

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, 2023





October 18, 2024

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

Subject: GASB Statement No. 75 Actuarial Valuation as of June 30, 2023, for Illinois SEGIP

Submitted in this report are the results of the GASB Statement No. 75 actuarial valuation as of June 30, 2023, 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, 2023, 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, 2023, provided by SERS, SURS, TRS, JRS, and GARS;
- Healthcare data and census data as of June 30, 2023, for SEGIP as provided by the Department of Central Management Services (CMS);
- Average per member costs by plan type for the period June 30, 2023, through June 30, 2024, 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 per member per month premium rates of \$0 for calendar years 2023 and 2024 and \$43.73 for calendar year 2025;

- 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 3.86 percent as of June 30, 2023, and 3.97 percent as of June 30, 2024, 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, 2023, 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



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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 3.86 percent as of June 30, 2023, and 3.97 percent as of June 30, 2024.

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, 2023, 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 3.86 percent as of June 30, 2023, and 3.97 percent as of June 30, 2024.
- 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, 2023

| | |
|--|--------------------------|
| Projected Actuarial Accrued Liability at June 30, 2023, at 3.86% ^{a,b} | \$ 17,222,644,937 |
| (Gain)/Loss due: | |
| Demographic Experience | \$ (195,512,822) |
| Claims and Premium Experience | 1,460,898,133 |
| Change in Pension Assumptions | - |
| Change in OPEB Assumptions and Other | 1,385,320,222 |
| Change in Discount Rate Assumption from 3.86% to 3.97% | (217,510,068) |
| Total | \$ 2,433,195,465 |
| Actuarial Accrued Liability at June 30, 2023, at 3.97% ^a | \$ 19,655,840,402 |

^a Includes \$29,588,500 in incurred but not paid liability as of June 30, 2023.

^b From the actuarial valuation as of June 30, 2022.

The Actuarial Accrued Liability as of June 30, 2023, using a discount rate of 3.97 percent, is projected to June 30, 2024, for GASB Statement No. 75 financial reporting.

Liabilities increased more than expected due to the following reasons:

- Unfavorable claims and premium experience for the fiscal year end June 30, 2023, compared with assumed trend rates from the previous actuarial valuation; and
- Change in OPEB-related assumptions, including refreshing assumed trend rates.

Liabilities decreased due to:

- Favorable demographic experience; and
- Increase in the discount rate from 3.86 percent to 3.97 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, 2023, OPEB valuation were consistent with those used in the June 30, 2023, 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 for calendar year 2023, the Aetna MAPD is the only MAPD plan available to plan members.

For the prior actuarial valuation as of June 30, 2022, the Aetna MAPD per member per month premium rates were \$0 for calendar years 2023 through 2027, and were assumed to increase to \$42 in calendar year 2028, and increase ratably to \$102 in calendar year 2033.

The Inflation Reduction Act caused significant increases in costs and Aetna has increased premium rates for calendar year 2025 from \$0 to \$43.73 per member per month, before administrative expenses.

For the actuarial valuation as of June 30, 2023, the Aetna premium rates are assumed to increase by 15 percent per year for calendar years 2026 through 2030, and roughly 6.5 percent per year for calendar years 2031 to 2033. Under the updated assumptions, MAPD per member month costs for calendar year 2033, before administrative expenses, have increased by approximately 18 percent when compared to the last valuation.

The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2022:

- Per capita claim costs for plan year end June 30, 2024, were updated based on projected claims and enrollment experience through June 30, 2024, and updated premium rates through plan year 2025;



Executive Summary

- The healthcare trend assumptions were updated based on claim and enrollment experience through June 30, 2023, projected plan cost for plan year end June 30, 2024, premium changes through plan year end 2025, and expectation of future trend increases after June 30, 2024; and
- The discount rate was changed from 3.86 percent as of June 30, 2023, to 3.97 percent as of June 30, 2024.

The pension-related assumptions for SERS, SURS, TRS, GARS, and JRS have not changed since the last OPEB actuarial valuation as of June 30, 2022.

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, 2023, projected to June 30, 2024, using two alternative discount rates of 3.86 percent and 3.97 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 – 3.86 Percent Discount Rate

Summary of Actuarial Valuation Results as of June 30, 2023

| | 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, 2023 | | | | | | | |
| i) Actives ^a | \$ 6,164,402,323 | \$ 2,294,999,773 | \$ 324,731,562 | \$ 6,367,745 | \$ 44,845,401 | \$ 8,835,346,804 | |
| ii) Retirees and their covered dependents ^b | 6,012,009,272 | 3,193,897,550 | 99,787,756 | 22,247,838 | 61,006,216 | 9,388,948,632 | |
| iii) Deferred vesteds ^b | 515,871,629 | 1,052,052,670 | 14,106,215 | 10,819,083 | 1,441,490 | 1,594,291,087 | |
| iv) Deferred vesteds under TRS ^c | - | - | 25,175,447 | - | - | 25,175,447 | |
| v) Incurred But Not Paid (IBNP) liability | 19,410,245 | 9,628,130 | 308,038 | 71,509 | 170,577 | 29,588,500 | |
| vi) Total | \$ 12,711,693,469 | \$ 6,550,578,122 | \$ 464,109,018 | \$ 39,506,176 | \$ 107,463,685 | \$ 19,873,350,470 | |
| B) Market Value of Assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| C) Unfunded Actuarial Accrued Liability (UAAL) | \$ 12,711,693,469 | \$ 6,550,578,122 | \$ 464,109,018 | \$ 39,506,176 | \$ 107,463,685 | \$ 19,873,350,470 | |
| 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 | 258.9% | 171.3% | 192.1% | 340.3% | 52.9% | 216.2% | |
| F) Net Normal Cost | \$ 494,767,926 | \$ 248,452,626 | \$ 24,008,829 | \$ 973,819 | \$ 5,053,356 | \$ 773,256,556 | |
| G) i) Estimated FYE 2024 Benefit Payments | \$ 584,916,928 | \$ 290,138,329 | \$ 9,282,563 | \$ 2,154,894 | \$ 5,140,258 | \$ 891,632,972 | |
| G) ii) Adjustment to FYE 2024 Per Capita Claim Costs ^f | \$ 51,569,632 | \$ 25,580,260 | \$ 818,404 | \$ 189,988 | \$ 453,195 | \$ 78,611,478 | |
| H) Contributions for IBNP Liability | \$ (15,594,131) | \$ (7,735,210) | \$ (247,477) | \$ (57,450) | \$ (137,041) | \$ (23,771,310) | |
| I) Interest Cost | \$ 497,899,645 | \$ 256,554,787 | \$ 18,652,977 | \$ 1,518,798 | \$ 4,238,846 | \$ 778,865,053 | |
| J) Change in IBNP Liability | \$ (32,291,472) | \$ (16,017,648) | \$ (512,462) | \$ (118,965) | \$ (283,778) | \$ (49,224,325) | |
| K) Projected Actuarial Accrued Liability at June 30, 2024 | \$ 13,051,177,139 | \$ 6,731,584,508 | \$ 496,404,872 | \$ 39,592,396 | \$ 111,015,698 | \$ 20,429,774,613 | |
| L) Incurred FYE 2024 Benefit Payments ^e | \$ 562,633,252 | \$ 279,084,881 | \$ 8,928,924 | \$ 2,072,799 | \$ 4,944,429 | \$ 857,664,284 | |
| M) Participant Information | | | | | | | |
| i) Number of Covered Participants | | | | | | | |
| a) Active employees ^a | 59,793 | 47,037 | 2,892 | 117 | 924 | 110,763 | |
| b) OPEB retirees and survivors with medical/dental coverage, medical only coverage, or stipend ^d | 61,182 | 34,875 | 1,179 | 347 | 1,166 | 98,749 | |
| c) OPEB retirees and survivors with dental only coverage ^b | 2,620 | 1,905 | 52 | 13 | 43 | 4,633 | |
| d) Waived pension retirees under age 75 with no medical or dental coverage ^b | 5,382 | 4,411 | 219 | 18 | 42 | 10,072 | |
| e) Dependents | 26,966 | 13,444 | 389 | 170 | 651 | 41,620 | |
| f) Deferred vesteds | 3,185 | 11,667 | 144 | 24 | 6 | 15,026 | |
| ii) Covered Payroll | \$ 4,909,270,395 | \$ 3,824,387,779 | \$ 241,564,201 | \$ 11,607,711 | \$ 203,206,301 | \$ 9,190,036,387 | |

^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, or JRS.

^b Valuation assumes a percentage of retirees and survivors under age 75 who have not elected healthcare coverage will elect 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 Allocation of employer benefit payments for plan year end June 30, 2024, based on June 30, 2023, actuarial valuation.

^f Projected actuarial liabilities as of June 30, 2024, reflects substantive plan in effect as of June 30, 2024, including adjustments for updated per capita costs and premium rates.



Actuarial Valuation Results – 3.97 Percent Discount Rate

Summary of Actuarial Valuation Results as of June 30, 2023

Discount Rate 3.97%
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, 2023 | | | | | | |
| i) Actives ^a | \$ 6,084,440,547 | \$ 2,272,303,659 | \$ 321,146,874 | \$ 6,289,611 | \$ 44,324,127 | \$ 8,728,504,818 |
| ii) Retirees and their covered dependents ^b | 5,960,039,647 | 3,162,651,336 | 98,815,581 | 22,040,949 | 60,353,447 | \$ 9,303,900,960 |
| iii) Deferred vesteds ^b | 508,267,151 | 1,035,039,785 | 13,869,869 | 10,659,415 | 1,425,003 | \$ 1,569,261,223 |
| iv) Deferred vesteds under TRS ^c | - | - | 24,584,901 | - | - | \$ 24,584,901 |
| v) Incurred But Not Paid (IBNP) liability | 19,410,245 | 9,628,130 | 308,038 | 71,509 | 170,577 | 29,588,500 |
| vi) Total | \$ 12,572,157,590 | \$ 6,479,622,910 | \$ 458,725,263 | \$ 39,061,484 | \$ 106,273,155 | \$ 19,655,840,402 |
| B) Market Value of Assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| C) Unfunded Actuarial Accrued Liability (UAAL) | \$ 12,572,157,590 | \$ 6,479,622,910 | \$ 458,725,263 | \$ 39,061,484 | \$ 106,273,155 | \$ 19,655,840,402 |
| 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 | 256.1% | 169.4% | 189.9% | 336.5% | 52.3% | 213.9% |
| F) Net Normal Cost | \$ 482,856,704 | \$ 242,515,545 | \$ 23,464,229 | \$ 951,740 | \$ 4,966,445 | \$ 754,754,663 |
| G) i) Estimated FYE 2024 Benefit Payments | \$ 584,916,928 | \$ 290,138,329 | \$ 9,282,563 | \$ 2,154,894 | \$ 5,140,258 | \$ 891,632,972 |
| G) ii) Adjustment to FYE 2024 Per Capita Claim Costs ^f | \$ 51,569,632 | \$ 25,580,260 | \$ 818,404 | \$ 189,988 | \$ 453,195 | \$ 78,611,478 |
| H) Contributions for IBNP Liability | \$ (15,594,131) | \$ (7,735,210) | \$ (247,477) | \$ (57,450) | \$ (137,041) | \$ (23,771,310) |
| I) Interest Cost | \$ 506,079,306 | \$ 260,814,927 | \$ 18,949,235 | \$ 1,543,561 | \$ 4,308,957 | \$ 791,695,986 |
| J) Change in IBNP Liability | \$ (32,291,472) | \$ (16,017,648) | \$ (512,462) | \$ (118,965) | \$ (283,778) | \$ (49,224,325) |
| K) Projected Actuarial Accrued Liability at June 30, 2024 | \$ 12,907,909,699 | \$ 6,658,952,355 | \$ 490,772,775 | \$ 39,150,389 | \$ 109,808,368 | \$ 20,206,593,585 |
| L) Incurred FYE 2024 Benefit Payments ^e | \$ 562,633,252 | \$ 279,084,881 | \$ 8,928,924 | \$ 2,072,799 | \$ 4,944,429 | \$ 857,664,284 |
| M) Participant Information | | | | | | |
| i) Number of Covered Participants | | | | | | |
| a) Active employees ^a | 59,793 | 47,037 | 2,892 | 117 | 924 | 110,763 |
| b) OPEB retirees and survivors with medical/dental coverage, medical only coverage, or stipend ^d | 61,182 | 34,875 | 1,179 | 347 | 1,166 | 98,749 |
| c) OPEB retirees and survivors with dental only coverage ^b | 2,620 | 1,905 | 52 | 13 | 43 | 4,633 |
| d) Waived pension retirees under age 75 with no medical or dental coverage ^b | 5,382 | 4,411 | 219 | 18 | 42 | 10,072 |
| e) Dependents | 26,966 | 13,444 | 389 | 170 | 651 | 41,620 |
| f) Deferred vesteds | 3,185 | 11,667 | 144 | 24 | 6 | 15,026 |
| ii) Covered Payroll | \$ 4,909,270,395 | \$ 3,824,387,779 | \$ 241,564,201 | \$ 11,607,711 | \$ 203,206,301 | \$ 9,190,036,387 |

^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, or JRS.

^b Valuation assumes a percentage of retirees and survivors under age 75 who have not elected healthcare coverage will elect 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 Allocation of employer benefit payments for plan year end June 30, 2024, based on June 30, 2023, actuarial valuation.

^f Projected actuarial liabilities as of June 30, 2024, reflects substantive plan in effect as of June 30, 2024, including adjustments for updated per capita costs and premium rates.



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.

Discussion

Accounting Standard

For Other Postemployment Benefits (OPEB) 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 Postemployments 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, 2025, financial reporting will be based on the results of the June 30, 2023, actuarial valuation projected to a measurement date of June 30, 2024.

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, 2024.

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 3.86 percent as of June 30, 2023, and 3.97 percent as of June 30, 2024.

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, 2024, applicable to the sponsor's fiscal year end June 30, 2025;
- GASB Statement No. 75 Expense measured as of plan year end June 30, 2024, and applicable to the sponsor's fiscal year end June 30, 2025;
- GASB Statement No. 75 Development of Inflows and Outflows as of June 30, 2024;
- Notes to Schedule of Contributions; and
- GASB Statement No. 75 Sensitivity of Total OPEB Liability as of plan year end June 30, 2024.

GASB Statement No. 75 Information

Summary of GASB Statement No. 75 Results

| | 2023 |
|--|--------------------|
| Actuarial Valuation Date | June 30, 2023 |
| Measurement Date of the Total OPEB Liability | June 30, 2024 |
| Employer's Fiscal Year End for GASB Statement No. 75 | June 30, 2025 |
| Membership | |
| Number of | |
| - Retirees and Beneficiaries | 103,382 |
| - Inactive, Nonretired Members | 25,098 |
| - Active Members | 110,763 |
| - Total | 239,243 |
| Covered Payroll | \$ 9,190,036,387 |
| Total OPEB Liability | |
| Total OPEB Liability | \$ 20,206,593,585 |
| Plan Fiduciary Net Position | - |
| Total OPEB Liability | \$ 20,206,593,585 |
| Plan Fiduciary Net Position as a Percentage of Total OPEB Liability | 0.00% |
| Total OPEB Liability as a Percentage of Covered Payroll | 219.88% |
| Development of the Single Discount Rate | |
| Single Discount Rate Beginning of Year | 3.86% |
| Single Discount Rate End of Year | 3.97% |
| 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 | 3.86% |
| Long-Term Municipal Bond Rate End of Year ^a | 3.97% |
| Year Assets are Projected to be depleted | 2023 |
| Total OPEB Expense for Fiscal Year End June 30, 2024, Applicable to Sponsor's Fiscal Year End June 30, 2025 | \$ (3,694,512,243) |

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses as of June 30, 2024

| | Deferred Outflows of Resources | Deferred (Inflows) of Resources |
|--|--------------------------------|---------------------------------|
| Difference between Expected and Actual Experience | \$ 1,079,422,008 | \$ (2,470,282,677) |
| Changes in Assumptions | 942,711,896 | (7,786,057,868) |
| Net Difference between Expected and Actual Investment Experience | - | - |
| Total | \$ 2,022,133,904 | \$ (10,256,340,545) |

^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, 2023, and June 30, 2024. 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, 2024 Applicable to Plan Sponsor's Fiscal Year End June 30, 2025

| Fiscal Year Ending June 30, | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------------------|--------------------------|----------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
| Total OPEB Liability | | | | | | | | |
| Service Cost | \$ 773,256,556 | \$ 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 | 778,865,053 | 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 | 1,103,580,819 | 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 | 1,162,139,194 | (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 | (833,892,974) | (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 | \$ 2,983,948,648 | \$ 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 | \$ 17,222,644,937 | \$ 17,080,208,026 | \$ 34,911,897,307 | \$ 42,366,626,302 | \$ 43,889,169,017 | \$ 40,093,248,494 | \$ 41,323,858,855 | \$ 43,499,354,457 |
| Total OPEB Liability at end of year ^b | \$ 20,206,593,585 | \$ 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 | \$ 9,190,036,387 | \$ 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 | 219.88% | 198.75% | 200.67% | 404.55% | 540.24% | 572.50% | 533.38% | 539.19% |

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

^b Includes \$5,777,416 in incurred but not paid healthcare liabilities as of June 30, 2024.



GASB Statement No. 75 Information

Statement of OPEB Expense under GASB Statement No. 75 Measured as of June 30, 2024 Applicable to Plan Sponsor's Fiscal Year End June 30, 2025

A. Expense

| | |
|--|---------------------------|
| 1 Service Cost | \$ 773,256,556 |
| 2 Interest on the Total OPEB Liability | 778,865,053 |
| 3 Current-Period Benefit Changes | - |
| 4 Active Member Contributions | - |
| 5 OPEB Plan Operating Expenses | 10,379,554 |
| 6 Recognition of Outflow/(Inflow) due to Liability Experience | (761,811,457) |
| 7 Recognition of Outflow/(Inflow) due to Assumption Changes | (4,495,201,949) |
| 8 Recognition of Outflow/(Inflow) due to Investment Experience | - |
| 9 Total OPEB Expense | <u>\$ (3,694,512,243)</u> |

B. Reconciliation of Total OPEB Liability

| | |
|---|--------------------------|
| 1 Total OPEB Liability at June 30, 2023 | \$ 17,222,644,937 |
| 2 OPEB Expense | (3,694,512,243) |
| 3 Employer Contributions | (844,272,528) |
| 4 Change in Liability Experience Outflows/(Inflows) Recognized in Current Liabilities | 1,865,392,276 |
| 5 Change in Assumption Updates Outflows/(Inflows) Recognized in Current Liabilities | 5,657,341,143 |
| 6 Change in Investment Experience Outflows/(Inflows) Recognized in Current Assets | - |
| 7 Total OPEB Liability at June 30, 2024 | <u>\$ 20,206,593,585</u> |



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 1,267,087.77 years. Additionally, the total plan membership (active, inactive, and retired members) was 239,243. 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 5.296238 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, 2024, Applicable to Plan Sponsor's Fiscal Year End June 30, 2025

A. Outflows and (Inflows) of Resources Recognized in Current and Future OPEB Expenses as of Plan Year End June 30, 2024

| Experience (Gain)/Loss | Original Balance | Date Established | Original Recognition Period/ Amortization Factor | 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 |
|--------------------------|---------------------|------------------|---|--|--|---|--|
| 1 Liability (Gain)/Loss | \$ 1,103,580,819 | June 30, 2024 | 5.296238 | - | \$ 208,370,700 | \$ - | \$ 895,210,119 |
| | \$ 251,329,152 | June 30, 2023 | 5.266953 | 47,718,131 | 47,718,131 | - | 155,892,890 |
| | \$ (5,726,367,048) | June 30, 2022 | 5.276000 | (2,170,722,914) | (1,085,361,457) | (2,470,282,677) | - |
| | \$ 97,179,502 | June 30, 2021 | 5.187947 | 56,195,352 | 18,731,784 | - | 22,252,366 |
| | \$ 239,943,788 | June 30, 2020 | 5.129697 | 187,101,724 | 46,775,431 | - | 6,066,633 |
| | \$ 69,152,774 | June 30, 2019 | 5.145386 | 67,198,820 | 1,953,954 | - | - |
| | | | | \$ (1,812,508,887) | \$ (761,811,457) | \$ (2,470,282,677) | \$ 1,079,422,008 |
| 2 Assumption Changes | \$ 1,162,139,194 | June 30, 2024 | 5.296238 | - | \$ 219,427,298 | \$ - | \$ 942,711,896 |
| | \$ (616,250,832) | June 30, 2023 | 5.266953 | (117,003,291) | (117,003,291) | (382,244,250) | - |
| | \$ (12,343,588,397) | June 30, 2022 | 5.276000 | (4,679,146,474) | (2,339,573,237) | (5,324,868,686) | - |
| | \$ (8,722,033,367) | June 30, 2021 | 5.187947 | (5,043,632,886) | (1,681,210,962) | (1,997,189,519) | - |
| | \$ (3,233,540,523) | June 30, 2020 | 5.129697 | (2,521,428,088) | (630,357,022) | (81,755,413) | - |
| | \$ 1,893,969,860 | June 30, 2019 | 5.145386 | 1,840,454,595 | 53,515,265 | - | - |
| | | | | \$ (10,520,756,144) | \$ (4,495,201,949) | \$ (7,786,057,868) | \$ 942,711,896 |
| 3 Investment (Gain)/Loss | \$ - | June 30, 2024 | 5.000000 | \$ - | \$ - | \$ - | \$ - |
| | \$ - | 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 | - | - | - | - |
| | | | | \$ - | \$ - | \$ - | \$ - |
| 4 Total | | | | \$ (12,333,265,031) | \$ (5,257,013,406) | \$ (10,256,340,545) | \$ 2,022,133,904 |

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) |
|------------------------------|--|--|----------------------------------|----------------------|-------------------|---------------------|------------------------|
| 2025 | \$ (804,474,209) | \$ (4,000,115,605) | \$ - | 2025 | \$ 500,314,546 | \$ (5,304,904,360) | \$ (4,804,589,814) |
| 2026 | \$ (825,752,044) | \$ (2,553,127,787) | \$ - | 2026 | \$ 479,036,711 | \$ (3,857,916,542) | \$ (3,378,879,831) |
| 2027 | \$ (43,470,932) | \$ (543,298,205) | \$ - | 2027 | \$ 475,516,129 | \$ (1,062,285,266) | \$ (586,769,137) |
| 2028 | \$ 221,109,197 | \$ 188,192,921 | \$ - | 2028 | \$ 440,536,495 | \$ (31,234,377) | \$ 409,302,118 |
| 2029 | \$ 61,727,319 | \$ 65,002,704 | \$ - | 2029 | \$ 126,730,023 | \$ - | \$ 126,730,023 |
| 2030 | \$ - | \$ - | \$ - | 2030 | \$ - | \$ - | \$ - |
| 2031 | \$ - | \$ - | \$ - | 2031 | \$ - | \$ - | \$ - |
| Total | \$ (1,390,860,669) | \$ (6,843,345,972) | \$ - | Total | \$ 2,022,133,904 | \$ (10,256,340,545) | \$ (8,234,206,641) |
| Change in Outflows/(Inflows) | \$ 1,865,392,276 | \$ 5,657,341,143 | \$ - | | | | |

Numbers may not add due to rounding.



GASB Statement No. 75 Information

Notes to Schedule of Contributions

| | |
|----------------------------------|---------------|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Sponsor's Fiscal Year End | June 30, 2025 |

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 2024 and 2025 are based on actual premiums. Premiums after 2025 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 2025 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2026 and decrease gradually to an ultimate rate of 4.25% in 2041. For MAPD costs, trend rates are based on actual premium increases for 2025, 15.00% in 2026 to 2030, and 7.00% in 2031, declining gradually to an ultimate rate of 4.25% in 2041. |
| 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 \$29,588,500 as of June 30, 2023, and \$5,777,416 as of June 30, 2024. |



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 3.86 percent as of June 30, 2023, and 3.97 percent as of June 30, 2024, 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, 2024, using the current single discount rate of 3.97 percent, and sensitivity single discount rates that are either one percentage point higher or lower:

| Current Single Discount | | |
|-------------------------|-------------------|-------------------|
| 1% Decrease | Rate Assumption | 1% Increase |
| 2.97% | 3.97% | 4.97% |
| \$ 22,381,870,336 | \$ 20,206,593,585 | \$ 18,339,414,371 |

The following table shows the plan's Total OPEB Liability as of June 30, 2024, 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 percent in plan year end 2026 decreasing to an ultimate trend rate of 4.25 percent in plan year end 2041.

| Healthcare Cost | | |
|--------------------------|-------------------------------------|--------------------------|
| 1% Decrease ^b | Trend Rates Assumption ^a | 1% Increase ^c |
| \$ 17,911,076,522 | \$ 20,206,593,585 | \$ 22,996,162,199 |

^a Current healthcare trend rates -

Pre-Medicare per capita costs: 10.02 percent in 2025, 8.00 percent in 2026, decreasing by 0.25 percent per year to an ultimate rate of 4.25 percent in 2041.

Post-Medicare per capita costs: Based on actual increase in 2025, 15.00 percent from 2026 to 2030, 7.00 percent in 2031 decreasing ratably to an ultimate trend rate of 4.25 percent in 2041.

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

Pre-Medicare per capita costs: 9.02 percent in 2025, 7.00 percent in 2026, decreasing by 0.25 percent per year to an ultimate rate of 3.25 percent in 2041.

Post-Medicare per capita costs: Based on actual increase in 2025, 14.00 percent from 2026 to 2030, 6.00 percent in 2031 decreasing ratably to an ultimate trend rate of 3.25 percent in 2041.

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

Pre-Medicare per capita costs: 11.02 percent in 2025, 9.00 percent in 2026, decreasing by 0.25 percent per year to an ultimate rate of 5.25 percent in 2041.

Post-Medicare per capita costs: Based on actual increase in 2025, 16.00 percent from 2026 to 2030, 8.00 percent in 2031 decreasing ratably to an ultimate trend rate of 5.25 percent in 2041.



SECTION D

ADDITIONAL ACTUARIAL VALUATION EXHIBITS

Additional Actuarial 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 |
|---------------------------------|--------------------------------|---------------------------------|--------------------------------|
| 2024 ^b | \$ 891,632,972 | 2044 | \$ 1,564,689,499 |
| 2025 | 1,045,233,670 | 2045 | 1,550,838,822 |
| 2026 | 1,113,395,826 | 2046 | 1,528,672,918 |
| 2027 | 1,159,965,416 | 2047 | 1,499,410,092 |
| 2028 | 1,208,405,258 | 2048 | 1,463,294,128 |
| 2029 | 1,257,899,985 | 2049 | 1,426,249,768 |
| 2030 | 1,284,373,668 | 2050 | 1,382,383,215 |
| 2031 | 1,333,862,806 | 2051 | 1,334,482,149 |
| 2032 | 1,379,453,094 | 2052 | 1,289,765,395 |
| 2033 | 1,417,395,052 | 2053 | 1,243,403,472 |
| 2034 | 1,450,036,904 | 2054 | 1,196,981,432 |
| 2035 | 1,475,458,904 | 2055 | 1,150,888,596 |
| 2036 | 1,488,848,978 | 2056 | 1,099,798,675 |
| 2037 | 1,498,238,888 | 2057 | 1,045,393,438 |
| 2038 | 1,511,835,057 | 2058 | 991,994,236 |
| 2039 | 1,527,064,004 | 2059 | 939,870,865 |
| 2040 | 1,542,776,372 | 2060 | 883,353,440 |
| 2041 | 1,553,304,205 | 2061 | 825,870,512 |
| 2042 | 1,562,961,004 | 2062 | 777,126,736 |
| 2043 | 1,566,082,157 | 2063 | 728,158,230 |

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

^b During plan year end June 30, 2024, the sponsor incurred net employer claims of \$857,664,284 and operating expenses of \$10,379,554, and made a contribution of \$844,272,528.



Additional Actuarial 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 | 59,793 | 47,037 | 2,892 | 117 | 924 | 110,763 |
| ii) Average Age | 45.3 | 45.6 | 46.3 | 49.7 | 57.9 | 45.5 |
| iii) Average Service | 10.8 | 10.2 | 12.6 | 8.3 | 10.1 | 10.5 |
| B) Deferred vested participants ^{b,c} | | | | | | |
| i) Counts | 3,185 | 11,667 | 144 | 24 | 6 | 15,026 |
| ii) Average Age | 52.8 | 50.8 | 51.8 | 53.0 | 57.5 | 51.2 |
| C) Retirees with SEGIP Medical or Medical and Dental Coverage | | | | | | |
| i) Counts | 54,159 | 31,278 | 1,077 | 275 | 920 | 87,709 |
| ii) Average Age | 70.5 | 72.8 | 73.0 | 75.0 | 73.7 | 71.4 |
| D) Survivors with SEGIP SEGIP Medical or Medical and Dental Coverage Over Age 26 | | | | | | |
| i) Counts | 6,562 | 3,271 | 101 | 71 | 244 | 10,249 |
| ii) Average Age | 77.3 | 80.5 | 81.0 | 82.7 | 79.9 | 78.5 |
| E) Dependents with SEGIP Healthcare Coverage Over Age 26 | | | | | | |
| i) Counts | 20,717 | 11,552 | 334 | 144 | 565 | 33,312 |
| ii) Average Age | 67.4 | 70.4 | 72.4 | 71.0 | 70.6 | 68.6 |
| F) Pension Retirees Waiving Medical and Dental Coverage (Excluding Those Over Age 75) ^d | | | | | | |
| i) Counts | 5,382 | 4,411 | 219 | 18 | 42 | 10,072 |
| ii) Average Age | 66.0 | 66.8 | 65.0 | 65.0 | 67.8 | 66.4 |
| G) Retirees Receiving a Monthly Stipend ^e | | | | | | |
| i) Counts | 400 | 323 | 1 | 1 | - | 725 |
| ii) Average Age | 64.4 | 65.8 | 64.0 | 66.0 | N/A | 65.0 |
| H) Survivors with SEGIP Medical or Medical and Dental Coverage Age 26 and Under | | | | | | |
| i) Counts | 61 | 3 | - | - | 2 | 66 |
| ii) Average Age | 17.0 | 19.3 | N/A | N/A | 20.0 | 17.2 |
| I) Dependents with SEGIP Healthcare Coverage Age 26 and Under | | | | | | |
| i) Counts | 6,249 | 1,892 | 55 | 26 | 86 | 8,308 |
| ii) Average Age | 20.3 | 20.9 | 20.3 | 19.5 | 20.8 | 20.4 |
| J) Retirees and Survivors with SEGIP Dental Only Coverage | | | | | | |
| | 2,620 | 1,905 | 52 | 13 | 43 | 4,633 |
| K) Total Participants | 159,128 | 113,339 | 4,875 | 689 | 2,832 | 280,863 |

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

^e 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, 2023 through June 30, 2024, and from July 1, 2022 through June 30, 2023, 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 for calendar year 2023, the Aetna MAPD is the only MAPD plan available to plan members.

For the prior actuarial valuation as of June 30, 2022, the Aetna MAPD per member per month premium rates were \$0 for calendar years 2023 through 2027, and were assumed to increase to \$42 in calendar year 2028, and increase ratably to \$102 in calendar year 2033.

The Inflation Reduction Act caused significant increases in costs and Aetna has increased premium rates for calendar year 2025 from \$0 to \$43.73 per member per month, before administrative expenses.

For the actuarial valuation as of June 30, 2023, the Aetna premium rates are assumed to increase by 15 percent per year in calendar years 2026 through 2030, and roughly 6.5 percent per year in calendar years 2031 to 2033. Under the updated assumptions, MAPD per member month costs for calendar year 2033 costs, before administrative expenses, have increased by approximately 18 percent when compared to the last valuation.

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, 2023, for eligible SEGIP members, and SEGIP retiree data as of June 30, 2023.



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 2024 and 2025 are based on actual premiums. Premiums after 2025 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, 2023 |
| Measurement Date | June 30, 2024 |
| Discount Rate | 3.86% as of June 30, 2023 3.97% as of June 30, 2024 |
| 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> |
| 2025 | 10.02% | <i>Actual Increases³</i> | 16.84% | <i>Actual Increases³</i> |
| 2026 | 8.00% | 15.00% | 8.00% | 15.00% |
| 2027 | 7.75% | 15.00% | 7.75% | 15.00% |
| 2028 | 7.50% | 15.00% | 7.50% | 15.00% |
| 2029 | 7.25% | 15.00% | 7.25% | 15.00% |
| 2030 | 7.00% | 15.00% | 7.00% | 15.00% |
| 2031 | 6.75% | 7.00% | 6.75% | 7.00% |
| 2032 | 6.50% | 6.83% | 6.50% | 6.83% |
| 2033 | 6.25% | 6.51% | 6.25% | 6.51% |
| 2034 | 6.00% | 6.19% | 6.00% | 6.19% |
| 2035 | 5.75% | 5.87% | 5.75% | 5.87% |
| 2036 | 5.50% | 5.55% | 5.50% | 5.55% |
| 2037 | 5.25% | 5.23% | 5.25% | 5.23% |
| 2038 | 5.00% | 4.91% | 5.00% | 4.91% |
| 2039 | 4.75% | 4.62% | 4.75% | 4.62% |
| 2040 | 4.50% | 4.37% | 4.50% | 4.37% |
| 2041 | 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.

³ The premiums for the Aetna MAPD plan increased from \$0 in calendar year 2024 to \$43.73 per member per month in calendar year 2025.



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 2024 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 | \$ 4,912 | \$ 6,427 | \$ 6,030 | \$ 7,891 | \$ 4,853 | \$ 6,350 |
| 25 | 4,158 | 8,501 | 5,105 | 10,437 | 4,109 | 8,399 |
| 30 | 5,092 | 11,982 | 6,251 | 14,710 | 5,031 | 11,838 |
| 35 | 6,344 | 13,034 | 7,789 | 16,003 | 6,268 | 12,879 |
| 40 | 7,922 | 12,873 | 9,726 | 15,804 | 7,827 | 12,719 |
| 45 | 9,862 | 13,611 | 12,108 | 16,711 | 9,744 | 13,448 |
| 50 | 12,842 | 15,820 | 15,766 | 19,422 | 12,688 | 15,631 |
| 51 | 13,588 | 16,367 | 16,682 | 20,094 | 13,425 | 16,172 |
| 52 | 14,364 | 16,904 | 17,636 | 20,754 | 14,193 | 16,702 |
| 53 | 15,173 | 17,426 | 18,628 | 21,395 | 14,992 | 17,218 |
| 54 | 16,017 | 17,939 | 19,664 | 22,024 | 15,826 | 17,725 |
| 55 | 16,898 | 18,450 | 20,746 | 22,652 | 16,696 | 18,230 |
| 56 | 17,817 | 18,974 | 21,874 | 23,296 | 17,604 | 18,748 |
| 57 | 18,771 | 19,527 | 23,046 | 23,974 | 18,547 | 19,294 |
| 58 | 19,758 | 20,123 | 24,257 | 24,705 | 19,522 | 19,882 |
| 59 | 20,774 | 20,774 | 25,505 | 25,505 | 20,526 | 20,526 |
| 60 | 21,825 | 21,490 | 26,795 | 26,384 | 21,564 | 21,233 |
| 61 | 22,921 | 22,276 | 28,141 | 27,349 | 22,647 | 22,010 |
| 62 | 24,069 | 23,134 | 29,551 | 28,402 | 23,782 | 22,857 |
| 63 | 25,275 | 24,058 | 31,031 | 29,537 | 24,973 | 23,771 |
| 64 | 26,540 | 25,046 | 32,584 | 30,750 | 26,223 | 24,747 |

Annual Dental Cost: \$509

Annual Vision Cost: \$19



Summary of Actuarial Assumptions and Methods

PYE 2024 Annual Per Capita Claims Costs for Medicare Eligible Members

| Age | QCHP | | OAP | | HMO | | MAPD ^a | |
|------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| | <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 | \$ 9,453 | \$ 8,916 | \$ 11,358 | \$ 10,713 | \$ 8,862 | \$ 8,358 | | |
| 66 | 9,611 | 9,135 | 11,549 | 10,977 | 9,011 | 8,564 | | |
| 67 | 9,775 | 9,350 | 11,746 | 11,235 | 9,164 | 8,766 | | |
| 68 | 9,944 | 9,561 | 11,948 | 11,489 | 9,322 | 8,964 | | |
| 69 | 10,118 | 9,767 | 12,158 | 11,736 | 9,486 | 9,156 | | |
| 70 | 10,297 | 9,964 | 12,373 | 11,973 | 9,654 | 9,341 | | |
| 71 | 10,475 | 10,152 | 12,586 | 12,199 | 9,820 | 9,518 | | |
| 72 | 10,642 | 10,330 | 12,788 | 12,413 | 9,977 | 9,685 | | |
| 73 | 10,795 | 10,497 | 12,972 | 12,613 | 10,121 | 9,841 | | |
| 74 | 10,934 | 10,651 | 13,138 | 12,798 | 10,250 | 9,985 | | |
| 75 | 11,059 | 10,792 | 13,289 | 12,967 | 10,368 | 10,117 | | |
| 76 | 11,178 | 10,921 | 13,431 | 13,123 | 10,479 | 10,239 | | |
| 77 | 11,294 | 11,045 | 13,570 | 13,272 | 10,588 | 10,355 | | |
| 78 | 11,408 | 11,167 | 13,708 | 13,418 | 10,695 | 10,469 | | |
| 79 | 11,516 | 11,288 | 13,837 | 13,564 | 10,796 | 10,583 | | |
| 80 | 11,610 | 11,407 | 13,951 | 13,707 | 10,885 | 10,694 | | |
| 81 | 11,683 | 11,518 | 14,038 | 13,840 | 10,953 | 10,798 | | |
| 82 | 11,726 | 11,616 | 14,090 | 13,958 | 10,994 | 10,890 | | |
| 83 | 11,740 | 11,702 | 14,107 | 14,062 | 11,006 | 10,971 | | |
| 84 | 11,727 | 11,775 | 14,091 | 14,149 | 10,994 | 11,039 | | |
| 85 | 11,695 | 11,832 | 14,052 | 14,218 | 10,964 | 11,093 | | |
| 86 | 11,652 | 11,875 | 14,001 | 14,269 | 10,923 | 11,133 | | |
| 87 | 11,604 | 11,906 | 13,943 | 14,307 | 10,879 | 11,162 | | |
| 90 | 11,478 | 11,951 | 13,792 | 14,360 | 10,761 | 11,204 | | |
| 98 + | 11,168 | 10,515 | 13,420 | 12,635 | 10,470 | 9,858 | | |

Annual Dental Cost: \$509

Annual Vision Cost: \$19

^a Effective for calendar year 2023, the Aetna MAPD is the only MAPD plan available to plan members. MAPD total cost per member per month, including administrative expenses are \$8.09, \$7.31, \$49.63, for calendar years 2023, 2024, and 2025, respectively. MAPD total costs are not adjusted for morbidity.



Summary of Actuarial Assumptions and Methods

PYE 2024 Annual Per Capita Claims Costs for Post 65, Not Medicare Eligible Members

| Age | QCHP | | OAP | | HMO | |
|------|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| | <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 | \$ 27,426 | \$ 25,868 | \$ 33,672 | \$ 31,760 | \$ 27,099 | \$ 25,559 |
| 66 | 27,887 | 26,504 | 34,238 | 32,541 | 27,554 | 26,188 |
| 67 | 28,362 | 27,129 | 34,821 | 33,307 | 28,023 | 26,805 |
| 68 | 28,851 | 27,741 | 35,422 | 34,059 | 28,507 | 27,410 |
| 69 | 29,357 | 28,337 | 36,043 | 34,791 | 29,007 | 27,999 |
| 70 | 29,877 | 28,911 | 36,681 | 35,495 | 29,520 | 28,565 |
| 71 | 30,392 | 29,457 | 37,313 | 36,166 | 30,029 | 29,105 |
| 72 | 30,879 | 29,973 | 37,911 | 36,800 | 30,510 | 29,615 |
| 73 | 31,322 | 30,457 | 38,456 | 37,393 | 30,948 | 30,093 |
| 74 | 31,723 | 30,903 | 38,948 | 37,941 | 31,345 | 30,534 |
| 75 | 32,089 | 31,311 | 39,396 | 38,442 | 31,705 | 30,937 |
| 76 | 32,432 | 31,688 | 39,818 | 38,905 | 32,045 | 31,310 |
| 77 | 32,768 | 32,047 | 40,230 | 39,345 | 32,377 | 31,664 |
| 78 | 33,099 | 32,400 | 40,637 | 39,779 | 32,704 | 32,013 |
| 79 | 33,413 | 32,753 | 41,022 | 40,212 | 33,014 | 32,362 |
| 80 | 33,687 | 33,098 | 41,358 | 40,635 | 33,284 | 32,702 |
| 81 | 33,897 | 33,419 | 41,616 | 41,029 | 33,492 | 33,020 |
| 82 | 34,024 | 33,704 | 41,772 | 41,380 | 33,617 | 33,302 |
| 83 | 34,062 | 33,954 | 41,820 | 41,687 | 33,656 | 33,549 |
| 84 | 34,025 | 34,165 | 41,773 | 41,946 | 33,618 | 33,757 |
| 85 | 33,932 | 34,331 | 41,659 | 42,150 | 33,526 | 33,921 |
| 86 | 33,806 | 34,455 | 41,505 | 42,301 | 33,403 | 34,043 |
| 87 | 33,669 | 34,545 | 41,336 | 42,412 | 33,266 | 34,133 |
| 90 | 33,303 | 34,675 | 40,887 | 42,572 | 32,905 | 34,261 |
| 98 + | 32,405 | 30,510 | 39,784 | 37,459 | 32,018 | 30,146 |

Annual Dental Cost: \$509

Annual Vision Cost: \$19



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.

2 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.

100 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% |

Pension-Related Assumptions



Summary of Actuarial Assumptions and Methods

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 1 members:

| Service Based Withdrawal | | | | |
|-----------------------------|---------------------------|---------|-----------------------------|---------|
| | Regular Formula Employees | | Alternate Formula Employees | |
| Service (Beginning of Year) | 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:

| Service Year | Total Increase | |
|--------------|----------------|--------------|
| | Under Age 50 | 50 and Older |
| 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-Academic |
| | 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 | 6.25% |
| 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 years ending June 30, 2024, and June 30, 2025.

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

| FYE 06/30/2025 | Pre-Medicare | Medicare |
|---------------------------------|---------------------|-----------------|
| Quality Care Health Plan | \$1,399.91 | \$565.05 |
| HMO/OAP Plans | \$1,358.28 | \$755.68 |



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 | 2024 | 2025 |
|--|--------|----------|
| Aetna MAPD Rates, before Administrative Charges ¹ | \$0.00 | \$ 43.73 |

¹ Monthly administrative expense of \$7.31 for CY 2024 and \$5.90 for CY 2025. Retiree pays a prorated share of total costs if service is less than 20 years.

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

| 6/30/2024 | 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 | 2024 | 2025 |
|--|--------|---------|
| Aetna MAPD Rates, before Administrative Charges ¹ | \$0.00 | \$43.75 |

¹ One dependent pays a portion of monthly administrative expenses equal to \$2.46 for CY 2024 and \$2.46 for CY 2025.

Effective as of January 1, 2023, the Aetna MAPD plan will be the only MAPD plan provided to Medicare retirees. For calendar years 2023 and 2024, the member and dependent premium rate is zero before administrative charges. For calendar year 2025, the member premium before administrative expenses is \$43.73.

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 2025 equal to \$15.00 for member only coverage, \$25.00 for member plus one dependent coverage, and \$27.50 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 ¹</i> | | |
|----------------------------------|--|--|---------------|---------------------------|
| 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 | \$22.50 |
| | Tier 2 | \$38.00 | \$95.00 | \$47.50 |
| | Tier 3 | \$60.00 | \$150.00 | \$75.00 |
| | Supply | 30-days | 90-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 | After annual prescription deductible of \$150. |
| | <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>Maintenance Choice</u> |
| | Tier 1 | \$16.00 | \$20.00 |
| | Tier 2 | \$33.00 | \$41.25 |
| | Tier 3 | \$57.00 | \$71.25 |
| | Supply | 30-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> -Physicians Visits -Emergency Care -Inpatient Services -Outpatient Services | <u>Coinsurance</u> 85% after deductible \$120 Copay, then 100% 85% after deductible 85% after deductible | | | | | | | | | | | | | | | | | | | | | | | | |
| MAPD PPO Prescription Drug Copays Retail and Mail Order | After annual prescription deductible of \$125. | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table><tr><td></td><td><u>Retail</u> Preferred/ Standard</td><td><u>Retail</u> Preferred/ Standard</td><td><u>Retail</u> Preferred/ Standard</td></tr><tr><td>Tier 1</td><td>\$9.00/\$10.00</td><td>\$18.00/\$20.00</td><td>\$22.50/\$25.00</td></tr><tr><td>Tier 2</td><td>\$30.00</td><td>\$60.00</td><td>\$75.00</td></tr><tr><td>Tier 3</td><td>\$60.00</td><td>\$120.00</td><td>\$150.00</td></tr><tr><td>Tier 4 Specialty</td><td>\$60.00</td><td>\$120.00</td><td>\$150.00</td></tr><tr><td>Supply</td><td>30-days</td><td>60-days</td><td>90-days</td></tr></table> | | <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 | | | | | | | | | | | | | | | | | | | | | | |
| 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 \$8,000 in “true out-of-pocket” prescription drug costs. | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 - All other covered services | None \$175 per participant |
| <u>Plan Year Maximum Benefit</u> -Preventive and diagnostic services - All other covered services | \$2,500 per participant \$2,500 per participant, in network \$2,000 per participant, out of network |
| <u>Covered Services</u> -Preventive and diagnostic -Basic and major benefits | Subject to schedule 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.

