WASHTENAW COUNTY ROAD COMMISSION
RETIREE HEALTH CARE PLAN

ACTUARIAL VALUATION REPORT
AS OF DECEMBER 31, 2012

July 31, 2013

Prepared By:

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July 31, 2013

Mr. Dan Ackerman, Finance Director
Washtenaw County Road Commission
555 North Zeeb Rd.
Ann Arbor, MI 48103

Dear Mr. Ackerman:

Submitted in this report are the December 31, 2012 actuarial valuation results for the Washtenaw County Road Commission Retiree Health Care Plan.

The purposes of this report are to:

- Provide the actuarial information needed to fulfill the Washtenaw County Road Commission's accounting reporting requirements under Governmental Accounting Standards Board Statement No. 45 (GASB 45); and

- Provide the Washtenaw County Road Commission's Annual Required Contribution (ARC) for the fiscal years beginning January 1, 2013 and January 1, 2014.

We are available to answer any questions on the material in this report or to provide explanations or further details as appropriate. The undersigned credentialed actuary along with the health actuary listed in the Retiree Premium Rate Development section of this report collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. We are not aware of any direct or material indirect financial interest or relationship that would impair the objectivity of our work.

Respectfully submitted,

Marek Tyszkiewicz

Marek Tyszkiewicz, ASA, MAAA

1. Executive Summary

The Washtenaw County Road Commission's annual required contributions (ARC) for the next two years determined by this valuation are:

Fiscal Year Beginning	Annual Required Contribution
January 1, 2013	$2,725,538
January 1, 2014	$2,725,538

This valuation reflects the plan being closed to new hires effective January 1, 2012. Due to expected declining payroll, the amortization method for unfunded liabilities in this valuation was changed from a level percent of pay amortization to a level dollar. The funding method to determine the normal cost and active accrued liabilities was also changed from a level percent of pay method to a level dollar method.

The ARC was calculated using an 8.0% assumed interest rate assumption selected by the Road Commission, based on the Road Commission's policy of fully funding the ARC and the long term expected return on plan assets.

In addition to various other plan provision changes described below, this valuation also incorporates hard caps on medical benefits pursuant to Public Act 152. Future retirees (those retired after January 1, 2010) contribute the excess of the projected illustrative premium rates over the projected hard caps under the statute. The valuation results are particularly sensitive to the assumed increase in the hard caps. For purposes of this valuation, a flat 3.5% trend assumption was used for these hard caps. This is consistent with the first increase in the hard caps published by the State of Michigan. Larger or smaller future increases in the hard caps will decrease or increase retiree contributions respectively, materially impacting expected future Road Commission contributions.

The medical and drug trend assumption established in the December 31, 2010 OPEB valuation was continued for this valuation, resulting in projected health care increases of 8% in the first year after the valuation, graded down to 4.5% by the eighth year. This trend was used both for projecting the total cost of the medical and drug benefits as well as the increase in the illustrative premium rates used to determine future retiree contributions.

The census data used for this valuation is based on the MERS December 31, 2012 pension valuation, updated to reflect health care coverage provided separately by the

Road Commission for Medical, Dental, Drug, and Life benefits. Similar to the pension valuation results, the OPEB valuation results are presented by Teamster, AFSCME, and Non-Union divisions. Since plan assets are not separately allocated among these three divisions, the assets were allocated proportionately based on each division's liabilities, resulting in the same funded percent across all divisions. This methodology is consistent with the December 31, 2010 OPEB valuation. Due to transfers of members between the pension divisions, the distribution of members between divisions since the last OPEB valuations are significantly different, though the grand total count of members is consistent.

Details regarding the derivation of the ARC can be found in Section 3, Valuation Results.

Changes in plan provisions

Service at retirement is now used to determine the portion of the employer funded retiree health care. For members retiring after January 1, 2010, the Road Commission will fund 5% times service of the portion of the illustrative rates under the hard caps of Public Act 152, with the members contributing the remaining amount. In addition, OPEB disability and death-in-service benefits are now limited to 36 months. New hires after January 1, 2012 no longer receive retiree healthcare or dental benefits for themselves or their spouses. Retirees may now opt out of retiree health care coverage annually. Other changes in health care benefits are reflected in the retiree premium rates developed during each valuation.

Changes in actuarial assumptions

Decrement assumptions were also updated to the current assumptions used by MERS consistent with the Road Commission's pension valuation.

Changes in actuarial methods

The amortization method was changed from a level percent of pay method to a level dollar method. The actuarial funding method was changed from a Level Percent of Pay Entry Age Normal method to a Level Dollar Entry Age Normal Method.

2. Important Notices

PURPOSE AND USE OF THIS REPORT

The purposes of this report are to:

- Provide the actuarial information needed to fulfill the Road Commission's accounting reporting requirements under Governmental Accounting Standards Board Statement No. 45 (GASB 45); and

- Provide the Road Commission's Annual Required Contribution (ARC) for the fiscal years beginning January 1, 2013 and January 1, 2014.

The calculations contained herein have been made on a basis consistent with our understanding of GASB 45. Computations for purposes other than GASB 45 may be significantly different from these results and may not be appropriate. Decisions about benefit changes, investment policy, funding policy, benefit security and/or benefit-related issues should not be made solely on the basis of this valuation, but only after careful consideration of alternative economic, financial, demographic and societal factors, including financial scenarios that assume future sustained investment losses. Reliance on information contained in this report by anyone for anything other than the intended purpose could be misleading.

Consequently, this report is prepared solely for the internal business use of the Road Commission. It may not be provided to third parties without our written consent, other than to auditors for use in satisfying accounting reporting requirements or as required due to public record disclosure laws. Tegrit Group is not responsible for the consequences of any unauthorized use.

LIMITATIONS OF THE VALUATION PROCESS

It is important to note that calculations in this report are mathematical estimates based upon assumptions regarding future events, which may or may not materialize. Actuarial calculations can and do vary from one valuation year to the next, sometimes significantly if the group valued is small. As a result, valuation results may fluctuate over time as the demographics of the group change.

To prepare this valuation report, actuarial assumptions were used to present a single scenario from a wide range of possibilities. Different assumptions or scenarios within the range of possibilities may also be reasonable and results based on those assumptions would be different. Two different actuaries could, quite reasonably, arrive at different results based on the same data and different views of the future. A "sensitivity analysis" shows the degree to which results would be different if you substitute alternative assumptions, from the range of reasonable alternatives possibilities, for those used in this report. Because we have not been engaged to perform such a sensitivity analysis, the results of such an analysis are not included in this report. At the Road Commission's request, Tegrit Group is available to perform such a sensitivity analysis.

HOW VALUATIONS IMPACT PLAN COSTS AND CONTRIBUTIONS

Valuations do not affect the ultimate cost of the Plan, only the timing of contributions into the Plan. Plan funding occurs over time. Contributions not made this year, for whatever reason, including errors, remain the responsibility of the Plan sponsor and can be made in later years. If the actuarially calculated contribution amounts are lower or higher over a period of years than necessary, it is normal and expected practice for adjustments to be made to future contribution amounts to account for this, with a view to funding the plan over time.

DATA AND METHODS USED IN PREPARING THIS REPORT

In preparing our report, we have relied on plan provisions, financial information, and employee census data provided by the Road Commission. While we have reviewed the data in accordance with Actuarial Standards of Practice No. 23, we have not verified or audited any of the data or information provided. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially impacted, and this report may need to be revised.

Because modeling all aspects of a situation is not possible or practical, we may use summary information, estimates, or simplifications of calculations to facilitate the modeling of future events in an efficient and cost-effective manner. We may also exclude factors or data that are immaterial in our judgment. Use of such simplifying techniques does not, in our judgment, affect the reasonableness of valuation results for the plan.

PROFESSIONAL STANDARDS

To the best of our knowledge and belief, this report has been prepared in accordance with generally accepted actuarial principles and practices. All costs, liabilities, rates of interest, and other factors in this valuation have been determined based on actuarial assumptions and methods which, taking into account the experience of the employer and reasonable expectations, are reasonable both individually and in the aggregate.

Our advice is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting, or investing advice.

YOUR RESPONSIBILITIES WHEN READING THIS REPORT

You should notify us after receipt of this report if you disagree with anything contained in the report or are aware of any information that would affect the results of the report that have not been communicated to us.

If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this valuation are not described, that conditions have changed since the calculations were made, that the information provided in this report is inaccurate or is anyway incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact us prior to making such decision or relying on information in the report.

3. Valuation Results

DETERMINATION OF ANNUAL REQUIRED CONTRIBUTION (ARC) FOR FISCAL YEAR BEGINNING JANUARY 1, 2013

Annual Required Contribution (ARC)			
Division	Normal Cost	UAL Amortization	Total
AFSCME	$25,770	$948,200	$973,970
NON-UNION	$62,125	$273,629	$335,754
TEAMSTERS	$160,322	$1,255,492	$1,415,814
TOTAL	$248,217	$2,477,321	$2,725,538

The annual required contribution for the fiscal year beginning January 1, 2013 is $2,725,538. Because the ARC is calculated as a level dollar contribution, this ARC may also be used for the fiscal year beginning January 1, 2014 for GASB 45 purposes.

The derivation of the UAL Amortization, the funded percent, and other actuarial information is shown on the following pages.

PRESENT VALUE OF BENEFITS AS OF DECEMBER 31, 2012

The Present Value of Benefits (PVB) is the present value of all benefits expected to be paid under the plan to the current and future retirees and beneficiaries. The PVB for this valuation is shown below.

Present Value of Benefits			
Division	Active Members	Retirees & Beneficiaries	Total
AFSCME	$1,537,415	$11,007,796	$12,545,211
NON-UNION	$3,926,911	$95,668	$4,022,579
TEAMSTERS	$6,566,628	$10,985,226	$17,551,854
TOTAL	$12,030,954	$22,088,690	$34,119,644

The Actuarial Accrued Liabilities (AAL) is the portion of the PVB attributed to past service. The AAL for this valuation is shown below.

Actuarial Accrued Liabilities			
Division	Active Members	Retirees & Beneficiaries	Total
AFSCME	$1,360,394	$11,007,796	$12,368,190
NON-UNION	$3,473,512	$95,668	$3,569,180
TEAMSTERS	$5,391,238	$10,985,226	$16,376,464
TOTAL	$10,225,144	$22,088,690	$32,313,834

ACTUARIAL ACCRUED LIABILITIES AS OF DECEMBER 31, 2012

Derivation of UAL, Funded Percent, and Amortization Payment					
Division	Actuarial Accrued Liabilities	Actuarial Value of Assets	Unfunded Accrued Liabilities (UAL)	Funded Percent	UAL Amortization
AFSCME	$12,368,190	$1,990,612	$10,377,578	16.1%	$948,200
NON-UNION	$3,569,180	$574,446	$2,994,734	16.1%	$273,629
TEAMSTERS	$16,376,464	$2,635,727	$13,740,737	16.1%	$1,255,492
TOTAL	$32,313,834	$5,200,785	$27,113,049	16.1%	$2,477,321

The UAL was amortized over a closed 24-year period using level dollar continuous payments to determine the January 1, 2013 ARC. The amortization factor used was equal to 10.944507.

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4. Plan Assets

The reported Market Value of Assets used in this valuation as of December 31, 2012 are $5,200,785. The actuarial value of assets is equal to the market value of assets.

5. Participant Data

The following pages summarize the census data used in this valuation.

Census Information					
Division	Actives			Retirees & Beneficiaries	
	Count	Average Age	Average Service	Count	Average Age
AFSCME	12	46.5	14.9	61	68.8
Non-Union	29	46.0	15.8	2	45.6
Teamsters	61	44.2	12.0	60	69.2
Total	102	45.0	13.4	123	68.6

WASHTENAW COUNTY ROAD COMMISSION

TOTAL ACTIVE MEMBERS AS OF DECEMBER 31, 2012
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Service to Valuation Date (Years)							Grand Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
18-24	2	-	-	-	-	-	-	2
25-29	2	1	-	-	-	-	-	3
30-34	1	4	2	-	-	-	-	7
35-39	4	5	5	2	-	-	-	16
40-44	5	4	7	6	-	-	-	22
45-49	1	2	6	5	2	4	-	20
50-54	1	3	4	8	4	4	-	24
55-59	-	1	1	1	3	1	-	7
60-64	-	-	-	1	-	-	-	1
65-69	-	-	-	-	-	-	-	-
70-74	-	-	-	-	-	-	-	-
75-79	-	-	-	-	-	-	-	-
80-84	-	-	-	-	-	-	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95+	-	-	-	-	-	-	-	-
Total	**16**	**20**	**25**	**23**	**9**	**9**	**-**	**102**

WASHTENAW COUNTY ROAD COMMISSION

CURRENT RETIREES AS OF DECEMBER 31, 2012
BY ATTAINED AGE

Attained Age	AFSCME		NON-UNION		TEAMSTERS		Total
	Healthy	Disabled	Healthy	Disabled	Healthy	Disabled	
35-39	-	-	-	1	-	-	1
40-44	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-
50-54	2	1	1	-	7	-	11
55-59	9	-	-	-	9	1	19
60-64	17	-	-	-	11	-	28
65-69	8	-	-	-	6	-	14
70-74	8	-	-	-	10	-	18
75-79	6	-	-	-	5	-	11
80-84	5	-	-	-	4	-	9
85-89	3	-	-	-	4	-	7
90-94	2	-	-	-	-	-	2
95+	-	-	-	-	3	-	3
Total	**60**	**1**	**1**	**1**	**59**	**1**	**123**

COVERAGE ELECTED

One Person:	57
Two Person/Family:	66
Total:	123

6. Retiree Premium Rate Development

Starting per capita costs were developed on an experience-rated basis using historic claim experience. Non-Drug Medical and Prescription Drugs were analyzed separately.

For pre-Medicare ages, active and retiree plan experience was used to develop premium equivalent rates. These rates were adjusted for a pre-Medicare retiree group. The result was then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age. Starting per capita costs include Administrative Expenses. Starting costs for Medicare eligibles were analyzed separately. No adjustments were made to the premium equivalent rates since they are retiree-specific.

Morbidity Factors used are shown below.

Morbidity Factors	
Age	Rate Per Age
Under 65	4.00%
65 – 69	3.00%
70 – 74	2.50%
75 – 85	1.50%
86 & Older	0.00%

Starting per capita costs for the Dental plan were also developed on an experience-rated basis. Unlike medical costs, dental costs do not exhibit the relationship between costs and increasing age as for medical, and, therefore, have flat claim cost curves. In particular, the mix and type of services vary by age but costs generally do not. As such, the starting dental costs are constant for all ages. This follows generally accepted actuarial practice. Administrative expenses are included in the dental costs.

It is noted that gender-specific claim cost curves were used in the last GASB 45 actuarial valuation. For this valuation, separate, age-specific claim cost curves were developed for Retirees and their Spouses. The revised approach better reflects how costs are tracked and managed.

Sample retiree premium rates developed are shown on the following page.

Annual Retire Premium Rates - Illustrative Ages

Age	Retirees & Spouses		
	Future	Current	All
	Medical/RX		Dental
50	9,439	9,439	525
55	11,484	11,484	525
60	13,972	13,972	525
64	16,346	16,346	525
65	6,022	6,092	525
70	6,947	7,028	525
75	7,822	7,913	525
80	8,636	8,737	525

Statement of Actuarial Opinion

This Statement of Actuarial Opinion addresses the Starting Per Capita Costs and Health Care Trend Rates developed for the Actuarial Valuation as of December 31, 2012 of the Postretirement Health Plan for the Washtenaw County Road Commission. The primary purpose of the valuation is to determine the obligations and cost for the 2013 and 2014 Fiscal Years in accordance with Government Accounting Standard Board Statement No. 45.

In performing my work, I relied on information and data regarding plan provisions, enrollment, claims, and other related information provided by the Board and/or Tegrit Group. An audit of the information was not performed, but the information was reviewed for reasonableness as appropriate based on the purpose of my work. The accuracy of my results is dependent upon the accuracy and completeness of the underlying information. All of the information was relied upon in drawing conclusions.

I believe that the calculations performed and the results thereof are reasonable and appropriate for the purposes for which they have been used.

To the best of my knowledge, the analysis was conducted in a manner consistent with the Code of Professional Conduct and Qualification Standards of the American Academy of Actuaries and the applicable Standards of Practice of the Actuarial Standards Board, as well as conforming to generally accepted actuarial principles and practices.

I meet the Qualification Standards of the American Academy of Actuaries to render this Actuarial Opinion. There is no relationship between Washtenaw County Road Commission and Menard Consulting, Inc. that impairs objectivity.

John S. Ritchie, Jr.

John S. Ritchie, ASA, MAAA
Menard Consulting, Inc.

7. Actuarial methods and policies

Actuarial cost method
The actuarial cost method used is the Individual Entry-Age Normal Actuarial Cost Method using Level Dollars.

Amortization of unfunded actuarial accrued liability
The following amortization factors were used to determine the Annual Required Contributions for the fiscal years shown. Amortization payments are level percent of pay and assumed to be made continuously.

	Fiscal Year Beginning January 1,	
	2013	**2014**
Years Remaining:	24	23
Interest:	8.0%	8.0%
Payroll Growth:	0.0%	0.0%
Amortization Factor:	**10.944507**	**10.780581**

Method for determining actuarial value of assets
The Market Value of Assets is used as the Actuarial Value of Assets.

Funding policy
The Road Commission's policy is to fund the full ARC for the OPEB benefits.

Affordable Care Act (ACA)
Excise taxes on Cadillac plan benefits, if any, were not included in this valuation. Other legislative changes related to ACA were included in the valuation to the extent they have already been implemented in the plan.

2011 Public Act 152
The Road Commission has indicated that the hard caps of Act 152 are used to determine both active and retiree contributions and have been incorporated in this valuation.

Changes in actuarial methods since prior valuation
The amortization method was changed from a level percent of pay method to a level dollar method. The actuarial funding method was changed from a Level Percent of Pay Entry Age Normal method to a Level Dollar Entry Age Normal Method.

8. Summary of Actuarial Assumptions

Discount Rate: 8%
The discount rate used for this valuation has been chosen by the Road Commission and is based on their policy to fully fund the plan and expected long term returns on plan assets. If future contributions are less than currently planned, the discount rate used for the valuation may need to be reduced in order to comply with GASB 45, increasing the plan's liabilities and Annual Required Contribution.

Health Care Trend Rates:

Years After Valuation	Health Care Trend Inflation	
	Medical/RX	Dental
1	8.00%	5.00%
2	7.50%	5.00%
3	7.00%	5.00%
4	6.50%	5.00%
5	6.00%	5.00%
6	5.50%	5.00%
7	5.00%	5.00%
8+	4.50%	5.00%

The hard caps of Public Act 152 were assumed to increase 3.5% annually.

Mortality: MERS mortality assumption used for the 12/31/2012 pension valuation.
Regular: 1994 Group Annuity Mortality Table, 50% M / 50% F Blend
Disabled: Regular table set forward 10 years

There is no margin for future mortality improvements explicitly incorporated in this valuation.

Withdrawal: MERS withdrawal assumption with scaling factor 0.80 used for the 12/31/2012 pension valuation.

Disability: MERS disability assumption used for the 12/31/2012 pension valuation.

Rates of Retirement: The service based retirement table used in this valuation is consistent with the MERS retirement rates used in the 12/31/2012 pension valuation, which are based on retirement income replacement. The service based rates in this valuation used were:

Service	Rates of Retirement
1	0.0300
2	0.0500
3	0.0900
4	0.1100
5	0.1300
6	0.1600
7	0.1800
8	0.1900
9	0.1900
10 to 20	0.2000
21 to 22	0.2100
23 to 26	0.2200
27 to 28	0.2400
29	0.2500
30	0.2600
31	0.2900
32	0.3100
33	0.3300
34	0.3600
35	0.4000
36 or more	0.4200

100% Retirement: Age 70

Marriage Assumptions: Female spouses were assumed to be three years younger than male spouses. 70% of active members are assumed to be married.

Coverage Elected: Married future retirees are assumed to select two-person coverage. Members may also elect between PPO 4 and PPO 7 coverage, with PPO 4 coverage being the most common. For purposes of determining retiree contributions, PPO 4 coverage was assumed to have been selected.

Participation: 100%

Decrement Timing: Mid-year

Illustrative rates for MERS pension assumptions used in this report may be found on the MERS website at:

http://www.mersofmich.com/Portals/0/Assets/Resources/AAV-Appendix/MERS-2012AnnualActuarialValuation-Appendix.pdf

Changes in assumptions since prior valuation

Decrement assumptions were updated to the current assumptions used by MERS consistent with the Road Commission’s pension valuation. A 3.5% assumption for the annual increase in hard caps under Public Act 152 was also incorporated in this valuation.

9. Summary of Plan Provisions

Following is a summary of the major plan provisions used in the valuation of this report.

HEALTH CARE BENEFIT ELIGIBILITY CONDITIONS

Normal Retirement
Age 60 with 8 years of service or age 55 with 25 years of service.

Early Reduced Retirement
Members retiring with early, reduced pension benefits are not eligible for retiree health care benefits.

Deferred Vested Termination
Deferred members are not eligible for retiree health care benefits.

Non-Duty Disability
8 years of service

Duty Disability
8 years of service

Non-Duty Death-in-Service
8 years of service

Duty Death-in-Service
8 years of service

HEALTH CARE BENEFITS PROVIDED

Medical, prescription drug, and dental benefits are provided paid by the Road Commission for members hired prior to January 1, 2012. Dental benefits are limited to $500. Retirees are not eligible for vision coverage. Retirees after January 1, 2010 earn 5% of the employer provided benefit for each year of service. Death-in-Service and Disability benefits for active members are limited to 36 months.

Employees hired after January 1, 2012 are not eligible for these benefits benefits.

RETIREE CONTRIBUTIONS

Members retired prior to January 1, 2010 do not contribute. Members retiring after that date contribute the illustrative premium in excess of the hard caps of Public Act 152. Members retiring after January 1, 2010 also contribute an amount equal to the illustrative premium minus 5% for each year of service.

LIFE INSURANCE BENEFITS PROVIDED

The spouse of members who retired prior to October 2002 receives a $5,000 death benefit. $7,500 is paid to surviving spouses of members who retired after that date.

OPT-OUT CONDITION

Retirees may opt out of Retiree Health Care Benefits on an annual basis and receive $1,400 per year. (Please note that cash benefits are not valued for purposes of GASB 45.)

2012 ILLUSTRATIVE ANNUAL PREMIUM & PUBLIC ACT 152 HARD CAPS

	Single Person	Two Person
PPO 4:	$5,436	$12,622
PPO 7:	$5,624	$13,074
PA 152 Hard Cap:	$5,500	$11,000

This is a brief summary of the Road Commission health care plan provisions. In the event that any description contained herein differs from the actual eligibility or benefit, the appropriate employee contract or governing document will prevail.

<u>Changes in plan provisions since prior valuation</u>

Service at retirement is now used to determine the portion of the employer funded retiree health care. For members retiring after January 1, 2010, the Road Commission will fund 5% times service of the portion of the illustrative rates under the hard caps of Public Act 152, with the members contributing the remaining amount. OPEB disability and death-in-service benefits are now limited to 36 months. New hires after January 1, 2012 no longer receive retiree healthcare or dental benefits. Retirees may now opt out of retiree health care coverage annually. Other changes in health care benefits are reflected in the retiree premium rates developed during each valuation.

10. Glossary

Actuarial Accrued Liability. The portion of Present Value of Future benefits attributed to prior service periods.

Actuarial Cost Method. A procedure for determining the Actuarial Present Value of plan benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and Actuarial Accrued Liability.

Amortization Payment. The portion of the Annual Required Contribution that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Actuarial Present Value. The value of a benefit or series of benefits payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions.

Annual Required Contribution (ARC). The employer's periodic required contributions to an OPEB Plan, calculated in accordance with parameters set forth by GASB.

OPEB Plan. An OPEB plan having terms that specify the amount of benefits to be provided at a future date or after a certain period of time. The amount of the benefit specified usually is a function of one or more factors such as years of service and compensation.

Normal Cost. The portion of the Actuarial Present Value of OPEB plan benefits that is allocated to a valuation year by the Actuarial Cost Method.

Other Postemployment Benefits (OPEB). Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include Postemployment Healthcare Benefits, regardless of the type of plan that provides them, but excludes benefits defined as termination offers and benefits.

Postemployment Healthcare Benefits. Medical, dental, vision and other health-related benefits provided to terminated or retired employees and their dependents and beneficiaries.

Present Value of Benefits. Discounted value of benefits expected to be paid for all retirees and covered employees and eligible dependents.

Substantive Plan. The terms of the OPEB plan as understood by the employer and plan members.

Unfunded Actuarial Accrued Liability (UAL). The excess, if any, of the Actuarial Accrued Liability over the assets of the plan.