\$ 1,116,423,900	
G) Participant Information							
i) Covered Payroll	\$ 4,453,105,600	\$ 3,187,413,900	\$ 170,862,600	\$ 13,189,500	\$ 180,624,500	\$ 8,005,196,100	
ii) Expected FYE 2016 benefit payments	\$ 519,173,600	\$ 325,714,900	\$ 12,699,700	\$ 2,572,400	\$ 9,501,300	\$ 869,661,900	

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 VALUATION RESULTS

Exhibit 2

Development of Annual Required Contribution and Annual OPEB Cost

Fiscal Year Ending	June 30, 2014	June 30, 2015	June 30, 2016
A) Annual Required Contribution (ARC)			
i) Net Normal Cost	\$ 1,159,095,400	\$ 1,068,348,200	\$ 1,116,423,900
ii) Amortization of UAAL	<u>1,079,724,900</u>	<u>1,101,709,400</u>	<u>1,158,869,800</u>
iii) Total	\$ 2,238,820,300	\$ 2,170,057,600	\$ 2,275,293,700
 B) Net OPEB Obligation (NOO) beginning of Fiscal Year	 \$ 9,053,037,800	 \$ 10,492,062,513	 \$ 11,974,651,931
 C) Annual OPEB Cost (AOC)			
i) ARC	\$ 2,238,820,300	\$ 2,170,057,600	\$ 2,275,293,700
ii) Interest on NOO	407,386,700	472,142,800	538,859,300
ii) Adjustment to ARC	<u>(301,767,900)</u>	<u>(349,735,400)</u>	<u>(399,155,100)</u>
iv) Total	\$ 2,344,439,100	\$ 2,292,465,000	\$ 2,414,997,900
 D) Employer Contributions			
i) Current Fiscal Year Contribution	\$ 905,414,387	\$ 809,875,582	\$ 869,661,900 ¹

¹ Estimated.

SECTION D

GASB DISCLOSURES

Auditor's Note –This information is subject to review by the System's auditor. Please let us know if the System's auditor recommends any changes.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 VALUATION RESULTS

Exhibit 3
GASB No. 45 Disclosures
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2007 ^a	\$ -	\$ 23,890,383,000	\$ 23,890,383,000	0.00%	\$6,872,739,900	347.61%
6/30/2009	\$ -	\$ 27,124,060,700	\$ 27,124,060,700	0.00%	\$7,091,656,400	382.48%
6/30/2010 ^b	\$ -	\$ 28,596,241,800	\$ 28,596,241,800	0.00%	\$7,410,780,900	385.87%
6/30/2011	\$ -	\$ 33,295,353,500	\$ 33,295,353,500	0.00%	\$7,375,559,400	451.43%
6/30/2013	\$ -	\$ 34,488,084,739	\$ 34,488,084,739	0.00%	\$7,631,281,100	451.93%
6/30/2014	\$ -	\$ 33,051,280,998	\$ 33,051,280,998	0.00%	\$7,660,474,800	431.45%

^a As developed by prior actuary.

^b Estimated

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 VALUATION RESULTS

Exhibit 4
GASB No. 45 Disclosures
Development of Net OPEB Obligation (NOO) and Annual OPEB Cost

Year Ended	Annual Required Contribution (a)	Interest on NOO (b)	Adjustment to ARC	Annual OPEB Cost	Employer Contribution	Change in NOO	NOO Balance
6/30/2008 ^a	\$ 1,775,990,700	\$ -	\$ -	\$ 1,775,990,700	\$ 537,860,300	\$ 1,238,130,400	\$ 1,238,130,400
6/30/2009	1,825,283,200 ^b	55,715,900	(41,271,000)	1,839,728,100	603,604,500 ^c	1,236,123,600	2,474,254,000
6/30/2010	1,907,421,000	111,341,400	(82,475,100)	1,936,287,300	531,749,200	1,404,538,100	3,878,792,100
6/30/2011	2,293,526,200 ^d	174,545,600	(129,293,100)	2,338,778,700	603,545,800 ^f	1,735,232,900	5,614,025,000
6/30/2012 ^g	2,396,734,900	257,236,100	(190,545,200)	2,463,425,800	777,372,300	1,686,053,500	7,300,078,500
6/30/2013	2,292,459,500 ^e	328,503,500	(243,336,000)	2,377,627,000	624,667,700	1,752,959,300	9,053,037,800
6/30/2014	2,238,820,300	407,386,700	(301,767,900)	2,344,439,100	905,414,387	1,439,024,713	10,492,062,513
6/30/2015	2,170,057,600	472,142,800	(349,735,400)	2,292,465,000	809,875,582	1,482,589,418	11,974,651,931
6/30/2016	2,275,293,700	538,859,300	(399,155,100)	2,414,997,900	869,661,900 ^h	1,545,336,000	13,519,987,931

^a As developed by prior actuary.

^b Based on FY 2010 ARC adjusted for wage inflation.

^c Reflects an adjustment to the implicit subsidy for fiscal year end June 30, 2008.

^d Based on FY2012 ARC adjusted for wage inflation.

^e Based on results of the June 30, 2013, valuation..

^f Employer Contributions were restated for FY2011 due to an incorrect calculation of benefits paid during the year.

^g Results for FY2012 were adjusted to match the results provided in the Notes to the Financial Statements.

^h Based on expected employer claims.

SECTION E

ADDITIONAL VALUATION EXHIBITS

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 ADDITIONAL VALUATION EXHIBITS

Exhibit 5

40-Year Projection of Expected Employer Claims ^a

Year Beginning July 1	Expected Employer Claims	Year Beginning July 1	Expected Employer Claims
2014 ^b	\$ 809,875,582	2034	\$ 2,795,417,700
2015	869,662,000	2035	2,849,981,700
2016	970,598,000	2036	2,902,073,100
2017	1,086,145,800	2037	2,951,993,200
2018	1,222,758,600	2038	2,998,004,300
2019	1,378,597,000	2039	3,041,147,700
2020	1,555,332,800	2040	3,072,932,700
2021	1,750,018,100	2041	3,090,073,900
2022	1,847,453,200	2042	3,095,375,500
2023	1,937,816,300	2043	3,090,235,600
2024	2,023,902,500	2044	3,072,234,800
2025	2,106,016,500	2045	3,043,507,100
2026	2,186,214,800	2046	3,006,547,900
2027	2,267,014,700	2047	2,961,671,200
2028	2,345,356,000	2048	2,910,985,700
2029	2,424,033,900	2049	2,854,298,800
2030	2,506,460,200	2050	2,795,799,600
2031	2,588,228,700	2051	2,735,489,100
2032	2,663,869,900	2052	2,671,453,600
2033	2,733,079,700	2053	2,608,693,700

^a *Expected claims net of retiree contributions for current participants.*

^b *Based on actual paid claims for fiscal year beginning July 1, 2014,
and estimated incurred claims on and after fiscal years beginning July 1, 2015.*

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 ADDITIONAL VALUATION EXHIBITS

Exhibit 6 - Part I
Summary of Demographic Information

	<u>SERS</u>	<u>SURS</u>	<u>TRS</u>	<u>GARS</u>	<u>JRS</u>	<u>Combined</u>
A) Active Participants ^a						
i) Counts	62,428	47,506	2,096	156	951	113,137
ii) Average Age	47.3	46.1	47.0	53.3	58.2	46.9
iii) Average Service	13.8	10.1	13.6	10.1	11.1	12.2
B) Deferred vested participants ^{b,c}						
i) Counts	3,694	9,011	213	53	14	12,985
ii) Average Age	52.0	49.7	47.5	52.4	55.4	50.3
C) Retirees with SEGIP Healthcare Coverage						
i) Counts	46,811	28,950	1,030	244	718	77,753
ii) Average Age	69.7	71.0	71.5	73.0	72.3	70.2
D) Survivors with SEGIP Healthcare Coverage Over Age 26						
i) Counts	7,010	3,609	171	82	304	11,176
ii) Average Age	77.2	79.1	81.0	81.9	79.2	78.0
E) Dependents with SEGIP Healthcare Coverage Over Age 26						
i) Counts	19,065	11,180	435	115	516	31,311
ii) Average Age	65.7	68.3	70.0	70.4	67.3	66.7

^a Excludes 2,255 Active TRS members, 669 Active SURS members, and 245 Active SERS members who are dependents of SEGIP active members. Includes members that are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS, or JRS.

^b Valuation assumes a percentage of waived retirees and deferred vested members will elect retiree healthcare coverage in the future.

^c Under TRS, includes 83 deferred vested members with between 5 and 7 years of service. They are currently ineligible for TRIP healthcare benefits, but may be eligible for either TRIP or SEGIP benefits depending on reciprocal service or future TRS service. 50% of the liability for these members is allocated to TRIP and 50% is allocated to SEGIP. The counts under TRS also include 130 deferred vested members with more than 7 years of service.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 ADDITIONAL VALUATION EXHIBITS

Exhibit 6 - Part II
Summary of Demographic Information

	<u>SERS</u>	<u>SURS</u>	<u>TRS</u>	<u>GARS</u>	<u>JRS</u>	<u>Combined</u>
F) Retirees Waiving Coverage (Excluding Those Over Age 75) ^d						
i) Counts	4,764	3,868	220	17	41	8,910
ii) Average Age	65.1	65.2	66.2	66.2	66.0	65.2
G) Retirees Receiving a Monthly Stipend ^e						
i) Counts	387	250	1	1	2	641
ii) Average Age	59.6	60	62	58	63	59.6
H) Survivors with SEGIP Healthcare Coverage Age 26 and Under						
i) Counts	111	45	4	-	11	171
ii) Average Age	17.9	18.3	15	N/A	19.4	18.0
I) Dependents with SEGIP Healthcare Coverage Age 26 and Under						
i) Counts	5,387	2,267	53	29	125	7,861
ii) Average Age	20.3	20.8	21.6	22.3	22.0	20.5
J) Total Participants	149,657	106,686	4,223	697	2,682	263,945

^d Excludes waived retirees over age 75. No liability is assumed for these members.

^e Stipend of \$150 or \$500 per month under "Opt-Out" program, available to SEGIP retirees.

SECTION F

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Development of Per Capita Claim Costs

The per capita claims for the non-MAPD plans used in the valuation were based on average per member costs by plan type for the period July 1, 2015, through June 30, 2016, as provided by the Central Management Services (CMS). The per capita claims for the MAPD plans used in the valuation were based on weighted average premium rate, as provided by the Central Management Services (CMS). The average per member costs were adjusted at each respective retirement age by the morbidity factors disclosed in the assumption section of the report.

Cost Method and Expense Calculations for Retiree Healthcare Benefits

The retiree healthcare valuation was based on the projected unit credit cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to total projected service at retirement.

Under GASB Statement Nos. 43 and 45, the projected unit credit method is an acceptable cost method. The Annual Required Contribution (ARC) equals the normal cost plus the amortization of the unfunded actuarial accrued liability. The amortization period cannot exceed 30 years. Our calculations assume a level-percentage-of-pay 30-year open-period amortization.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The actuarial assumptions used in our valuation are outlined on the following pages.

Measurement Date	June 30, 2014
Discount Rate	4.5%
Inflation¹	3.0%
Wage Inflation²	4.5%

OPEB Assumptions

<u>Applied at July 1,</u>	Healthcare Trend			
	<u>Pre-Medicare Medical/Rx³</u>	<u>Post-Medicare Medical/Rx⁴</u>	<u>Dental</u>	<u>Vision</u>
2016	8.50%	8.50%	7.50%	3.00%
2017	8.00%	8.00%	7.00%	3.00%
2018	7.95%	7.50%	6.50%	3.00%
2019	7.45%	7.00%	6.00%	3.00%
2020	6.95%	6.50%	5.50%	3.00%
2021	6.45%	6.00%	5.00%	3.00%
2022	5.95%	5.50%	4.50%	3.00%
2023	5.45%	5.00%	4.50%	3.00%
2024+	4.95%	4.50%	4.50%	3.00%

¹ Inflation assumption used to estimate the impact of the Excise Tax under Federal Healthcare Reform.

² Wage inflation used to project to payroll.

³ Higher trend rate on and after 2018 to account for the Excise Tax under Federal Healthcare Reform.

⁴ In addition to these trend rates, the per capita claims costs for the Medicare Advantage Prescription Drug plans (MAPD) are increased to reflect an ultimate MAPD savings of 15 percent in 2022 and thereafter.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

<u>Age</u>	<u>Morbidity Factor</u>	
	<u>Male</u>	<u>Female</u>
50	5.87%	3.40%
55	4.96%	3.45%
60	4.17%	3.03%
65	3.23%	2.62%
70	2.41%	2.08%
75	1.67%	1.50%
80	1.02%	0.92%
85	0.47%	0.39%
90	0.00%	0.00%

Annual Per Capita Claims Costs for Pre 65, Not Medicare Eligible Members

Age	QCHP		OAP		HMO	
	Medical and Rx		Medical and Rx		Medical and Rx	
	Male	Female	Male	Female	Male	Female
20	\$ 2,993	\$ 5,530	\$ 3,317	\$ 6,129	\$ 2,710	\$ 5,006
25	3,120	6,302	3,457	6,984	2,824	5,704
30	3,238	6,627	3,589	7,344	2,931	5,998
35	3,736	6,950	4,140	7,702	3,381	6,290
40	4,820	7,552	5,342	8,370	4,363	6,836
45	6,550	8,574	7,258	9,502	5,928	7,761
50	8,861	10,040	9,820	11,126	8,020	9,087
51	9,381	10,382	10,396	11,505	8,491	9,397
52	9,917	10,738	10,990	11,900	8,976	9,719
53	10,460	11,114	11,592	12,317	9,468	10,060
54	11,016	11,503	12,208	12,748	9,970	10,412
55	11,581	11,904	12,834	13,192	10,482	10,775
56	12,155	12,315	13,470	13,648	11,002	11,147
57	12,736	12,736	14,114	14,114	11,527	11,527
58	13,337	13,147	14,780	14,570	12,072	11,900
59	13,942	13,564	15,451	15,032	12,620	12,277
60	14,549	13,985	16,123	15,498	13,169	12,658
61	15,155	14,408	16,795	15,968	13,718	13,041
62	15,760	14,833	17,465	16,438	14,264	13,426
63	16,350	15,265	18,120	16,917	14,799	13,817
64	16,934	15,697	18,767	17,395	15,328	14,207

Annual Dental Cost: \$473

Annual Vision Cost: \$25

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Annual Per Capita Claims Costs for Medicare Eligible Members

Age	QCHP		OAP		HMO		MAPD	
	Medical and Rx		Medical and Rx		Medical and Rx		Medical and Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$ 5,051	\$ 4,651	\$ 6,460	\$ 5,949	\$ 5,169	\$ 4,760	\$ 2,182	\$ 2,009
66	5,214	4,773	6,669	6,105	5,335	4,884	2,252	2,062
67	5,373	4,893	6,873	6,259	5,499	5,007	2,321	2,114
68	5,529	5,011	7,072	6,410	5,658	5,128	2,389	2,165
69	5,680	5,127	7,265	6,557	5,812	5,246	2,454	2,215
70	5,826	5,239	7,452	6,701	5,962	5,361	2,517	2,263
71	5,967	5,347	7,632	6,840	6,106	5,472	2,578	2,310
72	6,102	5,452	7,804	6,974	6,244	5,579	2,636	2,355
73	6,230	5,553	7,969	7,102	6,376	5,682	2,692	2,399
74	6,352	5,649	8,125	7,225	6,501	5,781	2,744	2,440
75	6,468	5,740	8,273	7,342	6,619	5,874	2,794	2,480
76	6,576	5,826	8,411	7,452	6,730	5,962	2,841	2,517
77	6,677	5,906	8,540	7,555	6,833	6,044	2,885	2,552
78	6,771	5,981	8,660	7,650	6,929	6,121	2,925	2,584
79	6,857	6,050	8,770	7,738	7,017	6,191	2,962	2,614
80	6,935	6,113	8,870	7,819	7,097	6,255	2,996	2,641
81	7,005	6,169	8,960	7,891	7,169	6,313	3,026	2,665
82	7,068	6,220	9,041	7,955	7,233	6,365	3,054	2,687
83	7,124	6,263	9,111	8,011	7,290	6,409	3,077	2,706
84	7,171	6,301	9,173	8,059	7,339	6,448	3,098	2,722
85	7,212	6,332	9,225	8,099	7,380	6,480	3,116	2,735
86	7,246	6,357	9,268	8,130	7,415	6,505	3,130	2,746
87 +	7,279	6,369	9,310	8,146	7,449	6,517	3,144	2,751

Annual Dental Cost: \$473

Annual Vision Cost: \$25

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Annual Per Capita Claims Costs for Post 65, Not Medicare Eligible Members

Age	QCHP		OAP		HMO	
	Male	Female	Male	Female	Male	Female
65	\$ 17,510	\$ 16,124	\$ 19,405	\$ 17,869	\$ 15,849	\$ 14,595
66	18,075	16,548	20,031	18,338	16,361	14,978
67	18,628	16,964	20,644	18,800	16,861	15,355
68	19,168	17,373	21,242	19,253	17,349	15,725
69	19,691	17,773	21,822	19,696	17,823	16,087
70	20,198	18,162	22,383	20,127	18,282	16,439
71	20,685	18,539	22,924	20,545	18,723	16,780
72	21,153	18,902	23,442	20,948	19,146	17,109
73	21,599	19,251	23,937	21,334	19,550	17,425
74	22,023	19,584	24,406	21,703	19,934	17,726
75	22,423	19,900	24,849	22,053	20,296	18,012
76	22,798	20,198	25,265	22,383	20,636	18,282
77	23,149	20,477	25,654	22,693	20,953	18,534
78	23,473	20,736	26,013	22,980	21,246	18,769
79	23,771	20,975	26,343	23,244	21,516	18,985
80	24,042	21,192	26,644	23,485	21,761	19,182
81	24,287	21,388	26,915	23,703	21,983	19,359
82	24,505	21,562	27,156	23,896	22,180	19,517
83	24,696	21,714	27,369	24,064	22,353	19,654
84	24,862	21,844	27,553	24,208	22,504	19,772
85	25,003	21,952	27,709	24,327	22,631	19,869
86	25,120	22,038	27,839	24,422	22,737	19,947
87 +	25,234	22,080	27,965	24,469	22,841	19,985

Annual Dental Cost: \$473

Annual Vision Cost: \$25

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Participation

Current active and deferred vested members participating in SERS, SURS or TRS are assumed to participate in SEGIP at retirement as follows:

Service at Retirement	Waive Coverage	1 person	2 person	Total
over 20	0%	60%	40%	100%
15 to 20	5%	55%	40%	100%
10 to 15	15%	50%	35%	100%
less than 10	30%	40%	30%	100%

Two percent of future eligible retirees are assumed to participate in the Opt-Out – Financial Incentive Programs. Program provides a financial incentive – \$500 per month if service is greater than or equal to 20 years or \$150 per month if service is less than 20 years – to enroll in another healthcare program prior to becoming eligible for Medicare. Members in the Opt-Out program are assumed to elect SEGIP Medicare coverage after age 65.

Ten percent of members in the SURS SMP program are assumed to annuitize their account balance upon retirement and elect healthcare coverage under SEGIP.

Current SERS, SURS and TRS retired members that have waived SEGIP coverage, are assumed to participate in SEGIP in the future as follows:

- a) For those under age 62, 50% elect coverage at 62, multiplied by the preceding service based participation table.
- b) For those age 62 to 75, 50% elect coverage as of the valuation date, multiplied by the preceding service based participation table.
- c) For those over age 75, 0% elect coverage.

Current active and deferred vested members participating in JRS and GARS are assumed to participate in SEGIP at 100% with 25% electing single coverage and 75% electing 2-person coverage. Current JRS and GARS retirees that have waived SEGIP coverage are assumed to participate at the same rates as outlined above excluding the service based assumption.

Children of retired members are valued explicitly assuming coverage ends at age 23. Disabled children are assumed to receive benefits during their lifetime.

One hundred percent of covered spouses are assumed to continue coverage after the death of the retiree.

Costs for future retirees are based on blended plan costs with the following assumed coverage:

	QCHP	OAP	HMO	Total
SERS/SURS/TRS	20%	30%	50%	100%
JRS/GARS	80%	10%	10%	100%

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Medicare costs for future retirees, current retirees that are under the age of 65, and current retirees in split Medicare/Non-Medicare contracts are based on blended plan costs of seven percent non-MAPD per capita claims and 93 percent MAPD per capita claims. MAPD average costs based on 90 percent PPO contracts and 10 percent HMO contracts.

Pension-related assumptions

The pension-related assumptions were based on those used for the most recent valuation of each respective retirement system with exceptions of those noted on Page three of this report.

The rates used for the pension valuations of SERS, SURS, TRS, JRS and GARS, were applied to the SEGIP OPEB valuation.

Deferred vested members are assumed to commence benefits at earliest eligibility.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SERS PENSION RELATED ASSUMPTIONS

Post-Retirement Mortality:

105 percent of the RP2014 Healthy Annuitant mortality table, sex distinct. No adjustment is made for post-disabled mortality. The mortality table used is a static table and provides an estimated margin of 20 percent for future mortality improvement based on the experience study report of the State Employees' Retirement System for the period from July 1, 2009 to June 30, 2013.

Pre-Retirement Mortality, including terminated vested members prior to attaining age 50:

Based on a percentage of 90 percent for males and 110 percent for females of the RP2014 Total Employee mortality table. Five percent of deaths among active employees are assumed to be in the performance of their duty.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SERS PENSION RELATED ASSUMPTIONS

Termination:

Illustrative rates of withdrawal from the plan are as follows:

Service Based Withdrawal				
Service (Beginning of Year)	Regular Formula Employees		Alternate Formula Employees	
	Males	Females	Males	Females
0	0.2300	0.2300	0.0325	0.0600
1	0.1200	0.1200	0.0325	0.0450
2	0.0950	0.0850	0.0325	0.0450
3	0.0700	0.0650	0.0200	0.0400
4	0.0625	0.0500	0.0175	0.0300
5	0.0425	0.0475	0.0175	0.0300
6	0.0425	0.0350	0.0175	0.0300
7	0.0350	0.0350	0.0175	0.0200
8	0.0300	0.0300	0.0150	0.0200
9	0.0250	0.0250	0.0150	0.0200
10	0.0250	0.0250	0.0150	0.0200
11	0.0200	0.0200	0.0125	0.0175
12	0.0200	0.0200	0.0125	0.0175
13	0.0200	0.0200	0.0100	0.0150
14	0.0150	0.0150	0.0100	0.0150
15	0.0150	0.0150	0.0100	0.0150
16	0.0150	0.0150	0.0100	0.0150
17	0.0150	0.0150	0.0100	0.0150
18	0.0150	0.0150	0.0100	0.0150
19	0.0150	0.0150	0.0100	0.0150
20	0.0150	0.0100	0.0100	0.0150
21	0.0150	0.0100	0.0100	0.0150
22	0.0150	0.0100	0.0100	0.0150
23	0.0150	0.0100	0.0100	0.0150
24	0.0150	0.0100	0.0100	0.0150
25	0.0150	0.0100	0.0100	0.0150
26	0.0150	0.0100	0.0100	0.0150
27	0.0150	0.0100	0.0100	0.0150
28	0.0150	0.0100	0.0100	0.0150
29	0.0150	0.0100	0.0100	0.0150
30+	0.0150	0.0100	0.0100	0.0150

It is assumed that terminated employees will not be rehired. The rates apply only to employees who have not fulfilled the service requirement necessary for retirement at any given age.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SERS PENSION RELATED ASSUMPTIONS

Salary Increases:

Illustrative rates of increase per individual employee per annum, compounded annually:

Age	Annual Increase
25	7.92%
30	6.45%
35	5.55%
40	5.22%
45	4.83%
50	4.51%
55	4.30%
60	4.10%
65	3.72%
70	3.50%

Disability:

Under the pension valuation, disability is valued as a term cost only. No rates were applied.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SERS PENSION RELATED ASSUMPTIONS

Retirement:

Employees are assumed to retire in accordance with the rates shown below. The rates apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Retirement Rates for Regular Formula Employees		
	Males	Females
50	15.00%	25.00%
51	15.00%	25.00%
52	25.00%	30.00%
53	25.00%	25.00%
54	20.00%	20.00%
55	17.50%	16.00%
56	17.50%	16.00%
57	15.00%	16.00%
58	15.00%	16.00%
59	15.00%	16.00%
60	10.00%	16.00%
61	10.00%	12.50%
62	20.00%	20.00%
63	17.50%	17.50%
64	15.00%	17.50%
65	20.00%	25.00%
66	25.00%	20.00%
67	20.00%	20.00%
68	20.00%	20.00%
69	17.50%	20.00%
70	17.50%	20.00%
71	17.50%	15.00%
72	15.00%	20.00%
73	17.50%	20.00%
74	20.00%	20.00%
75	100.00%	100.00%

Early Retirement Rates for Regular Formula Employees		
Age	Males	Females
55	4.50%	4.50%
56	6.00%	4.00%
57	5.00%	7.00%
58	7.50%	9.50%
59	9.50%	12.00%

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SERS PENSION RELATED ASSUMPTIONS

Retirement Rates for Alternate Formula Employees				
Age	Eligible for Alternate Formula Benefits Only		Eligible for Regular Formula Benefits Only	
	Males	Females	Males	Females
50	60.00%	40.00%	N/A	N/A
51	45.00%	40.00%	N/A	N/A
52	45.00%	35.00%	N/A	N/A
53	40.00%	30.00%	N/A	N/A
54	40.00%	25.00%	N/A	N/A
55	35.00%	30.00%	N/A	N/A
56	35.00%	25.00%	N/A	N/A
57	27.50%	20.00%	N/A	N/A
58	30.00%	20.00%	N/A	N/A
59	25.00%	25.00%	N/A	N/A
60	30.00%	30.00%	5.00%	8.00%
61	25.00%	20.00%	5.00%	8.00%
62	45.00%	45.00%	10.00%	8.00%
63	40.00%	35.00%	10.00%	12.50%
64	30.00%	40.00%	10.00%	12.50%
65	55.00%	40.00%	20.00%	17.50%
66	50.00%	60.00%	20.00%	15.00%
67	50.00%	50.00%	20.00%	40.00%
68	30.00%	15.00%	17.50%	30.00%
69	35.00%	35.00%	17.50%	20.00%
70	50.00%	60.00%	17.50%	25.00%
71	30.00%	50.00%	17.50%	30.00%
72	100.00%	100.00%	100.00%	100.00%

Spouse and Marriage Assumptions:

85.0 percent of active male participants and 65.0 percent of active female participants are assumed to be married. Actual marital status at benefit commencement is used for retirees. If no data is available, the female spouse is assumed to be three years younger than the male spouse.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SERS PENSION RELATED ASSUMPTIONS

Assumptions as a result of Public Act 96-0889 Adopted June 30, 2014

Retirement rates for members hired after December 31, 2010, who are eligible for regular formula benefits will retire according to the following age-based retirement rates:

Retirement Rates for Regular Formula Employees			
Age	Males	Age	Females
67	50.00%	62	30.00%
68	35.00%	63	15.00%
69	35.00%	64	15.00%
70	35.00%	65	15.00%
71	20.00%	66	15.00%
72	20.00%		
73	20.00%		
74	20.00%		
75	100.00%		

Members hired after December 31, 2010, eligible for the alternate formula benefits will retire according to the following age-based retirement rates:

Retirement Rates for Alternate Formula Employees		
Age	Males	Females
60	50.00%	50.00%
61	25.00%	20.00%
62	45.00%	45.00%
63	40.00%	35.00%
64	30.00%	40.00%
65	55.00%	40.00%
66	50.00%	60.00%
67	50.00%	50.00%
68	30.00%	15.00%
69	35.00%	35.00%
60	50.00%	60.00%
61	30.00%	50.00%
62	100.00%	100.00%

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SURS PENSION RELATED ASSUMPTIONS

Mortality:

The mortality assumptions are as follows:

	Male Set Forward	Female Set Forward	Male Multiplier	Female Multiplier
RP-2014 White Collar Employee, sex distinct (pre-retirement)	None	None	110% pre 60, 80% at ages 60+	90% pre 60, 90% at ages 60+
RP-2014 White Collar Healthy Annuitant, sex distinct (non-disabled post-retirement)	1 year	1 year	100%	100%
RP-2014 Disabled Annuitant, sex distinct (disabled post-retirement)	9 years	10 years	100%	100%

Mortality improvement is projected using the 2-dimensional mortality improvement scales released by the Society of Actuaries in 2014. The assumptions are generational mortality tables and include a margin for improvement.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SURS PENSION RELATED ASSUMPTIONS

Termination:

Illustrative rates are as follows:

<u>Years of Service</u>	<u>Termination Rates</u>
0	20.00%
1	20.00%
2	15.00%
3	14.00%
4	12.00%
5	10.00%
6	9.00%
7	7.50%
8	6.75%
9	6.00%
10	5.25%
11	4.50%
12	4.00%
13	3.70%
14	3.20%
15	3.00%
16	3.00%
17	3.00%
18	3.00%
19	3.00%
20	2.50%
21	2.50%
22	2.50%
23	2.50%
24	2.50%
25	2.00%
26	2.00%
27	2.00%
28	2.00%
29	2.00%

Part time members with less than 3 years of service (all members classified as part time for valuation purposes) are assumed to terminate at the valuation date.

Termination rate for 29 years of service used for Tier 2 members until retirement eligibility is met.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SURS PENSION RELATED ASSUMPTIONS

Salary Increases:

Rates are as follows:

<u>Service Year</u>	<u>Total Increase</u>
0	15.00%
1	12.00%
2	9.00%
3	7.25%
4	6.50%
5	6.00%
6	5.75%
7	5.50%
8	5.25%
9	5.00%
10	4.75%
11	4.50%
12-13	4.25%
14-33	4.00%
34+	3.75%

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SURS PENSION RELATED ASSUMPTIONS

Disability:

Illustrative rates are as follows:

Age	Male	Female	Age	Male	Female
20	0.042%	0.060%	50	0.206%	0.249%
21	0.043%	0.064%	51	0.219%	0.257%
22	0.044%	0.067%	52	0.231%	0.264%
23	0.045%	0.071%	53	0.244%	0.272%
24	0.046%	0.074%	54	0.256%	0.279%
25	0.047%	0.078%	55	0.264%	0.287%
26	0.048%	0.081%	56	0.271%	0.294%
27	0.049%	0.085%	57	0.279%	0.302%
28	0.050%	0.088%	58	0.286%	0.309%
29	0.051%	0.092%	59	0.294%	0.317%
30	0.054%	0.099%	60	0.301%	0.324%
31	0.056%	0.107%	61	0.309%	0.332%
32	0.059%	0.114%	62	0.316%	0.339%
33	0.061%	0.122%	63	0.324%	0.347%
34	0.064%	0.129%	64	0.331%	0.354%
35	0.067%	0.137%	65	0.339%	0.362%
36	0.071%	0.144%	66	0.346%	0.369%
37	0.074%	0.152%	67	0.354%	0.377%
38	0.078%	0.159%	68	0.361%	0.384%
39	0.081%	0.167%	69	0.369%	0.392%
40	0.091%	0.174%	70	0.369%	0.392%
41	0.101%	0.182%	71	0.369%	0.392%
42	0.111%	0.189%	72	0.369%	0.392%
43	0.121%	0.197%	73	0.369%	0.392%
44	0.131%	0.204%	74	0.369%	0.392%
45	0.144%	0.212%	75	0.369%	0.392%
46	0.156%	0.219%	76	0.369%	0.392%
47	0.169%	0.227%	77	0.369%	0.392%
48	0.181%	0.234%	78	0.369%	0.392%
49	0.194%	0.242%	79	0.369%	0.392%

Disability rates apply during the retirement eligibility period.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – SURS PENSION RELATED ASSUMPTIONS

Retirement:

Upon eligibility, active members are assumed to retire as follows:

Age	Members Hired Before January 1, 2011 and Eligible for		Members Hired on or After January 1, and Eligible for	
	Normal Retirement	Early Retirement	Normal Retirement	Early Retirement
Under 50	50.0%			
51	45.0%			
52	45.0%			
53	45.0%			
54	40.0%			
55	40.0%	7.5%		
56	38.0%	6.0%		
57	36.0%	4.5%		
58	30.0%	5.5%		
59	30.0%	6.0%		
60	30.0%			
61	11.0%			
62	11.0%			35.0%
63	13.0%			15.0%
64	13.0%			15.0%
65	13.0%			15.0%
66	17.0%			15.0%
67	17.0%		50.0%	
68	15.0%		35.0%	
69	15.0%		30.0%	
70-74	15.0%		15.0%	
75-79	20.0%		20.0%	
80+	100.0%		100.0%	

Spouse and Marriage Assumptions:

Members are assumed to be married

Age	Males	Females
20	25.00%	40.00%
30	70.00%	75.00%
40	80.00%	80.00%
50	85.00%	80.00%
60	85.00%	70.00%

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – TRS PENSION RELATED ASSUMPTIONS

Mortality:

Demographic Assumptions

Mortality

Healthy Life Mortality, Post-Retirement

RP-2014 White Collar Mortality Table, sex distinct

Healthy Life Mortality, Pre-Retirement

RP-2014 White Collar Mortality Table, sex distinct

Disabled Life Mortality, Post-Retirement

RP-2014 Disabled Table

Future annual improvements in mortality are based on the Society of Actuaries Mortality Projection Scale MP-2014.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – TRS PENSION RELATED ASSUMPTIONS

Termination:

Illustrative rates are as follows:

Sample Turnover Rates						
% Separating Within Next Year						
Age	Non-Vested		Vested¹		Vested²	
	Male	Female	Male	Female	Male	Female
25	7.00%	7.80%	6.00%	9.00%	6.00%	9.00%
30	8.60%	10.60%	3.70%	6.00%	3.70%	6.00%
35	9.20%	11.20%	2.20%	4.20%	2.20%	4.20%
40	11.10%	10.00%	1.50%	2.20%	1.50%	2.20%
45	11.10%	8.00%	1.70%	1.70%	1.70%	1.70%
50	12.00%	10.00%	1.40%	1.40%	1.40%	1.40%
55	16.00%	15.00%	4.00%	3.10%	4.00%	3.10%
60	21.00%	14.00%	4.00%	4.00%	4.00%	4.00%
65	21.00%	40.00%	4.00%	4.00%	4.00%	4.00%

¹Hired before January 1, 2011

²Hired on or after January 1, 2011

Salary Increases:

Illustrative rates are as follows:

Age	Annual Increase
20	10.15%
25	9.25%
30	7.45%
35	6.75%
40	6.25%
45	5.75%
50	5.00%

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – TRS PENSION RELATED ASSUMPTIONS

Disability:

Illustrative rates are as follows:

Sample Disability Rates
% Separating Within Next Year

Age	Hired Before January 1, 2011		Hired On/After January 1, 2011	
	Male	Female	Male	Female
20	0.029%	0.045%	0.029%	0.045%
25	0.029%	0.045%	0.029%	0.045%
30	0.026%	0.117%	0.026%	0.117%
35	0.033%	0.090%	0.033%	0.090%
40	0.051%	0.162%	0.051%	0.162%
45	0.054%	0.083%	0.054%	0.083%
50	0.094%	0.172%	0.094%	0.172%
55	0.111%	0.197%	0.111%	0.197%
60	0.170%	0.144%	0.170%	0.144%
65	0.510%	0.287%	0.510%	0.287%

Retirement:

Rates only apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Sample Normal Retirement Rates
% Separating Within Next Year (Age-Based)

Age	Service				
	5 - 18	19 - 30	31	32 - 33	34 +
61 and younger	0.00%	0.00%	0.00%	0.00%	0.00%
62	13.00%	15.00%	20.00%	25.00%	25.00%
63-65	8.00%	10.00%	15.00%	20.00%	20.00%
66	20.00%	10.00%	15.00%	20.00%	20.00%
67	20.00%	40.00%	70.00%	70.00%	70.00%
68	20.00%	40.00%	40.00%	40.00%	40.00%
69	20.00%	40.00%	40.00%	40.00%	40.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%

Spouse and Marriage Assumptions:

85.0 percent of active male participants and 70.0 percent of active female participants are assumed to be married. If no data is available, the female spouse is assumed to be three years younger than the male spouse.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – JRS/GARS PENSION RELATED
 ASSUMPTIONS

Mortality:

JRS/GARS: Post-retirement mortality based on RP-2000 Combined Healthy Mortality Table, sex distinct, projected to 2015 (static table) setback 3 years for males 2 years for females. The mortality table used is a static table with the provision for future mortality improvement in the projection to 2015 which is in sync with the next scheduled experience study. Pre-retirement mortality based on a percentage of 85 percent for males and 70 percent for females of post-retirement mortality.

Termination:

Illustrative rates are as follows:

Sample Withdrawal Rates		
Age	GARS	JRS
25	0.0400	0.0000
30	0.0400	0.0128
35	0.0400	0.0110
40	0.0400	0.0094
45	0.0400	0.0076
50	0.0400	0.0058
55	0.0400	0.0042
60	0.0400	0.0024

Salary Increases:

JRS: A salary increase assumption of 3.75 percent per annum, compounded annually, was used. This 3.75 percent salary increase assumption includes an inflation component of 3.00 percent per annum, a productivity component of 0.60 percent per annum, and a merit/promotion component of 0.15 percent per annum.

GARS: A salary increase assumption of 3.50 percent per annum, compounded annually, was used. This 3.50 percent salary increase assumption includes an inflation component of 3.00 percent per annum, a productivity component of 0.40 percent per annum, and a merit/promotion component of 0.10 percent per annum. Furthermore, salaries were assumed to remain at their current rate for fiscal years 2014 and 2015.

Disability:

JRS/GARS: No assumption for disability.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS – JRS/GARS PENSION RELATED
 ASSUMPTIONS

Retirement:

Rates only apply to employees who have fulfilled the service requirement necessary for retirement at any given age.

Sample Retirement Rates :				
	Members Hired Before January 1, 2011		Members Hired on or after January 1, 2011	
	JRS	GARS	JRS	GARS
55	8.00%	10.00%	0.00%	0.00%
60	22.00%	8.50%	0.00%	0.00%
65	11.00%	8.50%	16.00%	25.00%
70	11.00%	8.50%	11.00%	5.00%
75	20.00%	8.50%	20.00%	5.00%
80	100.00%	100.00%	100.00%	100.00%

Spouse and Marriage Assumptions:

75.0 percent of active participants are assumed to be married. If no data is available, the female spouse is assumed to be four years younger than the male spouse.

SECTION G

SUMMARY OF PRINCIPAL PLAN PROVISIONS

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

PLAN MEMBERS

Members receiving monthly benefits from the State Employees' Retirement System of Illinois (SERS), State Universities Retirement System of Illinois (SURS), Teachers' Retirement System of Illinois (TRS), General Assembly Retirement System (GARS) or the Judges' Retirement System of Illinois (JRS) are eligible to enroll in SEGIP. Certain members covered under TRS for pension purposes are eligible for retiree healthcare benefits under the Teachers' Retirement Insurance Program (TRIP). Other TRS members eligible for coverage under SEGIP include: certified teachers working for certain State agencies, executives working for the Board of Education, regional superintendents, regional assistant superintendents, TRS fund staff and certain members with certain reciprocal service.

PENSION ELIGIBILITY PROVISIONS

STATE EMPLOYEES RETIREMENT SYSTEM

Normal Retirement

General formula members are eligible to retire with unreduced benefits after completing one of the following: i) age 60 with 8 years of service, ii) 35 years of service or iii) age plus service is at least 85. Alternate formula members are eligible to retire with unreduced after completing one of the following: i) age 50 with 25 years of service or ii) age 55 with 20 years of service.

Early Retirement

General formula members are eligible to retire with reduced benefits after attaining age 55 and earning at least 25 years of service.

Disability Retirement

There is no specific age or service requirement for receipt of occupational disability benefits. Receipt of non-occupational disability benefits has an eligibility requirement of one- and one-half years of service.

Vested Termination

Members who terminate are eligible to receive pension benefits after attaining age 60 with at least 8 years of service or at any age with at least 35 years of service.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

Provisions Applicable to Members Hired after December 31, 2010, as a result of Public Act 96-0889

Retirement Eligibility – All Members Except State policemen, fire fighters in the fire protection service of a department, or security employees of the Department of Corrections or the Department of Juvenile Justice

Normal retirement – 67 years old with 10 years of service.

Early Retirement – 62 years old with 10 years of service with a 6.0 percent per year reduction in benefit for each year age is under 67.

Retirement Eligibility – State policemen, fire fighters in the fire protection service of a department, or security employees of the Department of Corrections or the Department of Juvenile Justice

Normal retirement – 60 years old with 20 years of service.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

STATE UNIVERSITIES RETIREMENT SYSTEM

Normal Retirement

Police officers and firefighters are eligible to retire with unreduced benefits after completing one of the following: i) age 55 with 20 years of service or ii) age 50 with 25 years of service. Other members hired before January 1, 2011 are eligible to retire with unreduced benefits after completing one of the following: i) age 62 with 5 years of service, ii) age 60 with 8 years of service or iii) 30 years of service.

For members hired on or after January 1, 2011, separation from service on or after attainment age 67 with 10 years of service.

Early Retirement

Members hired before January 1, 2011, other than police and fire employees, are eligible to retire with reduced benefits after attaining age 55 and earning at least 8 years of service. For members hired on or after January 1, 2011, separation from service on or after attainment of age 62 with 10 years of service.

Disability Retirement

There is no specific age or service eligibility requirement for receipt of accidental disability benefits. Receipt of non-accidental disability benefits has an eligibility requirement of 2 years of service.

Vested Termination

Members hired before January 1, 2011, who terminate with at least 5 years of service are eligible to receive pension benefits under either the normal or early retirement provisions. Members hired on or after January 1, 2011, are vested after 10 years of service.

TEACHERS' RETIREMENT SYSTEM

Normal Retirement

Members hired before January 1, 2011, are eligible to retire with unreduced benefits after completing one of the following: i) age 60 with 10 years of service, ii) age 62 with 5 years of service or iii) age 55 with 35 years of service.

Age 67 with 10 years of service for members hired on or after January 1, 2011.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

Early Retirement

Members hired before January 1, 2011, are eligible to retire with reduced benefits after attaining age 55 and earning at least 20 years of service.

Age 62 with 10 years of service for members hired on or after January 1, 2011.

Disability Retirement

There is no specific age or service requirement for receipt of occupational disability benefits. Receipt of non-occupational disability benefits requires termination of temporary disability benefits and member remains disabled.

Vested Termination

Members who terminate with more than 5 years of service are eligible to receiving retirement pension benefits at age 62 if service is less than 10 and at age 60 if service is at least 10.

Members hired on or after January 1, 2011, are vested after 10 years of service.

GENERAL ASSEMBLY RETIREMENT SYSTEM

Normal Retirement

Members hired before January 1, 2011 are eligible to retire with full benefits after completing one of the following: i) age 55 with 8 years of service or ii) age 62 with 4 years of service. Age 67 with 8 years of service for members hired on or after January 1, 2011.

Early Retirement

Members hired on or after January 1, 2011, are eligible to retire with reduced benefits after attaining age 62 and earning at least 8 years of service.

Disability Retirement

Members are eligible for disability benefits after completing 8 years of service.

Vested Termination

Members hired before January 1, 2011, who terminate with at least 4 years of service are eligible to receive pension benefits under the normal retirement provisions. Members hired on or after January 1, 2011, are vested after 8 years of service.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

JUDGES' RETIREMENT SYSTEM

Normal Retirement

Members hired before January 1, 2011 are eligible to retire with unreduced benefits after completing one of the following: i) age 55 with 26 years of service, ii) age 60 with 10 years of service or iii) age 62 with 6 years of service.

Age 67 with 8 years of service for members hired on or after January 1, 2011.

Early Retirement

Members hired before January 1, 2011 are eligible to retire with reduced benefits after completing age 55 with 10 years of service.

Age 62 with 8 years of service for members hired on or after January 1, 2011.

Disability Retirement

Members are eligible for disability benefits after completing 10 years of service.

Vested Termination

Members hired before January 1, 2011, who terminate with at least 6 years of service are eligible to receive pension benefits under either the normal or early retirement provisions.

Members hired on or after January 1, 2011, are vested after 8 years of service.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

DEPENDENTS ELIGIBLE FOR COVERAGE

If a plan member enrolls in SEGIP, they may enroll the following dependents: spouses; same-sex domestic partner (enrolled prior to June 1, 2011); civil union partner (enrolled on or after June 1, 2011); unmarried children under age 26; disabled children that have been continuously disabled from causes originating prior to age 26 and are financially dependent for at least one-half of their support, and eligible to be claimed on income tax return; and parents if they are financially dependent for at least one-half of their support and eligible to be claimed on income tax return.

ENROLLMENT TIMING

Members who have not previously enrolled in SEGIP are eligible to enroll when they begin receiving pension benefits through one of the State sponsored pension programs, during any annual open enrollment period, when turning 65 or becoming Medicare eligible, or after losing coverage by a former plan. Members and beneficiaries who previously were enrolled in SEGIP, and subsequently waive coverage, are only eligible to reenroll due to the loss of prior coverage by a former plan or at the attainment of age 65 or when Medicare eligible.

SURVIVING SPOUSE COVERAGE

Spouses of employees/retirees who die are eligible to maintain health insurance coverage until the surviving spouse's death. If the surviving spouse elects a monthly benefit, he or she becomes the member with the same SEGIP rights.

MEDICARE

Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. SEGIP benefits are coordinated with Medicare as follows:

- i) After Medicare Part A pays, QCHP pays 85% for an In-Network provider and 60% for an Out-of-Network Provider, of the Medicare Part A deductible after the QCHP annual plan deductible has been met.
- ii) After Medicare Part B pays, QCHP pays 85% for an In-Network provider and 60% for an Out-of-Network Provider, of the balance after the QCHP annual plan deductible has been met.

Prescription drug coverage provided by the plan is at least as valuable as benefits provided through Medicare Part D.

DENTAL, VISION AND LIFE INSURANCE BENEFITS

The State provides postemployment dental, vision and life insurance benefits. Members eligible for SEGIP healthcare benefits are also eligible for dental and vision benefits. The State provides fully subsidized life insurance benefits to retired and disabled members and their spouses equal to one

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
SUMMARY OF PRINCIPAL PLAN PROVISIONS

times pay before retirement if death occurs before age 60, and \$5,000 if death occurs after age 60. Dependent children are eligible for life insurance benefit of \$10,000.

The State offers optional life insurance benefits to retired and disabled members and their spouses. The member is required to pay the full age-based premium.

FUNDING POLICY

OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retired members. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis and no separate trust has been established for the funding of OPEB. The State recognizes SEGIP OPEB benefits as a single employer defined benefit plan with a special funding situation for employees of the State's component unit universities as defined in GASB No. 45.

OPEB PROGRAMS

Members may elect healthcare coverage in the QHCP, a managed care HMO plan or an Open Access Plan (OAP). The QHCP is a traditional medical indemnity plan. There are four HMOs offering coverage that varies by location throughout the state. The two OAPs are managed care plans that offer three benefit levels based on the provider used. In addition, there are five Medicare Advantage Prescription Drug (MAPD) plans offering coverage that varies by location throughout the state. A summary of the healthcare benefits provided under the three plan types is shown later in this section. The State also provides postemployment dental, vision and life insurance benefits which are also summarized later in this section.

Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members retiring before January 1, 1998, are eligible for single coverage at no cost to the member. Members retiring after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. The following tables show the premium amounts for healthcare plans for the fiscal year ending June 30, 2016.

Member monthly premium for single coverage in the non-MAPD plans (shared between State and member depending on date of retirement and service at retirement):

FYE 6/30/2016	Pre-Medicare	Medicare
Quality Care Health Plan	\$1,128.63	\$408.14
HMO/OAP Plans	\$907.77	\$477.57

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

Member monthly premium for single coverage in the MAPD plans (shared between State and member depending on date of retirement and service at retirement):

As of January 1, 2015	Medicare
Coventry Advantra, Health Alliance MAPD and Humana HMOs	\$168.98
UnitedHealthcare PPO	\$218.80

Dependent monthly premiums for the non-MAPD plans (paid fully by dependent):

FYE 6/30/2016	One Dependent	Two or More Dependents	One Medicare Dependent	Two or More Medicare Dependents
Blue Advantage HMO	\$96	\$132	\$75	\$110
Coventry HMO	\$111	\$156	\$88	\$130
Coventry OAP	\$111	\$156	\$88	\$130
Health Alliance HMO	\$113	\$159	\$89	\$133
HealthLink OAP	\$126	\$179	\$102	\$149
HMO Illinois	\$100	\$139	\$79	\$116
Quality Care Health Plan	\$249	\$287	\$142	\$203

Dependent monthly premiums for the MAPD plans (paid fully by dependent):

As of January 1, 2015	One Medicare Dependent	Two or More Medicare Dependents
Coventry Advantra, Health Alliance MAPD and Humana HMOs	\$90	\$126
UnitedHealthcare PPO	\$110	\$155

Annuitants receiving benefits from any state retirement system (SERS, SURS, TRS, JRS and GARS) who are not eligible for Medicare may waive healthcare coverage from SEGIP and receive a monthly financial incentive. The monthly financial incentive equals \$500 per month if service is greater than or equal to 20 years or \$150 per month if service is less than 20 years.

Effective October 1, 2009, retirees and survivors are required to pay a monthly premium for dental equal to \$11 for member only coverage, \$17 for member plus one dependent coverage and \$19.50 for member plus two dependents coverage.

No premiums are required for vision coverage or the basic non-voluntary life insurance benefit.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

Quality Care Health Plan (QCHP)

<i>Plan Feature</i>	<i>In Network</i>	<i>Out of Network ¹</i>
Annual Deductible	\$375 per individual, with \$937 family cap	\$375 per individual, with \$937 family cap
Annual Out of Pocket Limit	\$1,500 per enrollee, with \$3,750 per family	\$6,000 per enrollee, with \$12,000 per family
<u>Covered Services</u>	<u>Coinsurance</u>	<u>Coinsurance</u>
-Office Visits	85% after deductible	60% after deductible
-Emergency Room	\$450 copay, then 85% after deductible	\$450 copay, then 60% after deductible
-Inpatient Services	\$100 copay, then 85% after deductible	\$500 copay, then 60% after deductible
-Outpatient Services		
-Preventive Services	100% after deductible	60% after deductible
-Lab/X-ray	85% after deductible	60% after deductible
-Other	85% after deductible	60% after deductible
Prescription Drug Copays	After annual prescription deductible of \$125	
	<u>Retail at 30-day supply</u>	
	Generic	\$10
	Preferred Formulary Brand	\$30
	Non-Preferred Brand	\$60
	<u>Maintenance Network or Mail Order Pharmacy at 90-day supply</u>	
	Copay at 2 ½ times retail	
Maximum Lifetime Benefit	Unlimited	

¹ Out of network claims covered only up to usual and customary amount.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

HMO Plans (Non-MAPD)

<i>Plan Feature</i>							
Annual Deductible	\$0						
Out of Pocket Maximum	\$3,000 per enrollee, with \$6,000 per family						
<u>Covered Services</u>	<u>Coinsurance</u>						
-Physicians Visits	\$20 Copay, then 100%						
-Emergency Care	\$250 Copay, then 100%						
-Inpatient Services	\$350 Copay, then 100%						
-Outpatient Services	\$250 Copay, then 100%						
Prescription Drug Copays	<p style="text-align: center;">After annual prescription deductible of \$100</p> <p style="text-align: center;"><u>Retail at 30-day supply</u></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Generic</td> <td style="text-align: right;">\$8</td> </tr> <tr> <td>Preferred Brand</td> <td style="text-align: right;">\$26</td> </tr> <tr> <td>Non-Preferred Brand</td> <td style="text-align: right;">\$50</td> </tr> </table> <p style="text-align: center;"><u>Maintenance Network or Mail Order Pharmacy at 90-day supply</u></p> <p style="text-align: center;">Copay at 2 ½ times retail</p>	Generic	\$8	Preferred Brand	\$26	Non-Preferred Brand	\$50
Generic	\$8						
Preferred Brand	\$26						
Non-Preferred Brand	\$50						
Maximum Lifetime Benefit	Unlimited						

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

Open Access Plan (OAP)

<i>Plan Feature</i>	<i>Tier I</i>	<i>Tier II</i>	<i>Tier III</i>
Annual Deductible	\$0	\$250 per enrollee ¹	\$350 per enrollee ¹
Annual Out of Pocket Limit	\$6,600 (includes eligible charges from Tier I and Tier II combined) per enrollee, with \$13,200 (includes eligible charges from Tier I and Tier II combined) per family.		Not Applicable
<u>Covered Services</u>	<u>Coinsurance/Copay</u> ²	<u>Coinsurance/Copay</u> ²	<u>Coinsurance/Copay</u> ³
-Office Visits	\$20 copay	90% of network charges	60% of U&C
-Emergency Room	\$250 copay	\$250 copay	\$250 copay
-Inpatient Services	\$350 copay	\$400 copay, then 90%	\$500 copay, then 60%
-Outpatient Services	\$250 copay	\$250 copay, then 90%	\$250 copay, then 60%
-Lab/X-ray	100%	90% of network charges	60% of U&C
-Other	100%		
Prescription Drug Copays	After annual prescription deductible of \$100 <u>Retail at 30-day supply</u> Generic \$8 Preferred Brand \$26 Non-Preferred Brand \$50 <u>Maintenance Network or Mail Order Pharmacy at 90-day supply</u> Copay at 2 ½ times retail		
Maximum Lifetime Benefit	Unlimited	Unlimited	Unlimited

¹ An annual plan deductible must be met before plan benefits apply. Benefit limits are measured on a plan year basis.

² Network charges.

³ Usual and customary charges.

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

HMO Plans (MAPD)

<i>Plan Feature</i>							
Annual Deductible	\$0						
Out of Pocket Maximum	\$3,000 per enrollee						
<u>Covered Services</u>	<u>Coinsurance</u>						
-Physicians Visits	\$20 Copay, then 100%						
-Emergency Care	\$65 Copay, then 100%						
-Inpatient Services	\$350 Copay, then 100%						
-Outpatient Services	\$250 Copay, then 100%						
Prescription Drug Copays	<p style="text-align: center;">After annual prescription deductible of \$100</p> <p style="text-align: center;"><u>Retail at 30-day supply</u></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Generic</td> <td style="text-align: right;">\$8</td> </tr> <tr> <td style="padding-right: 20px;">Preferred Brand</td> <td style="text-align: right;">\$26</td> </tr> <tr> <td style="padding-right: 20px;">Non-Preferred Brand</td> <td style="text-align: right;">\$50</td> </tr> </table> <p style="text-align: center;"><u>Maintenance Network or Mail Order Pharmacy at 90-day supply</u></p> <p style="text-align: center;">Copay at 2 ½ times retail</p>	Generic	\$8	Preferred Brand	\$26	Non-Preferred Brand	\$50
Generic	\$8						
Preferred Brand	\$26						
Non-Preferred Brand	\$50						
Maximum Lifetime Benefit	Unlimited						

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

PPO Plan (MAPD)

<i>Plan Feature</i>							
Annual Deductible	\$110						
Out of Pocket Maximum	\$1,300 per enrollee						
<u>Covered Services</u>	<u>Coinsurance</u>						
-Physicians Visits	85% after deductible						
-Emergency Care	\$65 Copay, then 100%						
-Inpatient Services	85% after deductible						
-Outpatient Services	85% after deductible						
Prescription Drug Copays	<p style="text-align: center;">After annual prescription deductible of \$125</p> <p style="text-align: center;"><u>Retail at 30-day supply</u></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Generic</td> <td style="text-align: right;">\$10</td> </tr> <tr> <td style="padding-right: 20px;">Preferred Brand</td> <td style="text-align: right;">\$30</td> </tr> <tr> <td style="padding-right: 20px;">Non-Preferred Brand</td> <td style="text-align: right;">\$60</td> </tr> </table> <p style="text-align: center;"><u>Maintenance Network or Mail Order Pharmacy at 90-day supply</u></p> <p style="text-align: center;">Copay at 2 ½ times retail</p>	Generic	\$10	Preferred Brand	\$30	Non-Preferred Brand	\$60
Generic	\$10						
Preferred Brand	\$30						
Non-Preferred Brand	\$60						
Maximum Lifetime Benefit	Unlimited						

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

Quality Care Dental Plan

<i>Plan Feature</i>	
<u>Annual Deductible</u>	
-Preventive and diagnostic services	None
- All other covered services	\$175 per participant
<u>Plan Year Maximum Benefit</u>	
-Preventive and diagnostic services	\$2,500 per participant
- All other covered services	\$2,500 per participant
<u>Covered Services</u>	
-Preventive and diagnostic	Subject to schedule
-Basic and major benefits	Subject to schedule

Vision Plan

<i>Plan Feature</i>	<i>In-Network</i>	<i>Out-of-Network</i>	<i>Benefit Frequency</i>
Eye Exam	\$25 copay	\$30 allowance	Once every 12 months
Spectacle Lenses (single, bifocal and trifocal)	\$25 copay	\$50 allowance for single vision and \$80 allowance for bifocal and trifocal	Once every 12 months
Standard Frames	\$25 copay (up to \$175 retail frame cost; member responsible for balance over \$175)	\$70 allowance	Once every 24 months
Contact Lenses (in lieu of standard frames and spectacle lenses)	\$120 allowance	\$120 allowance	Once every 12 months

OTHER POST-EMPLOYMENT BENEFITS
 SPONSORED BY THE
 STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
 GASB NO. 45 VALUATION AS OF JUNE 30, 2014
 SUMMARY OF PRINCIPAL PLAN PROVISIONS

Life Insurance

<i>Plan Feature</i>	
<p><u>Basic Life Insurance</u></p> <ul style="list-style-type: none"> - For annuitants under age 60 - For annuitants over age 60 - For spouse if annuitant age is less than 60 - For spouse if annuitant age is greater than 60 - For dependent child 	<p>One times annual salary as of last day of active State service</p> <p>\$5,000</p> <p>\$10,000</p> <p>\$5,000</p> <p>\$10,000</p>
<u>Member Contribution</u>	None
<u>Other Option Life Insurance Benefits</u>	Are fully paid by the member using individual age and other rating factors and have been excluded from the valuation

SECTION H
GLOSSARY

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
GLOSSARY

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

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

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 single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

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.

Actuarial Value of Assets. The value of cash, investments, and other property belonging to a pension or OPEB plan, as used by the actuary for the purpose of an actuarial valuation.

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.

Annual OPEB Cost (AOC). An accrual-basis measure of the periodic cost of an employer's participation in a defined OPEB plan.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Discount Rate. The rate used to adjust a series of future payments to reflect the time value of money.

Expected Net Employer Contributions. The difference between the age-adjusted premium or expected retiree healthcare claims and retired member's share of the premium. This amount is used to offset the Annual OPEB Cost during the fiscal year.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Implicit Rate Subsidy. The de facto subsidy of retirees by permitting them to pay lower than age-adjusted premiums through the use of a single common or blended premium for both retirees and active employees.

OTHER POST-EMPLOYMENT BENEFITS
SPONSORED BY THE
STATE EMPLOYEES GROUP INSURANCE PROGRAM OF ILLINOIS
GASB NO. 45 VALUATION AS OF JUNE 30, 2014
GLOSSARY

Explicit Rate Subsidy. The portion of the premium paid by the employer. The premium may be based on the experience of active and retired members or retired members only.

Medical Trend Rate (Health Inflation). The increase in the plan's cost over time. Trend includes all elements that may influence a plan's cost, assuming those enrollments and the plan benefits do not change. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology and cost shifting.

Net OPEB Obligation (NOO). An accounting liability when an employer doesn't fully fund the ARC.

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.

Other Postemployment Benefits (OPEB). OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

Pay-as-you-go funding. A method of financing benefits by making required payments only as they come due.

Plan member. A plan's membership includes active service employees, terminated employees who are eligible to receive benefits but are not receiving them, and retired employees and beneficiaries currently receiving benefits.

Pre-funding. A method of financing benefits by placing resources in trust as employees earn benefits so that the resources thus accumulated, along with related earnings, can be used to make benefit payments as they become due.

Present Value of all Projected Benefits. The present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

Projected Unit Credit Cost Method. A method under which the normal cost and actuarial accrued liability are directly proportional to the employee's service. The normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement.

Qualified Plan. A qualified plan is an employer-sponsored retirement plan that qualifies for special tax treatment under Section 401(a) of the Internal Revenue Code.

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 (UAAL). 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.