

Teachers' Retirement Insurance Program of the State of Illinois

GASB Statements No.74 and 75

Accounting and Financial Reporting for
Postemployment Benefits Other than Pensions

Actuarial Valuation Report as of
June 30, 2024





November 20, 2025

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

Subject: GASB Statements No. 74 and 75 Actuarial Valuation as of June 30, 2024, for Illinois TRIP

Submitted in this report are the results of the actuarial valuation as of June 30, 2024, of the liabilities associated with the employer financed retiree health benefits provided through the State of Illinois Teachers' Retirement Insurance Program (TRIP), a benefit plan designed to provide postemployment healthcare benefits to certain members receiving pension benefits under the Teachers' Retirement System of Illinois (TRS).

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, 2024, was prepared for purposes of complying with the requirements of Statements No. 74 and 75 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying the financial reporting requirements of TRIP and participating employers may produce significantly different results. The actuarial valuation was based upon:

- Census information used in the June 30, 2024, TRS pension actuarial valuation as provided by the System's actuary and TRS;
- Healthcare data and census data as of June 30, 2024, for TRIP as provided by the Department of Central Management Services (CMS);
- Average expected per member costs by plan type for plan year end June 30, 2025, reviewed by the State's healthcare actuary and 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, \$37.51 for calendar year 2025, and \$84.69 for calendar year 2026;
- Substantive plan information provided by TRS and CMS;
- Adoption of new dental and vision program;
- Economic assumptions approved by the State, including a discount rate of 3.97 percent as of June 30, 2024, and 5.20 percent as of June 30, 2025, which comply with the requirements of GASB Statements No. 74 and 75;
- An ultimate trend rate assumption of 4.25 percent;
- Other healthcare-related assumptions, including participation and lapse, recommended by GRS and approved by the State; and
- Demographic assumptions consistent with the TRS actuarial valuation as of June 30, 2024, which reflect updates based on an experience study for the period from July 1, 2020 through June 30, 2023.

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 TRS 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 Net OPEB Liability and Annual OPEB Expense were developed in accordance with the requirements of GASB Statements No. 74 and 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 such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

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 TRIP as of the actuarial 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 (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,
Gabriel, Roeder, Smith & Company



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



Abra D. Hill, ASA, MAAA, FCA
Consultant



Table of Contents

	<u>Page</u>
Section A	
Executive Summary	1-6
Section B	
Actuarial Valuation Results	1-2
Section C	
GASB Statements No. 74 and 75 Information	
Discussion.....	1-4
Summary of GASB Statements No. 74 and 75 Results.....	5
GASB Statements No. 74 and 75 Schedules	6-15
Section D	
Additional Actuarial Valuation Exhibits	
Exhibit 1, 40-Year Projection of Expected Employer Claims.....	1
Exhibit 2, Summary of Demographic Information	2
Exhibit 3, Assets Available for Benefits	3
Section E	
Summary of Actuarial Assumptions and Methods	1-13
Section F	
Summary of Principal Plan Provisions	1-11
Section G	
Glossary	1-3



SECTION A

EXECUTIVE SUMMARY

Executive Summary

Introduction

The Governmental Accounting Standards Board (GASB) has issued accounting standards, Statements No. 74 and 75, relating to Other Postemployment Benefits (OPEB). For the participating members of the Teachers' Retirement Insurance Program of Illinois (TRIP), OPEB primarily includes medical and prescription drug insurance benefits provided to former public school employees and their spouses receiving pension benefits under the Teachers' Retirement System of Illinois (TRS). Any other OPEB offered to the members of the Teachers' Retirement System of Illinois are outside the scope of this report. For example, OPEB offered by the local school districts such as vision, dental, life insurance, or explicit healthcare subsidies to help defray the costs of the retiree's share of the TRIP premium, are not reflected in this actuarial valuation.

The purpose of this Report is to provide: (a) results of the actuarial calculations necessary for financial reporting pursuant to GASB Statements No. 74 and 75; and (b) various other actuarial, statistical, and benefit information useful to management for the operation of TRIP.

We understand TRIP is a cost-sharing multiple employer plan and as of June 30, 2024, 987 employers are participating in the plan.

Funded and Unfunded Plans

Currently, benefits offered through TRIP are financed through a combination of retiree premiums and percentage-of-payroll contributions from active employees, local school districts, the State, and subsidies from the Federal Government. Contributions are made to the Teacher Health Insurance Security Fund. For fiscal year 2025, active members contribute 0.9 percent of pay, school districts contribute 0.67 percent of pay, and the State contributes 0.9 percent of pay. Retired members contribute through premium payments based on the coverage elected, Medicare eligibility, and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0 percent per year by statute. The Federal Government provides a Medicare Part D subsidy.

The current objective is to fund the Trust in order to maintain benefits through individual annual periods with appropriate margins for incurred but not paid liabilities. That is, there is no arrangement into which the participating employers would make contributions to advance-fund the obligation. However, a Trust does exist into which participating employers are making contributions that have historically marginally exceeded the annual expected net claim payments. This trust has an asset balance of \$634.5 million as of June 30, 2024, and \$784.4 million as of June 30, 2025. Historically, these assets have been invested in cash and other short-term investments according to the current investment policy, and 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 3.97 percent as of June 30, 2024, and 5.20 percent as of June 30, 2025.

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, 2024, for purposes of financial reporting under GASB Statements No. 74 and 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 3.97 percent as of June 30, 2024, and 5.20 percent as of June 30, 2025.
- 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

Projected Actuarial Accrued Liability at June 30, 2024, at 3.97%	\$	8,545,072,123
(Gain)/Loss due to:		
Demographic Experience	\$	(79,871,736)
Claims and Premium Experience		940,301,008
Dental and Vision Benefit Plan Change		224,722,669
Change in Pension Assumptions		584,847,371
Change in OPEB Assumptions and Other		231,122,026
Change in Discount Rate Assumption from 3.97% to 5.20%		<u>(1,268,896,929)</u>
Total	\$	632,224,409
Actuarial Accrued Liability at June 30, 2024, at 5.20%	\$	9,177,296,532

The Actuarial Accrued Liability as of June 30, 2024, using a discount rate of 5.20 percent, is projected to June 30, 2025, for GASB Statements No. 74 and 75 financial reporting.

Liabilities increased more than expected due to:

- Addition of dental and vision benefits beginning July 1, 2025 for pre-Medicare members and January 1, 2025 for post-Medicare members;
- Unfavorable claims and premium experience for both pre-Medicare and post-Medicare coverage for fiscal year end June 30, 2024, compared with assumed trend rates from the previous actuarial valuation including significant increases in the MAPD premium rates;
- Change in pension assumptions; and
- Change in OPEB-related assumptions including updating assumed trend rates.

Liabilities decreased due to:

- Favorable demographic experience; and
- Increase in discount rate from 3.97 percent to 5.20 percent.



Executive Summary

In fiscal year 2025, employer costs, as reported in the fiscal year 2025 financial statements of the State and TRIP, and information provided by CMS, were allocated as follows:

Stakeholder/ Revenue Source	2025 Cost Sharing (\$ in millions)	Percent of Total Revenue	Statutory Requirement FY 2025	Statutory Requirement FY 2026
State	\$ 120.29	28.2%	0.90% of pay	0.90% of pay
School Districts	88.86	20.8%	0.67% of pay	0.67% of pay
Federal Part-D Subsidy	0.37	0.1%	Percent of Rx Claims Paid	Percent of Rx Claims Paid
Active Members	120.29	28.2%	0.90% of pay	0.90% of pay
Retirees	96.52	22.7%	Percent of premium	Percent of premium
COBRA	0.04	0.0%		
Total	\$ 426.37	100.0%		
Benefits and Expenses Paid	\$ 307.13			
Benefits and Expenses Covered by Revenue	139%			



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 discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. The discount rate assumption is used to discount projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual OPEB Expense and the Net OPEB Liability that will be disclosed in the Plan's and Plan Sponsor's financial statements.

This actuarial valuation of TRIP is similar to the actuarial valuation performed for the TRS pension plan. The demographic assumptions (rates of retirement, termination, and disability) used in this OPEB actuarial valuation were identical to those used in the TRS actuarial valuation as of June 30, 2024. TRS conducted an Experience Study for the period from July 1, 2020 to June 30, 2023, and updated actuarial assumptions which were adopted for the TRS actuarial valuation as of June 30, 2024.

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 \$37.51 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, before administrative expenses, have increased by approximately 8% when compared to the prior valuation as of June 30, 2022.

The Aetna MAPD per member per month premium rates, before administrative expenses, increased by 126% from \$37.51 for calendar year 2025 to \$84.69 for calendar year 2026. Trend rates after 2026 have been adjusted to recognize the extraordinary trend increases from 2025 to 2026.

The following OPEB-related assumption changes were made since the last actuarial valuation as of June 30, 2023:

- Per capita claim costs for plan year end June 30, 2025, were updated based on projected claims and enrollment experience through June 30, 2025, and updated premium rates through plan year 2026; and



Executive Summary

- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2024, projected plan cost for plan year end June 30, 2025, premium changes through plan year end 2026, and expectation of future trend increases after June 30, 2025; and
- The discount rate was changed from 3.97 percent at June 30, 2024 to 5.20 percent at June 30, 2025.

Key changes in the pension-related assumption changes which impact the OPEB actuarial valuation include:

- The salary scale was updated to reflect observed experience;
- The rates of retirement were updated to reflect observed experience;
- The rates of termination were updated to reflect observed experience;
- The rates of disability were updated to reflect observed experience; and
- The mortality tables were updated to reflect observed experience and use the most recent mortality improvement scales.

Executive Summary

Actuarial Cost Methods

The actuarial valuation results are based on the Entry Age Normal cost method as required by GASB Statements No. 74 and 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 Statements No. 74 and 75 requirements;
- Additional actuarial valuation exhibits and financial disclosure required under GASB Statements No. 74 and 75; and
- Summary of 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, 2024, projected to June 30, 2025, using two alternative discount rates of 3.97 percent and 5.20 percent.

Plan benefits are funded based on a pay-as-you-go policy. The current funding policy includes revenues from five sources: current retirees, current active employees, local school districts, the State, and the Medicare Part D subsidy from the Federal Government. Current retirees 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. The cost and liabilities shown on the following page 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

Teachers' Retirement Insurance Program Retiree Healthcare Program Exhibit 1

Discount Rate	3.97%	5.20%
Ultimate Trend Pre-Medicare	4.25%	4.25%
Ultimate Trend Post-Medicare	4.25%	4.25%

Summary of Actuarial Valuation Results as of	June 30, 2024	June 30, 2024
A) Actuarial Accrued Liability (AAL) ¹		
i) Active employees - Full-Time and Part-Time	\$ 7,201,315,090	\$ 6,318,680,210
ii) Active employees - Hourly and Substitute	115,397,553	93,900,781
iii) Current retirees and their covered dependents	2,344,222,120	2,111,861,685
iv) Waived retirees and their covered dependents ²	242,868,056	216,580,668
v) Deferred vesteds ^{2,3}	512,313,351	413,224,060
vi) Deferred vesteds ^{2,4}	30,077,290	23,049,128
vii) Total	\$ 10,446,193,460	\$ 9,177,296,532
B) Market Value of Assets	\$ 634,536,000	\$ 634,536,000
C) Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,811,657,460	\$ 8,542,760,532
D) Funded Ratio: [B / A]	6.1%	6.9%
E) UAAL as a percentage of covered payroll	79.5%	69.2%
F) Gross Normal Cost	\$ 449,268,132	\$ 345,716,929
Expected Active Employee Contributions ⁵	111,046,298	111,046,298
Net Annual Normal Cost	\$ 338,221,834	\$ 234,670,631
G) Expected First Year Benefit Payments	243,235,425	\$ 243,235,425
H) Interest Cost	\$ 427,768,594	\$ 488,952,722
I) Projected Actuarial Accrued Liability at end of Year	\$ 11,079,994,761	\$ 9,768,730,759
J) Covered Payroll	\$ 12,338,477,517	\$ 12,338,477,517
K) Participant Information		
i) Number of Covered Participants		
a) Active employees - Full Time and Part Time	138,817	
b) Active employees - Hourly and Substitute	26,757	
c) Current retirees and survivors	65,077	
d) Waived retirees	18,783	
e) Dependents	11,394	
f) Deferred vesteds ^{2,3}	13,225	
g) Deferred vesteds ^{2,4}	6,310	
h) Deferred Survivors	42	
i) Total	280,405	

¹ Actuarial accrued liability as of June 30, 2024, based on census, assumptions, and methods as of June 30, 2024.

² Valuation assumes a percentage of waived retirees and deferred vested members under the age of 70 as of June 30, 2024, and waived beneficiaries over the age of 26 and under the age of 70 as of June 30, 2024, will elect retiree healthcare coverage in the future.

³ Members with at least 7 years of service.

⁴ Members with 5 to 7 years of service. Liability amount represents approximately 50% of the total liability determined for this group. Approximately 50% is allocated to TRIP and 50% is allocated to SEGIP.

⁵ Active members contribute 0.90% of pay for fiscal year 2025. Based on expected payroll for FY 2026.



SECTION C

GASB STATEMENTS NO. 74 AND 75 INFORMATION

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

GASB Statements No. 74 and 75 Information

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 Postemployment Benefits Other Than Pensions, as amended, and GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

GASB Statements No. 74 and 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 Statements No. 74 and 75 Information

The GASB Statement No. 74 information contained in this report is based on an actuarial valuation date of June 30, 2024, projected to a measurement date of June 30, 2025.

For GASB Statement No. 75 reporting purposes, the Plan Sponsor's fiscal year end June 30, 2026, financial reporting will be based on a measurement date of June 30, 2025.

The information contained in this report does not incorporate any employer contributions made subsequent to the measurement date of June 30, 2025.

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 should be reported as a deferred outflow of resources.

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 Statements No. 74 and 75 require 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;
- The net OPEB liability using +/- one percentage point change on the discount rate;
- The net OPEB liability using +/- one percentage point change on 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.

OPEB plans that are administered through trusts or equivalent arrangements are required to disclose additional information in accordance with GASB Statement No. 74. This information includes:

- The composition of the OPEB plan's Board and the authority under which benefit terms may be amended;
- A description of how fair value is determined;



GASB Statements No. 74 and 75 Information

- Information regarding certain reserves and investments, which include concentrations of investments greater than or equal to 5 percent, receivables and insurance contracts excluded from plan assets; and
- Annual money-weighted rate of return.

Required Supplementary Information

GASB Statement No. 74 requires a 10-year fiscal history of:

- Sources of changes in the net OPEB liability;
- Information about the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability as a percent of covered-employee payroll;
- Comparison of the actual employer contributions to the actuarially determined contributions, if applicable, based on the plan's funding policy; and
- For plans with an actuarially determined contribution, the schedule covering each of the 10 most recent fiscal years of the actuarially determined contribution, contributions to the OPEB plan and related ratios.

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.

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) 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 TRIP 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 3.97 percent as of June 30, 2024, and 5.20 percent as of June 30, 2025.

Actuarial Assumptions

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



GASB Statements No. 74 and 75 Information

The pension-related assumptions were based on an experience study for the period July 1, 2020 to June 30, 2023, conducted by the pension system's actuary as approved by the pension system. The OPEB-related assumptions were recommended by GRS and approved by CMS.

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 Statements No. 74 and 75 Information

This section contains the following GASB Statements No. 74 and 75 information:

- GASB Statements No. 74 and 75 Summary;
- GASB Statement No. 74 Changes in Net OPEB Liability for plan year end June 30, 2025;
- GASB Statement No. 74 Multiyear Net OPEB Liability;
- GASB Statement No. 74 Schedule of Contributions;
- Notes to Schedule of Contributions;
- GASB Statements No. 74 and 75 Sensitivity of Net OPEB Liability plan year end June 30, 2025;
- GASB Statement No. 75 Changes in Net OPEB Liability for plan year end June 30, 2025, applicable to sponsor's fiscal year end June 30, 2026;
- GASB Statement No. 75 Expense measured as of plan year end June 30, 2025, and applicable to sponsor's fiscal year end June 30, 2026; and
- GASB Statement No. 75 Development of Inflows and Outflows as of June 30, 2025.



GASB Statements No. 74 and 75 Information

Summary of GASB Statements No. 74 and 75 Results

	2025
Actuarial Valuation Date	June 30, 2024
Measurement Date of the Net OPEB Liability	June 30, 2025
Plan Year End for GASB Statement No. 74	June 30, 2025
Employer's Fiscal Year End for GASB Statement No. 75	June 30, 2026
Membership	
Number of	
- Retirees and Beneficiaries	65,077
- Inactive, Nonretired Members	38,360
- Active Members	165,574
- Total	269,011
Covered Payroll	\$ 12,338,477,517
Net OPEB Liability	
Total OPEB Liability	\$ 9,768,730,759
Plan Fiduciary Net Position	784,436,000
Net OPEB Liability	\$ 8,984,294,759
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	8.03%
Net OPEB Liability as a Percentage of Covered Payroll	72.82%
Development of the Single Discount Rate	
Single Discount Rate Beginning of Year	3.97%
Single Discount Rate End of Year	5.20%
Long-Term Expected Rate of Investment Return, Beginning of Year	2.75%
Long-Term Expected Rate of Investment Return, End of Year	2.75%
Long-Term Municipal Bond Rate Beginning of Year ^a	3.97%
Long-Term Municipal Bond Rate End of Year ^a	5.20%
Total OPEB Expense for Fiscal Year End June 30, 2025, Applicable to Sponsor's Fiscal Year End June 30, 2026	\$ (1,869,457,443)

Deferred Outflows and Deferred Inflows of Resources by Source to be Recognized in Future OPEB Expenses as of June 30, 2026

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference Between Expected and Actual Experience	\$ 915,733,124	\$ (2,696,182,695)
Changes in Assumptions	206,941,730	(9,507,474,590)
Net Difference Between projected and Actual Earnings on OPEB Plan Investments	1,259,923	(15,707,463)
Total	\$ 1,123,934,776	\$ (12,219,364,748)

^aSource: The rate at the beginning of the year is the 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" at fiscal year end. 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. The rate at the end of the year is based on 20 general obligation municipal bonds maturing in 20 years with mixed quality as reported in Bond Buyer's "20-Bond GO Index" at fiscal year end. In describing this index, the Bond Buyer website notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.



GASB Statements No. 74 and 75 Information

GASB Statement No. 74 Schedule of Changes in Net OPEB Liability and Related Ratios Multiyear

Fiscal Year Ending June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$ 449,268,132	\$ 363,792,515	\$ 341,567,068	\$ 480,495,099	\$ 1,109,767,854	\$ 1,207,781,377	\$ 1,203,231,213	\$ 1,282,452,212	\$ 1,684,864,123
Interest on the Total OPEB Liability	427,768,594	324,864,438	279,282,265	167,671,854	491,582,744	730,741,073	895,428,024	921,017,244	820,960,601
Changes of Benefit Terms	224,722,669	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	817,537,847	245,368,150	(150,357,242)	(4,075,426,058)	(490,742,013)	(361,511,693)	(431,808,998)	(94,796,551)	(16,955,687)
Changes of Assumptions	(495,294,606)	176,743,877	100,924,228	(11,500,200,652)	(5,422,677,158)	(2,160,325,236)	11,932,136	(1,410,427,032)	(3,564,237,510)
Benefit Payments ^a	(200,344,000)	(165,307,000)	(195,126,000)	(217,842,000)	(244,045,000)	(237,466,000)	(260,652,000)	(275,400,000)	(296,480,000)
Net Change in Total OPEB Liability	1,223,658,636	945,461,980	376,290,319	(15,145,301,757)	(4,556,113,573)	(820,780,479)	1,418,130,375	422,845,873	(1,371,848,473)
Total OPEB Liability - Beginning	8,545,072,123	7,599,610,143	7,223,319,824	22,368,621,581	26,924,735,154	27,745,515,633	26,327,385,258	25,904,539,385	27,276,387,858
Total OPEB Liability - Ending (a)	\$ 9,768,730,759	\$ 8,545,072,123	\$ 7,599,610,143	\$ 7,223,319,824	\$ 22,368,621,581	\$ 26,924,735,154	\$ 27,745,515,633	\$ 26,327,385,258	\$ 25,904,539,385
Plan Fiduciary Net Position									
Employer Contributions	\$ 209,152,000	\$ 199,809,000	\$ 187,170,000	\$ 185,245,000	\$ 238,764,000	\$ 232,712,000	\$ 226,089,000	\$ 208,564,000	\$ 210,466,000
Active Member Contributions	120,291,000	114,959,000	107,704,000	106,576,000	137,436,000	133,896,000	130,068,000	119,906,000	111,734,000
Net Investment Income	30,662,000	21,998,000	2,704,000	143,000	51,000	193,000	397,000	743,000	357,000
Benefit Payments ^a	(200,344,000)	(165,307,000)	(195,126,000)	(217,842,000)	(244,045,000)	(237,466,000)	(260,652,000)	(275,400,000)	(296,480,000)
Operating Expenses	(10,265,000)	(9,535,000)	(9,259,000)	(9,220,000)	(9,526,000)	(9,472,000)	(10,430,000)	(14,226,000)	(13,790,000)
Other	404,000	359,000	430,000	482,000	1,744,000	895,000	1,079,000	1,614,000	2,099,000
Net Change in Plan Fiduciary Net Position	149,900,000	162,283,000	93,623,000	65,384,000	124,424,000	120,758,000	86,551,000	41,201,000	14,386,000
Plan Fiduciary Net Position - Beginning^b	634,536,000	472,253,000	378,630,000	313,246,000	188,822,000	68,064,000	(18,487,000)	(59,688,000)	(59,415,000)
Plan Fiduciary Net Position - Ending (b)	784,436,000	634,536,000	472,253,000	378,630,000	313,246,000	188,822,000	68,064,000	(18,487,000)	(45,029,000)
Net OPEB Liability - Ending (a) - (b)	\$ 8,984,294,759	\$ 7,910,536,123	\$ 7,127,357,143	\$ 6,844,689,824	\$ 22,055,375,581	\$ 26,735,913,154	\$ 27,677,451,632	\$ 26,345,872,258	\$ 25,949,568,385
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	8.03%	7.43%	6.21%	5.24%	1.40%	0.70%	0.25%	-0.07%	-0.17%
Covered-Employee Payroll	\$ 12,338,477,517	\$ 11,797,032,963	\$ 11,363,156,353	\$ 10,851,357,580	\$ 10,497,876,022	\$ 10,184,005,548	\$ 9,879,265,292	\$ 9,600,528,968	\$ 9,444,442,000
Net OPEB Liability as a Percentage of Covered-Employee Payroll	72.82%	67.06%	62.72%	63.08%	210.09%	262.53%	280.16%	274.42%	274.76%

^a Actual benefits paid by sponsor.

^b Plan Fiduciary Net Position was restated from \$(45,029,000) as of June 30, 2017, to \$(59,688,000) as of July 1, 2017.



GASB Statements No. 74 and 75 Information

GASB Statement No. 74 Schedule of Net OPEB Liability Multiyear

FY Ending June 30,	Total OPEB Liability	Fiduciary Net Position ^a	Net OPEB Liability	Fiduciary Net Position as a % of Total OPEB Liability	Covered Payroll ^b	Net OPEB Liability as a % of Covered Payroll
2016	\$ 27,276,387,858	\$ (59,415,000)	\$ 27,335,802,858	-0.22%	\$ 9,147,159,000	298.84%
2017	25,904,539,385	(45,029,000)	25,949,568,385	-0.17%	9,444,442,000	274.76%
2018	26,327,385,258	(18,487,000)	26,345,872,258	-0.07%	9,600,528,968	274.42%
2019	27,745,515,633	68,064,000	27,677,451,632	0.25%	9,879,265,292	280.16%
2020	26,924,735,154	188,822,000	26,735,913,154	0.70%	10,184,005,548	262.53%
2021	22,368,621,581	313,246,000	22,055,375,581	1.40%	10,497,876,022	210.09%
2022	7,223,319,824	378,630,000	6,844,689,824	5.24%	10,851,357,580	63.08%
2023	7,599,610,143	472,253,000	7,127,357,143	6.21%	11,363,156,353	62.72%
2024	8,545,072,123	634,536,000	7,910,536,123	7.43%	11,797,032,963	67.06%
2025	9,768,730,759	784,436,000	8,984,294,759	8.03%	12,338,477,517	72.82%

^a Plan Fiduciary Net Position was restated from \$(45,029,000) as of June 30, 2017, to \$(59,688,000) as of July 1, 2017.

^b Estimated payroll for fiscal year end June 30, 2016, based on fiscal year end June 30, 2017, payroll adjusted by wage inflation assumption of 3.25 percent.



GASB Statements No. 74 and 75 Information

GASB Statement No. 74 Schedule of Contributions Multiyear

FY Ending June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	N/A	\$ 194,405,000	N/A	\$ 9,147,159,000	2.13%
2017	N/A	210,466,000	N/A	9,444,442,000	2.23%
2018	N/A	208,564,000	N/A	9,600,528,968	2.17%
2019	N/A	226,089,000	N/A	9,879,265,292	2.29%
2020	N/A	232,712,000	N/A	10,184,005,548	2.29%
2021	N/A	238,764,000	N/A	10,497,876,022	2.27%
2022	N/A	185,245,000	N/A	10,851,357,580	1.71%
2023	N/A	187,170,000	N/A	11,363,156,353	1.65%
2024	N/A	199,809,000	N/A	11,797,032,963	1.69%
2025	N/A	209,152,000	N/A	12,338,477,517	1.70%

Contributions for TRIP are defined by State statute and Actuarially Determined Contributions are not developed. Benefits are financed on a pay-as-you go basis, based on contribution rates defined by statute. For fiscal year end June 30, 2025, contribution rates are 0.9 percent of pay for active members, 0.67 percent of pay for school districts, and 0.9 percent of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.



GASB Statements No. 74 and 75 Information

Notes to Schedule of Contributions

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Sponsor's Fiscal Year End	June 30, 2026

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. Contribution rates are defined by statute. For fiscal year end June 30, 2025, contribution rates are 0.90% of pay for active members, 0.67% of pay for school districts, and 0.90% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
Asset Valuation Method	Market value
Investment Rate of Return	2.75%, net of OPEB plan investment expense, including inflation, for all plan years.
Inflation	2.25%
Salary Increases	Depends on service and ranges from 8.50% at 1 year of service to 4.00% at 20 or more years of service.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the actuarial valuation as of June 30, 2024.
Mortality	Retirement and Beneficiary Annuitants: PubT-2010 Retiree Mortality Table, adjusted for TRS experience. Disabled Annuitants: PubNS-2010 Non-Safety Disabled Retiree Table. Pre-Retirement: PubT-2010 Employee Mortality Table. All tables reflect future mortality improvements using Projection Scale MP-2021.
Healthcare Cost Trend Rates	Trend rates for plan year 2026 are based on actual premium increases. For non-Medicare costs, trend rates start at 8.00% for plan year 2027 and decrease gradually to an ultimate rate of 4.25% in 2042. For MAPD costs, trend rates are based on actual premium increases for 2026, expected increases in 2027 and 2028 and 7.80% in 2029, 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.



GASB Statements No. 74 and 75 Information

Single Discount Rate

The State, school districts, and active members contribute 0.9 percent, 0.67 percent, and 0.9 percent of pay, respectively, for fiscal year 2025. Retirees contribute a percentage of the premium rate. The State also contributes an additional amount to cover plan costs in excess of contributions and investment income. 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 3.97 percent at June 30, 2024, and 5.20 percent at June 30, 2025, was used to measure the total OPEB liability. The increase in the single discount rate, from 3.97 percent to 5.20 percent, caused the total OPEB liability to decrease by approximately \$1.3 billion as of June 30, 2025.

Investment Return

During plan year end June 30, 2025, the trust earned \$30,662,000 in interest, and the market value of assets at June 30, 2025, is \$784.4 million. The long-term investment return was assumed to be 2.75 percent.

Money-Weighted Rate of Return

The annual money-weighted rate of return was estimated based on monthly investment performance, net of investment expenses, adjusted for changing amounts actually invested. The annual money-weighted rate of return was 3.560 percent for plan year end June 30, 2025, and 4.307 percent for plan year end June 30, 2024.

Sensitivity of Net OPEB Liability

The following table shows the plan's net OPEB liability as of June 30, 2025, using the current single discount rate of 5.20 percent and sensitivity single discount rates that are either one percentage point higher or lower:

	1% Decrease	Current Single Discount	1% Increase
	4.20%	Rate Assumption	6.20%
	5.20%		
\$	10,039,675,431	\$ 8,984,294,759	\$ 8,074,518,299



GASB Statements No. 74 and 75 Information

The following table shows the plan's net OPEB liability as of June 30, 2025, using current trend rates and sensitivity trend rates that are either one percentage point higher or lower.

Healthcare Cost		
1% Decrease ^b	Trend Rates Assumption ^a	1% Increase ^c
\$ 7,795,880,222	\$ 8,984,294,759	\$ 10,430,691,257

^a Current healthcare trend rates -

Pre-Medicare per capita costs: 6.00% in 2026, 8.00% in 2027, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2042.

Post-Medicare per capita costs: Based on actual increase in 2026, expected increases in 2027 to 2028, 7.80% in 2029 decreasing ratably to an ultimate trend rate of 4.25% in 2041.

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

Pre-Medicare per capita costs: 5.00% in 2026, 7.00% in 2027, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2042.

Post-Medicare per capita costs: Based on actual increase in 2026, expected increases in 2027 to 2028, 6.80% in 2029 decreasing ratably to an ultimate trend rate of 3.25% in 2041.

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

Pre-Medicare per capita costs: 7.00% in 2026, 9.00% in 2027, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2042.

Post-Medicare per capita costs: Based on actual increase in 2026, expected increases in 2027 to 2028, 8.80% in 2029 decreasing ratably to an ultimate trend rate of 5.25% in 2041.



GASB Statements No. 74 and 75 Information

Schedule of Changes in Net OPEB Liability under GASB Statement No. 75 Measured as of June 30, 2025 Applicable to Plan Sponsor's Fiscal Year End of June 30, 2026

Fiscal Year Ending June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$ 449,268,132	\$ 363,792,515	\$ 341,567,068	\$ 480,495,099	\$ 1,109,767,854	\$ 1,207,781,377	\$ 1,203,231,213	\$ 1,282,452,212	\$ 1,684,864,123
Interest on the Total OPEB Liability	427,768,594	324,864,438	279,282,265	167,671,854	491,582,744	730,741,073	895,428,024	921,017,244	820,960,601
Changes of Benefit Terms	224,722,669	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	817,537,847	245,368,150	(150,357,242)	(4,075,426,058)	(490,742,013)	(361,511,693)	(431,808,998)	(94,796,551)	(16,955,687)
Changes of Assumptions	(495,294,606)	176,743,877	100,924,228	(11,500,200,652)	(5,422,677,158)	(2,160,325,236)	11,932,136	(1,410,427,032)	(3,564,237,510)
Benefit Payments ^a	(200,344,000)	(165,307,000)	(195,126,000)	(217,842,000)	(244,045,000)	(237,466,000)	(260,652,000)	(275,400,000)	(296,480,000)
Net Change in Total OPEB Liability	1,223,658,636	945,461,980	376,290,319	(15,145,301,757)	(4,556,113,573)	(820,780,479)	1,418,130,375	422,845,873	(1,371,848,473)
Total OPEB Liability - Beginning	8,545,072,123	7,599,610,143	7,223,319,824	22,368,621,581	26,924,735,154	27,745,515,633	26,327,385,258	25,904,539,385	27,276,387,858
Total OPEB Liability - Ending (a)	\$ 9,768,730,759	\$ 8,545,072,123	\$ 7,599,610,143	\$ 7,223,319,824	\$ 22,368,621,581	\$ 26,924,735,154	\$ 27,745,515,633	\$ 26,327,385,258	\$ 25,904,539,385
Plan Fiduciary Net Position									
Employer Contributions	\$ 209,152,000	\$ 199,809,000	\$ 187,170,000	\$ 185,245,000	\$ 238,764,000	\$ 232,712,000	\$ 226,089,000	\$ 208,564,000	\$ 210,466,000
Active Member Contributions	120,291,000	114,959,000	107,704,000	106,576,000	137,436,000	133,896,000	130,068,000	119,906,000	111,734,000
Net Investment Income	30,662,000	21,998,000	2,704,000	143,000	51,000	193,000	397,000	743,000	357,000
Benefit Payments ^a	(200,344,000)	(165,307,000)	(195,126,000)	(217,842,000)	(244,045,000)	(237,466,000)	(260,652,000)	(275,400,000)	(296,480,000)
Operating Expenses	(10,265,000)	(9,535,000)	(9,259,000)	(9,220,000)	(9,526,000)	(9,472,000)	(10,430,000)	(14,226,000)	(13,790,000)
Other	404,000	359,000	430,000	482,000	1,744,000	895,000	1,079,000	1,614,000	2,099,000
Net Change in Plan Fiduciary Net Position	149,900,000	162,283,000	93,623,000	65,384,000	124,424,000	120,758,000	86,551,000	41,201,000	14,386,000
Plan Fiduciary Net Position - Beginning^b	634,536,000	472,253,000	378,630,000	313,246,000	188,822,000	68,064,000	(18,487,000)	(59,688,000)	(59,415,000)
Plan Fiduciary Net Position - Ending (b)	784,436,000	634,536,000	472,253,000	378,630,000	313,246,000	188,822,000	68,064,000	(18,487,000)	(45,029,000)
Net OPEB Liability - Ending (a) - (b)	\$ 8,984,294,759	\$ 7,910,536,123	\$ 7,127,357,143	\$ 6,844,689,824	\$ 22,055,375,581	\$ 26,735,913,154	\$ 27,677,451,632	\$ 26,345,872,258	\$ 25,949,568,385
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	8.03%	7.43%	6.21%	5.24%	1.40%	0.70%	0.25%	-0.07%	-0.17%
Covered-Employee Payroll	\$ 12,338,477,517	\$ 11,797,032,963	\$ 11,363,156,353	\$ 10,851,357,580	\$ 10,497,876,022	\$ 10,184,005,548	\$ 9,879,265,292	\$ 9,600,528,968	\$ 9,444,442,000
Net OPEB Liability as a Percentage of Covered-Employee Payroll	72.82%	67.06%	62.72%	63.08%	210.09%	262.53%	280.16%	274.42%	274.76%

^a Actual benefits paid by sponsor.

^b Plan Fiduciary Net Position was restated from \$(45,029,000) as of June 30, 2017, to \$(59,688,000) as of July 1, 2017.



GASB Statements No. 74 and 75 Information

Statement of OPEB Expense under GASB Statement No. 75 Measured as of June 30, 2025 Applicable to Plan Sponsor's Fiscal Year End June 30, 2026

A. Expense

1. Service Cost	\$	449,268,132
2. Interest on the Total OPEB Liability		427,768,594
3. Current-Period Benefit Changes		224,722,669
4. Active Member Contributions		(120,291,000)
5. Projected Earnings on Plan Investments		(16,992,270)
6. OPEB Plan Operating Expenses		10,265,000
7. Other Changes in Plan Fiduciary Net Position		(404,000)
8. Recognition of Outflow/(Inflow) due to Liability Experience		(517,844,739)
9. Recognition of Outflow/(Inflow) due to Assumption Changes		(2,322,433,199)
10. Recognition of Outflow/(Inflow) due to Investment Experience		(3,516,630)
11. Total OPEB Expense	\$	(1,869,457,443)

B. Reconciliation of Net OPEB Liability

1. Net OPEB Liability Beginning of Year	\$	7,910,536,123
2. OPEB Expense		(1,869,457,443)
3. Employer Contributions		(209,152,000)
4. Change in Liability Experience Outflows/(Inflows) Recognized in Current Liabilities		1,335,382,586
5. Change in Assumption Changes Experience Outflows/(Inflows) Recognized in Current Liabilities		1,827,138,592
6. Change in Investment Experience Outflows/(Inflows) Recognized in Current Assets		(10,153,099)
7. Net OPEB Liability End of Year	\$	8,984,294,759



GASB Statements No. 74 and 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 that 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 employees in the plan was approximately 2,365,887 years. Additionally, the total plan membership (active employees and inactive employees) was 269,011. 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 8.79 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 Statements No. 74 and 75 Information

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods Measured as of June 30, 2025, Applicable to Plan Sponsor's Fiscal Year End June 30, 2026

A. Outflows and (Inflows) of Resources Recognized in Current and Future OPEB Expenses as of Plan Year End June 30, 2025

Experience (Gain)/Loss	Original			Amount Recognized in Past OPEB Expenses	Amount Recognized in Current OPEB Expense	Deferred (Inflows) to be Recognized in Future OPEB Expenses	Deferred Outflows to be Recognized in Future OPEB Expenses
	Original Balance	Date Established	Recognition Period/ Amortization Factor				
1. Liability (Gain)/Loss	\$ 817,537,847	June 30, 2025	8.7900	\$ -	\$ 93,007,719	\$ -	\$ 724,530,128
	245,368,150	June 30, 2024	9.0600	27,082,577	27,082,577	-	191,202,995
	(150,357,242)	June 30, 2023	9.0200	(33,338,635)	(16,669,317)	(100,349,290)	-
	(4,075,426,058)	June 30, 2022	8.8400	(1,383,063,142)	(461,021,047)	(2,231,341,869)	-
	(490,742,013)	June 30, 2021	8.3300	(235,650,426)	(58,912,607)	(196,178,980)	-
	(361,511,693)	June 30, 2020	8.3300	(216,993,813)	(43,398,763)	(101,119,117)	-
	(431,808,998)	June 30, 2019	8.2900	(312,527,622)	(52,087,937)	(67,193,439)	-
	(94,796,551)	June 30, 2018	7.4600	(88,951,187)	(5,845,364)	-	-
				\$ (2,243,442,248)	\$ (517,844,739)	\$ (2,696,182,695)	\$ 915,733,124
2. Assumption Changes	\$ (495,294,606)	June 30, 2025	8.7900	\$ -	\$ (56,347,509)	\$ (438,947,097)	\$ -
	176,743,877	June 30, 2024	9.0600	19,508,154	19,508,154	-	137,727,569
	100,924,228	June 30, 2023	9.0200	22,377,878	11,188,939	-	67,357,412
	(11,500,200,652)	June 30, 2022	8.8400	(3,902,783,027)	(1,300,927,676)	(6,296,489,950)	-
	(5,422,677,158)	June 30, 2021	8.3300	(2,603,926,606)	(650,981,652)	(2,167,768,900)	-
	(2,160,325,236)	June 30, 2020	8.3300	(1,296,713,827)	(259,342,765)	(604,268,643)	-
	11,932,136	June 30, 2019	8.2900	8,636,045	1,439,341	-	1,856,750
	(1,410,427,032)	June 30, 2018	7.4600	(1,323,457,001)	(86,970,031)	-	-
				\$ (9,076,358,384)	\$ (2,322,433,199)	\$ (9,507,474,590)	\$ 206,941,730
3. Investment (Gain)/Loss and Actual Investment Earnings	\$ (13,669,730)	June 30, 2025	5.0000	\$ -	\$ (2,733,946)	\$ (10,935,784)	\$ -
	(7,952,799)	June 30, 2024	5.0000	(1,590,560)	(1,590,560)	(4,771,679)	-
	2,695,254	June 30, 2023	5.0000	1,078,102	539,051	-	1,078,102
	909,106	June 30, 2022	5.0000	545,464	181,821	-	181,821
	435,017	June 30, 2021	5.0000	348,014	87,003	-	-
				\$ 381,019	\$ (3,516,630)	\$ (15,707,463)	\$ 1,259,923
4. Total				\$ (11,319,419,614)	\$ (2,843,794,569)	\$ (12,219,364,748)	\$ 1,123,934,776

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

Year Ending June 30,	Liability	Assumption Changes	Investment	Year Ending June 30,	Deferred Outflows	Deferred (Inflows)	Net Outflows/(Inflows)
	Outflows / (Inflows)	Outflows / (Inflows)	Outflows/(Inflows)		Deferred Outflows	Deferred (Inflows)	Net Outflows/(Inflows)
2026	\$ (511,999,375)	\$ (2,235,463,168)	\$ (3,603,634)	2026	\$ 152,947,602	\$ (2,904,013,778)	\$ (2,751,066,177)
2027	\$ (475,016,940)	\$ (2,236,485,100)	\$ (3,785,455)	2027	\$ 151,743,849	\$ (2,867,031,343)	\$ (2,715,287,495)
2028	\$ (430,834,267)	\$ (2,063,142,856)	\$ (4,324,506)	2028	\$ 150,787,389	\$ (2,649,089,018)	\$ (2,498,301,629)
2029	\$ (377,041,229)	\$ (1,541,402,037)	\$ (2,733,946)	2029	\$ 150,787,389	\$ (2,071,964,601)	\$ (1,921,177,212)
2030	\$ (283,836,701)	\$ (1,118,429,664)	\$ -	2030	\$ 150,787,389	\$ (1,553,053,754)	\$ (1,402,266,365)
2031	\$ 103,420,979	\$ (25,650,416)	\$ -	2031	\$ 150,787,389	\$ (73,016,827)	\$ 77,770,562
2032	\$ 119,756,910	\$ (36,615,576)	\$ -	2032	\$ 139,822,229	\$ (56,680,896)	\$ 83,141,333
2033	\$ 75,101,052	\$ (43,344,043)	\$ -	2033	\$ 76,271,542	\$ (44,514,532)	\$ 31,757,009
2034	\$ -	\$ -	\$ -	2034	\$ -	\$ -	\$ -
Total	\$ (1,780,449,571)	\$ (9,300,532,860)	\$ (14,447,540)		\$ 1,123,934,776	\$ (12,219,364,748)	\$ (11,095,429,971)
Change in Outflows/(Inflows)	\$ 1,335,382,586	\$ 1,827,138,592	\$ (10,153,099)				



SECTION D

ADDITIONAL ACTUARIAL VALUATION EXHIBITS

Additional Valuation Exhibits

Exhibit 1

40-Year Projection of Expected Employer Claims ^a

Fiscal Year End June 30	Expected Employer Claims	Fiscal Year End June 30	Expected Employer Claims
2025	\$ 243,235,425	2045	\$ 1,259,214,700
2026	296,524,800	2046	1,205,114,100
2027	349,425,700	2047	1,129,249,100
2028	395,359,000	2048	1,029,111,000
2029	450,983,300	2049	921,608,700
2030	515,474,200	2050	815,140,800
2031	584,129,500	2051	725,097,400
2032	653,730,200	2052	658,169,500
2033	724,018,900	2053	613,346,100
2034	792,154,100	2054	590,586,900
2035	855,321,500	2055	582,171,600
2036	912,859,300	2056	573,053,300
2037	974,092,000	2057	568,424,500
2038	1,041,731,700	2058	568,992,800
2039	1,108,573,200	2059	573,038,700
2040	1,167,776,500	2060	577,594,900
2041	1,220,929,800	2061	579,952,100
2042	1,260,850,100	2062	577,846,400
2043	1,281,655,600	2063	565,565,600
2044	1,285,229,800	2064	532,003,200

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



Additional Valuation Exhibits

Exhibit 2

Summary of Demographic Information as of June 30, 2024

A) Active Participants - Full-Time and Part-Time ^a	Primary Member	Dependent	Total
i) Counts	138,817		138,817
ii) Average Age	42.3		42.3
iii) Average Service	13.7		13.7
B) Active Participants - Hourly and Substitute			
i) Counts	26,757		26,757
ii) Average Age	44.3		44.3
iii) Average Service	1.9		1.9
C) Retirees and Dependents Under Age 65 ^b			
i) Counts	9,033	969	10,002
ii) Average Age	61.3	60.1	61.2
D) Retirees and Dependents Over Age 65 ^b			
i) Counts	56,042	9,871	65,913
ii) Average Age	76.4	75.4	76.2
E) Waived Retirees and Dependents ^c			
i) Counts	18,783		18,783
ii) Average Age	63.4		63.4
F) Children			
i) Counts	2	554	556
ii) Average Age	18.0	20.9	20.9
G) Deferred Vesteds ^d			
i) Counts	13,225		13,225
ii) Average Age	47.3		47.3
H) Deferred Vesteds ^e			
i) Counts	6,310		6,310
ii) Average Age	45.0		45.0
I) Deferred Survivors			
i) Counts	42		42
ii) Average Age	43.0		43.0
J) Total Participants	269,011	11,394	280,405

^a Excludes members who are active in TRS and categorized as a dependent in SEGIP, and 1,429 active members in TRS with vested benefits in SERS, SURS, GARS, or JRS.

^b Only includes members and dependents currently receiving benefits through TRIP.

^c Includes members currently under the age of 70 and waived beneficiaries over the age of 26 and under 70.

^d Members with at least 7 years of service and currently under the age of 70.

^e Members with 5 to 7 years of service and currently under the age of 70.



Additional Valuation Exhibits

Exhibit 3

Assets Available for Benefits

	As of June 30,	
	2024	2025
Net Assets Held in Trust for Post-Employment Benefits, Beginning of Year	\$ 472,253,000	\$ 634,536,000
Adjustment to Net Assets, Beginning of Year	-	-
Net Assets, Beginning of Year	\$ 472,253,000	\$ 634,536,000

Revenues

State Contributions	\$ 114,959,000	\$ 120,291,000
Employer Contributions	84,850,000	88,861,000
Federal Government Medicare Part D Subsidy	329,000	366,000
Active Member Contributions	114,959,000	120,291,000
Retired Member Contributions	92,179,151	96,517,351
COBRA	30,000	38,000
Interest	21,998,000	30,662,000
Total Revenues	\$ 429,304,151	\$ 457,026,351

Deductions

Benefits	257,486,151	\$ 296,861,351
Administrative Expense	9,535,000	10,265,000
Total Deductions	\$ 267,021,151	\$ 307,126,351

Net Change	\$ 162,283,000	\$ 149,900,000
------------	----------------	----------------

Net Assets Held in Trust for Post-Employment Benefits, End of Year

	\$ 634,536,000	\$ 784,436,000
--	----------------	----------------



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, 2024 through June 30, 2025, and from July 1, 2023 through June 30, 2024, 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 \$37.51 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 8% when compared to the prior valuation as of June 30, 2022.

The Aetna MAPD per member per month premium rates, before administrative expenses, increased by 126% from \$37.51 for calendar year 2025 to \$84.69 for calendar year 2026. For the actuarial valuation as of June 30, 2024, trend rates after 2026 have been adjusted to recognize the extraordinary trend increases from 2025 to 2026.

MAPD retirees and dependents are assumed to pay 25 percent and 75 percent, respectively, of applicable premiums and administrative expenses. For future valuations, we will review actual MAPD premiums paid by retirees and dependents and update our model.

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 Statements No. 74 and 75, the Entry Age Normal Method is the required cost method.



Summary of Actuarial Assumptions and Methods

Census Data

The actuarial valuation was based on TRS active, inactive and retiree data as of June 30, 2024, and TRIP retiree data as of June 30, 2024.



Summary of Actuarial Assumptions and Methods

Actuarial Assumptions

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

Actuarial Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Discount Rate	3.97% at June 30, 2024 5.20% at June 30, 2025
Inflation¹	2.25%
Ultimate Salary Increase²	4.00%

OPEB Assumptions

Fiscal Year <u>End 6/30</u>	Healthcare Trend				
	<u>TCHP and MC Medical and RX</u>	<u>MAPD Medical and RX</u>	<u>TCHP and MC Retiree Premium</u>	<u>MAPD Retiree Premium</u>	<u>Dental & Vision</u>
2026	6.00%	103.87%	5.00%	103.87%	3.75%
2027	8.00%	38.76%	5.00%	38.76%	4.00%
2028	7.75%	6.47%	5.00%	6.47%	4.00%
2029	7.50%	7.80%	5.00%	7.80%	4.00%
2030	7.25%	7.48%	5.00%	7.48%	4.00%
2031	7.00%	7.16%	5.00%	7.16%	4.00%
2032	6.75%	6.83%	5.00%	6.83%	4.00%
2033	6.50%	6.51%	5.00%	6.51%	4.00%
2034	6.25%	6.19%	5.00%	6.19%	4.00%
2035	6.00%	5.87%	5.00%	5.87%	4.00%
2036	5.75%	5.55%	5.00%	5.55%	4.00%
2037	5.50%	5.23%	5.00%	5.23%	4.00%
2038	5.25%	4.91%	5.00%	4.91%	4.00%
2039	5.00%	4.62%	5.00%	4.62%	4.00%
2040	4.75%	4.37%	4.75%	4.37%	4.00%
2041	4.50%	4.25%	4.50%	4.25%	4.00%
2042	4.25%	4.25%	4.25%	4.25%	4.00%

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 \$37.51 in calendar year 2025 to \$84.69 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%
95	-0.38%	-2.21%

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

TCHP			OAP			HMO		
<u>Age</u>	<u>Medical and Rx</u>		<u>Age</u>	<u>Medical and Rx</u>		<u>Age</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	\$ 4,774	\$ 6,248	20	\$ 4,615	\$ 6,039	20	\$ 4,346	\$ 5,687
25	4,042	8,263	25	3,907	7,988	25	3,679	7,522
30	4,949	11,647	30	4,784	11,258	30	4,505	10,601
35	6,167	12,670	35	5,961	12,248	35	5,613	11,533
40	7,701	12,513	40	7,444	12,096	40	7,010	11,390
45	9,586	13,231	45	9,267	12,789	45	8,726	12,043
50	12,483	15,377	50	12,066	14,865	50	11,362	13,997
51	13,208	15,910	51	12,767	15,379	51	12,022	14,482
52	13,963	16,431	52	13,497	15,884	52	12,710	14,957
53	14,749	16,939	53	14,257	16,374	53	13,425	15,419
54	15,569	17,437	54	15,050	16,856	54	14,172	15,873
55	16,426	17,934	55	15,878	17,336	55	14,952	16,325
56	17,319	18,444	56	16,741	17,829	56	15,764	16,789
57	18,247	18,981	57	17,638	18,348	57	16,609	17,278
58	19,205	19,560	58	18,565	18,908	58	17,482	17,805
59	20,193	20,193	59	19,520	19,520	59	18,381	18,381
60	21,215	20,889	60	20,507	20,193	60	19,311	19,014
61	22,280	21,654	61	21,537	20,932	61	20,281	19,710
62	23,397	22,487	62	22,616	21,737	62	21,297	20,469
63	24,569	23,386	63	23,750	22,606	63	22,364	21,287
64	25,798	24,346	64	24,937	23,534	64	23,482	22,161



Summary of Actuarial Assumptions and Methods

Annual Per Capita Claims Costs for Medicare Eligible Members

Age	TCHP		OAP		HMO		MAPD ^a	
	Medical and Rx		Medical and Rx		Medical and Rx		Medical and Rx	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$10,242	\$ 9,660	\$ 8,624	\$ 8,134	\$ 7,293	\$ 6,878		
66	10,413	9,897	8,768	8,334	7,415	7,048		
67	10,591	10,131	8,918	8,530	7,542	7,214		
68	10,774	10,359	9,072	8,723	7,672	7,376		
69	10,963	10,582	9,231	8,910	7,806	7,535		
70	11,157	10,796	9,394	9,090	7,944	7,687		
71	11,349	11,000	9,556	9,262	8,081	7,833		
72	11,531	11,193	9,709	9,424	8,211	7,970		
73	11,696	11,373	9,849	9,576	8,329	8,099		
74	11,846	11,540	9,975	9,717	8,435	8,217		
75	11,983	11,692	10,089	9,845	8,532	8,326		
76	12,111	11,833	10,198	9,964	8,624	8,426		
77	12,236	11,967	10,303	10,076	8,713	8,521		
78	12,360	12,099	10,407	10,187	8,801	8,615		
79	12,477	12,231	10,506	10,298	8,884	8,709		
80	12,579	12,359	10,592	10,407	8,957	8,801		
81	12,658	12,479	10,658	10,508	9,013	8,886		
82	12,705	12,586	10,698	10,598	9,047	8,962		
83	12,720	12,679	10,710	10,676	9,057	9,028		
84	12,705	12,758	10,698	10,742	9,047	9,085		
85	12,671	12,820	10,669	10,795	9,023	9,129		
86	12,624	12,866	10,630	10,833	8,989	9,162		
87+	12,573	12,900	10,586	10,862	8,953	9,186		

^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 \$8.64, \$45.12, and \$94.66, for calendar years 2024, 2025, and 2026, respectively. MAPD total costs are not adjusted for morbidity.



Summary of Actuarial Assumptions and Methods

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

TCHP			OAP			HMO		
Medical and Rx			Medical and Rx			Medical and Rx		
Age	Male	Female	Age	Male	Female	Age	Male	Female
65	\$ 32,625	\$ 30,772	65	\$ 28,357	\$ 26,746	65	\$ 22,378	\$ 21,107
66	33,173	31,529	66	28,833	27,404	66	22,754	21,626
67	33,738	32,271	67	29,325	28,050	67	23,141	22,135
68	34,320	33,000	68	29,831	28,683	68	23,541	22,635
69	34,922	33,709	69	30,353	29,299	69	23,953	23,121
70	35,540	34,391	70	30,891	29,892	70	24,378	23,589
71	36,153	35,041	71	31,423	30,457	71	24,798	24,035
72	36,732	35,655	72	31,927	30,991	72	25,195	24,456
73	37,260	36,230	73	32,385	31,491	73	25,557	24,851
74	37,737	36,761	74	32,800	31,952	74	25,884	25,215
75	38,171	37,247	75	33,178	32,374	75	26,182	25,548
76	38,580	37,695	76	33,533	32,763	76	26,462	25,855
77	38,979	38,122	77	33,880	33,135	77	26,736	26,148
78	39,373	38,542	78	34,222	33,500	78	27,006	26,436
79	39,746	38,961	79	34,547	33,864	79	27,262	26,724
80	40,072	39,371	80	34,830	34,221	80	27,486	27,005
81	40,322	39,753	81	35,047	34,553	81	27,657	27,267
82	40,473	40,093	82	35,178	34,848	82	27,761	27,500
83	40,519	40,390	83	35,218	35,106	83	27,792	27,704
84	40,474	40,641	84	35,179	35,324	84	27,762	27,876
85	40,364	40,839	85	35,083	35,496	85	27,686	28,012
86	40,215	40,986	86	34,954	35,624	86	27,584	28,112
87+	40,051	41,093	87+	34,811	35,718	87+	27,471	28,186

Dental and Vision

Dental cost per member per year: \$223. Vision cost per member per year: \$31.



Summary of Actuarial Assumptions and Methods

Participation

Active members are assumed to retire and elect TRIP healthcare coverage at the following rates:

Age	Participation Rates (Current Active TRIP Participants)	
	Full-time and Part-time	Substitute and Hourly
	Members	Members
Less than 60	80%	80%
60-64	80%	60%
65+	60%	40%

Thirty-five percent of current deferred vested participants with at least seven years of service and younger than age 70 as of June 30, 2024, are assumed to elect TRIP healthcare coverage.

Ten percent of current deferred vested participants with five to seven years of service and younger than age 70 as of June 30, 2024, are assumed to elect healthcare coverage. The liability for this group is allocated equally between TRIP and SEGIP.

Retired TRS annuitants who have waived TRIP coverage are assumed to elect TRIP healthcare coverage at the following rates:

Age	TRIP Election Rates (Current Waived TRS Annuitants)	
	Period Receiving TRS	
	Pension Annuity	TRIP Election Rate
Less than 65	Less than 2 years	40%
Less than 65	2 years +	20%
65-69	Any Period	10%
70+	Any Period	0%

Current and future retirees and survivors receiving healthcare coverage through CIP are assumed to lapse coverage at ages 65 through 67 with the rates shown on the following page.

Summary of Actuarial Assumptions and Methods

Healthcare Coverage Lapse Rates (Current and Future Retirees with TRIP Coverage)

Age	Male	Female
64 and under	0%	0%
65	10%	14%
66	8%	11%
67	4%	5%
68+	0%	0%

Eighty percent elect single coverage and twenty percent elect two-person coverage.

The percentage of future members electing coverage under the TCHP, OAP, and other HMO plans was based on the actual election percentages of the current TRIP population. Currently for pre-Medicare participants, about 27 percent participate in the TCHP, 45 percent participate in the OAP and 28 percent participate in HMO plans.

Future retired members are assumed to participate in an MAPD plan one month after attaining age 65.

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

Females are assumed to be three years younger than their spouses in cases where no spouse date of birth is supplied.

Coverage for healthy children of retired members is assumed to end at age 23. Disabled children are assumed to receive benefits during their lifetime.

Pension-Related Assumptions

The pension-related assumptions disclosed in the Teachers' Retirement System (TRS) experience study for the period from July 1, 2020, to June 30, 2023, as used for the TRS actuarial valuation report as of June 30, 2024, were applied to the TRIP actuarial valuation as of June 30, 2024.

Rates are applied consistently with the pension actuarial valuations, using the census data as of June 30, 2024, as provided by TRS and CMS. Retirement rates are applied at first eligibility for pension benefits, although retiree healthcare benefits may not be payable.

Deferred vested members are assumed to commence benefits at age 62.



Summary of Actuarial Assumptions and Methods

Salary Increase	
Service	Annual Increase ^a
1	8.50%
2	7.00%
3	6.50%
4	6.50%
5	6.25%
6	6.00%
7	5.75%
8	5.75%
9	5.50%
10	5.50%
11	5.50%
12	5.25%
13	5.00%
14	5.00%
15	4.75%
16	4.75%
17	4.50%
18	4.50%
19	4.25%
20 & above	4.00%

^a Based on an underlying general inflation assumption of 2.50 percent per year.

Summary of Actuarial Assumptions and Methods

Demographic Assumptions

Mortality

Healthy Life Mortality, Post-Retirement

PubT-2010 Retiree Mortality Table projected generationally with Scale MP-2021, with female rates multiplied by 91% for ages under 75 and 103% for ages 75 and older and male rates multiplied by 103% for ages under 85 and 111% for ages 85 and older. (Adopted effective June 30, 2024.)

Healthy Life Mortality, Pre-Retirement

PubT-2010 Employee Mortality Table projected generationally with Scale MP-2021, with female and male rates multiplied by 94% for all ages. (Adopted effective June 30, 2024.)

Disabled Life Mortality, Post-Retirement

PubNS-2010 Non-Safety Disabled Retiree Mortality Table projected generationally with Scale MP-2021, with no adjustments to female or male rates. (Adopted effective June 30, 2024.)

Summary of Actuarial Assumptions and Methods

Spouse and Marriage Assumptions:

85.0 percent of active male participants and 85.0 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.

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%	6.5%	3.8%	4.5%
30	7.3%	7.5%	3.0%	4.3%
35	7.5%	7.8%	1.8%	2.5%
40	8.7%	7.3%	1.5%	1.3%
45	10.2%	7.5%	1.0%	1.0%
50	11.1%	8.6%	0.8%	1.3%
55	12.0%	10.6%	2.0%	2.3%
60	16.3%	14.0%	3.0%	2.3%
65	29.3%	27.5%	3.0%	2.3%

Sample Disability Rates		
% Separating Within Next Year		
Age	Male	Female
25	0.01%	0.02%
30	0.01%	0.02%
35	0.01%	0.04%
40	0.02%	0.04%
45	0.03%	0.06%
50	0.05%	0.11%
55	0.07%	0.12%
60	0.09%	0.16%
65	0.12%	0.18%



Summary of Actuarial Assumptions and Methods

The following assumptions apply to members hired before January 1, 2011:

Sample Normal Retirement Rates				
% Separating Within Next Year (Age-Based)				
Age	Service			
	5 - 18	19 - 29	30-33	34 +
54	0%	7%	24%	50%
55	0%	7%	24%	50%
56	0%	7%	27%	50%
57	0%	9%	33%	47%
58	0%	10%	33%	46%
59	0%	35%	50%	44%
60	23%	35%	59%	44%
61	16%	27%	36%	37%
62	17%	27%	43%	37%
63	16%	28%	38%	39%
64	26%	40%	46%	36%
65	28%	41%	45%	41%
66	25%	38%	39%	40%
67	25%	39%	40%	34%
68	23%	35%	44%	39%
69	29%	40%	37%	32%
70	100%	100%	36%	32%
71			35%	38%
72			100%	29%
73				36%
74				37%
75 & older				100%

Summary of Actuarial Assumptions and Methods

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%

SECTION F

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Summary of Principal Plan Provisions

PLAN MEMBERS

All members receiving monthly benefits from the Teachers' Retirement System (TRS) who have at least eight years of creditable service with TRS, the survivor of an annuitant or benefit recipient who had at least eight years of creditable service or a recipient of a monthly disability benefit are eligible to enroll in TRIP. Certain members covered under TRS for pension purposes are eligible for retiree healthcare benefits under the State Employees Group Insurance Program (SEGIP). 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 reciprocal service. Any member that was a participant in the plan that preceded TRIP is eligible to participate in TRIP.

ELIGIBLE SERVICE

Eligible Service includes creditable service used for purposes of determining pension benefits payable from TRS.

NORMAL RETIREMENT

Retirees are eligible to participate in TRIP if they retire under the conditions of TRS and have a minimum of eight years of TRS service. The eligibility conditions for normal retirement under TRS are shown below.

Eligibility conditions

Age 60 with 10 years of service, age 62 with 5 years of service or age 55 with 35 years of service for members hired before January 1, 2011.

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

EARLY RETIREMENT

Early retirees are eligible to participate in TRIP if they retire under the conditions of TRS and have a minimum of eight years of TRS service. The eligibility conditions for early retirement under TRS are shown below.

Eligibility conditions

Age 55 with 20 years of service for members hired before January 1, 2011.

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

DISABILITY RETIREMENT

Disabled members are eligible to participate in TRIP if they are receiving disability benefits under the conditions of TRS.

Eligibility conditions

There is no specific age or service requirement for receipt of disability benefits except for temporary disability benefits which require a minimum of three years of TRS service.

VESTED TERMINATIONS

Members who terminate with more than eight years of service are eligible to enroll in TRIP once they begin receiving retirement benefits. Members hired on or after January 1, 2011, are vested after 10 years of service.



Summary of Principal Plan Provisions

DEPENDENTS ELIGIBLE FOR COVERAGE

If a plan member enrolls in TRIP, they may enroll the following dependents: spouses; unmarried children age 26 and under; unmarried children age 26 and under that are full-time students, financially dependent for at least one-half of their support, and eligible to be claimed on income tax return; disabled children that have been continuously disabled from causes originating prior to age 26, 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 TRIP are eligible to enroll when they begin receiving pension benefits through TRS, 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 TRIP, and subsequently waive coverage, are only eligible to reenroll due to the loss of prior coverage by a former plan or at the attainment of age 65 or when Medicare eligible.

SURVIVING SPOUSE COVERAGE

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

MEDICARE

Coverage through TRIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the reduced premium available to Medicare eligible participants. Benefits are coordinated so that Teachers' Choice Health Plan (TCHP) pays the 20 percent of approved charges not covered by Medicare. If the provider does not accept Medicare assignment, TCHP pays all amounts Medicare does not cover, up to the Medicare maximum limiting charges.

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

DENTAL AND VISION BENEFITS

All plan participants have the same dental benefits through Teachers' Choice Dental Plan (TCDP) available regardless of the health plan selected. Participants enrolled in TCDP may go to any dentist. TCDP only reimburses those services that are listed on the dental schedule of benefits at a pre-determined maximum scheduled amount. There is a \$100 individual plan deductible for all services other than those listed as preventive or diagnostic in the schedule of benefits. The maximum benefit per plan participant per plan year for all dental services, including orthodontic and periodontics, is \$2,000. The maximum lifetime benefit for child orthodontia is \$1,500 and is subject to course of treatment limitations.

All plan participants have the same vision coverage regardless of the health plan selected.



Summary of Principal Plan Provisions

FUNDING POLICY

Retiree healthcare benefits are funded on a pay-as-you-go basis. Medical benefits provided through TRIP are self-insured. The cost of TRIP is shared among active members, retirees, the individual school districts, and the state. Contributions are made to the Teacher Health Insurance Security Fund. For fiscal year 2025, active members contribute 0.9 percent of pay, school districts contribute 0.67 percent of pay and the State contributes 0.9 percent of pay. Retired members contribute through premium payments based on the coverage elected and the age of the member and dependents. The premium for retired members is not permitted to increase by more than 5.0 percent per year per statute.

HEALTHCARE PLANS

Members may elect coverage in the TCHP, a managed care HMO plan or the Healthlink Open Access Plan (OAP). The TCHP has a nationwide network of providers through Aetna PPO. There are five HMOs offering coverage that varies by location throughout the state. The OAP is a managed care plan that offers three benefit levels based on the provider used.

Premium rates for members depend on the coverage elected and whether a managed care plan is available in their County of residence. The following table gives the member premium amounts by type of coverage and availability of a managed care plan.

The premiums charged to members reflect approximately a 75 percent subsidy for members that elect a managed care plan or elect the TCHP plan if a managed care plan is either not available or only partially available. Members receive approximately a 50 percent subsidy if they elect the TCHP when a managed care plan is available. Medicare primary dependent beneficiaries enrolled in a managed care plan or in the TCHP when no managed care plan is available receive a premium subsidy.

TOTAL RETIREE ADVANTAGE ILLINOIS (TRAIL)

Annuitants and survivors who become enrolled in Medicare Parts A and B and meet all the criteria for enrollment in the Medicare Advantage Program are required to choose a Medicare Advantage Plan or opt out of all TRIP coverage.



Summary of Principal Plan Provisions

TRIP Member Premium from July 1, 2024, to June 30, 2025

	Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 & Above	Medicare Primary All Ages ¹
Benefit recipient enrolled in any managed care plan	\$111.77	\$347.20	\$473.05	\$137.21
Benefit recipient enrolled in TCHP when a managed care plan is available	\$290.08	\$810.30	\$1,231.35	\$325.35
Benefit recipient enrolled in TCHP when a managed care plan is not available	\$145.04	\$405.14	\$615.69	\$162.69
Dependent beneficiary enrolled in any managed care plan	\$447.26	\$1,388.78	\$1,892.15	\$472.75
Dependent beneficiary enrolled in TCHP when a managed care plan is available	\$580.18	\$1,620.58	\$2,462.71	\$650.71
Dependent beneficiary enrolled in TCHP when a managed care plan is not available	\$580.18	\$1,620.58	\$2,462.71	\$488.04

TRIP MAPD Premiums from January 1, 2025, through December 31, 2025²

	Aetna MAPD Medical and Rx Premium Rate	Aetna MAPD Administrative Charges	Dental and Vision Premium Rates	Total Premium Rate
Member Rate	\$9.38	\$1.90	\$5.08	\$16.36
Dependent Rate	\$28.13	\$5.71	\$15.25	\$49.09

¹ Member must enroll in Medicare Parts A and B to qualify for lower premiums.

² Retirees and dependents assumed share of premiums are 25% and 75%, respectively, of expected costs.



Summary of Principal Plan Provisions

TRIP Member Premium from July 1, 2025, to June 30, 2026²

	Not Medicare Primary Under Age 26	Not Medicare Primary Age 26-64	Not Medicare Primary Age 65 & Above	Medicare Primary All Ages ¹
Benefit recipient enrolled in any managed care plan	\$121.18	\$370.76	\$503.81	\$149.28
Benefit recipient enrolled in TCHP when a managed care plan is available	\$308.40	\$857.02	\$1,300.03	\$346.83
Benefit recipient enrolled in TCHP when a managed care plan is not available	\$156.11	\$431.60	\$653.58	\$176.03
Dependent beneficiary enrolled in any managed care plan	\$484.89	\$1,483.01	\$2,015.19	\$517.23
Dependent beneficiary enrolled in TCHP when a managed care plan is available	\$624.46	\$1,726.40	\$2,614.28	\$704.09
Dependent beneficiary enrolled in TCHP when a managed care plan is not available	\$624.46	\$1,726.40	\$2,614.28	\$533.28

TRIP MAPD Premiums from January 1, 2026, through December 31, 2026³

	Aetna MAPD Medical and Rx Premium Rate	Aetna MAPD Administrative Charges	Dental and Vision Premium Rates	Total Premium Rate
Member Rate	\$21.17	\$2.49	\$5.39	\$29.06
Dependent Rate	\$63.52	\$7.48	\$16.18	\$87.17

¹ Member must enroll in Medicare Parts A and B to qualify for lower premiums.

² Includes additional costs of dental and vision coverage.

³ Retirees and dependents assumed share of premiums are 25% and 75%, respectively, of expected costs.



Summary of Principal Plan Provisions

TCHP – FY 2025

<i>Plan Feature</i>	<i>In Network</i>	<i>Out of Network ¹</i>		
Annual Deductible	\$500 per enrollee	\$500 per enrollee		
Annual Out of Pocket Limit	\$1,200 per individual \$2,750 per family, per plan year	\$4,400 per individual \$8,800 per family, per plan year		
<u>Covered Services</u>	<u>Coinsurance</u>	<u>Coinsurance</u>		
-Office Visits	80% after deductible	60% after deductible		
-Emergency Room	\$400 copay, deductible applies	\$400 copay, deductible applies		
-Inpatient Services	\$200 copay, then 80% after deductible	\$400 copay, then 60% after deductible		
-Outpatient Services				
-Lab/X-ray	80% after plan deductible	60% after plan deductible		
-Other	80% after plan deductible	60% after plan deductible		
TCHP Prescription Drug Copays	TCHP applies 20% member coinsurance to retail cost not to exceed maximum copayment or be less than the minimum copayment.			
	<u>Retail</u>	<u>Retail</u>	<u>Maintenance Choice</u>	
Tier 1	Greater of 20% or \$7	Greater of 20% or \$14	Greater of 10% or \$14	
Tier 2	Greater of 20% or \$14	Greater of 20% or \$28	Greater of 10% or \$28	
Tier 3	Greater of 20% or \$28	Greater of 20% or \$56	Greater of 10% or \$56	
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 – FY 2025

<i>Plan Feature</i>																			
Annual Deductible	\$0																		
Out of Pocket Maximum	\$3,000 individual \$6,000 family																		
<u>Covered Services</u>	<u>Coinsurance</u>																		
-Physicians Visits	\$20 Copay																		
-Emergency Care	\$200 Copay																		
-Inpatient Services	\$250 Copay																		
-Outpatient Services	\$150 Copay																		
TRIP HMO Prescription Drug Copays	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Preferred Retail</u></th> <th style="text-align: center;"><u>Mail Order</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Reduced Tier 1</td> <td style="text-align: center;">\$4.00</td> <td style="text-align: center;">\$10.00</td> </tr> <tr> <td style="text-align: center;">Tier 1</td> <td style="text-align: center;">\$10.00</td> <td style="text-align: center;">\$25.00</td> </tr> <tr> <td style="text-align: center;">Tier 2</td> <td style="text-align: center;">\$20.00</td> <td style="text-align: center;">\$50.00</td> </tr> <tr> <td style="text-align: center;">Tier 3</td> <td style="text-align: center;">\$40.00</td> <td style="text-align: center;">\$100.00</td> </tr> <tr> <td style="text-align: center;">Supply</td> <td style="text-align: center;">30-days</td> <td style="text-align: center;">90-days</td> </tr> </tbody> </table>		<u>Preferred Retail</u>	<u>Mail Order</u>	Reduced Tier 1	\$4.00	\$10.00	Tier 1	\$10.00	\$25.00	Tier 2	\$20.00	\$50.00	Tier 3	\$40.00	\$100.00	Supply	30-days	90-days
		<u>Preferred Retail</u>	<u>Mail Order</u>																
	Reduced Tier 1	\$4.00	\$10.00																
	Tier 1	\$10.00	\$25.00																
	Tier 2	\$20.00	\$50.00																
	Tier 3	\$40.00	\$100.00																
Supply	30-days	90-days																	
Maximum Lifetime Benefit	Unlimited																		



Summary of Principal Plan Provisions

OAP – FY 2025

<i>Plan Feature</i>	<i>Tier I</i>	<i>Tier II</i>	<i>Tier III</i>	
Annual Deductible	\$0	\$300 per enrollee	\$400 per enrollee	
Annual Out of Pocket Limit	\$6,600 per enrollee \$13,200 per family Tier I and Tier II charges combined		N/A	
<u>Covered Services</u>	<u>Coinsurance/Copay</u> ¹	<u>Coinsurance/Copay</u> ¹	<u>Coinsurance/Copay</u> ²	
-Office Visits	\$20 Copay	80%	60%	
-Emergency Room	\$200 Copay	\$200 Copay	\$200 Copay	
-Inpatient Services	\$250 Copay	\$300 Copay, then 80%	\$400 Copay, then 60%	
-Outpatient Services				
-Lab/X-ray	100%	80%	60%	
-Other	100%	80%	60%	
TRIP OAP Prescription Drug Copays		<u>Retail</u>	<u>Mail Order</u>	<u>Maintenance Choice</u>
	Tier 1	\$10.00	\$20.00	\$10.00
	Tier 2	\$20.00	\$40.00	\$20.00
	Tier 3	\$40.00	\$80.00	\$40.00
	Supply	30-days	90-days	90-days
Maximum Lifetime Benefit	Unlimited	Unlimited	Unlimited	

¹ Network charges.

² Usual and customary charges.



Summary of Principal Plan Provisions

TRAIL MAPD PPO – CY 2025

<i>Plan Feature</i>	<i>In Network</i>	<i>Out of Network</i>		
Annual Deductible	\$250 per enrollee	\$250 per enrollee		
Annual Out of Pocket Limit	\$1,100 per enrollee	\$1,100 per enrollee		
<u>Covered Services</u>	<u>Coinsurance</u>	<u>Coinsurance</u>		
-Office Visits	80% after deductible	80% after deductible		
-Emergency Room	\$120 Copay Copay waived if admitted within 24 hours	\$120 Copay Copay waived if admitted within 24 hours		
-Inpatient Services	80% after deductible	80% after deductible		
-Outpatient Services	80% after plan deductible	80% after plan deductible		
TRIP TRAIL PPO Prescription Drug Copays ¹	<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/\$30.00
	Tier 2	\$25.00	\$50.00	\$62.50/\$75.00
	Tier 3	\$50.00	\$100.00	\$125.00/\$150.00
	Tier 4 Specialty	\$50.00	\$100.00	\$125.00/\$150.00
	Supply	30-days	60-days	90-days
Maximum Lifetime Benefit	Unlimited			

¹ To obtain a 90-day mail-order supply, copayments are 2.5 times the 30-day supply copayment.
Calendar year 2025 copayments are capped once a member reaches \$2,000 in "true out-of-pocket"
prescription drug costs.



Summary of Principal Plan Provisions

Vision Benefits¹ – 2025

Service ²	In Network	Out of Network
Eye Exam	\$10 copay	\$20 allowance
Lenses	\$10 copay	\$20 allowance for single vision lenses \$30 allowance for bifocal and trifocal lenses
Standard Frames	\$10 copay (up to \$110 retail frame cost; beneficiary receives 20% off balance over \$110)	\$20 allowance
Contact Lenses (in lieu of Standard Frames and Lenses)	\$20 copay for medically necessary \$50 copay for elective contact lenses \$90 allowance for all other lenses not mentioned above	\$70 allowance

¹ Vision benefits were added beginning July 1, 2025 for pre-Medicare members and January 1, 2025 for post-Medicare members.

² Eye exam, vision lenses, and contact lenses benefits available once every 12 months. Standard frames available once every 24 months.

Summary of Principal Plan Provisions

Dental Benefits¹ – 2025

Plan Feature	
Annual Deductible for Preventative Services	N/A
Schedule of Benefits	Limited to maximum payment per service
Annual Deductible for All Other Covered Services	\$100 per participant
Plan Year Maximum Benefit	\$2,000 per participant

¹ Dental benefits were added beginning July 1, 2025 for pre-Medicare members and January 1, 2025 for post-Medicare members.

Child Orthodontia Benefits

Available only to children who begin treatment prior to the age of 19. Subject to a \$100 annual deductible and \$2,000 lifetime benefit and is subject to course of treatment limitations.

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 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 the actuarial 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 actuarial valuation purposes.

