

Illinois State Employees Group Insurance Program

GASB Statement No. 75

Accounting and Financial Reporting for
Postemployment Benefits Other than Pensions

Actuarial Valuation Report as of
June 30, 2022





October 23, 2023

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

Subject: GASB Statement No. 75 Actuarial Valuation as of June 30, 2022, for Illinois SEGIP

Submitted in this report are the results of the GASB Statement No. 75 actuarial valuation as of June 30, 2022, of the liabilities associated with the employer financed retiree health benefits provided through Illinois State Employees Group Insurance Program (SEGIP). SEGIP provides group insurance benefits to eligible active state employees, and postemployment benefits to eligible retired members receiving pension benefits under the following retirement systems:

- 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, 2022, was prepared for purposes of complying with the requirements of Statement No. 75 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of this accounting standard. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the financial reporting requirements of SEGIP and participating employers may produce significantly different results. The actuarial valuation was based upon:

- Census information as of June 30, 2022, provided by SERS, SURS, TRS, JRS, and GARS;
- Healthcare data and census data as of June 30, 2022, for SEGIP as provided by the Department of Central Management Services (CMS);
- Average per member costs by plan type for the period June 30, 2022, through June 30, 2023, reviewed by the State's healthcare actuary and provided by CMS;
- Incurred but not paid liability information provided by CMS;
- The Aetna MAPD plan which became effective on January 1, 2023, and is based on zero premiums over at least the next five years;

- Substantive plan information provided by each respective retirement system – SERS, SURS, TRS, JRS, GARS, and CMS;
- Economic assumptions approved by the State, including a discount rate of 3.69 percent as of June 30, 2022, and 3.86 percent as of June 30, 2023, which comply with the requirements of GASB Statement No. 75 (GASB No. 75);
- An ultimate trend rate assumption of 4.25 percent;
- Other healthcare-related assumptions recommended by GRS and approved by the State; and
- Demographic assumptions consistent with the actuarial valuations as of June 30, 2022, for each respective retirement system.

We checked for internal and year-to-year consistency, but did not 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 actuarial valuation was granted by the State, and they are disclosed in the actuarial assumptions and methods section of this report.

The Total OPEB Liability and Annual OPEB Expense were developed in accordance with the requirements of GASB Statement No. 75, and are applicable only for financial reporting purposes. The Net OPEB Liability, annual OPEB Expense, Annual Required Contribution, and the expected benefits 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 pay-as-you go contributions for current and future years.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to factors such 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.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled. We are relying on the GRS actuaries and Internal Software, Training, and Processes Team who developed and maintain the model.

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 Abra D. Hill are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



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



Abra D. Hill, ASA, MAAA, FCA
Consultant

Table of Contents

	<u>Pages</u>
Section A	
Executive Summary	1-4
Section B	
Actuarial Valuation Results	1-3
Section C	
GASB Statement No. 75 Information	
Discussion.....	1-4
Summary of GASB Statement No. 75 Results	5
GASB Statement No. 75 Schedules	6-12
Section D	
Additional Actuarial Valuation Exhibits	
40-Year Projection of Expected Employer Claims.....	1
Summary of Demographic Information	2
Section E	
Summary of Actuarial Assumptions and Methods	1-28
Section F	
Summary of Principal Plan Provisions	1-15
Section G	
Glossary	1-3



SECTION A

EXECUTIVE SUMMARY

Executive Summary

Introduction

The Governmental Accounting Standards Board (GASB) has issued accounting standard, Statement No. 75, relating to Other Postemployment Benefits (OPEB). For participating members of the Illinois State Employees Group Insurance Program (SEGIP), OPEB primarily includes medical, prescription drug, dental, vision, and life insurance benefits provided to eligible retired members. Any other OPEB offered to retired 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 Statement No. 75 and (b) various other actuarial, statistical, and benefit information useful to management for the operation of SEGIP.

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 pre-funding of SEGIP OPEB. The State recognizes SEGIP OPEB benefits as a single employer defined benefit plan as defined in GASB Statement No. 75.

Funded and Unfunded Plans

Currently, benefits offered through SEGIP are financed through a combination of retiree premiums, State contributions, and subsidies from the Federal Government. The retiree's share of the premium depends on eligible service earned as of the retirement date, coverage elected, and Medicare eligibility. The Federal Government provides a Medicare Part D subsidy. The State finances the remainder of program costs not covered by the retiree's premium or the Federal Government subsidy.

The current objective is to finance program costs in order to provide benefits with appropriate margins for incurred but not paid liabilities. There is no arrangement into which the employer would make contributions to advance-fund the obligation. Benefit obligations are effectively funded on a pay-as-you-go basis.

Consequently, according to GASB Statements No. 74 and 75, the discount rate used to calculate the present values and costs of the OPEB, for programs funded on a pay-as-you-go basis, should be consistent with an index of high quality 20-year general obligation bonds as of the measurement date. For this purpose, the plan sponsor has selected an interest discount rate of 3.69 percent as of June 30, 2022, and 3.86 percent as of June 30, 2023.

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 Statements No. 74 and 75 only require the measurement and recognition of the Net OPEB Liability, Annual OPEB Expense, and disclosure in the financial statements, as applicable.



Executive Summary

Results of the Study

The actuarial valuation as of June 30, 2022, for purposes of financial reporting under GASB Statement No. 75 requires:

- If benefits are funded on a pay-as-you-go basis, a discount rate based on the expected return for an index of high-quality 20-year general obligation bonds. For this purpose, the sponsor selected a discount rate of 3.69 percent as of June 30, 2022, and 3.86 percent as of June 30, 2023.
- The Entry Age Normal cost method.

The following table shows a reconciliation of the Actuarial Accrued Liability since the last actuarial valuation:

Reconciliation of the Change in Actuarial Accrued Liability, as of June 30, 2022

Projected Actuarial Accrued Liability at June 30, 2022, at 3.69%^{a,b}	\$ 17,080,208,026
(Gain)/Loss due:	
Demographic Experience	\$ (441,446,527)
Claims and Premium Experience	763,724,798
Change in Pension Assumptions	(177,845,979)
Change in OPEB Assumptions and Other	(139,769,509)
Change in Discount Rate Assumption from 3.69% to 3.86%	<u>(290,766,338)</u>
Total	\$ (286,103,555)
Actuarial Accrued Liability at June 30, 2022, at 3.86%^a	\$ 16,794,104,471

^a Includes \$18,815,357 in incurred but not paid liability as of June 30, 2022.

^b From the actuarial valuation as of June 30, 2021.

The Actuarial Accrued Liability as of June 30, 2022, using a discount rate of 3.86 percent, is projected to June 30, 2023, for GASB Statement No. 75 financial reporting.

Liabilities increased more than expected due to the following reasons:

- Unfavorable claims and premium experience for fiscal year end June 30, 2022, compared with assumed trend rates from the previous actuarial valuation.

Liabilities decreased due to:

- Favorable demographic experience;
- Change in pension-related assumptions;
- Change in OPEB-related assumptions including refreshing assumed trend rates; and
- Increase in discount rate from 3.69 percent to 3.86 percent.



Executive Summary

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 and 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 Service Cost, OPEB Expense, and Total OPEB 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) and economic assumptions (general inflation, wage inflation, and salary increases) used in this June 30, 2022, OPEB valuation were consistent with those used in the June 30, 2022, pension valuations for SERS, SURS, TRS, JRS, and GARS.

Certain 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 E of this Report titled, "Summary of Actuarial Assumptions and Methods" contains a detailed discussion and disclosure of all the relevant actuarial assumptions and methods used in this actuarial valuation.

Effective as of January 1, 2023, projected per capita costs reflect the newly established zero premium MAPD plan. Based on discussions with CMS, the MAPD costs are zero for calendar years 2023 through 2027, increase to \$42 per member per month in calendar year 2028, and increases ratably to \$102 per member per month in calendar year 2033. After 2033, costs increase according to the assumed trend rates.

The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2021:

- Per capita claim costs for plan year end June 30, 2023, were updated based on projected claims and enrollment experience through June 30, 2023, and updated premium rates through plan year 2024;
- The healthcare trend assumptions were updated based on claim and enrollment experience through June 30, 2022, projected plan cost for plan year end June 30, 2023, premium changes through plan year end 2024, and expectation of future trend increases after June 30, 2023; and
- The discount rate was changed from 3.69 percent at June 30, 2022, to 3.86 percent at June 30, 2023.

The pension-related assumptions for SERS, GARS, and JRS were updated since the last actuarial valuation as of June 30, 2021. The pension-related assumptions for SURS and TRS have not changed since the last OPEB actuarial valuation as of June 30, 2021.



Executive Summary

Actuarial Cost Methods

The actuarial valuation results are based on the Entry Age Normal cost method as required by GASB Statement No. 75.

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

- Key actuarial valuation results;
- An overview of the GASB Statement No. 75 requirements;
- Additional actuarial valuation exhibits and financial disclosures required under GASB Statement No. 75; and
- Summary of actuarial assumptions and methods and plan provisions.

SECTION B

ACTUARIAL VALUATION RESULTS

Actuarial Valuation Results

The following section shows actuarial valuation results as of June 30, 2022, projected to June 30, 2023, using two alternative discount rates of 3.69 percent and 3.86 percent.

Plan benefits are funded based on a pay-as-you-go policy. The current funding policy includes revenues from three sources: current retirees, the State, and the Medicare Part D subsidy from the Federal Government. Certain retirees and dependents contribute a portion of the premium to participate in the program. All liability and expense numbers throughout the report are net of the retiree's share of premiums.

The unfunded actuarial accrued liability represents the portion of the total actuarial present value of all future employer-provided benefits which is attributable to prior years, minus any actuarial valuation assets. It represents a measure of the unfunded accrued liability allocable to past service for benefits expected to be paid in the future. 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 using the Entry Age Normal cost method.

Actuarial Valuation Results – 3.69 Percent Discount Rate

Summary of Actuarial Valuation Results as of June 30, 2022

	Discount Rate						
						3.69%	
						Ultimate Trend Pre-Medicare	4.25%
						Ultimate Trend Post-Medicare	4.25%
	SERS	SURS	TRS	GARS	JRS	Total	
A) Actuarial Accrued Liability (AAL) at June 30, 2022							
i) Actives ^a	\$ 5,425,557,673	\$ 1,990,084,116	\$ 275,791,850	\$ 6,687,215	\$ 39,561,080	\$ 7,737,681,934	
ii) Retirees and their covered dependents ^b	4,950,955,791	2,844,251,468	87,144,999	23,642,712	52,611,577	7,958,606,547	
iii) Deferred vesteds ^b	427,288,277	897,283,710	13,157,074	8,338,485	1,516,388	1,347,583,934	
iv) Deferred vesteds under TRS ^c	-	-	22,183,037	-	-	22,183,037	
v) Incurred But Not Paid (IBNP) liability	11,982,608	6,441,905	202,469	55,000	133,375	18,815,357	
vi) Total	\$ 10,815,784,349	\$ 5,738,061,199	\$ 398,479,429	\$ 38,723,412	\$ 93,822,420	\$ 17,084,870,809	
B) Market Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
C) Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,815,784,349	\$ 5,738,061,199	\$ 398,479,429	\$ 38,723,412	\$ 93,822,420	\$ 17,084,870,809	
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	233.0%	159.9%	173.8%	382.8%	47.8%	197.2%	
F) Net Normal Cost	\$ 436,498,215	\$ 222,533,889	\$ 21,392,482	\$ 935,144	\$ 4,689,183	\$ 686,048,913	
G) Estimated FYE 2023 Benefit Payments	\$ 572,490,309	\$ 307,773,400	\$ 9,673,305	\$ 2,627,742	\$ 6,372,231	\$ 898,936,986	
H) Contributions for IBNP Liability	\$ (46,646,646)	\$ (25,077,450)	\$ (788,183)	\$ (214,109)	\$ (519,211)	\$ (73,245,599)	
I) Interest Cost	\$ 405,595,296	\$ 214,777,466	\$ 15,330,828	\$ 1,419,273	\$ 3,528,068	\$ 640,650,931	
J) Change in IBNP Liability	\$ (41,140,028)	\$ (22,117,066)	\$ (695,138)	\$ (188,834)	\$ (457,918)	\$ (64,598,984)	
K) Projected Actuarial Accrued Liability at June 30, 2023	\$ 11,090,894,170	\$ 5,870,559,537	\$ 425,622,478	\$ 38,475,363	\$ 95,728,733	\$ 17,521,280,281	
L) Incurred FYE 2023 Benefit Payments ^f	\$ 568,446,209	\$ 305,599,274	\$ 9,604,973	\$ 2,609,179	\$ 6,327,217	\$ 892,586,852	
M) Participant Information							
i) Number of Covered Participants							
a) Active employees ^a	59,078	46,103	2,839	120	922	109,062	
b) Current retirees with coverage or stipend ^d	54,692	32,337	1,141	276	892	89,338	
c) Waived retirees ^e	6,402	4,950	255	26	59	11,692	
d) Survivors	6,888	3,486	97	83	258	10,812	
e) Dependents	27,058	13,889	349	162	619	42,077	
f) Deferred vesteds	3,119	11,302	156	22	6	14,605	
ii) Covered Payroll	\$ 4,641,709,200	\$ 3,587,719,575	\$ 229,337,257	\$ 10,116,734	\$ 196,455,524	\$ 8,665,338,290	

^a Excludes Active TRS members, Active SURS members, and Active SERS members who are dependents of SEGIP active members. Includes members who are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS, and TRS.

^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. Approximately 50% of the liability for these members is allocated to TRIP.

^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 Allocation of employer benefit payments for plan year end June 30, 2023, based on June 30, 2022, actuarial valuation.



Actuarial Valuation Results – 3.86 Percent Discount Rate

Summary of Actuarial Valuation Results as of June 30, 2022

	Discount Rate						
							3.86%
							Ultimate Trend Pre-Medicare 4.25%
							Ultimate Trend Post-Medicare 4.25%
	SERS	SURS	TRS	GARS	JRS	Total	
A) Actuarial Accrued Liability (AAL) at June 30, 2022							
i) Actives ^a	\$ 5,318,779,551	\$ 1,960,654,442	\$ 271,071,107	\$ 6,565,469	\$ 38,885,693	\$ 7,595,956,262	
ii) Retirees and their covered dependents ^b	4,882,838,102	2,800,153,734	85,780,726	23,279,178	51,719,511	7,843,771,251	
iii) Deferred vesteds ^b	417,441,171	874,274,465	12,808,487	8,164,333	1,489,765	1,314,178,221	
iv) Deferred vesteds under TRS ^c	-	-	21,383,380	-	-	21,383,380	
v) Incurred But Not Paid (IBNP) liability	11,982,608	6,441,905	202,469	55,000	133,375	18,815,357	
vi) Total	\$ 10,631,041,432	\$ 5,641,524,546	\$ 391,246,169	\$ 38,063,981	\$ 92,228,344	\$ 16,794,104,471	
B) Market Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
C) Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,631,041,432	\$ 5,641,524,546	\$ 391,246,169	\$ 38,063,981	\$ 92,228,344	\$ 16,794,104,471	
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	229.0%	157.2%	170.6%	376.2%	46.9%	193.8%	
F) Net Normal Cost	\$ 420,369,424	\$ 214,367,094	\$ 20,646,765	\$ 902,711	\$ 4,568,393	\$ 660,854,387	
G) Estimated FYE 2023 Benefit Payments	\$ 572,490,309	\$ 307,773,400	\$ 9,673,305	\$ 2,627,742	\$ 6,372,231	\$ 898,936,986	
H) Contributions for IBNP Liability	\$ (46,646,646)	\$ (25,077,450)	\$ (788,183)	\$ (214,109)	\$ (519,211)	\$ (73,245,599)	
I) Interest Cost	\$ 416,531,766	\$ 220,633,044	\$ 15,729,208	\$ 1,457,972	\$ 3,624,460	\$ 657,976,451	
J) Change in IBNP Liability	\$ (41,140,028)	\$ (22,117,066)	\$ (695,138)	\$ (188,834)	\$ (457,918)	\$ (64,598,984)	
K) Projected Actuarial Accrued Liability at June 30, 2023	\$ 10,900,958,932	\$ 5,771,711,667	\$ 418,041,881	\$ 37,822,197	\$ 94,110,259	\$ 17,222,644,937	
L) Incurred FYE 2023 Benefit Payments ^f	\$ 568,446,209	\$ 305,599,274	\$ 9,604,973	\$ 2,609,179	\$ 6,327,217	\$ 892,586,852	
M) Participant Information							
i) Number of Covered Participants							
a) Active employees ^a	59,078	46,103	2,839	120	922	109,062	
b) Current retirees with coverage or stipend ^d	54,692	32,337	1,141	276	892	89,338	
c) Waived retirees ^e	6,402	4,950	255	26	59	11,692	
d) Survivors	6,888	3,486	97	83	258	10,812	
e) Dependents	27,058	13,889	349	162	619	42,077	
f) Deferred vesteds	3,119	11,302	156	22	6	14,605	
ii) Covered Payroll	\$ 4,641,709,200	\$ 3,587,719,575	\$ 229,337,257	\$ 10,116,734	\$ 196,455,524	\$ 8,665,338,290	

^a Excludes Active TRS members, Active SURS members, and Active SERS members who are dependents of SEGIP active members. Includes members who are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS, and 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. Approximately 50% of the liability for these members is allocated to TRIP.

^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 Allocation of employer benefit payments for plan year end June 30, 2023, based on June 30, 2022, actuarial valuation.



SECTION C

GASB STATEMENT NO. 75 INFORMATION

Auditor's Note: This information is intended to assist in preparation of the financial statements of the State Employees Group Insurance Program of Illinois. Financial statements are the responsibility of management, subject to the auditor's review. Please let us know if the auditor recommends any changes.

GASB Statement No. 75 Information

Discussion

Accounting Standard

For post-employment (OPEB) benefit plans that are administered through trusts or equivalent arrangements, Governmental Accounting Standards Board (GASB) Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,” replaces the requirements of GASB Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” GASB Statement No. 74 establishes standards of financial reporting for separately issued financial reports of state and local government OPEB plans.

GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

GASB Statements No. 74 and No 75 are effective for fiscal years beginning after June 15, 2016, and June 15, 2017, respectively.

The following discussion provides a summary of the information that is required to be disclosed under these accounting standards. A number of these disclosure items are provided in this report. However, certain non-actuarial information, such as notes regarding accounting policies and investments, is not included in this report. As a result, the plan sponsor will be responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards.

Plan Financial Statements

GASB Statement No. 74 requires defined benefit OPEB plans which are administered as trusts or equivalent arrangements to present two financial statements: a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement of fiduciary net position presents the assets and liabilities of the OPEB plan at the end of the OPEB plan’s reporting period. The statement of changes in fiduciary net position presents the additions, such as contributions and investment income, and deductions, such as benefit payments and expense, and net increase or decrease in the fiduciary net position.

GASB Statement No. 75 requires state and local government employers to recognize the Net OPEB Liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Net OPEB Liability is the difference between the Total OPEB Liability and the plan’s fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets.

The OPEB expense recognized each fiscal year is equal to the change in the Net OPEB Liability from the beginning of the year to the end of the year, adjusted for deferred recognition of the liability and investment experience.



GASB Statement No. 75 Information

For GASB Statement No. 75 reporting purposes, the plan sponsor's fiscal year end June 30, 2024, financial reporting will be based on the results of the June 30, 2022, actuarial valuation projected to a measurement date of June 30, 2023.

GASB Statement No. 75 requires that employer contributions made to the OPEB plan subsequent to the measurement date and before the end of the employer's reporting period be reported as a deferred outflow of resources.

The information contained in this report does not incorporate any employer contributions made subsequent to the measurement date of June 30, 2023.

Notes to Financial Statements

GASB Statement No. 75 requires the notes of the employer's financial statements to disclose the total OPEB expense, the OPEB plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to OPEB.

GASB Statement No. 75 requires the notes of the financial statements for the Plan and Plan Sponsor to include certain additional information. The list of disclosure items should include:

- The name of the OPEB plan, the administrator of the OPEB plan, and the identification of whether the OPEB plan is a single-employer, agent, or cost-sharing OPEB plan;
- A description of the benefits provided by the plan;
- A brief description of changes in benefit terms or assumptions that affected the measurement of the Total OPEB Liability since the prior measurement date;
- The number of plan members by category and if the plan is closed;
- A description of the plan's funding policy, which includes member and employer contribution requirements;
- The OPEB plan's investment policies;
- The OPEB plan's fiduciary net position and the Net OPEB Liability (or Total OPEB Liability if no trust exists to pay benefits);
- The Net OPEB Liability using a + / - one percentage point change in the discount rate;
- The Net OPEB Liability using a + / - one percentage point change in the healthcare trend rate;
- Significant assumptions and methods used to calculate the Total OPEB Liability;
- Inputs to the discount rates; and
- Certain information about mortality assumptions and the dates of experience studies.

Frequency and Timing of the Actuarial Valuation

An actuarial valuation to determine the Total OPEB Liability is required to be performed at least every two years. For the employer's financial reporting purposes, the Net OPEB Liability and OPEB expense should be measured as of the employer's "measurement date," which may not be earlier than the employer's prior fiscal year end date. If the actuarial valuation used to determine the Total OPEB Liability is not calculated as of the measurement date, the Total OPEB Liability is required to be rolled forward from the actuarial valuation date to the measurement date.



GASB Statement No. 75 Information

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since SEGIP is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rates are 3.69 percent as of June 30, 2022, and 3.86 percent as of June 30, 2023.

Actuarial Assumptions

The actuarial assumptions used to value the liabilities are outlined in detail in Section E. The actuarial assumptions include details on the healthcare trend assumption and the aging factors, as well as the actuarial cost method used to develop the OPEB expense.

Future Uncertainty or Risk

Future results may differ from those anticipated in this actuarial valuation. Reasons include, but are not limited to:

- Claims experience differing from expected;
- Medical trend experience differing from expected;
- Changes in the healthcare plan designs offered to active and retired members;
- Changes in healthcare related costs due to recent experience; and
- Participant behavior differing from expected; e.g.,
 - Elections at retirement;
 - One-person versus two-person coverage elections; and
 - Timing of retirement or termination.

Benefits Valued

The benefit provisions that were valued are described in Section F. The actuarial valuation is required to be performed on the current benefit terms and existing legal agreements. Consideration is to be given to the written plan document as well as other communications between the employer and plan members and an established pattern of practice for cost sharing. The summary of major plan provisions is designed to outline principal plan benefits.



GASB Statement No. 75 Information

GASB Statement No. 75 Information

This section contains the following GASB Statement No. 75 information:

- GASB Statement No. 75 Summary;
- GASB Statement No. 75 Changes in Total OPEB Liability for plan year end June 30, 2023, applicable to the sponsor's fiscal year end June 30, 2024;
- GASB Statement No. 75 Expense measured as of plan year end June 30, 2023, and applicable to the sponsor's fiscal year end June 30, 2024;
- GASB Statement No. 75 Development of Inflows and Outflows as of June 30, 2023;
- Notes to Schedule of Contributions; and
- GASB Statement No. 75 Sensitivity of Total OPEB Liability as of plan year end June 30, 2023.



GASB Statement No. 75 Information

Summary of GASB Statement No. 75 Results

	2022
Actuarial Valuation Date	June 30, 2022
Measurement Date of the Total OPEB Liability	June 30, 2023
Employer's Fiscal Year End for GASB Statement No. 75	June 30, 2024
Membership	
Number of	
- Retirees and Beneficiaries	100,150
- Inactive, Nonretired Members	26,297
- Active Members	109,062
- Total	235,509
Covered Payroll	\$ 8,665,338,290
Total OPEB Liability	
Total OPEB Liability	\$ 17,222,644,937
Plan Fiduciary Net Position	-
Total OPEB Liability	\$ 17,222,644,937
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%
Total OPEB Liability as a Percentage of Covered Payroll	198.75%
Development of the Single Discount Rate	
Single Discount Rate Beginning of Year	3.69%
Single Discount Rate End of Year	3.86%
Long-Term Expected Rate of Investment Return, Beginning of Year	0.00%
Long-Term Expected Rate of Investment Return, End of Year	0.00%
Long-Term Municipal Bond Rate Beginning of Year ^a	3.69%
Long-Term Municipal Bond Rate End of Year ^a	3.86%
Year Assets are Projected to be depleted	2022
Total OPEB Expense for Fiscal Year End June 30, 2023, Applicable to Sponsor's Fiscal Year End June 30, 2024	\$ (4,077,490,185)

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses as of June 30, 2023

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between Expected and Actual Experience	\$ 299,391,189	\$ (3,555,644,134)
Changes in Assumptions	53,515,265	(12,554,202,380)
Net Difference between Expected and Actual Investment Experience	-	-
Total	\$ 352,906,454	\$ (16,109,846,514)

^a Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022, and June 30, 2023. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.



GASB Statement No. 75 Information

Schedule of Changes in Total OPEB Liability under GASB Statement No. 75 Measured as of June 30, 2023, Applicable to Plan Sponsor's Fiscal Year End June 30, 2024

Fiscal Year Ending June 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 686,048,913	\$ 981,107,380	\$ 1,320,595,821	\$ 1,454,468,459	\$ 1,359,786,577	\$ 1,372,138,823	\$ 1,696,977,300
Interest on the Total OPEB Liability	640,650,931	405,582,586	781,101,819	1,174,779,486	1,441,517,280	1,435,703,685	1,242,236,513
Changes of Benefit Terms	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	251,329,152	(5,726,367,048)	97,179,502	239,943,788	69,152,774	(1,096,156,817)	16,224,331
Changes of Assumptions	(616,250,832)	(12,343,588,397)	(8,722,033,367)	(3,233,540,523)	1,893,969,860	(898,313,223)	(4,805,714,863)
Net Benefit Payments	(819,341,253)	(1,148,423,802)	(931,572,770)	(1,158,193,925)	(968,505,967)	(2,043,982,829)	(325,218,883)
Net Change in Total OPEB Liability	\$ 142,436,911	\$ (17,831,689,281)	\$ (7,454,728,995)	\$ (1,522,542,715)	\$ 3,795,920,523	\$ (1,230,610,361)	\$ (2,175,495,602)
Total OPEB Liability at beginning of year ^a	\$ 17,080,208,026	\$ 34,911,897,307	\$ 42,366,626,302	\$ 43,889,169,017	\$ 40,093,248,494	\$ 41,323,858,855	\$ 43,499,354,457
Total OPEB Liability at end of year ^b	\$ 17,222,644,937	\$ 17,080,208,026	\$ 34,911,897,307	\$ 42,366,626,302	\$ 43,889,169,017	\$ 40,093,248,494	\$ 41,323,858,855
Covered-Employee Payroll	\$ 8,665,338,290	\$ 8,511,606,830	\$ 8,629,835,687	\$ 7,842,130,597	\$ 7,666,176,952	\$ 7,516,762,973	\$ 7,663,997,200
Total OPEB Liability as a Percentage of Covered Payroll	198.75%	200.67%	404.55%	540.24%	572.50%	533.38%	539.19%

^a Includes \$18,815,357 in incurred but not paid healthcare liabilities as of June 30, 2022.

^b Includes \$29,588,500 in incurred but not paid healthcare liabilities as of June 30, 2023.



GASB Statement No. 75 Information

Statement of OPEB Expense under GASB Statement No. 75 Measured as of June 30, 2023 Applicable to Plan Sponsor's Fiscal Year End June 30, 2024

A. Expense

1 Service Cost	\$	686,048,913
2 Interest on the Total OPEB Liability		640,650,931
3 Current-Period Benefit Changes		-
4 Active Member Contributions		-
5 OPEB Plan Operating Expenses		8,378,821
6 Recognition of Outflow/(Inflow) due to Liability Experience		(988,275,114)
7 Recognition of Outflow/(Inflow) due to Assumption Changes		(4,424,293,736)
8 Recognition of Outflow/(Inflow) due to Investment Experience		-
9 Total OPEB Expense	\$	(4,077,490,185)

B. Reconciliation of Total OPEB Liability

1 Total OPEB Liability at June 30, 2022	\$	17,080,208,026
2 OPEB Expense		(4,077,490,185)
3 Employer Contributions		(827,720,074)
4 Change in Liability Experience Outflows/(Inflows) Recognized in Current Liabilities		1,239,604,266
5 Change in Assumption Updates Outflows/(Inflows) Recognized in Current Liabilities		3,808,042,904
6 Change in Investment Experience Outflows/(Inflows) Recognized in Current Assets		-
7 Total OPEB Liability at June 30, 2023	\$	17,222,644,937



GASB Statement No. 75 Information

Recognition of Deferred Outflows and Inflows of Resources

Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees who are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the expected remaining service lives of all active members in the plan was approximately 1,240,414.88 years. Additionally, the total plan membership (active, inactive, and retired members) was 235,509. As a result, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the current measurement period is 5.266953 years.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.



GASB Statement No. 75 Information

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Measured as of June 30, 2023, Applicable to Plan Sponsor's Fiscal Year End June 30, 2024

A. Outflows and (Inflows) of Resources Recognized in Current and Future OPEB Expenses as of Plan Year End June 30, 2023

Experience (Gain)/Loss			Original	Amount Recognized in Past OPEB Expenses	Amount Recognized in Current OPEB Expense	Deferred (Inflows) to be Recognized in Future OPEB Expenses	Deferred Outflows to be Recognized in Future OPEB Expenses
	Original Balance	Date Established	Recognition Period/ Amortization Factor				
1 Liability (Gain)/Loss	\$ 251,329,152	June 30, 2023	5.266953	-	\$ 47,718,131	\$ -	\$ 203,611,021
	\$ (5,726,367,048)	June 30, 2022	5.276000	(1,085,361,457)	(1,085,361,457)	(3,555,644,134)	-
	\$ 97,179,502	June 30, 2021	5.187947	37,463,568	18,731,784	-	40,984,150
	\$ 239,943,788	June 30, 2020	5.129697	140,326,293	46,775,431	-	52,842,064
	\$ 69,152,774	June 30, 2019	5.145386	53,759,056	13,439,764	-	1,953,954
	\$ (1,096,156,817)	June 30, 2018	5.138662	(1,066,578,050)	(29,578,767)	-	-
				\$ (1,920,390,590)	\$ (988,275,114)	\$ (3,555,644,134)	\$ 299,391,189
2 Assumption Changes	\$ (616,250,832)	June 30, 2023	5.266953	-	\$ (117,003,291)	\$ (499,247,541)	\$ -
	\$ (12,343,588,397)	June 30, 2022	5.276000	(2,339,573,237)	(2,339,573,237)	(7,664,441,923)	-
	\$ (8,722,033,367)	June 30, 2021	5.187947	(3,362,421,924)	(1,681,210,962)	(3,678,400,481)	-
	\$ (3,233,540,523)	June 30, 2020	5.129697	(1,891,071,066)	(630,357,022)	(712,112,435)	-
	\$ 1,893,969,860	June 30, 2019	5.145386	1,472,363,676	368,090,919	-	53,515,265
	\$ (898,313,223)	June 30, 2018	5.138662	(874,073,080)	(24,240,143)	-	-
				\$ (6,994,775,631)	\$ (4,424,293,736)	\$ (12,554,202,380)	\$ 53,515,265
3 Investment (Gain)/Loss	\$ -	June 30, 2023	5.000000	\$ -	\$ -	\$ -	\$ -
	\$ -	June 30, 2022	5.000000	-	-	-	-
	\$ -	June 30, 2021	5.000000	-	-	-	-
	\$ -	June 30, 2020	5.000000	-	-	-	-
	\$ -	June 30, 2019	5.000000	-	-	-	-
	\$ -	June 30, 2018	5.000000	-	-	-	-
				\$ -	\$ -	\$ -	\$ -
4 Total				\$ (8,915,166,221)	\$ (5,412,568,850)	\$ (16,109,846,514)	\$ 352,906,454

B. Deferred Outflows and Deferred (Inflows) of Resources by Year to be Recognized in Future OPEB Expenses

Year Ending June 30,	Liability Outflows Outflows/(Inflows)	Assumption Changes Outflows/(Inflows)	Investment Outflows/(Inflows)	Year Ending June 30,	Deferred Outflows	Deferred (Inflows)	Net Outflows/(Inflows)
2024	\$ (970,182,157)	\$ (4,714,629,247)	\$ -	2024	\$ 168,694,565	\$ (5,853,505,969)	\$ (5,684,811,404)
2025	\$ (1,012,844,909)	\$ (4,219,542,903)	\$ -	2025	\$ 72,516,548	\$ (5,304,904,360)	\$ (5,232,387,812)
2026	\$ (1,034,122,744)	\$ (2,772,555,085)	\$ -	2026	\$ 51,238,713	\$ (3,857,916,542)	\$ (3,806,677,829)
2027	\$ (251,841,632)	\$ (762,725,503)	\$ -	2027	\$ 47,718,131	\$ (1,062,285,266)	\$ (1,014,567,135)
2028	\$ 12,738,497	\$ (31,234,377)	\$ -	2028	\$ 12,738,497	\$ (31,234,377)	\$ (18,495,880)
2029	\$ -	\$ -	\$ -	2029	\$ -	\$ -	\$ -
2030	\$ -	\$ -	\$ -	2030	\$ -	\$ -	\$ -
Total	\$ (3,256,252,945)	\$ (12,500,687,115)	\$ -	Total	\$ 352,906,454	\$ (16,109,846,514)	\$ (15,756,940,060)
Change in Outflows/(Inflows)	\$ 1,239,604,266	\$ 3,808,042,904	\$ -				

Numbers may not add due to rounding.



GASB Statement No. 75 Information

Notes to Schedule of Contributions

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Sponsor's Fiscal Year End	June 30, 2024

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you-go basis. Retired members contribute a percentage of premium rates based on service at retirement. The sponsor contributes claims and expenses in excess of retired member contributions. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Retirees' Share of Benefit-related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2023 and 2024 are based on actual premiums. Premiums after 2024 were projected based on the same healthcare cost trend rates applied to per capita claim costs.
Asset Valuation Method	Not applicable
Investment Rate of Return	Not applicable
Inflation	2.25%
Healthcare Cost Trend Rates	Trend rates for plan year 2024 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2025 and decrease gradually to an ultimate rate of 4.25% in 2040. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 6.08% in 2034, declining gradually to an ultimate rate of 4.25% in 2040.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.
Other:	Incurred but not paid healthcare claims liability was based on information provided by the plan sponsor. Total OPEB liability includes incurred but not paid liability of \$18,815,357 as of June 30, 2022, and \$29,588,500 as of June 30, 2023.



GASB Statement No. 75 Information

	SERS	SURS	TRS	JRS	GARS
Salary Increases	Depends on age and ranges from 7.41% at age 25 graded down to 2.50% at age 70. Salary increase includes a 2.75% wage inflation assumption.	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 20 or more years of service, for under 50 years of age, and ranges from 12.00% at less than 1 year of service to 3.00% at 20 or more years of service, for over 50 years of age. Salary increase includes a 3.0% wage inflation assumption.	Depends on service and ranges from 8.50% at 1 year of service to 3.50% at 20 or more years of service.	2.50% per annum	2.50% per annum
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2022, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2021, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2021, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2022, actuarial valuation.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2022, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: Pub-2010 Below-Median Income General Healthy Retiree Table and Pub-2010 Below-Median Income Public Safety Healthy Retiree Table. Pre-Retirement: Pub-2010 General Employee Table and Pub-2010 Public Safety Employee Table. Tables are adjusted for SERS experience. All tables reflect future mortality improvements using Projection Scale MP-2021.	Retirement and Beneficiary Annuitants: Pub-2010 Healthy Retiree Mortality Table and PubT-2010 Healthy Retiree Mortality Table. Disabled Annuitants: Pub-2010 Disabled Retiree Mortality Table. Pre-Retirement: Pub-2010 Employee Mortality Table and PubT-2010 Employee Mortality Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.	Retirement and Beneficiary Annuitants: PubT-2010 Retiree Mortality Table, adjusted for TRS experience. Disabled Annuitants: PubNS-2010 Non-Safety Disabled Retiree Mortality Table. Pre-Retirement: PubT-2010 Employee Mortality Table. All tables reflect future mortality projected generationally with Scale MP-2020.	Retirement and Beneficiary Annuitants: Pub-2010 Above-Median Income General Healthy Retiree Table. Pre-Retirement: Pub-2010 Above-Median Income General Employee Table. Tables are adjusted for JRS experience. All tables reflect future mortality improvements using Projection Scale MP-2021.	Retirement and Beneficiary Annuitants: Pub-2010 Above-Median Income General Healthy Retiree Table. Pre-Retirement: Pub-2010 Above-Median Income General Employee Table. Tables are adjusted for GARS experience. All tables reflect future mortality improvements using Projection Scale MP-2021.



GASB Statement No. 75 Information

Single Discount Rate

Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expense in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.69 percent at June 30, 2022, and 3.86 percent at June 30, 2023, was used to measure the Total OPEB liability.

Sensitivity of Total OPEB Liability

The following table shows the plan's Total OPEB liability as of June 30, 2023, using the current single discount rate of 3.86 percent, and sensitivity single discount rates that are either one percentage point higher or lower:

Current Single Discount					
1% Decrease		Rate Assumption		1% Increase	
2.86%		3.86%		4.86%	
\$	19,100,767,310	\$	17,222,644,937	\$	15,615,151,245

The following table shows the plan's Total OPEB Liability as of June 30, 2023, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower. The current claims trend rates are 8.00% in plan year end 2025 decreasing to an ultimate trend rate of 4.25% in plan year end 2040.

Healthcare Cost					
1% Decrease^b		Trend Rates Assumption^a		1% Increase^c	
\$	15,114,483,190	\$	17,222,644,937	\$	19,817,936,754

^a Current healthcare trend rates -

Pre-Medicare per capita costs: 9.63% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040.

Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.

^b One percentage point decrease in current healthcare trend rates -

Pre-Medicare per capita costs: 8.63% in 2024, 7.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2040.

Post-Medicare per capita costs: 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 5.08% in 2034 decreasing ratably to an ultimate trend rate of 3.25% in 2040.

^c One percentage point increase in current healthcare trend rates -

Pre-Medicare per capita costs: 10.63% in 2024, 9.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2040.

Post-Medicare per capita costs: 0.00% from 2024 to 2028, 20.42% from 2029 to 2033, 7.08% in 2034 decreasing ratably to an ultimate trend rate of 5.25% in 2040.



SECTION D

ADDITIONAL VALUATION EXHIBITS

Additional Valuation Exhibits

40-Year Projection of Expected Employer Claims ^a

Plan Year Ending June 30,	Expected Employer Claims	Plan Year Ending June 30,	Expected Employer Claims
2023 ^b	\$ 898,936,986	2043	\$ 1,352,233,631
2024	867,894,090	2044	1,346,739,182
2025	905,140,380	2045	1,330,467,938
2026	940,549,250	2046	1,308,071,095
2027	972,458,856	2047	1,279,959,026
2028	1,008,831,590	2048	1,244,414,588
2029	1,063,322,063	2049	1,207,105,950
2030	1,101,545,797	2050	1,166,737,876
2031	1,146,385,720	2051	1,122,642,261
2032	1,192,525,958	2052	1,080,095,976
2033	1,235,099,605	2053	1,037,110,348
2034	1,271,807,266	2054	994,196,457
2035	1,291,133,920	2055	950,692,944
2036	1,300,029,845	2056	901,869,901
2037	1,305,551,583	2057	850,431,950
2038	1,315,732,455	2058	800,814,563
2039	1,325,389,843	2059	751,711,245
2040	1,337,631,490	2060	701,087,523
2041	1,349,224,992	2061	651,094,335
2042	1,354,738,378	2062	606,747,838

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

^b During plan year end June 30, 2023, the sponsor incurred net employer claims of \$ 892,586,852 and operating expenses of \$8,378,821, and made a contribution of \$827,720,074.



Additional Valuation Exhibits

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	59,078	46,103	2,839	120	922	109,062
ii) Average Age	45.4	45.7	46.3	51.3	58.5	45.7
iii) Average Service	11.1	10.3	12.6	9.6	10.9	10.8
B) Deferred vested participants ^{b,c}						
i) Counts	3,119	11,302	156	22	6	14,605
ii) Average Age	52.7	50.7	51.6	54.2	56.2	51.1
C) Retirees with SEGIP Healthcare Coverage						
i) Counts	54,256	31,996	1,138	274	891	88,555
ii) Average Age	70.6	72.7	72.9	74.5	73.4	71.4
D) Survivors with SEGIP Healthcare Coverage Over Age 26						
i) Counts	6,827	3,483	97	83	256	10,746
ii) Average Age	77.3	80.3	81.1	82.1	79.6	78.4
E) Dependents with SEGIP Healthcare Coverage Over Age 26						
i) Counts	21,089	11,884	303	131	550	33,957
ii) Average Age	66.7	69.6	72.0	70.1	70.0	67.8
F) Retirees and Survivors Waiving Medical Coverage (Excluding Those Over Age 75) ^{d,e}						
i) Counts	6,402	4,950	255	26	59	11,692
ii) Average Age	64.9	66.1	64.2	64.9	67.2	65.4
G) Retirees Receiving a Monthly Stipend ^f						
i) Counts	436	341	3	2	1	783
ii) Average Age	63.4	64.8	61.0	63.0	56	64.0
H) Survivors with SEGIP Healthcare Coverage Age 26 and Under						
i) Counts	61	3	-	-	2	66
ii) Average Age	17.6	18.3	N/A	N/A	19.0	17.6
I) Dependents with SEGIP Healthcare Coverage Age 26 and Under						
i) Counts	5,969	2,005	46	31	69	8,120
ii) Average Age	20.4	20.9	21.1	19.9	20.2	20.5
J) Total Participants	157,237	112,067	4,837	689	2,756	277,586

^a Excludes Active TRS members, Active SURS members, and Active SERS members who are dependents of SEGIP active members. Includes members who are active in TRS and have earned a deferred vested benefit with SERS, SURS, GARS, and 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 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 deferred vested benefits with more than 7 years of service.

^d Includes 1,210 retirees and 55 survivors with only dental coverage.

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

^f Stipend under "Opt-Out" program, available to retirees.



SECTION E

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

Development of Per Capita Claim Costs

The per capita claims used in the actuarial valuation are based on average per member costs by plan type for the periods from July 1, 2022, through June 30, 2023, and from July 1, 2021, through June 30, 2022, as provided by the Department of Central Management Services (CMS) and reviewed by CMS' healthcare actuary. The per capita claims for the MAPD plans used in the actuarial valuation were based on weighted average premium rates, as provided by CMS. The average costs were adjusted at each respective retirement age by the morbidity factors disclosed in the assumption section of the report.

Effective as of January 1, 2023, the Aetna MAPD plan will be the only MAPD plan provided to Medicare retirees. CMS has negotiated a zero premium plan with Aetna for calendar years 2023 through 2027. The zero premium plan may also be extended for another five years after 2027.

Based on discussions with CMS, we have assumed an MAPD premium rate of approximately \$42 per member per month starting in calendar year 2028. This rate includes administrative expenses of approximately \$6 per retiree per month.

After calendar year 2028, we have assumed the MAPD premium rate will increase by approximately 19.42 percent per year for the next five years resulting in a rate of approximately \$102 per member per month in calendar year 2033. After calendar year 2033, MAPD premium rates are assumed to increase using the trend rate provided on page E-3.

Cost Method and Expense Calculations for Retiree Healthcare Benefits

The retiree healthcare actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

Under GASB Statement Nos. 74 and 75, the Entry Age Normal Method is the required cost method.

Census Data

The actuarial valuation was based on SERS, SURS, TRS, GARS, and JRS active, inactive, and retiree data as of June 30, 2022, for eligible SEGIP members, and SEGIP retiree data as of June 30, 2022.



Summary of Actuarial Assumptions and Methods

Retirees' Share of Benefit-Related Costs

Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire 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. Premiums for plan year 2023 and 2024 are based on actual premiums. Premiums after 2024 were projected based on the same healthcare cost trend rates applied to per capita claim costs.



Summary of Actuarial Assumptions and Methods

Actuarial Assumptions

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Discount Rate	3.69% at June 30, 2022 3.86% at June 30, 2023
Inflation¹	2.25%
Wage Inflation²	2.75% for SERS 3.00% for SURS 3.50% for TRS 2.50% for JRS and GARS
OPEB Assumptions	

<u>Fiscal Year End</u>	Healthcare Trend			
	QCHP	MAPD	QCHP	MAPD
	<u>Medical and Rx</u>	<u>Medical and Rx</u>	<u>Retiree Premium</u>	<u>Retiree Premium</u>
2024	9.63%	0.00%	8.04%	0.00%
2025	8.00%	0.00%	8.00%	0.00%
2026	7.75%	0.00%	7.75%	0.00%
2027	7.50%	0.00%	7.50%	0.00%
2028	7.25%	0.00%	7.25%	0.00%
2029	7.00%	19.42%	7.00%	19.42%
2030	6.75%	19.42%	6.75%	19.42%
2031	6.50%	19.42%	6.50%	19.42%
2032	6.25%	19.42%	6.25%	19.42%
2033	6.00%	19.42%	6.00%	19.42%
2034	5.75%	6.08%	5.75%	5.75%
2035	5.50%	5.77%	5.50%	5.50%
2036	5.25%	5.45%	5.25%	5.25%
2037	5.00%	5.13%	5.00%	5.00%
2038	4.75%	4.82%	4.75%	4.75%
2039	4.50%	4.50%	4.50%	4.50%
2040	4.25%	4.25%	4.25%	4.25%

¹ Underlying Inflation used to develop ultimate salary increase, trend rates, and investment return assumptions.

² Ultimate salary increase used to project payroll.



Summary of Actuarial Assumptions and Methods

<u>Age</u>	<u>Morbidity Factor</u>	
	<u>Male</u>	<u>Female</u>
50	5.81%	3.46%
55	5.44%	2.84%
60	5.02%	3.66%
65	1.68%	2.46%
70	1.72%	1.89%
75	1.07%	1.20%
80	0.62%	0.97%
85	-0.37%	0.36%
90	-0.28%	-0.14%

PYE 2023 Annual Per Capita Claims Costs for Pre 65, Not Medicare Eligible Members

<u>Age</u>	<u>QCHP</u>		<u>OAP</u>		<u>HMO</u>	
	<u>Medical and Rx</u>		<u>Medical and Rx</u>		<u>Medical and Rx</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
20	\$ 4,671	\$ 6,112	\$ 4,966	\$ 6,499	\$ 3,889	\$ 5,089
25	3,954	8,084	4,205	8,596	3,292	6,731
30	4,842	11,394	5,148	12,115	4,031	9,487
35	6,033	12,396	6,415	13,180	5,023	10,320
40	7,534	12,242	8,010	13,016	6,273	10,192
45	9,379	12,944	9,972	13,763	7,809	10,777
50	12,212	15,044	12,985	15,996	10,168	12,526
51	12,922	15,565	13,739	16,550	10,758	12,959
52	13,661	16,076	14,525	17,092	11,374	13,384
53	14,429	16,572	15,342	17,621	12,014	13,798
54	15,232	17,060	16,195	18,139	12,682	14,204
55	16,070	17,546	17,087	18,656	13,380	14,608
56	16,944	18,045	18,015	19,186	14,107	15,024
57	17,851	18,570	18,981	19,745	14,863	15,461
58	18,789	19,137	19,978	20,347	15,644	15,933
59	19,756	19,756	21,006	21,006	16,448	16,448
60	20,755	20,437	22,068	21,730	17,280	17,015
61	21,798	21,185	23,176	22,525	18,148	17,638
62	22,890	22,000	24,338	23,392	19,058	18,317
63	24,037	22,879	25,557	24,326	20,012	19,049
64	25,239	23,819	26,836	25,325	21,013	19,831

Annual Dental Cost: \$479

Annual Vision Cost: \$24



Summary of Actuarial Assumptions and Methods

PYE 2023 Annual Per Capita Claims Costs for Medicare Eligible Members

Age	QCHP		OAP		HMO		MAPD	
	<u>Medical and Rx</u>		<u>Medical and Rx</u>		<u>Medical and Rx</u>		<u>Medical and Rx</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$ 8,527	\$ 8,043	\$ 9,484	\$ 8,945	\$ 7,440	\$ 7,017	\$ 1,625	\$ 1,533
66	8,670	8,241	9,643	9,165	7,565	7,190	1,652	1,571
67	8,818	8,435	9,808	9,381	7,694	7,359	1,681	1,608
68	8,970	8,625	9,977	9,593	7,827	7,525	1,710	1,644
69	9,127	8,810	10,152	9,799	7,964	7,687	1,740	1,679
70	9,289	8,989	10,331	9,997	8,105	7,843	1,770	1,713
71	9,449	9,158	10,509	10,186	8,244	7,991	1,801	1,746
72	9,601	9,319	10,678	10,365	8,376	8,131	1,830	1,776
73	9,738	9,469	10,831	10,532	8,497	8,262	1,856	1,805
74	9,863	9,608	10,970	10,686	8,606	8,383	1,880	1,831
75	9,977	9,735	11,096	10,827	8,705	8,494	1,901	1,855
76	10,083	9,852	11,215	10,958	8,798	8,596	1,922	1,878
77	10,188	9,964	11,331	11,082	8,889	8,693	1,942	1,899
78	10,291	10,074	11,446	11,204	8,979	8,789	1,961	1,920
79	10,388	10,183	11,554	11,326	9,064	8,885	1,980	1,941
80	10,473	10,290	11,649	11,445	9,138	8,978	1,996	1,961
81	10,539	10,390	11,721	11,556	9,195	9,065	2,009	1,980
82	10,578	10,479	11,765	11,655	9,230	9,143	2,016	1,997
83	10,590	10,557	11,779	11,741	9,240	9,211	2,018	2,012
84	10,579	10,622	11,766	11,814	9,230	9,268	2,016	2,025
85	10,550	10,674	11,734	11,872	9,205	9,313	2,011	2,034
86	10,511	10,712	11,690	11,914	9,171	9,347	2,003	2,042
87	10,468	10,740	11,643	11,946	9,133	9,371	1,995	2,047
90	10,354	10,781	11,516	11,991	9,034	9,406	1,973	2,055
98 +	10,075	9,486	11,206	10,550	8,790	8,277	1,920	1,808

Annual Dental Cost: \$479

Annual Vision Cost: \$24



Summary of Actuarial Assumptions and Methods

PYE 2023 Annual Per Capita Claims Costs for Post 65, Not Medicare Eligible Members

<u>Age</u>	<u>QCHP</u>		<u>OAP</u>		<u>HMO</u>	
	<u>Medical and Rx</u>		<u>Medical and Rx</u>		<u>Medical and Rx</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$26,082	\$24,601	\$27,732	\$26,157	\$21,716	\$20,482
66	26,520	25,206	28,198	26,800	22,080	20,986
67	26,972	25,799	28,678	27,432	22,457	21,480
68	27,438	26,382	29,173	28,051	22,844	21,965
69	27,919	26,949	29,685	28,653	23,244	22,437
70	28,413	27,494	30,210	29,233	23,656	22,891
71	28,903	28,014	30,731	29,786	24,064	23,324
72	29,366	28,505	31,223	30,308	24,449	23,732
73	29,788	28,964	31,672	30,797	24,801	24,115
74	30,169	29,389	32,077	31,248	25,118	24,468
75	30,516	29,777	32,446	31,661	25,407	24,792
76	30,843	30,135	32,794	32,041	25,679	25,090
77	31,162	30,477	33,133	32,404	25,945	25,374
78	31,477	30,812	33,468	32,762	26,207	25,654
79	31,775	31,148	33,785	33,118	26,455	25,933
80	32,036	31,476	34,062	33,467	26,672	26,206
81	32,236	31,781	34,275	33,791	26,839	26,460
82	32,356	32,053	34,403	34,080	26,939	26,686
83	32,393	32,290	34,442	34,333	26,970	26,884
84	32,357	32,491	34,404	34,546	26,940	27,051
85	32,269	32,649	34,310	34,714	26,866	27,183
86	32,150	32,766	34,184	34,839	26,767	27,280
87	32,019	32,852	34,044	34,931	26,658	27,352
90	31,671	32,976	33,674	35,062	26,369	27,455
98 +	30,817	29,015	32,766	30,851	25,657	24,157

Annual Dental Cost: \$479

Annual Vision Cost: \$24



Summary of Actuarial Assumptions and Methods

Participation

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

Service	Participation Rates (Current Active SEGIP Participants)			
	Waived	1-Person	2-Person	Total
20 or more	0%	55%	45%	100%
15 to 20	5%	52%	43%	100%
10 to 15	8%	51%	41%	100%
Less than 10	35%	36%	29%	100%

For deferred vested members, preceding rates are multiplied by 80 percent for females, and 75 percent for males.

Two percent of future eligible retirees are assumed to participate in the Opt-Out – Financial Incentive Program. The Opt-Out 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 RSP program are assumed to annuitize their account balance upon retirement and elect healthcare coverage under SEGIP.

Age	SEGIP Election Rates (Current Waived SEGIP Annuitants)	
	Period Receiving Pension Annuity	SEGIP Election Rate
Less than 65	Less than 2 years	60%
Less than 65	2 years +	30%
65 to 69	Any Period	20%
70 to 74	Any Period	10%
75 or more	Any Period	0%

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:

Group	SEGIP Blended Plan Costs			
	QCHP	OAP	HMO	Total
SERS/SURS/TRS	30%	30%	40%	100%
JRS/GARS	80%	10%	10%	100%



Summary of Actuarial Assumptions and Methods

Pension-Related Assumptions

The pension-related assumptions were based on those used for the most recent actuarial valuation of each respective retirement system.

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.

Medicare eligible members are assumed to participate in the MAPD one month after attaining age 65.

Summary of Actuarial Assumptions and Methods SERS Pension-Related Assumptions

Mortality:

Mortality assumptions for general employees and retirees covered under the Regular Benefit Formula are shown in the following table:

General Employees and Retirees	Base Mortality Table	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 General Employee, sex distinct	84%	92%
Post-retirement	Pub-2010 Below-Median Income General Healthy Retiree, sex distinct	91%	115%

Mortality assumptions for Public Safety employees and retirees covered under the Alternative Benefit Formula are shown in the following table:

Public Safety Employees and Retirees	Base Mortality Table	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 Public Safety Employee, sex distinct	90%	100%
Post-retirement	Pub-2010 Below-Median Income Public Safety Healthy Retiree, sex distinct	97%	103%

Future mortality improvements are reflected by projecting the base mortality tables forward from the year 2010 using the fully generational MP-2021 projection scale. This assumption provides a margin for future mortality improvements.

Summary of Actuarial Assumptions and Methods

SERS Pension-Related Assumptions

Termination:

Illustrative rates of withdrawal from the plan are as follows for Tier One members:

Service Based Withdrawal				
Service (Beginning of Year)	Regular Formula Employees		Alternate Formula Employees	
	Males	Females	Males	Females
0	0.2400	0.2200	0.0300	0.0700
1	0.0900	0.0900	0.0300	0.0700
2	0.0700	0.0550	0.0300	0.0650
3	0.0600	0.0550	0.0300	0.0600
4	0.0600	0.0450	0.0300	0.0600
5	0.0410	0.0400	0.0300	0.0500
6	0.0450	0.0350	0.0300	0.0400
7	0.0400	0.0350	0.0300	0.0300
8	0.0300	0.0350	0.0200	0.0200
9	0.0300	0.0350	0.0200	0.0200
10	0.0300	0.0300	0.0150	0.0200
11	0.0250	0.0300	0.0150	0.0175
12	0.0250	0.0250	0.0150	0.0175
13	0.0250	0.0250	0.0150	0.0175
14	0.0250	0.0250	0.0150	0.0175
15	0.0225	0.0250	0.0150	0.0175
16	0.0200	0.0200	0.0150	0.0150
17	0.0200	0.0200	0.0150	0.0150
18	0.0200	0.0200	0.0150	0.0150
19	0.0200	0.0200	0.0150	0.0125
20	0.0200	0.0175	0.0150	0.0125
21	0.0200	0.0175	0.0150	0.0125
22	0.0200	0.0175	0.0150	0.0125
23	0.0200	0.0175	0.0150	0.0125
24	0.0200	0.0175	0.0150	0.0100
25	0.0200	0.0150	0.0150	0.0100
26	0.0200	0.0150	0.0150	0.0100
27	0.0200	0.0150	0.0150	0.0100
28	0.0200	0.0150	0.0150	0.0100
29	0.0200	0.0150	0.0150	0.0100
30+	0.0200	0.0150	0.0150	0.0100

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.



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	7.41%
30	6.29%
35	5.19%
40	4.36%
45	3.79%
50	3.38%
55	3.08%
60	2.84%
65	2.60%
70	2.50%

Disability:

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

Summary of Actuarial Assumptions and Methods

SERS Pension-Related Assumptions

Retirement – Tier 1:

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		
Age	Males	Females
50	15.00%	30.00%
51	24.00%	30.00%
52	24.00%	30.00%
53	24.00%	27.50%
54	24.00%	25.00%
55	24.00%	25.00%
56	18.00%	24.00%
57	18.00%	18.00%
58	18.00%	18.00%
59	18.00%	18.00%
60	13.00%	16.00%
61	12.00%	12.50%
62	19.00%	22.00%
63	16.50%	18.00%
64	16.50%	19.00%
65	22.50%	25.00%
66	22.50%	27.00%
67	22.50%	25.00%
68	22.50%	25.00%
69	22.50%	22.00%
70	22.50%	22.00%
71	20.00%	22.00%
72	20.00%	22.00%
73	20.00%	22.00%
74	20.00%	22.00%
75	100.00%	100.00%

Early Retirement Rates for Regular Formula Employees		
Age	Males	Females
55	3.50%	2.50%
56	3.50%	2.50%
57	3.50%	3.50%
58	6.00%	4.00%
59	6.50%	5.00%



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%	41.50%	N/A	N/A
51	50.00%	31.00%	N/A	N/A
52	35.00%	25.00%	N/A	N/A
53	35.00%	25.00%	N/A	N/A
54	35.00%	25.00%	N/A	N/A
55	40.00%	40.00%	N/A	N/A
56	30.00%	25.00%	N/A	N/A
57	25.00%	25.00%	N/A	N/A
58	27.00%	25.00%	N/A	N/A
59	27.00%	25.00%	N/A	N/A
60	30.00%	30.00%	4.00%	5.00%
61	30.00%	30.00%	4.00%	5.00%
62	30.00%	30.00%	10.00%	18.00%
63	35.00%	30.00%	11.00%	18.00%
64	35.00%	30.00%	12.00%	15.00%
65	35.00%	50.00%	14.00%	25.00%
66	40.00%	50.00%	20.00%	15.00%
67	40.00%	50.00%	20.00%	20.00%
68	45.00%	50.00%	20.00%	30.00%
69	45.00%	50.00%	20.00%	30.00%
70	50.00%	50.00%	20.00%	30.00%
71	50.00%	50.00%	20.00%	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.

Summary of Actuarial Assumptions and Methods

SERS Pension-Related Assumptions

Assumptions as a Result of Public Act 96-0889 Adopted June 30, 2016

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 - Tier 2 Members			
Age	Males	Age	Females
67	50.00%	62	30.00%
68	32.50%	63	15.00%
69	32.50%	64	15.00%
70	32.50%	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%	30.00%
62	25.00%	35.00%
63	30.00%	30.00%
64	30.00%	35.00%
65	30.00%	50.00%
66	30.00%	50.00%
67	30.00%	50.00%
68	30.00%	50.00%
69	40.00%	50.00%
70	45.00%	50.00%
71	45.00%	50.00%
72	100.00%	100.00%

Summary of Actuarial Assumptions and Methods

SERS Pension-Related Assumptions

Illustrative rates of withdrawal from the plan are as follows for members hired after December 31, 2010:

Service Based Withdrawal				
Service (Beginning of Year)	Regular Formula Employees		Alternate Formula Employees	
	Males	Females	Males	Females
0	0.3300	0.2800	0.1000	0.1100
1	0.1650	0.1500	0.0800	0.0800
2	0.0600	0.0800	0.0625	0.0750
3	0.0600	0.0700	0.0550	0.0625
4	0.0575	0.0650	0.0425	0.0525
5	0.0500	0.0550	0.0300	0.0500
6	0.0450	0.0500	0.0250	0.0500
7	0.0450	0.0400	0.0225	0.0325
8	0.0300	0.0300	0.0150	0.0200
9	0.0300	0.0350	0.0150	0.0200
10	0.0300	0.0300	0.0150	0.0200
11	0.0250	0.0300	0.0150	0.0175
12	0.0250	0.0250	0.0150	0.0175
13	0.0250	0.0250	0.0150	0.0175
14	0.0200	0.0250	0.0150	0.0175
15	0.0200	0.0250	0.0150	0.0175
16	0.0200	0.0200	0.0150	0.0150
17	0.0200	0.0200	0.0150	0.0150
18	0.0200	0.0200	0.0150	0.0150
19	0.0200	0.0200	0.0150	0.0125
20	0.0250	0.0150	0.0150	0.0125
21	0.0250	0.0150	0.0150	0.0125
22	0.0250	0.0150	0.0150	0.0125
23	0.0250	0.0150	0.0150	0.0125
24	0.0200	0.0150	0.0150	0.0100
25	0.0200	0.0150	0.0150	0.0100
26	0.0200	0.0150	0.0150	0.0100
27	0.0200	0.0150	0.0150	0.0100
28	0.0200	0.0150	0.0150	0.0100
29	0.0200	0.0150	0.0150	0.0100
30+	0.0200	0.0150	0.0150	0.0100

Summary of Actuarial Assumptions and Methods

SURS Pension-Related Assumptions

Mortality:

The mortality assumptions are as follows:

Members classified as an employee type of academic:

Applicable Group	Base Mortality Table	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 Employee Mortality Table (for Teachers)	101%	97%
Post-retirement (non-disabled)	Pub-2010 Healthy Retiree Mortality Table (for Teachers)	99%	105%
Post-retirement (disabled)	Pub-2010 Disabled Retiree Mortality Table (for Non-Safety Employees)	112%	110%

Members classified as an employee type of non-academic:

Applicable Group	Base Mortality Table	Male Scaling Factor	Female Scaling Factor
Pre-retirement	Pub-2010 Employee Mortality Table (for General Employees)	114%	105%
Post-retirement (non-disabled)	Pub-2010 Healthy Retiree Mortality Table (for General Employees)	99%	107%
Post-retirement (disabled)	Pub-2010 Disabled Retiree Mortality Table (for Non-Safety Employees)	112%	110%

Future mortality improvements are reflected by projecting the base mortality tables from 2010 using the Society of Actuaries (SOA) MP-2020 projections scale. The assumptions are generational mortality tables and include a margin for improvement.

Summary of Actuarial Assumptions and Methods

SURS Pension-Related Assumptions

Termination:

Illustrative rates are as follows:

Termination Rates		
Years of Service	Academic	Non-Academic
0	15.00%	15.00%
1	15.00%	15.00%
2	12.00%	15.00%
3	11.00%	14.00%
4	10.00%	12.00%
5	9.00%	10.00%
6	8.00%	9.00%
7	7.00%	8.00%
8	6.00%	7.00%
9	5.00%	6.00%
10	4.00%	5.00%
11	4.00%	5.00%
12	3.00%	3.50%
13	3.00%	3.50%
14	3.00%	3.50%
15	2.50%	3.00%
16	2.50%	3.00%
17	2.50%	3.00%
18	2.50%	3.00%
19	2.50%	3.00%
20	2.00%	2.00%
21	2.00%	2.00%
22	2.00%	2.00%
23	2.00%	2.00%
24	2.00%	2.00%
25	1.50%	1.50%
26	1.50%	1.50%
27	1.50%	1.50%
28	1.50%	1.50%
29	1.50%	1.50%

A Termination rate of 100 percent is assumed at three years of service for members classified as part time for valuation purposes.

Members who terminate with at least five years of service (10 years of service for members hired on or after January 1, 2011) are assumed to elect the most valuable option on a present value basis – refund of contributions or a deferred benefit.

Termination rate for 29 years of service used for members hired on or after January 1, 2011, until retirement eligibility is met.



Summary of Actuarial Assumptions and Methods

SURS Pension-Related Assumptions

Salary Increases:

Each member's compensation is assumed to increase by 3.00 percent each year, 2.25 percent reflecting salary inflation and 0.75 percent reflecting standard of living increases. That rate is increased for members with less than 35 years of service to reflect merit, longevity, and promotion increases. The rates are based on service at the beginning of the year and are as follows:

<u>Service Year</u>	<u>Total Increase</u>	
	<u>Under Age 50</u>	<u>50 and Older</u>
0	12.75%	12.00%
1	12.75%	12.00%
2	9.00%	8.25%
3	7.75%	7.00%
4	6.75%	6.00%
5	6.25%	5.50%
6	6.00%	5.25%
7	5.50%	4.75%
8-10	5.00%	4.25%
11-14	4.50%	3.75%
15-18	4.25%	3.50%
19	4.00%	3.25%
20-33	3.75%	3.25%
34+	3.50%	3.00%

Summary of Actuarial Assumptions and Methods

SURS Pension-Related Assumptions

Disability:

Illustrative rates are as follows:

Age	Academic		Non-Academic	
	Male	Female	Male	Female
20	0.007410%	0.016400%	0.024700%	0.037720%
21	0.007590%	0.017350%	0.025300%	0.039905%
22	0.007770%	0.018300%	0.025900%	0.042090%
23	0.007950%	0.019250%	0.026500%	0.044275%
24	0.008130%	0.020200%	0.027100%	0.046460%
25	0.008310%	0.021150%	0.027700%	0.048645%
26	0.008490%	0.022100%	0.028300%	0.050830%
27	0.008670%	0.023050%	0.028900%	0.053015%
28	0.008850%	0.024050%	0.029500%	0.055315%
29	0.009000%	0.025000%	0.030000%	0.057500%
30	0.009450%	0.027050%	0.031500%	0.062215%
31	0.009900%	0.029100%	0.033000%	0.066930%
32	0.010350%	0.031150%	0.034500%	0.071645%
33	0.010770%	0.033200%	0.035900%	0.076360%
34	0.011220%	0.035250%	0.037400%	0.081075%
35	0.011850%	0.037250%	0.039500%	0.085675%
36	0.012450%	0.039300%	0.041500%	0.090390%
37	0.013080%	0.041350%	0.043600%	0.095105%
38	0.013710%	0.043400%	0.045700%	0.099820%
39	0.014310%	0.045450%	0.047700%	0.104535%
40	0.016080%	0.047500%	0.053600%	0.109250%
41	0.017850%	0.049550%	0.059500%	0.113965%
42	0.019620%	0.051600%	0.065400%	0.118680%
43	0.021390%	0.053650%	0.071300%	0.123395%
44	0.023160%	0.055700%	0.077200%	0.128110%
45	0.025350%	0.057750%	0.084500%	0.132825%
46	0.027570%	0.059800%	0.091900%	0.137540%
47	0.029790%	0.061850%	0.099300%	0.142255%
48	0.031980%	0.063900%	0.106600%	0.146970%
49	0.034200%	0.065950%	0.114000%	0.151685%
50	0.036420%	0.068000%	0.121400%	0.156400%
51	0.038610%	0.070050%	0.128700%	0.161115%
52	0.040830%	0.072100%	0.136100%	0.165830%
53	0.043050%	0.074150%	0.143500%	0.170545%
54	0.045240%	0.076200%	0.150800%	0.175260%
55 & Older	0.046560%	0.078250%	0.155200%	0.179975%

Disability rates apply during the retirement eligibility period.

Members are assumed to first receive disability benefits (DB) and then receive disability retirement annuity (DRA) benefits.



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					
	Normal (Unreduced) Retirement				Early (Reduced) Retirement	
	Academic		Non-Academic		Academic	Non-
	Under 40	40+ Years	Under 40	40+ Years		
Under 50	55.0%	-	55.0%	-		
50	55.0%	-	40.0%	-		
51	40.0%	-	30.0%	-		
52	40.0%	-	30.0%	-		
53	30.0%	-	30.0%	-		
54	30.0%	-	30.0%	-		
55	20.0%	30.0%	25.0%	37.5%		
56	20.0%	30.0%	25.0%	37.5%	4.0%	8.0%
57	20.0%	30.0%	25.0%	37.5%	4.0%	5.5%
58	20.0%	30.0%	25.0%	37.5%	4.0%	5.5%
59	20.0%	30.0%	25.0%	37.5%	4.0%	5.5%
60	13.0%	19.5%	20.0%	30.0%	4.0%	7.0%
61	13.0%	19.5%	15.0%	22.5%		
62	13.0%	19.5%	15.0%	22.5%		
63	13.0%	19.5%	15.0%	22.5%		
64	13.0%	19.5%	15.0%	22.5%		
65	17.0%	25.5%	25.0%	37.5%		
66	17.0%	25.5%	25.0%	37.5%		
67	17.0%	25.5%	25.0%	37.5%		
68	17.0%	25.5%	25.0%	37.5%		
69	17.0%	25.5%	25.0%	37.5%		
70	17.0%	25.5%	20.0%	30.0%		
71-79	15.0%	22.5%	20.0%	30.0%		
80+	100.0%	100.0%	100.0%	100.0%		

The Non-Academic retirement rates apply to Police and Firefighters.

Summary of Actuarial Assumptions and Methods

SURS Pension-Related Assumptions

Age	Members Hired on or after January 1, 2011 and Eligible for				
	Normal (Unreduced) Retirement			Early (Reduced) Retirement	
	Academic	Non-Academic	Police	Academic	Non-Academic
60			60.0%		
61			25.0%		
62			25.0%	25.0%	35.0%
63			25.0%	10.0%	15.0%
64			25.0%	10.0%	15.0%
65			15.0%	10.0%	15.0%
66			15.0%	10.0%	15.0%
67	35.0%	35.0%	15.0%		
68	17.0%	25.0%	25.0%		
69	17.0%	25.0%	25.0%		
70	17.0%	20.0%	20.0%		
71-79	15.0%	20.0%	20.0%		
80+	100.0%	100.0%	100.0%		

A rate equal to 1.5 times rate shown for members the hired on or after January 1, 2011 is used if the member has 40 or more years of service and is younger than 80 years old. The rates shown above for members the hired on or after January 1, 2011, are for members with less than 40 years of service.

Members who retire are assumed to elect the most valuable option on a present value basis – refund of contributions (or portable lump sum retirement, if applicable) or a retirement annuity.

For purposes of the projections in the actuarial valuation, members of the Retirement Savings Plan are assumed to retire in accordance with the Tier 1 and Tier 2 retirement rates (based on hire date).

Spouse and Marriage Assumptions:

Members are assumed to be married in the following proportions:

Marriage Assumption		
Age	Males	Females
20-24	10.00%	25.00%
25-29	35.00%	45.00%
30-34	60.00%	65.00%
35-39	70.00%	70.00%
40-44	75.00%	75.00%
45-59	80.00%	75.00%
60-89	80.00%	70.00%



Summary of Actuarial Assumptions and Methods

TRS Pension-Related Assumptions

Demographic Assumptions:

Healthy Life Mortality, Post-Retirement

PubT-2010 Retiree Mortality Table projected generationally with Scale MP-2020, with female rates multiplied by 91% for ages under 75 and 109% for ages 75 and older and male rates multiplied by 105% for ages under 85 and 115% for ages 85 and older. (Adopted effective June 30, 2021.)

Healthy Life Mortality, Post-Retirement Beneficiary

Pub-2010 Contingent Survivor Mortality Table projected generationally with Scale MP-2020, with female rates multiplied by 98% for all ages and male rates multiplied by 110% for all ages. (Adopted effective June 30, 2021.)

Healthy Life Mortality, Pre-Retirement

PubT-2010 Employee Mortality Table projected generationally with Scale MP-2020, with female and male rates multiplied by 90% for all ages. (Adopted effective June 30, 2021.)

Disabled Life Mortality, Post-Retirement

PubNS-2010 Non-Safety Disabled Retiree Mortality Table projected generationally with Scale MP-2020, with no adjustments to female or male rates. (Adopted effective June 30, 2021.)

Mortality rates shown above are those applicable for the 2021 valuation (i.e., projected from 2010 to 2021 on a generational basis using MP-2020 improvement scale).

Summary of Actuarial Assumptions and Methods

TRS Pension-Related Assumptions

Termination:

Illustrative rates are as follows:

Sample Turnover Rates				
% Separating Within Next Year				
Age	Under 5 Years of Service		5 or More Years of Service	
	Male	Female	Male	Female
25	6.5%	6.3%	4.5%	4.5%
30	6.8%	6.8%	3.0%	4.3%
35	7.0%	7.3%	1.5%	2.5%
40	9.5%	7.3%	1.5%	1.3%
45	11.3%	7.3%	1.0%	1.0%
50	11.8%	8.5%	1.0%	1.3%
55	11.3%	10.3%	1.8%	2.0%
60	12.3%	13.0%	3.5%	2.3%
65	29.3%	32.5%	3.5%	2.5%

Salary Increases:

Service	Annual Increase
1	8.50%
2	6.75%
3	6.50%
4	6.25%
5	6.00%
6	5.75%
7	5.50%
8	5.50%
9	5.25%
10	5.00%
11	5.00%
12	4.75%
13	4.50%
14	4.50%
15	4.50%
16	4.25%
17	4.00%
18	4.00%
19	3.75%
20 & above	3.50%



Summary of Actuarial Assumptions and Methods

TRS Pension-Related Assumptions

Disability:

Illustrative rates are as follows:

Sample Disability Rates		
% Separating Within Next Year		
Age	Male	Female
25	0.01%	0.02%
30	0.01%	0.03%
35	0.02%	0.05%
40	0.02%	0.06%
45	0.04%	0.09%
50	0.08%	0.15%
55	0.11%	0.17%
60	0.14%	0.23%
65	0.19%	0.26%

Summary of Actuarial Assumptions and Methods

TRS Pension-Related Assumptions

Retirement:

Sample Normal Retirement Rates				
% Separating Within Next Year (Age-Based)				
Age	Service			
	5 - 18	19 - 29	30-33	34 +
54	0%	7%	8%	45%
55	0%	6%	8%	44%
56	0%	6%	7%	46%
57	0%	7%	8%	46%
58	0%	8%	12%	45%
59	0%	33%	40%	48%
60	21%	33%	46%	44%
61	17%	28%	35%	41%
62	17%	28%	43%	41%
63	16%	29%	35%	44%
64	26%	40%	50%	40%
65	27%	40%	52%	43%
66	23%	42%	42%	38%
67	25%	39%	43%	38%
68	23%	39%	40%	35%
69	28%	38%	32%	44%
70	100%	100%	100%	31%
71	100%	100%	100%	39%
72	100%	100%	100%	24%
73	100%	100%	100%	36%
74	100%	100%	100%	36%
75 & older	100%	100%	100%	100%



Summary of Actuarial Assumptions and Methods TRS Pension-Related Assumptions

The following assumptions apply to members hired on or after January 1, 2011.

Sample Normal Retirement Rates					
% Separating Within Next Year (Age-Based)					
Age	Service				
	9 - 18	19 - 30	31	32 - 33	34 +
61 and younger	0%	0%	0%	0%	0%
62	13%	15%	20%	25%	25%
63	8%	10%	15%	20%	20%
64	8%	10%	15%	20%	20%
65	8%	10%	15%	20%	20%
66	20%	10%	15%	20%	20%
67	20%	40%	70%	70%	70%
68	20%	40%	40%	40%	40%
69	20%	40%	40%	40%	40%
70	100%	100%	100%	100%	100%

Spouse and Marriage Assumptions:

80.0 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.

Summary of Actuarial Assumptions and Methods

JRS/GARS Pension-Related Assumptions

Mortality:

Post-Retirement Mortality

JRS: Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional generational mortality improvement scale. This assumption provides a margin for future mortality improvements.

GARS: Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional generational mortality improvement scale. This assumption provides a margin for future mortality improvements.

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

JRS: Pub-2010 Above-Median Income General Employee Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional generational mortality improvement scale. This assumption provides a margin for future mortality improvements.

GARS: Pub-2010 Above-Median Income General Employee Mortality tables, sex distinct, with no scaling factors, and the MP-2021 two-dimensional generational mortality improvement scale. This assumption provides a margin for future mortality improvements.

JRS/GARS: Future mortality improvements are reflected by projecting the base mortality tables forward from the year 2010 using the MP-2021 projection scale.

Termination:

GARS: Rates of withdrawal are assumed to be equal to seven percent for all ages 20 through 65.

JRS: Illustrative rates of withdrawal from the plan are as follows:

Sample Withdrawal Rates		
Age	Male	Female
30	0.0159	0.0192
35	0.0159	0.0192
40	0.0159	0.0192
45	0.0149	0.0192
50	0.0124	0.0188
55	0.0099	0.0148
60	0.0086	0.0108
65	0.0076	0.0068

JRS/GARS: 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.

Salary Increases:

JRS/GARS: A salary increase assumption of 2.50 percent per year, compounded annually, was used. This 2.50 percent salary increase assumption includes an inflation component of 2.25 percent per year, and a productivity/merit/promotion component of 0.25 percent.



Summary of Actuarial Assumptions and Methods

JRS/GARS Pension-Related Assumptions

Disability:

JRS/GARS: No assumption for disability.

Retirement:

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

JRS: Employees are assumed to retire in accordance to the rates shown below:

Retirement Rates	
Age	Males & Females
60	12.00%
61-65	12.00%
66-70	12.00%
71-74	13.00%
75-79	13.00%
80+	100.00%

Early Retirement Rates		
Age	Male	Female
55	5.50%	8.50%
56	5.50%	8.50%
57	5.50%	8.50%
58	5.50%	8.50%
59	5.50%	8.50%

GARS: Employees are assumed to retire in accordance to the rates shown below.

Retirement Rates	
Age	Male & Female
55	10.00%
56-64	15.00%
65-69	20.00%
70-74	25.00%
75	100.00%

Spouse and Marriage Assumptions:

JRS: 80.0 percent of active and retired 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.

GARS: 75.0 percent of active and retired 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 F

SUMMARY OF PRINCIPAL PLAN PROVISIONS

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.

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.



Summary of Principal Plan Provisions

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.



Summary of Principal Plan Provisions

STATE UNIVERSITIES RETIREMENT SYSTEM

Normal Retirement

Police officers and fire fighters 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 of 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 two 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.

Summary of Principal Plan Provisions

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.

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 five 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.

Summary of Principal Plan Provisions

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.

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.



Summary of Principal Plan Provisions

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.

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, the spouse 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 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.



Summary of Principal Plan Provisions

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 Statement No. 75.

OPEB PROGRAMS

Members may elect healthcare coverage in the QCHP, a managed care HMO plan, or an Open Access Plan (OAP). The QCHP has a nationwide network of providers through Aetna PPO. 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, 2023, and June 30, 2024.

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 06/30/2023	Pre-Medicare	Medicare
Quality Care Health Plan	\$1,220.50	\$490.20
HMO/OAP Plans	\$1,052.96	\$582.48

FYE 06/30/2024	Pre-Medicare	Medicare
Quality Care Health Plan	\$1,385.20	\$535.28
HMO/OAP Plans	\$1,117.48	\$600.87



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):

Medicare MAPD CY	2023	2024
Aetna MAPD Rates, before Administrative Charges ¹	\$0.00	\$0.00

¹ Monthly administrative expense of \$8.09 for CY 2023 and \$7.31 for CY 2024. Retiree pays a prorated share of administrative expenses if service is less than 20 years.

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

6/30/2023	One Non-Medicare	Two Non-Medicare	One Medicare	Two Medicare
BlueAdvantage HMO	\$158	\$194	\$137	\$172
BCBSIL OAP	\$186	\$231	\$163	\$205
Aetna HMO	\$195	\$240	\$172	\$214
Aetna OAP	\$186	\$231	\$163	\$205
Health Alliance HMO	\$195	\$241	\$171	\$215
HealthLink OAP	\$204	\$257	\$180	\$227
HMO Illinois	\$162	\$201	\$141	\$178
Quality Care Health Plan	\$291	\$329	\$184	\$245

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

Medicare MAPD CY	2023	2024
Aetna MAPD Rates, before Administrative Charges ¹	\$0.00	\$0.00

¹ One dependent pays a portion of monthly administrative expenses equal to \$2.46 for CY 2023 and \$2.46 for CY 2024.

Effective as of January 1, 2023, the Aetna MAPD plan will be the only MAPD plan provided to Medicare retirees. For calendar years 2023 through 2027, the member and dependent premium rate is zero before administrative charges.

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.

Participants pay a monthly premium for dental coverage for plan year end 2021 equal to \$14.00 for member only coverage, \$23.00 for member plus one dependent coverage, and \$25.50 for member plus two dependents coverage.

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



Summary of Principal Plan Provisions

Quality Care Health Plan (QCHP)

<i>Plan Feature</i>	<i>In Network</i>	<i>Out of Network</i> ¹	
Annual Deductible	\$425 per individual, with \$1,000 family cap	\$425 per individual, with \$1,000 family cap	
Annual Out of Pocket Limit	\$1,750 per enrollee, with \$4,375 per family	\$7,000 per enrollee, with \$13,500 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	\$200 copay, then 85% after deductible	\$800 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	
QCHP Prescription Drug Copays	After annual prescription deductible of \$175.		
	<u>Retail</u>	<u>Retail</u>	<u>Maintenance Choice</u>
	Tier 1	\$18.00	\$45.00
	Tier 2	\$38.00	\$95.00
	Tier 3	\$60.00	\$150.00
	Supply	30-days	90-days
Maximum Lifetime Benefit	Unlimited		

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

Summary of Principal Plan Provisions

HMO Plans (Non-MAPD)

<i>Plan Feature</i>																			
Annual Deductible	\$0																		
Plan Year Out-of-Pocket Maximum	\$3,000 Individual/\$6,000 Family																		
<u>Covered Services</u>	<u>Coinsurance</u>																		
-Physicians Visits	\$30 Copay, then 100%																		
-Emergency Care	\$275 Copay, then 100%																		
-Inpatient Services	\$425 Copay, then 100%																		
-Outpatient Services	\$300 Copay, then 100%																		
HMO Prescription Drug Copays	<p style="text-align: center;">After annual prescription deductible of \$150.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Preferred Retail</u></th> <th style="text-align: center;"><u>Preferred Retail</u></th> </tr> </thead> <tbody> <tr> <td>Reduced Tier 1</td> <td style="text-align: center;">\$4.00</td> <td style="text-align: center;">\$10.00</td> </tr> <tr> <td>Tier 1</td> <td style="text-align: center;">\$16.00</td> <td style="text-align: center;">\$40.00</td> </tr> <tr> <td>Tier 2</td> <td style="text-align: center;">\$33.00</td> <td style="text-align: center;">\$82.50</td> </tr> <tr> <td>Tier 3</td> <td style="text-align: center;">\$57.00</td> <td style="text-align: center;">\$142.50</td> </tr> <tr> <td>Supply</td> <td style="text-align: center;">30-days</td> <td style="text-align: center;">90-days</td> </tr> </tbody> </table>		<u>Preferred Retail</u>	<u>Preferred Retail</u>	Reduced Tier 1	\$4.00	\$10.00	Tier 1	\$16.00	\$40.00	Tier 2	\$33.00	\$82.50	Tier 3	\$57.00	\$142.50	Supply	30-days	90-days
	<u>Preferred Retail</u>	<u>Preferred Retail</u>																	
Reduced Tier 1	\$4.00	\$10.00																	
Tier 1	\$16.00	\$40.00																	
Tier 2	\$33.00	\$82.50																	
Tier 3	\$57.00	\$142.50																	
Supply	30-days	90-days																	
Maximum Lifetime Benefit	Unlimited																		

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	\$300 per enrollee ¹	\$400 per enrollee ¹	
Annual Out of Pocket Limit	\$3,000 (includes eligible charges from Tier I and Tier II combined) per enrollee, with \$6,000 (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	\$30 copay	90% of network charges	60% of U&C	
-Emergency Room	\$275 copay	\$275 copay	\$275 copay	
-Inpatient Services	\$425 copay	\$475 copay, then 90%	\$575 copay, then 60%	
-Outpatient Services	\$300 copay	\$300 copay, then 90%	\$300 copay, then 60%	
-Lab/X-ray	100%	90% of network charges	60% of U&C	
-Other	100%			
OAP Prescription Drug Copays	After annual prescription deductible of \$150.			
		<u>Retail</u>	<u>Retail</u>	<u>Maintenance Choice</u>
	Tier 1	\$16.00	\$40.00	\$20.00
	Tier 2	\$33.00	\$82.50	\$41.25
	Tier 3	\$57.00	\$142.50	\$71.25d
	Supply	30-days	90-days	90-days
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.



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	\$120 Copay, then 100%																								
-Inpatient Services	85% after deductible																								
-Outpatient Services	85% after deductible																								
MAPD PPO Prescription Drug Copays Retail and Mail Order	<p style="text-align: center;">After annual prescription deductible of \$125.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Retail</u> Preferred/ Standard</th> <th style="text-align: center;"><u>Retail</u> Preferred/ Standard</th> <th style="text-align: center;"><u>Retail</u> Preferred/ Standard</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Tier 1</td> <td style="text-align: center;">\$9.00/\$10.00</td> <td style="text-align: center;">\$18.00/\$20.00</td> <td style="text-align: center;">\$22.50/\$25.00</td> </tr> <tr> <td style="text-align: center;">Tier 2</td> <td style="text-align: center;">\$30.00</td> <td style="text-align: center;">\$60.00</td> <td style="text-align: center;">\$75.00</td> </tr> <tr> <td style="text-align: center;">Tier 3</td> <td style="text-align: center;">\$60.00</td> <td style="text-align: center;">\$120.00</td> <td style="text-align: center;">\$150.00</td> </tr> <tr> <td style="text-align: center;">Tier 4 Specialty</td> <td style="text-align: center;">\$60.00</td> <td style="text-align: center;">\$120.00</td> <td style="text-align: center;">\$150.00</td> </tr> <tr> <td style="text-align: center;">Supply</td> <td style="text-align: center;">30-days</td> <td style="text-align: center;">60-days</td> <td style="text-align: center;">90-days</td> </tr> </tbody> </table> <p style="font-size: small;"><i>To obtain a 90-day mail-order supply, copayments are 2.5 times the 30-day supply copayment. Copayments are capped once a member reaches \$7,400 in "true out-of-pocket" prescription drug costs.</i></p>		<u>Retail</u> Preferred/ Standard	<u>Retail</u> Preferred/ Standard	<u>Retail</u> Preferred/ Standard	Tier 1	\$9.00/\$10.00	\$18.00/\$20.00	\$22.50/\$25.00	Tier 2	\$30.00	\$60.00	\$75.00	Tier 3	\$60.00	\$120.00	\$150.00	Tier 4 Specialty	\$60.00	\$120.00	\$150.00	Supply	30-days	60-days	90-days
	<u>Retail</u> Preferred/ Standard	<u>Retail</u> Preferred/ Standard	<u>Retail</u> Preferred/ Standard																						
Tier 1	\$9.00/\$10.00	\$18.00/\$20.00	\$22.50/\$25.00																						
Tier 2	\$30.00	\$60.00	\$75.00																						
Tier 3	\$60.00	\$120.00	\$150.00																						
Tier 4 Specialty	\$60.00	\$120.00	\$150.00																						
Supply	30-days	60-days	90-days																						
Maximum Lifetime Benefit	Unlimited																								



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, in network \$2,000 per participant, out of network
<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	\$30 copay	\$30 allowance	Once every 12 months
Spectacle Lenses (single, bifocal, and trifocal)	\$30 copay	\$50 allowance for single vision and \$80 allowance for bifocal and trifocal	Once every 12 months
Standard Frames	\$30 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



Summary of Principal Plan Provisions

Life Insurance

<i>Plan Feature</i>	
<u>Basic Life Insurance</u> - 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	One times annual salary as of last day of active State service \$5,000 \$10,000 \$5,000 \$10,000
<u>Member Contribution</u>	None
<u>Other Optional 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 G

GLOSSARY

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.

Actuarially Determined Contribution (ADC). The ADC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ADC 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.

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 Expense. An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

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



Glossary

Entry Age Normal Cost Method. A method under which the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

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.

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.

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.

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.

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.



Glossary

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.