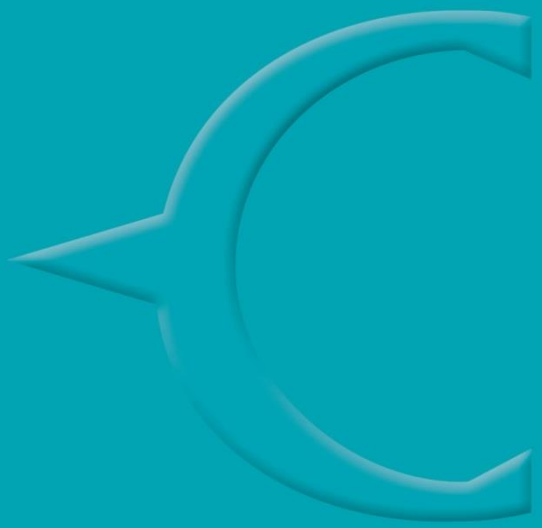
CHEIRON *Classic Values, Innovative Advice*



City of Cincinnati

Other Postemployment Benefits Actuarial Valuation Report as of December 31, 2024

Produced by Cheiron

April 2025

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April 23, 2025

Board of Trustees
Cincinnati Retirement System
801 Plum Street, Suite 328
Cincinnati, Ohio 45202

Dear Members of the Board:

As requested, we have performed an actuarial valuation of the post-employment benefits provided by the Retirement System for Employees of the City of Cincinnati (CRS) as of December 31, 2024. Valuation results shown for valuations prior to 2018 were derived from the prior actuary's report.

The purpose of this report is to present the annual actuarial valuation of the City of Cincinnati Postemployment Benefit Plan. This report is for the use of the City and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of this report is not an intended user and is considered a third party.

The results of this valuation rely on future plan experience conforming to the underlying assumptions and methods outlined in this report. Future results may differ significantly from the current results presented in this report due to such factors as the following: Plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in plan provisions or applicable law. Actuarial computations are calculated based on our understanding of GASB 74/75 and are for purposes of fulfilling employer funding requirements. Determinations for purposes other than meeting employer funding requirements may be significantly different from the results in this report. Additional accounting disclosures for the fiscal year ending June 30, 2025 related to GASB Statements 74 and 75 will be provided in a separate report.

Appendix A describes the Participant Data. Appendix B outlines Assumptions and Methods used in calculating the figures throughout the report. Appendix C contains our understanding of the substantive plan provisions based on the information provided by the City.

In preparing our report, we relied without audit, on information (some oral and some written) supplied by Plan Administrators. This information includes, but is not limited to, the plan provisions, employee data, and financial information. The demographic assumptions used in this report were based on the City's actuary's experience study adopted March 23, 2023. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

This actuarial valuation reflects a partial roll-forward valuation in which contributions, trend assumptions, and census data were updated. Claims and expenses were trended from the December 2023 valuation, using the updated trends that reflect the updates to the implementation rules of the Inflation Reduction Act and its emerging impact on claims. The retiree health care plan contribution rates for the Model plan were updated to reflect new point grid effective July 1, 2024.

The claim costs and trend assumptions reflect the Inflation Reduction Act of 2022 (the Act) including associated regulations and market responses to date. As the regulations and market responses evolve, the impact on future costs could vary significantly from those assumed in this valuation. This report does not reflect any additional modifications to the Part D program communicated by the Centers for Medicare & Medicaid Services (CMS) in their Ratebook Announcement published on April 7, 2025.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This actuarial valuation report was prepared for the City of Cincinnati for the purposes described herein and for the use by the Plan Auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Sincerely,
Cheiron

Gaelle Gravot, FSA, MAAA
Principal Consulting Actuary

Elisabeth Mercer, FSA, EA, MAAA
Principal Consulting Actuary

SECTION I – VALUATION SUMMARY

The City of Cincinnati has engaged Cheiron to provide an analysis of its post-employment benefit liabilities as of December 31, 2024. The primary purposes of performing this actuarial valuation are to:

- Estimate the Actuarially Determined Contribution (ADC) and the Actuarial Liability (AL) of the retiree health benefits following the Actuarial Standards of Practice,
- Provide disclosures for financial statements, and
- Provide projections for the ADC, Net OPEB Liability (NOL), and Actuarial Liabilities.

We have determined costs, liabilities, and trends for the substantive plan using actuarial assumptions and methods that we consider reasonable.

GASB's OPEB Requirements

GASB's Statement 74 refers to the financial reporting for post-employment benefit plans other than pension plans, and Statement 75 refers to the employer accounting for these plans. Statement 74 is generally applicable where an entity has a separate trust or fund for OPEB benefits. We understand that the City of Cincinnati has a trust used to fund future OPEB obligations.

Statement 75 requires the employer to book the actuarial cost (net of employee, retiree, and their dependents' contributions) of the Plan as an expense on its financial statements. Additional disclosures required by GASB 74 and 75 include a description of the substantive plan, summary of significant accounting policies (which we have not included in this report), contributions, and a statement of funding progress, along with the methods and assumptions used for these disclosures.

The GASB 74 and 75 valuation sections are provided in a separate report.

Funding Policy

For the purpose of this valuation, the ADC is calculated as the normal cost determined under the Entry Age Normal actuarial cost method, plus an open 30-year, level dollar amortization of the Unfunded Actuarial Liability, plus 0.25% of total payroll for administrative expenses. This report determines the ADC for the FYE June 30, 2026.

SECTION I – VALUATION SUMMARY

Table I-1 below summarizes the December 31, 2024 and December 31, 2023 actuarial valuation results.

Table I-1
Summary of Valuation Results

Valuation Date	December 31, 2023	December 31, 2024
Discount Rate	7.50%	7.50%
Actuarial Liability (AL)	$ 393,177,787	$ 364,355,955
Actuarial Value of Assets	549,871,265	564,669,589
Unfunded actuarial liability (UAL)	**$ (156,693,478)**	**$ (200,313,634)**
Funded Ratio (AVA/AL)	139.85%	154.98%
Market Value of Assets	$ 533,879,000	$ 560,885,000
Funded Ratio (MVA/AL)	135.79%	153.94%
Fiscal Year Ending	**June 30, 2025**	**June 30, 2026**
Actuarially Determined Contribution	$ 0	$ 0
Calendar Year	**2024**	**2025**
Actual/Expected Net Benefit Payments	23,096,000	28,632,831

The Actuarial Liability decreased from $393.2 million to $364.4 million this year. In addition to the expected increase in liability of $4.1 million due to normal cost, benefit payments, and interest, the Plan experienced other changes in liability attributable to a $7.0 million decrease due to the population changes. The Plan experienced liability gains, decreasing the liability by $31.4 million due to changes in healthcare trends. In addition, the contributions rate change for the Model Plan effective July 1, 2024 and premiums in effect for calendar year 2025 increased the liability by $5.5 million. The combination of these changes resulted in a $32.9 million decrease in liability. There were no changes in benefit plans since the prior valuation.

During the year ending December 31, 2024, the Plan's assets gained $11.6 million on a market value basis. The return on market asset value was 9.73%, compared to the assumed return of 7.50%. The Plan's asset smoothing technique recognizes only a portion of the gains and losses for each year, and the return on the actuarial asset value was 7.17%. This return was below the assumed rate of return of 7.50% and resulted in an actuarial loss on investments for the Plan.

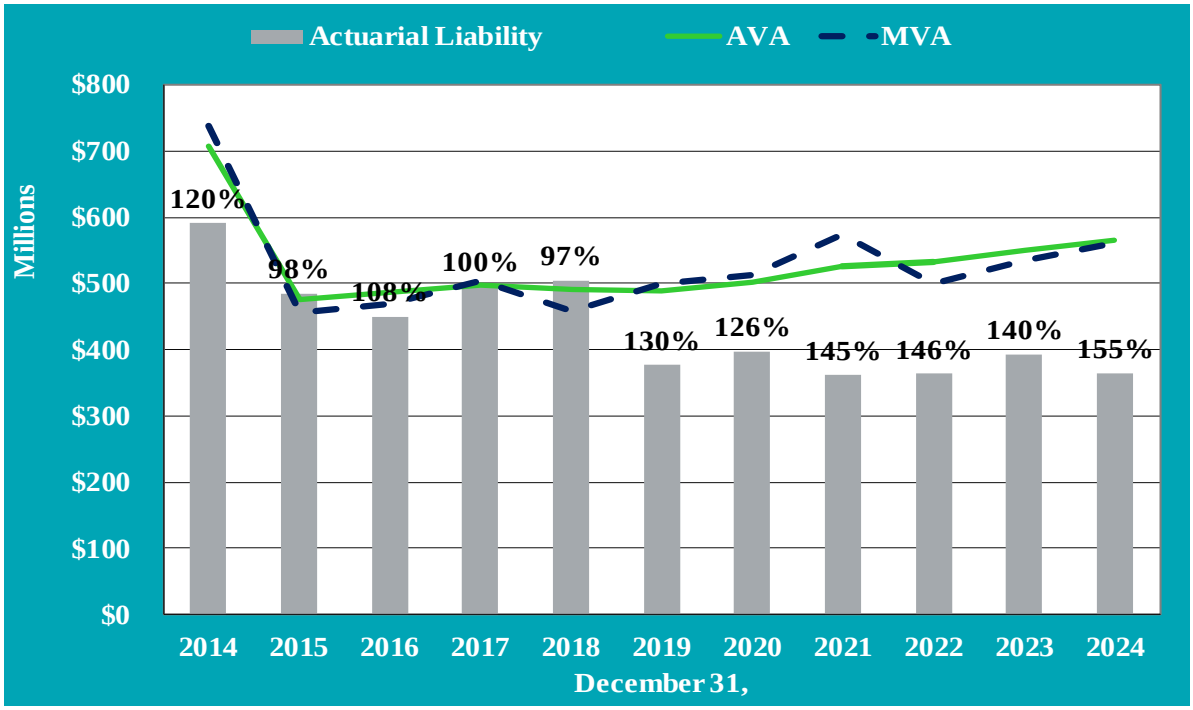
SECTION I – VALUATION SUMMARY

Historical Trends

This chart shows the historical trend of assets and the Actuarial Liability for the City's OPEB Plan. The historical Actuarial Liabilities shown below are based on the funding valuation report for the Plan and not the Actuarial Liabilities developed under GASB 74/75. Cheiron performed valuations starting with 2018.

The grey bars represent the Actuarial Liability used to determine the Actuarially Determined Contribution (ADC). The liabilities prior to 2018 were based on actuarial reports produced by the prior actuary. In 2016, the Plan was closed to members hired after December 31, 2015. In 2019, the Plan adopted a fully insured Medicare Advantage Plan as of January 1, 2020, dropping the liability by $127 million. In 2021, the liability decreased again due to favorable claims experience. In 2023, the liability increased due to the Inflation Reduction Act of 2022 induced regulatory changes impacting the Part D (pharmacy) coverage provided to Medicare Eligible Retirees. In 2024 the liability decreased due to reflecting updates to the implementation rules of the Inflation Reduction Act and their emerging impact on claims.

The Market Value of Assets is represented by the dark blue dotted line and the Actuarial Value of Assets is represented by the green solid line. The Actuarial Value of Assets (AVA) is developed by smoothing five years of investment returns, as seen on page 5. The percentages above the bars represent the funded ratio based on the AVA. The funded percentage increased to 155% as of December 31, 2024.



SECTION II – ASSETS

Assets

The Plan's last valuation of liabilities was performed as of December 31, 2023. Table II-1 below shows the reconciliation of assets for the current and prior fiscal years. This section reconciles the assets of December 31, 2024 that were used to develop the FYE 2026 ADC.

Table II-1
Changes in Market Value of Assets

	December 31, 2023	December 31, 2024
Market Value of Assets - as of beginning of Fiscal Year	**$500,041,000**	**$533,879,000**
Additions		
Employer Contributions	$ 0	$ 0
Participant Contributions	0	0
Total contributions	$ 0	$ 0
Investment Return		
Net Realized Appreciation and Unrealized Appreciation	59,695,000	52,846,000
Interest and Dividends	N/A	N/A
Partnership Income	N/A	N/A
Other Income	N/A	N/A
Total income from investment activities	$ 59,695,000	$ 52,846,000
Investment Expenses	(1,963,000)	(2,048,000)
Total Investment Return	$ 57,732,000	$ 50,798,000
Deductions		
Benefit Payments Made	$ 23,356,000	$ 23,096,000
Administrative Expenses	538,000	696,000
Total Deductions	$ 23,894,000	$ 23,792,000
Total		
Net Increase (Decrease)	$ 33,838,000	$ 27,006,000
Market Value of Assets - as of end of Fiscal Year	**$533,879,000**	**$560,885,000**
Market Return for Period	11.83%	9.73%

SECTION II – ASSETS

Actuarial Value of Assets

The Actuarial Value of Assets is the current market value, adjusted by a five-year smoothing of gains and losses on a market value basis. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return. The actuarial value is adjusted to remain within 20% of the market value. Table II-2 below illustrates the calculation of the market value gains and losses.

Table II-2
Development of Unrecognized Gain/(Loss) on Investments
as of December 31, FYE

	Fiscal Year Ending* 12/31/2020	Fiscal Year Ending 12/31/2021	Fiscal Year Ending 12/31/2022	Fiscal Year Ending 12/31/2023	Fiscal Year Ending 12/31/2024
1. Market Value of Assets as of December 31, Beginning of Fiscal Year	**$ 500,122,000**	**$ 511,980,000**	**$ 573,939,000**	**$ 500,041,000**	**$ 533,879,000**
Fiscal Year Cash Flow					
2. Employer Contributions for the Plan Year Ending December 31, FYE	$ 0	$ 0	$ 0	$ 0	$ 0
3. Participant Contributions for the Plan Year Ending December 31, FYE	0	0	0	0	0
4. Benefit Payments through December 31, FYE	($26,731,000)	($27,525,000)	($24,670,000)	(23,356,000)	(23,096,000)
5. Administrative Expenses through December 31, FYE	(478,000)	(466,000)	(581,000)	(538,000)	(696,000)
6. Net Cash Flow	$ (27,209,000)	$ (27,991,000)	$ (25,251,000)	$ (23,894,000)	$ (23,792,000)
Investment Performance					
7. Interest of 7.50% on Market Value of Assets to December 31, FYE	$ 37,509,225	$ 38,398,500	$ 43,045,425	$ 37,503,075	$ 40,040,925
8. Interest on employer contributions assuming received at the end year to December 31, FYE	0	0	0	0	0
9. Interest on participant contributions assuming received uniformly throughout the year to December 31, FYE	0	0	0	0	0
10. Interest on benefit payments assuming payments made uniformly throughout the year to December 31, FYE	(1,002,413)	(1,032,188)	(925,125)	(875,850)	(866,100)
11. Interest on administrative expenses assuming payments made uniformly throughout the year to December 31, FYE	(17,925)	(17,475)	(21,788)	(20,175)	(26,100)
12. Expected Investment Performance (7 + 8 + 9 + 10 + 11)	$ 36,488,887	$ 37,348,837	$ 42,098,512	$ 36,607,050	$ 39,148,725
13. Expected Market Value of Assets as of December 31, FYE (1 + 6 + 12)	$ 509,401,887	$ 521,337,837	$ 590,786,512	$ 512,754,050	$ 549,235,725
14. **Market Value of Assets as of December 31, FYE**	**$ 511,980,000**	**$ 573,939,000**	**$ 500,041,000**	**$ 533,879,000**	**$560,885,000**
15. Market Value of Assets Investment Gain/(Loss) (14 - 13)	$ 2,578,113	$ 52,601,163	$ (90,745,512)	$ 21,124,950	$ 11,649,275

* The January 1, 2020 asset value was adjusted by $1,000 to account for rounding in the pension/OPEB asset allocation.

SECTION II – ASSETS

Table II-3 illustrates the calculation of Actuarial Value of Assets for the December 31, 2024 valuation.

Table II-3
Development of Actuarial Value of Assets
as of December 31, 2024

1. Actuarial Value of Assets as of December 31, 2023			**$ 549,871,265**
2. Net Cash Flow (Contributions - Benefit Payments - Expenses)			$ (23,792,000)
3. Expected Investment Performance			$ 39,148,725
Recognition of gain/(loss)	Initial Unrecognized Gain/(Loss)		Recognition
4. 20% of gain/(loss) as of December 31, 2020	$ 2,578,113	$	515,623
5. 20% of gain/(loss) as of December 31, 2021	$ 52,601,163	$	10,520,233
6. 20% of gain/(loss) as of December 31, 2022	$ (90,745,512)	$	(18,149,102)
7. 20% of gain/(loss) as of December 31, 2023	$ 21,124,950	$	4,224,990
8. 20% of gain/(loss) as of December 31, 2024	$ 11,649,275	$	2,329,855
9. Recognized gain/(loss) as of December 31, 2024 (sum of 4 - 8)		$	(558,401)
10. Actuarial Value of Assets as of December 31, 2024 (1 + 2 + 3 + 9)		**$**	**564,669,589**
Market Value of Assets as of December 31, 2024		$	560,885,000
Corridor for Actuarial Value of Assets			
80% of Market Value		$	448,708,000
120% of Market Value		$	673,062,000
Actuarial Value of Assets as of December 31, 2024		$	564,669,589
Actuarial Value as a percent of Market Value			100.7%
Return on Actuarial Value of Asset			7.17%

SECTION III – VALUATION RESULTS

This section of the report calculates the current and expected future contribution requirements under the City's funding policy. This valuation calculates the contribution for the fiscal year 2025-26.

The liabilities presented in this section are based on the assumption of an ongoing plan and would not be appropriate for measuring the settlement value of plan obligations.

Information about the Actuarial Liabilities of the Plan as of December 31, 2024 and December 31, 2023 is shown in Table III-1 below.

Table III-1
Actuarial Liability

Valuation Date	December 31, 2023	December 31, 2024
Discount Rate	7.50%	7.50%
Actuarial Liability		
Current active members	$ 103,947,939	$ 94,792,053
Current retirees, beneficiaries, and dependents	289,229,848	269,563,902
Total Actuarial Liability (AL)	**$ 393,177,787**	**$ 364,355,955**
Actuarial Value of Assets (AVA)	549,871,265	564,669,589
Unfunded Actuarial Liability (UAL)	**$ (156,693,478)**	**$ (200,313,634)**
Funded Ratio (AVA/AL)	139.85%	154.98%
Market Value of Assets (MVA)	$ 533,879,000	$ 560,885,000
Unfunded Actuarial Liability (UAL)	**$ (140,701,213)**	**$ (196,529,045)**
Funded Ratio (MVA/AL)	135.79%	153.94%
Normal Cost	**$ 2,542,224**	**$ 2,442,338**

Starting June 30, 2017, the City's GASB reporting requirements fall under GASB 74 and 75, and the Unfunded Liability is booked on the balance sheet. The above liability is shown for funding purposes only; the GASB 74 and 75 liability will be a roll-forward of this liability to the fiscal year ending June 30, 2025 and will be provided in a separate report.

SECTION III – VALUATION RESULTS

Table III-2 below shows the Actuarial Liability (AL) for actives and retirees, the normal cost, the Actuarial Asset Value, and the resulting Unfunded Actuarial Liability (UAL) as of December 31, 2024 and December 31, 2023 at a 7.5% discount rate. Note: That this development of the AL and UAL are based on the measurement date of December 31, 2024, and will be used in the determination of the Actuarially Determined Contribution for the 2025-26 fiscal year.

Table III-2
Actuarial Liability, Normal Cost & Actuarial Asset Value as of

	December 31, 2023	December 31, 2024
Actuarial Liability		
Active Liability		
-Active Employees	$ 82,136,249	$ 80,076,791
-DROP Participants	21,811,690	14,715,262
Total Active Liability	**$ 103,947,939**	**$ 94,792,053**
Inactive Liability		
-Retired Employees	$ 262,643,530	$ 246,536,345
-Beneficiary	18,153,836	16,291,913
-Disabled	4,369,411	3,510,663
-Deferred Beneficiaries	2,463,935	1,884,657
-Deferred Members	1,599,136	1,340,324
Total Inactive Liability	**$ 289,229,848**	**$ 269,563,902**
Total Liability	**$ 393,177,787**	**$ 364,355,955**
Actuarial Value of Assets	549,871,265	564,669,589
Unfunded Actuarial Liability (UAL)	**$ (156,693,478)**	**$ (200,313,634)**
Normal Cost	**$ 2,542,224**	**$ 2,442,338**

SECTION III – VALUATION RESULTS

Reconciliation

Table III-3 provides an estimate of the major factors contributing to the change in liability since the last Actuarial Valuation Report (AVR).

Table III-3
Reconciliation of Actuarial Liability

Actuarial Liability at December 31, 2023	**$**	**393,177,787**
Normal Cost		2,542,224
Expected Benefits paid throughout the year		(27,097,862)
Interest		28,662,831
Expected Actuarial Liability at December 31, 2024	$	397,284,980
Actuarial Liability at December 31, 2024		**364,355,955**
(Gain) or Loss	$	(32,929,025)
(Gain) or Loss due to:		
Benefit changes	$	-
Census changes		(6,953,864)
Demographic Assumption changes		-
Trend Changes		(31,443,518)
Contribution Changes		5,468,357
Total changes	$	(32,929,025)

Below is a brief description of each of the above components:

- *Benefits Changes* refers to changes in the Plan or eligibilities. There were no benefit changes since the prior valuation.
- *Census Changes* refers to differences in the valuation census due to members terminating, retiring, dying, and becoming disabled at rates different than expected.
- *Demographic Assumption Changes* refer to the changes in demographic assumptions. There were no demographic assumption changes this year.
- *Trend Changes* refer to the change in projected healthcare costs and retiree contributions to reflect the updates in the implementation rules of the Inflation Reduction Act and their emerging impact on claims.
- *Contribution Changes* refer to the update in the retiree health plan contribution rates for the Model Plan reflecting the new point grid effective July 1, 2024 and the update of calendar year 2025 underlying premium rates from expected to actual.

SECTION III – VALUATION RESULTS

Actuarially Determined Contribution (ADC)

The ADC consists of three parts: (1) the *normal cost*, which represents the annual cost attributable to service earned in a given year, (2) the assumed administrative expense, and (3) the amortization of the UAL. In Table III-4 below, we show the computed FYE 2025 and FYE 2026 ADC based on a 7.5% assumed discount rate (based on a long-term view of returns on the asset allocation). In the table below, covered payroll is for the active and DROP participants who are covered under the closed plan and total compensation is for all the active and DROP participants.

Table III-4
Calculation of Actuarially Determined Contribution (ADC)

For Fiscal Year Ending	6/30/2025	6/30/2026
Normal Cost	$ 2,542,224	$ 2,442,338
Administrative Expenses [1]	589,329	625,550
Amortization of UAL	(12,796,246)	(16,358,451)
Total ADC (not less than $0)	**$ 0**	**$ 0**
Calendar Year	**2024**	**2025**
Covered Payroll	$ 136,226,593	$ 131,267,041
ADC as a percentage of pay	0.00%	0.00%
Total Compensation	$ 235,731,737	$ 250,220,037
ADC as a percentage of compensation	0.00%	0.00%
Actual/Expected Net Benefit Payments	$ 23,096,000	$ 28,632,831

[1] *Administrative Expense of 0.25% of total compensation.*

SECTION III – VALUATION RESULTS

Projected Cash Flow

The following table presents a 30-year payout projection of employer payments for the City's OPEB Plan. Market Value of Assets are assumed to earn 7.50% returns.

Table III-5
Projected Cash Flow
Assuming 7.5% Discount Rate

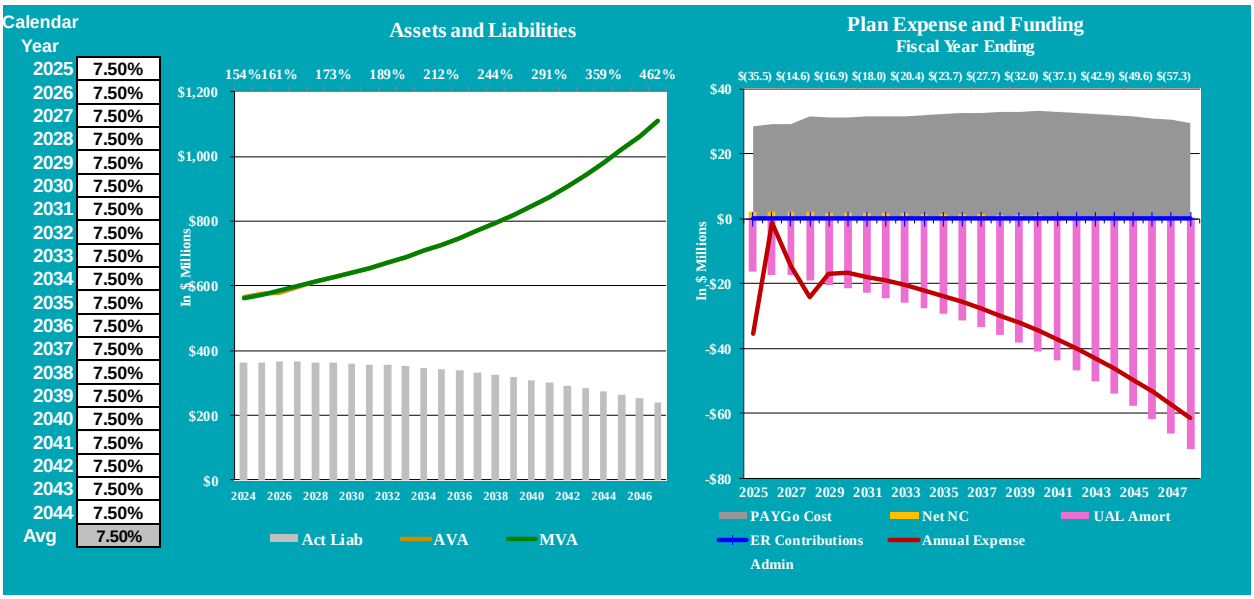
Fiscal Year Ending December 31,	Expected Market Value Assets	Expected Employer Benefit Payments	Expected Actuarial Liability	Fiscal Year Ending June 30,	Expected Actuarial Determined Contribution
2025	$ 573,264,000	$ 28,633,000	$ 364,304,000	2025	$ 0
2026	586,127,000	29,062,000	365,086,000	2026	0
2027	599,730,000	29,279,000	365,482,000	2027	0
2028	612,101,000	31,450,000	363,696,000	2028	0
2029	625,576,000	31,281,000	361,899,000	2029	0
2030	639,951,000	31,388,000	359,803,000	2030	0
2031	655,179,000	31,604,000	357,272,000	2031	0
2032	671,444,000	31,707,000	354,376,000	2032	0
2033	688,901,000	31,733,000	351,152,000	2033	0
2034	707,336,000	32,052,000	347,289,000	2034	0
2035	726,751,000	32,441,000	342,644,000	2035	0
2036	747,588,000	32,474,000	337,518,000	2036	0
2037	769,837,000	32,619,000	331,768,000	2037	0
2038	793,448,000	32,917,000	325,202,000	2038	0
2039	818,654,000	33,086,000	317,869,000	2039	0
2040	845,653,000	33,181,000	309,758,000	2040	0
2041	874,874,000	32,991,000	301,094,000	2041	0
2042	906,611,000	32,679,000	292,010,000	2042	0
2043	941,079,000	32,342,000	282,505,000	2043	0
2044	978,472,000	32,012,000	272,557,000	2044	0
2045	1,019,147,000	31,553,000	262,250,000	2045	0
2046	1,063,371,000	31,072,000	251,577,000	2046	0
2047	1,111,453,000	30,549,000	240,536,000	2047	0
2048	1,164,061,000	29,662,000	229,477,000	2048	0
2049	1,221,556,000	28,755,000	218,429,000	2049	0

SECTION III – VALUATION RESULTS

Future Outlook

Baseline Projections

The two graphs on this page show the expected progress of the Plan over the next 15 years assuming the Plan's assets earn 7.50% on their market value and that all other assumptions are met. The graph titled "Assets and Liabilities" shows the projected funded status over the next 15 years. The Plan is projected to be in a surplus position. The graph titled "Plan Expense and Funding" shows the expected net benefit stream as well as the expected expense for GASB 75, if all assumptions are met. The Plan's expected net benefit payments are relatively stable over the entire period.

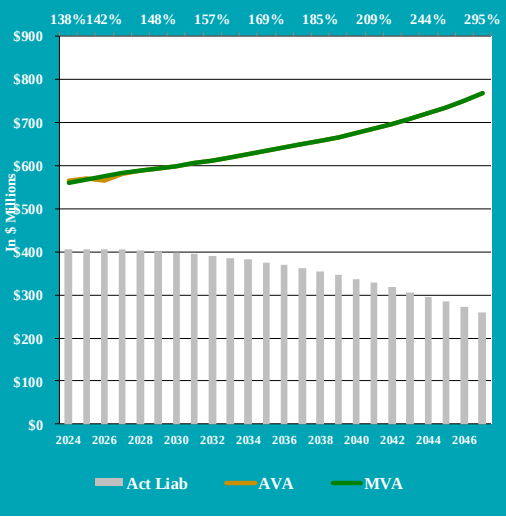


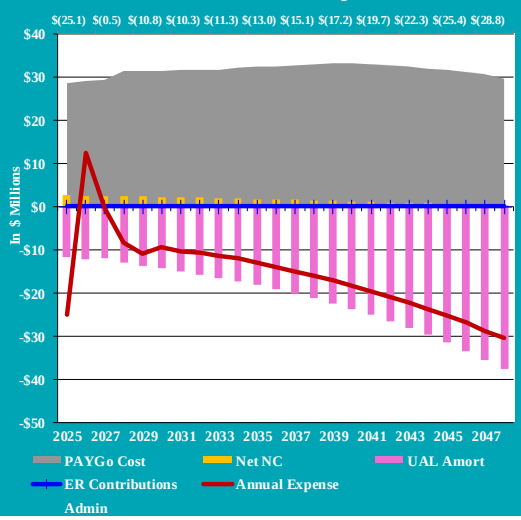
SECTION III – VALUATION RESULTS

6.5% Return Projections

The two graphs on this page show the expected progress of the Plan over the next 15 years assuming the Plan's assets earn 6.50% on their market value and a discount rate of 6.50% assuming all other assumptions are met. The graph titled "Assets and Liabilities" shows the projected funded status over the next 15 years. The Plan is projected to be in a less surplus position than the 7.50% projections. The projection of the Plan's funded status is highly driven by the investment returns. The graph titled "Plan Expense and Funding" shows the expected net benefit stream as well as the expected expense for GASB 75, if all other assumptions are met. The Plan's expected net benefit payments are relatively stable over the entire period.

Calendar Year	
2025	6.50%
2026	6.50%
2027	6.50%
2028	6.50%
2029	6.50%
2030	6.50%
2031	6.50%
2032	6.50%
2033	6.50%
2034	6.50%
2035	6.50%
2036	6.50%
2037	6.50%
2038	6.50%
2039	6.50%
2040	6.50%
2041	6.50%
2042	6.50%
2043	6.50%
2044	6.50%
Avg	6.50%





SECTION IV – SENSITIVITY OF RESULTS

The liabilities produced in this report are sensitive to the assumptions used. Table IV-1 shows liabilities under the actuarial funding scenario using a 1% increase and a decrease in healthcare trend rates to provide some measure of sensitivity. In all cases, we are using the full actuarial funding assumption of 7.50% for the discount rate.

Table IV-1
Health Care Trend Rate Sensitivity

Health Care Trend Rates	**-1%**	**Base**	**+1%**
Actuarial Liability			
Current active members	$ 80,808,577	$ 94,792,053	$ 112,106,680
Current retirees, beneficiaries, and dependents	248,074,768	269,563,902	294,110,044
Total Actuarial Liability (AL)	$ 328,883,345	$ 364,355,955	$ 406,216,724
Actuarial Value of Assets	564,669,589	564,669,589	564,669,589
Unfunded Actuarial Liability (UAL)	$ (235,786,244)	$ (200,313,634)	$ (158,452,865)
Normal Cost	$ 2,010,471	$ 2,442,337	$ 2,997,552

Table IV-2 shows liabilities under the actuarial funding scenario using a 1% increase and a decrease in discount rates to provide some measure of sensitivity.

Table IV-2
Discount Rate Sensitivity

Discount Rate	**6.50%**	**7.50%**	**8.50%**
Actuarial Liability			
Current active members	$ 109,347,328	$ 94,792,053	$ 82,730,113
Current retirees, beneficiaries, and dependents	293,919,796	269,563,902	248,565,545
Total Actuarial Liability (AL)	$ 403,267,124	$ 364,355,955	$ 331,295,658
Actuarial Value of Assets	564,669,589	564,669,589	564,669,589
Unfunded Actuarial Liability (UAL)	$ (161,402,465)	$ (200,313,634)	$ (233,373,931)
Normal Cost	$ 3,167,293	$ 2,442,337	$ 1,892,664

SECTION V – FINANCIAL STATEMENT DISCLOSURES

The Government Finance Officers Association (GFOA) maintains a checklist of items to be included in the Annual Comprehensive Financial Report (ACFR) in order to receive recognition for excellence in financial reporting. In accordance with those statements, we have prepared the following disclosures.

Schedule of Funding Progress

The schedule of funding progress compares the assets used for funding purposes to the comparable liabilities to determine how well the Plan is funded and how this status has changed over the past several years. The Actuarial Liability is compared to the Actuarial Value of Assets to determine the funding ratio. The Actuarial Liability is determined assuming that the Plan is ongoing and participants continue to terminate employment, retire, etc., in accordance with the actuarial assumptions.

Years prior to 2018 were taken from the prior actuary's report.

Table V-1
Schedule of Funding Progress for Fiscal Year Ending December 31,
($ in Thousands)

Valuation Year	Actuarial Asset Value (a)	Actuarial Liability (b)	Unfunded Actuarial Liability (c)=(b-a)	Funded Ratio (d)=(a)/(b)	Covered Payroll* (e)	UAL as a Percentage of Covered Payroll (f) = (c)/(e)
2014	706,959	590,902	(116,057)	119.6%	164,575	(71)%
2015	474,746	484,833	10,087	97.9%	174,963	6%
2016	485,845	450,026	(35,819)	108.0%	168,785	(21)%
2017	497,233	496,188	(1,045)	100.2%	172,156	(1)%
2018	490,887	504,757	13,870	97.3%	168,420	8%
2019	488,000	376,561	(111,439)	129.6%	164,684	(68)%
2020	502,358	397,836	(104,522)	126.3%	140,671	(74)%
2021	525,774	362,353	(163,420)	145.1%	139,124	(117)%
2022	532,169	363,450	(168,719)	146.4%	136,460	(124)%
2023	549,871	393,178	(156,693)	139.9%	136,227	(115)%
2024	564,670	364,356	(200,314)	155.0%	131,267	(153)%

* Covered payroll represents the payroll of those members eligible for postretirement healthcare benefits. The Plan was closed December 31, 2015.

SECTION V – FINANCIAL STATEMENT DISCLOSURES

Historical Asset Information

The historical asset information, Table V-2, shows the dollar-weighted rate of return for each of the Actuarial Value of Assets and the Market Value of Assets.

Years prior to 2018 were taken from the prior actuary's report.

Table V-2
Historical Asset Information
($ in Thousands)

Valuation Year	Actuarial Value of Assets		Market Value of Assets	
	Amount	Dollar-weighted Rate of Return	Amount	Dollar-weighted Rate of Return
2011	$668,392	-1.65%	$616,464	0.87%
2012	634,173	0.15%	652,864	11.95%
2013	674,709	12.02%	726,098	16.81%
2014	706,959	10.01%	737,722	6.38%
2015	474,746	7.39%	456,918	-0.11%
2016	485,845	8.67%	468,973	9.24%
2017	497,233	8.88%	504,394	14.51%
2018	490,887	4.45%	457,249	-3.93%
2019	488,000	5.63%	500,123	16.40%
2020	502,358	8.76%	511,981	8.03%
2021	525,774	10.53%	573,939	18.06%
2022	532,169	6.17%	500,041	-8.67%
2023	549,871	8.00%	533,879	11.83%
2024	564,670	7.17%	560,885	9.73%

APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Actuarial Liability (AL) as of December 31, 2024 and December 31, 2023 was provided by the Cincinnati Retirement System staff.

Group	December 31, 2023	December 31, 2024
Active Participants		
Active Full Time Employees	1,514	1,414
Active Part Time Employees	135	144
Active DROP Employees	141	95
Total Actives and Active DROP Included in Valuation	**1,790**	**1,653**
Covered Payroll	$136,226,593	$131,267,041
Other Actives - Ineligible for Retiree Health Benefits		
Active Full Time Employees - ineligible for retiree health benefits	1,526	1,743
Active Part Time Employees - ineligible for retiree health benefits	630	674
Total Actives - Ineligible for Retiree Health Benefits	2,156	2,417
Total Actives	**3,946**	**4,070**
Total Compensation	$235,731,737	$250,220,037
Inactive Participants		
Number of retirees and surviving spouses currently receiving retiree health benefits	3,330	3,259
Spouses currently receiving retiree health benefits	1,298	1,246
Total - Retirees and Spouses Receiving Benefits	**4,628**	**4,505**
Retired members and surviving spouses not currently receiving retiree health benefits but may elect coverage in the future	328	409
Total - Retirees and Spouses	**4,956**	**4,914**
Terminated vested members eligible for retiree health benefits	19	19
Terminated vested members not eligible for retiree health benefits	261	279
Total Inactives	**5,236**	**5,212**

Note: In addition, there are 7,318 inactive participants hired before December 31, 2015 who are former employees with an employee account balance in the pension plan, but are assumed not to be vested. No retiree health benefit liability is assumed for these individuals.

APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data as of December 31, 2024 Excluding DROP Participants

COUNTS BY AGE/SERVICE

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	1	1	0	0	0	0	0	0	0	2
25 to 29	17	15	1	0	0	0	0	0	0	33
30 to 34	13	23	21	0	0	0	0	0	0	57
35 to 39	8	28	79	26	1	0	0	0	0	142
40 to 44	12	32	83	71	39	1	0	0	0	238
45 to 49	2	16	67	55	54	31	1	0	0	226
50 to 54	9	12	61	76	60	69	6	0	0	293
55 to 59	5	20	53	49	71	59	13	3	0	273
60 to 64	6	14	38	31	43	39	10	4	1	186
65 to 69	3	12	17	12	16	8	5	3	1	77
70 & up	10	3	4	3	4	3	1	1	2	31
Total	86	176	424	323	288	210	36	11	4	1,558

AVERAGE SALARY BY AGE/SERVICE

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	*	*								24,898
25 to 29	*	*	*							40,100
30 to 34	*	64,572	75,036	*						60,771
35 to 39	*	65,359	82,020	83,778	*					75,592
40 to 44	*	71,165	85,995	91,015	79,945	*				81,643
45 to 49	*	*	74,808	84,413	88,613	98,808				83,650
50 to 54	*	*	84,984	93,930	89,998	89,765	*			86,487
55 to 59	*	67,227	75,167	78,730	82,739	92,436	*	*	*	80,422
60 to 64	*	*	77,591	81,259	79,304	84,916	*	*	*	76,798
65 to 69	*	*	*	*	*	*	*	*		71,270
70 & up	*	*	*	*	*	*	*	*	*	45,218
Total	$ 22,629	$ 63,644	$ 79,856	$ 86,338	$ 84,329	$ 90,465	$ 81,920	$ 84,095	$ 81,187	$ 78,548

APPENDIX A – MEMBERSHIP INFORMATION

Inactive Member Data as of December 31, 2024

Health Care Plan	Under 65	Over 65	Total
Secure Plan	1	41	42
Select Plan	229	3,160	3,389
Model Plan	678	396	1,074
Total	908	3,597	4,505

Attained Age	Number of Retirees/ Survivng Spouses	Number of Covered Spouses
< 40	0	1
40 - 44	0	0
45 - 49	1	6
50 - 54	10	33
55 - 59	141	136
60 - 64	381	200
65 - 69	564	287
70 - 74	717	298
75 - 79	661	191
80 - 84	377	66
85 - 89	260	25
90 - 94	104	3
95 - 99	37	0
100+	6	0
Total	**3,259**	**1,246**

Reconciliation of Members with Medical Coverage								
	Active	DROP	Disabled	Survivors	Beneficiaries	Retired	Term Vested	Total
December 31, 2023	**1,649**	**141**	**83**	**39**	**409**	**2,799**	**19**	**5,139**
Retirement those that Elect Medical Coverage	(31)	(54)		0	0	86	(1)	0
DROP	(15)	15					0	0
Termination, Eligible Medical Coverage	(4)	0					4	0
Termination/Retirement, No Medical Coverage	(78)	(9)						(87)
Deaths / Drop Coverage	0	0	(11)	(7)	(30)	(152)	(3)	(203)
Data Changes	37	2	0	3	24	16	0	82
December 31, 2024	**1,558**	**95**	**72**	**35**	**403**	**2,749**	**19**	**4,931**

Please note that the above data was used to project the figures in this report.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Rationale for Demographic and Economic Assumptions

The assumptions for this valuation were selected based on recent experience and expectations for the future. The current year's assumptions were detailed in the Cheiron's pension experience study adopted March 23, 2023. We have reviewed the reports and letters of our pension colleagues and believe the assumptions to be reasonable. The 7.50% discount rate used for valuation purposes as of December 31, 2024, is prescribed under paragraph 29 of the CSA. In conjunction with the most recent experience study, the investment consultant reported an annual expected return of 8.04% based on the System's portfolio and their most recent capital market assumptions. The actuarial cost method, the asset valuation method, and the amortization method used for funding purposes were selected by CRS during prior periods.

Economic Assumptions

1. Discount Rate — 7.50% per year

2. Expected Return on Assets — 7.50% per year, net of investment expenses

3. Administrative Expenses — 0.25% of total payroll

4. Inflation Assumption — CPI: 2.75% per year
Medical CPI: 3.25% per year

5. Salary Increase Rate — Salary increases are assumed to vary by service. Representative rates are shown as follows:

Salary increase

Service	Annual Increase
0	8.75%
5	6.25
10	4.75
15	4.25
21+	3.75

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

6. Per Person Health Care Cost Trends

Annual per capita health care claims costs are expected to increase in future years as a result of medical inflation, utilization, demographic changes, leverage in the plan design, and improvements in technology adjusted for any implicit and/or explicit cost containment features. Initial health care cost trend rates were selected based on an analysis of national average health trend surveys specific to similarly structured plans for both Non-Medicare Eligible and Medicare-Eligible participants. The trend assumption reflects the expected impact of the Inflation Reduction Act. The assumed rates of increases in expected retiree health care claims costs and contributions vary by year, retiree health plan, and payment age, as shown in the table below:

Trends for current actives, Non-Medicare Retirees, and Part A only Medicare Retirees:

Calendar Year	All Plans Payment Age < 65	Non-Model Plans Payment Age 65+	Model Plans Payment Age 65+
2023	8.40%	-1.95%	-1.91%
2024	7.80%	11.22%	11.24%
2025	6.20%	6.89%	6.93%
2026	5.60%	5.60%	5.60%
2027	5.50%	5.50%	5.50%
2028	5.39%	5.39%	5.39%
2029	5.29%	5.29%	5.29%
2030	5.18%	5.18%	5.18%
2031	5.08%	5.08%	5.08%
2032	4.97%	4.97%	4.97%
2033	4.65%	4.65%	4.65%
2034	4.44%	4.44%	4.44%
2035	4.34%	4.34%	4.34%
2036	4.27%	4.27%	4.27%
2037	4.23%	4.23%	4.23%
2038	4.20%	4.20%	4.20%
2039	4.18%	4.18%	4.18%
2040	4.17%	4.17%	4.17%
2041	4.15%	4.15%	4.15%
2042	4.09%	4.09%	4.09%
2043+	4.04%	4.04%	4.04%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Trends for current Medicare Retirees:

Calendar Year	Non-Model Plans Payment Age 65+	Model Payment Age 65+	Medicare A Only Payment Age 65+
2023	-2.13%	-2.14%	-2.14%
2024	11.13%	11.13%	11.13%
2025	6.70%	6.69%	6.69%
2026	5.60%	5.60%	5.60%
2027	5.50%	5.50%	5.50%
2028	5.39%	5.39%	5.39%
2029	5.29%	5.29%	5.29%
2030	5.18%	5.18%	5.18%
2031	5.08%	5.08%	5.08%
2032	4.97%	4.97%	4.97%
2033	4.65%	4.65%	4.65%
2034	4.44%	4.44%	4.44%
2035	4.34%	4.34%	4.34%
2036	4.27%	4.27%	4.27%
2037	4.23%	4.23%	4.23%
2038	4.20%	4.20%	4.20%
2039	4.18%	4.18%	4.18%
2040	4.17%	4.17%	4.17%
2041	4.15%	4.15%	4.15%
2042	4.09%	4.09%	4.09%
2043+	4.04%	4.04%	4.04%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Trends for Retiree Contributions:

Calendar Year	All Plans Payment Age < 65	Non-Model Plans Payment Age 65+	Model Plans Payment Age 65+
2024	7.75%	11.27%	11.24%
2025	6.20%	7.00%	6.93%
2026	5.60%	5.60%	5.60%
2027	5.50%	5.50%	5.50%
2028	5.39%	5.39%	5.39%
2029	5.29%	5.29%	5.29%
2030	5.18%	5.18%	5.18%
2031	5.08%	5.08%	5.08%
2032	4.97%	4.97%	4.97%
2033	4.65%	4.65%	4.65%
2034	4.44%	4.44%	4.44%
2035	4.34%	4.34%	4.34%
2036	4.27%	4.27%	4.27%
2037	4.23%	4.23%	4.23%
2038	4.20%	4.20%	4.20%
2039	4.18%	4.18%	4.18%
2040	4.17%	4.17%	4.17%
2041	4.15%	4.15%	4.15%
2042	4.09%	4.09%	4.09%
2043+	4.04%	4.04%	4.04%

7. Changes Since the Last Valuation

Trends were updated to reflect the updated expected impact of the Inflation Reduction Act.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Demographic Assumptions

1. Retirement Rates

Retirement rates for each group vary by age and service with the City. Sample rates are shown in the tables below.

Annual Rate of Retirement Groups C, D, E, and F				
Age	5 Years of Service	6-24 Years of Service	25-28 Years of Service	29-31+ Years of Service
45-54				60.0%
55-56			6.0%	60.0
57			6.0	70.0
58			6.0	80.0
59			10.0	80.0
60	12.5%	12.5%	12.5	60.0
61	12.5	12.5	12.5	40.0
62-63	12.5	12.5	12.5	50.0
64	12.5	12.5	12.5	60.0
65	12.5	20.0	20.0	80.0
66	12.5	12.5	12.5	80.0
67	12.5	35.0	35.0	80.0
68-69	12.5	20.0	20.0	80.0
70	100.0	100.0	100.0	100.0

Annual Rate of Retirement Group G					
Age	5 Years of Service	6-14 Years of Service	15-28 Years of Service	29-30 Years of Service	31+ Years of Service
57-58			6.0%	6.0%	6.0%
59-61			10.0	10.0	10.0
62-63			10.0	60.0	50.0
64			10.0	70.0	60.0
65-66			10.0	80.0	80.0
67	12.5%	35.0%	35.0	60.0	80.0
68-69	12.5	20.0	20.0	80.0	80.0
70	100.0	100.0	100.0	100.0	100.0

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

2. Rates of Withdrawal

Withdrawal rates for each group vary by service with the City. Sample rates are shown in the tables below.

Annual Rate of Withdrawal	
Years of Service	Rate of Withdrawal
<1	15.00%
1	10.00
2	8.00
3	7.00
4	6.50
5	6.00
6	5.00
7	4.00
8	3.00
9-14	2.50
15+	2.00

3. Rates of Disability

Disability rates for each group vary by age. Sample rates are shown in the table below.

Age	Annual Rate of Disability*
20	0.0025%
25	0.0050
30	0.0075
35	0.0125
40	0.0225
45	0.0375
50	0.0675
55	0.1050
60	0.1250
65	0.1250

* *Rates are 0% when a member is eligible for normal retirement.*

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

4. Rates of Mortality

Preretirement Mortality: PUB-2010 General Employees Amount-weighted Mortality table with fully generational projected mortality improvements using MP-2021.

Postretirement Mortality: PUB-2010 General Retirees Amount-weighted Mortality table with fully generational projected mortality improvements using MP-2021.

Disabled Mortality: PUB-2010 General Disabled Retirees Amount-weighted Mortality table with fully generational projected mortality improvements using MP-2021.

5. DROP Participation

30% of eligible CSA Employee members eligible for DROP benefits are assumed to decline participation, and 70% are assumed to elect participation. Those electing to participate are assumed to remain in the DROP for three years.

6. Vested Withdrawal

60% of vested members who terminate elect to leave their contributions in the Plan in order to be eligible for a benefit at their normal retirement date, while the remaining 40% elect to withdraw their contributions.

7. Spousal Coverage

Actual census data, payment form elections, and current health care plan elections for spouses of current retirees were used. For spouses of eligible future retirees, a 100% spouse coverage election rate is assumed for those members choosing a joint & survivor payment form, and a 15% spouse coverage election rate is assumed for those members selecting a single-life annuity payment form. Under a joint & survivor payment form, retiree health benefits are available until the death of the last annuitant.

8. Dependent Age

For current retirees, the actual spouse date of birth was used when available. For future retirees, husbands are assumed to be three years older than wives.

9. Health Plan Administrative Expenses

Health plan administrative expenses are included in the per capita claims costs.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

10. Percent of Members Electing Coverage

Actual census data and current Plan elections provided by CRS were used for those currently receiving retiree health benefits. Group 1 members who retired prior to September 1, 2007, and currently qualify for the Secure Plan, are assumed to re-qualify in all future years. All current participants not qualifying for the Secure Plan are covered either by the Select Plan or the Model Plan. Current participants are assumed to maintain their current retiree health benefits coverage until they are no longer eligible. The active members of Group C with at least 15 years of creditable service shall be entitled to retiree health benefits under the Select Plan as Group 1 members. All other eligible future retirees electing retiree health benefits are assumed to be covered by the Model Plan. 95% of eligible future retirees in Group 1 are assumed to elect retiree health benefits. Eligible future retirees in Group 2 are required to pay the portion of their cost as determined by the point system, so retiree health benefit election rates are assumed to reduce as the level of cost-sharing increases. The point system is based upon the sum of the member's full years of service and the member's age at separation from service. The assumed contribution rates and rates of participation for Group 1 and Group 2 members are as follows:

Group	Assumed Rate of Participation		Retiree Contribution as a Percentage of Cost	
	Pre-65 Retirement	Post-64 Retirement	Select Plan	Model Plan
Group 1	95%	95%	5%	10%
Group 2 with 90+ Points (Select) with 85+ Points (Model)	90% grading to 70% over 20 years	75%	5%	10%
Group 2 with 80 – 89 Points (Select) with 80 - 84 Points (Model)	90% grading to 70% over 20 years	75%	25%	20%
Group 2 with 70 – 79 Points	50% grading to 25% over 20 years	25%	50%	40%
Group 2 with <70 Points	50% grading to 25% over 20 years	25%	75%	60%

Note: These assumptions are based on our 2022 analysis of election percentage.

It is assumed that 100% of eligible future disabled retirees will elect retiree health benefits.

11. Percent Electing Medical Expense Reimbursement Program (MERP)

Based upon current participation in the MERP, 0% of current and future retiree health benefits participants are assumed to elect the MERP. As credible experience for MERP participation is not yet available, the assumed rate of participation is an estimate and actual results may be materially different. As such, this assumption will need to be reviewed as credible experience evolves.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

12. New Retiree Listing

Members who have newly retired but have not been completely processed for benefits were assumed to elect post-retirement medical. For those in Pension Group C, we have assumed they elect the Select Plan while all others elect the Model Plan.

13. Changes Since the Last Valuation

There were no changes since the prior valuation.

Claim and Expense Assumptions

The claims costs are developed based on claims experience projected to 2024 for the self-insured benefits and actual premiums in effect for 2024 for the fully insured ones. Contractual administrative expenses for 2024 are included. The resulting Per Adult Per Month (PAPM) cost is then adjusted using age curves.

1. Average Annual Claims and Expense Assumptions & Methodology

The Calendar Year (CY) 2024 claims costs were developed using actual CY 2021 through CY 2023 Medical and Rx claim experience. Claims were divided by benefit type (i.e., medical vs. Rx) and population category (i.e., Non-Medicare Eligible (NME) vs Medicare Eligible (ME)) for each plan and standardized to the Select Plan design for the 2023 enrollment. Rx claim costs were defined as Plan paid amounts minus pharmacy rebates. Large claims above $100,000 for Medical were removed from the experience prior to calculating the experience Per Adult Per Month (PAPM) cost.

We calculated the benefit relativity factors of the Select, Model, and Secure Plan using the OptumInsight Comprehensive Pricing Tool for NME and OptumInsight Comprehensive Medicare Coordination Model for ME participants. Using the same model, we calculated the change in demographics between the 2021, 2022 and 2023 enrollments, respectively.

Using the benefit relativity and demographic factors, the experience PAPM costs of each plan and year were adjusted to the Select Plan design for the 2023 population. The adjusted experience PAPM costs were then blended using:

- 30% of CY 2021, 35% of CY 2022 and 35% of CY 2023 experience for Medical NME,
- 30%/35%/35% of CY 2021/2022/2023, respectively, for Rx NME,
- 20%/20%/60% of CY 2021/2022/2023, respectively, for Rx ME, and
- 30%/35%/35% of CY 2021/2022/2023, for Medical ME (Part A only members).

Rates were trended to CY 2024 using an 8% annual trend. Large claims were trended separately assuming a 5% annual trend and added to the projected PAPM costs. To convert paid claims into incurred claims, we applied an extra 2.5 months of trend to medical and ½ month of trend to Rx. The CY 2024 projected Rx cost for ME was further adjusted to reflect the expected receivable payments from CMS (Part D Direct subsidy, Federal

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Reinsurance, Low Income Cost Share subsidy, Low Income Premium subsidy) and PhrMa (Gap Discount). These receivables were projected using CY 2021, 2022, and 2023 experience with payments through March 2024, adjusted for expected reconciliation payments for CY 2023.

Finally, we applied the benefit relativity factors to the Select projected costs PAPM to derive the Model and Secure projected costs PMPM. The PAPM costs for the ME Part A only population are expressed based on the entire ME population and added to the Medicare Advantage (MA) premium rates.

Claims curves were developed using the resulting projected PAPM claims costs, the premium rates for the fully insured MA plans, and our proprietary age curves. The costs of retirees over 65 who are eligible for Medicare Part A and didn't sign up for Part B are spread across the entire ME population.

No child load was added to the NME pre-65 claims since the associated cost is assumed to be implicitly reflected in the Per Adult Per Month costs.

Expenses were projected for NME vs ME, based on actual CY 2023 expenses provided by CRS, trended to CY 2024 using a 4% trend.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Calendar Year 2024 Average Claim and Expense Assumptions (Future Retirees and Current NME Inactives)						
	Select Medicare Eligible		Model Medicare Eligible		Secure Medicare Eligible	
Age	Male	Female	Male	Female	Male	Female
40	$5,187	$8,451	$5,146	$8,375	$0	$0
45	6,811	9,080	6,757	9,002	0	0
50	8,840	10,527	8,768	10,437	0	0
55	11,273	12,731	11,180	12,621	0	0
60	14,110	14,931	13,993	14,801	0	0
64	16,671	15,578	16,532	15,447	0	0
65	$3,709	$3,562	$3,767	$3,615	$2,954	$2,876
70	4,249	3,802	4,320	3,863	3,333	3,017
75	4,416	3,936	4,506	4,012	3,276	2,983
80	4,383	3,982	4,494	4,073	3,006	2,842
85	4,281	3,960	4,410	4,066	2,687	2,653

Calendar Year 2024 Average Claim and Expense Assumptions (Current Inactives Medicare A & B Eligible)						
	Select Non Medicare Eligible		Model Non Medicare Eligible		Secure Non Medicare Eligible	
Age	Male	Female	Male	Female	Male	Female
40	$3,527	$3,343	$3,502	$3,320	$3,828	$3,619
45	5,079	4,814	5,043	4,780	5,512	5,211
50	6,446	6,110	6,400	6,067	6,996	6,614
55	7,065	6,696	7,014	6,649	7,667	7,248
60	6,661	6,313	6,613	6,269	7,228	6,833
64	5,603	5,311	5,563	5,273	6,081	5,748
65	$3,394	$3,274	$3,370	$3,251	$3,684	$3,544
70	3,870	3,475	3,841	3,450	4,212	3,774
75	3,954	3,547	3,922	3,520	4,349	3,886
80	3,835	3,525	3,801	3,495	4,278	3,905
85	3,655	3,442	3,619	3,410	4,140	3,856

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Calendar Year 2024 Average Claim and Expense Assumptions (Current Inactives Medicare B Only Eligible)						
	Select Non Medicare Eligible		Model Non Medicare Eligible		Secure Non Medicare Eligible	
Age	Male	Female	Male	Female	Male	Female
40	$6,793	$6,283	$7,630	$7,036	$6,691	$6,196
45	9,782	9,048	10,987	10,132	9,635	8,922
50	12,415	11,483	13,944	12,859	12,228	11,324
55	13,606	12,584	15,282	14,092	13,401	12,410
60	12,828	11,865	14,408	13,286	12,634	11,700
64	10,791	9,981	12,120	11,177	10,629	9,843
65	$6,537	$6,153	$7,343	$6,890	$6,439	$6,068
70	7,659	6,738	8,631	7,574	7,534	6,635
75	8,573	7,439	9,761	8,439	8,398	7,298
80	9,317	8,102	10,730	9,281	9,084	7,917
85	9,917	8,626	11,533	9,962	9,629	8,400

2. Retiree Health Care Plan Contributions

Assumed adult per capita health care contribution rates were developed for those participants in the Select and Model Plans who are required to contribute a portion of retiree health benefit costs as defined in Schedule C. Contributions were determined to fully fund retiree health benefit costs in calendar year 2025 based upon Medicare Eligibility status. Rates are based on retiree cost experience, enrollment, and trended based on the assumptions. The following chart details the full (100%) adult per capita contribution assumptions. These amounts include medical, drug, and third-party administrative costs.

	Retiree		Spouse	
	Payment Age		Payment Age	
Health Plan	< 65	Payment Age 65+	< 65	Payment Age 65+
Secure Plan	$0	$0	$0	$0
Select Plan	$17,185	$3,951	$17,185	$3,951
Model Plan	$17,013	$3,795	$17,013	$3,795

As members hired after December 31, 2015 are ineligible to receive retiree health benefits, the contributions assumed for years beyond 2025 are based upon the projected retiree health care costs associated with each projection year's closed group of participants, reflecting the impact of aging and health care inflation.

3. Medicare Part D Subsidy

The City offers an EGWP Part D plan to its Medicare retirees; it, therefore, does not participate in the Retiree Drug Subsidy program.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

4. Medicare Part B Premium Subsidy

Assumed that Medicare Eligible Retirees pay the Medicare Part B premiums.

5. Medicare Coverage and Eligibility

Retiree health benefit participants age 65 and older who are eligible for premium-free Medicare Part A benefits are assumed to be enrolled in Medicare Part A. For those retiree health benefit participants who are not eligible for premium-free Medicare Part A coverage, CRS is assumed to remain the primary payer. For a portion of the Medicare-Eligible group, the premium-free Medicare Part A eligibility status is provided by CRS. As the premium-free Medicare Part A eligibility status is determined from a wide range of sources with varying and, at times, limited content, the premium-free Medicare Part A eligibility status data is incomplete. Adjustments have been made to account for this incompleteness. As the true status of those who are, or will be eligible for premium-free Medicare Part A is uncertain, actual results may be materially different. For all unidentified current retirees, hired prior to April 1, 1986, and not assumed eligible for premium-free Medicare Part A coverage through their spouse, as well as those active employees hired prior to April 1, 1986, 10% are assumed to not qualify for premium-free Medicare Part A coverage. The assumption of 10% is based upon estimates from the current retiree population. 100% of deferred vested members are assumed to obtain the 40 or more quarters of Medicare-covered employment required for premium-free Medicare Part A coverage as a result of their subsequent employment. Retiree health benefit participants age 65 and older are assumed to be enrolled in Medicare Part B.

6. Marital and Spouse Assumptions

For participants who are not receiving benefits, 100% of participants are assumed to be married to a spouse of the opposite gender. Husbands are assumed to be three years older than their wives. For participants who are receiving benefits, the actual spouse age is used where available. If relevant spouse information is not available, husbands are assumed to be three years older than their wives.

7. Part-Time Employees

On July 1, 1991, the Plan was amended to include part-time employees. Part-time employees hired on or before December 31, 2015, have been included in the valuation.

8. Geography

Implicitly assumed to remain the same as current retirees.

9. Disclosures Regarding Models Used

a. Valuation Software

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs and projected benefit

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

b. Getzen Trend Model

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model version 2024_1b. The following assumptions were used as input variables into this model:

Trend Assumption Inputs	
Variable	**Rate**
Rate of Inflation	2.60%
Rate of Growth in Real Income/GDP per capita 2033+	1.40%
Extra Trend due to Taste/Technology 2033+	0.90%
Expected Health Share of GDP 2033	19.80%
Health Share of GDP Resistance Point	17.70%
Year for Limiting Cost Growth to GDP Growth	2044

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group.

The trends selected from 2023 to 2026 were based on market analysis and reflect the expected impact of the Inflation Reduction Act. The expected health share of GDP in 2033 is set to 19.8% of GDP. This assumption is consistent with the trends through 2033 and also with the 2023 Medicare Trustees report projection for 2031. The share of GDP above which cost growth is assumed to meet resistance was set to 17.70% to reflect that the share of GDP for four years pre-pandemic remained at 17.70%. We have reviewed the other baseline assumptions for the model and found them to be reasonable and consistent with the other economic assumptions used in the valuation.

We have relied on the Society of Actuaries as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect this report.

c. OptumInsight Comprehensive Pricing Model

Cheiron utilized the Optum Comprehensive Benefit Pricing Model [2023, Version 1.03], and the Optum Comprehensive Medicare Coordination Model [CMCM 2023, Version 1.1] which are softwares leased from OptumInsight, to provide manual rates, benefit pricing, and benchmark calculations. For this report, the Models were used to adjust the plan experience for differences in benefits between the Secure, Select and Model Plans.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

We have relied on Optum as the developer of the Models. We have reviewed the Models and have a basic understanding of the Models and have used the Models in accordance with their original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Models that would affect the results of this report.

As part of the review process for this actuarial valuation, we have performed a number of tests to verify that the results of the models are reasonable and appropriate. We have reviewed each model, have a basic understanding of them, and have used them in accordance with their original intended purposes. We are not aware of any material inconsistencies, unreasonable output resulting from the aggregation of assumptions, material limitations, or known weaknesses that would affect this report.

10. Changes Since the Last Valuation

The retiree health care plan contribution rates for the Model Plan were updated to reflect the new point grid effective July 1, 2024.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Methodology

The Entry Age Normal actuarial cost method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active plan member and then summed to produce the total normal cost for the City.

The Actuarial Accrued Liability is that portion of the present value of projected benefits that will not be paid by future employer normal costs or member contributions. It represents the value of the past normal costs with interest to the valuation date. The difference between this liability and funds accumulated as of the same date is referred to as the Unfunded Actuarial Liability.

The portion of the Actuarial Liability in excess of OPEB Trust's assets is amortized to develop additional costs or savings which is added to each year's employer normal cost to produce the Actuarially Defined Contribution (ADC). Under this cost method, actuarial gains and losses are directly reflected in the size of the ADC.

The Unfunded Actuarial Liability is amortized over an open 30-year period. The amortization is a level dollar amortization. CY 2024 claims and expenses were developed as described in Appendix B, Claims and Expenses Assumptions section above.

Actuarial Value of Assets

For purposes of determining the contribution rate to the Plan, we use an Actuarial Value of Assets. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process.

The Actuarial Value of Assets is the current market value, adjusted by a five-year smoothing of gains and losses on a market value basis. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return. The actuarial value is adjusted to remain within 20% of the market value.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of Key Substantive Plan Provisions

Pension Benefit Eligibility

All active employees of the City except for the following:

- Members of the Police and Firemen's Disability and Pension Fund of Ohio.
- Elected City officials.
- Employees for whom the City contributes to PERS.
- Persons hired as police recruits who are not currently enrolled as a member of the System prior to their date of hire.
- Current contributing members of the School Employees Retirement System (SERS) or the State Teachers Retirement System (STRS) who are hired by the City on a seasonal, temporary, or part-time basis.

Members of the System are divided into the following groups:

Group	Criteria
A, B	Any member who has retired prior to 7/1/2011
C	Any member who, as of June 30, 2011, was an active or deferred vested member and had either: a) Completed at least 30 years of service, or b) Reached age 60 and completed at least 5 years of service.
D	Any active member who, between July 1, 2011 and December 31, 2013: 1) Either a) Completed at least 30 years of service, or b) Reached age 60 and completed at least 5 years of service; and 2) Retired prior to January 1, 2014.
E	Any active member who: 1) Between July 1, 2011 and December 31, 2013, either: a) Completed at least 30 years of service, or b) Reached age 60 and completed at least 5 years of service; and 2) Retires on or after January 1, 2014.
F	Any active member whose most recent membership enrollment date was prior to January 1, 2010 and who is not in groups A through E. Any deferred vested member whose most recent membership enrollment date was prior to January 1, 2010, is not in groups A through E, and has at least five years of service prior to the date they separate from employment.
G	Any member whose most recent membership enrollment date is on or after January 1, 2010, or Any member rehired on or after January 1, 2010, who has fewer than 5 years of service as of June 30, 2011, or Any retiree of the System who is receiving a service retirement allowance and is re-employed on or after April 1, 2013.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Members of the System are further classified as:

Class	Criteria
CSA Retiree (CSA participants corresponding to Retirees Class)	Group A and B members and their designated optionees.
CSA Employee (CSA participants corresponding to Current Employees Class)	Group C, D, E, and F members (and their designated optionees) that were vested and employed on 7/1/2011.
CMC Employee (Non-CSA participants)	Group E and F members (and their designated optionees) that were either vested or employed on 7/1/2011 and no break in employment service since 1/1/2010 and prior to becoming vested.
Non-CSA	Group G members and their designated optionees.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Years of Service: Years or fractional years of full-time service rendered to the Plan Sponsor.

Normal Retirement:

Groups A, B, C, D, E, and F:
Age 60 with 5 years of service or 30 years of service.

Group G:
Age 67 with 5 years of service or age 62 with 30 years of service.

Early Retirement:

Groups A, B, C, D, E, and F:
Age 55 with 25 years of service.

Group G:
Age 57 with 15 years of service.

Deferred Retirement Option Plan (DROP):

Current Employees Class members with at least 30 years of service may participate in the DROP.

Disability Retirement Eligibility:

5 years of service.

Deferred Vested Retirement Eligibility:

5 years of service.

Retiree Health Benefits Eligibility:

Per Ordinance 336-2016 adopted by the City Council on October 26, 2016, employees hired after December 31, 2015, are not eligible to receive retiree health benefits.

Group 1: Those members of Group C or those members hired before January 9, 1997. For those members of Group C or those members who retire under the System prior to January 1, 2016 (including their survivors receiving pension benefits), a minimum of 15 years of service is required. For those members who retire under the System after December 31, 2015 (including their survivors receiving pension benefits), a minimum attained age of 60 with 20 years of service or 30 years of service regardless of age is required.

Group 2: Those participants hired on or after January 9, 1997. For those members who retire under the System prior to January 1, 2016 (including their survivors receiving pension benefits), a minimum of 15 years of service is required. For those members who retire under the System after December 31, 2015 (including their survivors receiving pension benefits), a minimum attained age of 60 with 20 years of service or 30 years of service regardless of age is required. Group 2 participants entitled to a deferred retirement allowance are eligible for health benefits upon attainment of the Medicare Eligibility age.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Deferred Retirement Option Plan (DROP): Eligible Current Employees Class members may effectively retire and freeze their accrual of years of service with the System and defer receipt of retirement benefits, including retiree health benefits, for a period not to exceed five years while continuing City employment. For valuation purposes, current DROP participants are assumed to be active members, receiving health care benefits as an active employee. Service does not accrue while participating in the DROP and retiree health benefits are assumed to begin upon exit from active employment.

Members and Beneficiaries Assumed to be Eligible for Deferred Retiree Health Benefits as of December 31, 2016: Per Ordinance 336-2016 adopted by the City Council on October 26, 2016, members of Group C and their associated beneficiaries are eligible for retiree health benefits under the Select Plan based upon a minimum of 15 years of service. All other eligible members and their associated beneficiaries are eligible for retiree health benefits under the Model Plan based upon a minimum attained age of 60 with 20 years of service or 30 years of service regardless of age.

Dependents: A retiree may elect to cover an eligible spouse and/or eligible dependent children by paying the applicable retiree contribution rate for the specified enrollment tier.

Retiree Health Benefits

The System offers health care benefits (medical, prescription drugs, dental, and vision coverage) to eligible retirees, beneficiaries, and their dependents before and during Medicare Eligibility.

Under the provisions of Ordinance 85-2011, beginning January 1, 2012, members who retired prior to September 1, 2007, and who establish their annual household income to be less than $30,000, are eligible to receive medical and prescription drug coverage under the Secure Plan. Those members who retired prior to September 1, 2007, who do not qualify for coverage under the Secure Plan may elect medical and prescription drug coverage through either the Select Plan or Model Plan based upon eligibility.

Those members of Group C or those members who retired on or after September 1, 2007 (including those employees who retired under a special incentive plan in 2007) but prior to January 1, 2016, may elect medical and prescription drug coverage through the Select Plan. Those members not eligible for the Secure Plan or the Select Plan may elect coverage under the Model Plan.

Active Service Death Benefits

A surviving spouse, eligible dependent child, and orphan receiving survivor pension benefits as a result of death during employment of an eligible active member is eligible to receive retiree health benefits based upon the eligibility and terms applicable to the associated member.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Medicare Part B Premium Reimbursement

Under the provisions of Ordinance 85-2011, beginning January 1, 2012, CRS no longer reimburses the Medicare Part B premiums for retirees and spouses.

Retiree Contributions

Participants covered by the Secure Plan do not contribute towards the cost of medical and prescription drug coverage. Group 1 participants covered by the Select Plan contribute an amount equal to five percent of the full cost of medical and prescription drug benefits of the retiree group with costs adjusted based upon the Medicare Eligibility age (age 65). Group 1 participants covered by the Model Plan contribute an amount equal to ten percent of the full cost of medical and prescription drug benefits of the retiree group with costs adjusted based upon the Medicare Eligibility age (age 65). Group 2 participants will pay the portion of the full cost of medical and prescription drug benefits of the coverage option for which they are eligible as determined by the point system.

Retiree Contribution as a Percentage of Cost			
Points	Select Plan	Points	Model Plan
90+	5%	85+	10%
80-89	25%	80-84	20%
70-79	50%	70-79	40%
60-69	75%	60-69	60%

Dental Benefits

Under the provisions of Ordinance 85-2011, beginning January 1, 2012, all members electing to participate in the dental plan will be required to pay the full cost of dental coverage. As such, it is assumed CRS has no liability under GASB 74 and 75 for dental benefits.

Vision Benefits

Under the provisions of Ordinance 85-2011, beginning January 1, 2012, all members electing to participate in the vision plan will be required to pay the full cost of vision coverage. As such, it is assumed CRS has no liability under GASB 74 and 75 for vision benefits.

Changes Since Prior Valuation

The Point Grid for Retiree Contributions to the Model Plan was updated effective July 1, 2024.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of 2024 Benefit Plans

Currently, the City of Cincinnati Postretirement Health Fund offers three plans for retired employees. Benefits are payable under the Plan for medical care obtained from the City's health care vendors. Medicare Part A eligible retirees who didn't buy into Part B get the same medical benefits as the Non-Medicare Retirees.

City of Cincinnati Non-Medicare Retirees

Provider Network:	Anthem BCBS	Anthem BCBS	Anthem BCBS
In-Network (INN) Benefits	**Select Plan**	**Model Plan**	**Secure Plan**
Deductible (Individual / Family)	$300 / 600	$500 / 1,000	$0 / 0
Coinsurance	20%	20%	20%
Copays			
Office Visit (OV)-Primary Care (PCP)	DC	DC	DC
OV - Specialist Care Provider (SCP)	DC	DC	DC
Urgent Care (UC)	DC	DC	DC
Hospital Emergency Room (ER)	DC	DC	DC
Outpatient Surgery	DC	DC	DC
Hospital Inpatient	DC	DC	DC
Out-of-Pocket Max (Individual / Family)	$1,500 / 3,000	$2,000 / 4,000	$500 / 1,000
Out-of-Network (OON) Benefits			
Deductible (Individual / Family)	$600 / 1,200	$1,000 / 2,000	$0 / 0
Coinsurance	50%	50%	50%
Hospital Emergency Room (ER)	INN DC	INN DC	INN DC
Out-of-Pocket (OOP) Max (Individ / Family)	$3,000 / 6,000	$4,000 / 8,000	$1,000 / 2,000
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Annual Maximum	Unlimited	Unlimited	Unlimited
Prescription Drugs	Non Medicare Coverage Only	Non Medicare Coverage Only	Non Medicare Coverage Only
Retail (30 Days) - Generic/Formulary /Non-Form. Copay	$10 / 20 / 30	$10 / 20 / 30	$5 / 15 / 30
Mail Order (90 Days) - Generic/Formulary /Non-Form. Copay	$20 / 40 / 60	$20 / 40 / 60	$10 / 30 / 60
Out-of-Pocket Max (Individual / Family)	None	None	$500
Detail Benefits			
Mental Health (MH) / Substance Abuse (SA):			
- SA Lifetime Visit Limit (Inpatient / Outpatient)	Unlimited	Unlimited	Unlimited
- SA Lifetime OOP Maximum	Unlimited	Unlimited	Unlimited
- MH Per Year Visit Limit (Inpatient / Outpatient)	Unlimited	Unlimited	Unlimited
Home Health (INN / OON):	DC / DC up to 30 visits	DC / DC up to 30 visits	DC / DC up to 30 visits
Allergy Care:	DC	DC	DC
Rehabilitation (i.e., speech, occup. physical):	DC up to 60 visits	DC up to 60 visits	DC up to 60 visits
Chiropractors:	DC	DC	DC
Medical Supplies and Equipment:	DC	DC	DC
Maternity Care:	DC	DC	DC
Skilled Nursing Facility	DC	DC	DC
Hearing Aids:	DC	DC	DC
Preventive Care:	DC	DC	DC
Medicare Integration:	Exclusion[2]	Exclusion[2]	Exclusion[2]

[1] *DC=Deductible and coinsurance applies.*

[2] *Medicare Pays first then the Plan applies the Plan's rules for non-Medicare covered benefits.Only Medicare Eligibles who have not bought into Medicare Part B are covered under the NME plan*

Vendors

Medical Claims Administrator:	Anthem BCBS
Medical Network:	Anthem BCBS
Pharmacy Benefit Manager:	CVS / CareMark
Stop-Loss Insurer:	N/A

APPENDIX C – SUMMARY OF PLAN PROVISIONS

City of Cincinnati Medicare Advantage Plans - For Medicare Part A&B and Part B only eligibles

Provider Network:	Anthem BCBS	Anthem BCBS	Anthem BCBS
In-Network (INN) Benefits	**Select Plan**	**Model Plan**	**Secure Plan**
Deductible (Individual)	$300	$500	$0
Coinsurance	4%	4%	4%
Copays			
Office Visit (OV)-Primary Care (PCP)	DC	DC	DC
OV - Specialist Care Provider (SCP)	DC	DC	DC
Preventive Care:	$0 / C	$0 / C	$0 / C
Urgent Care (UC)	DC	DC	DC
Hospital Emergency Room (ER)	$50	$50	$50
Skilled Nursing Facility (SNF)	$5/day for days 1-20, DC for days 21-100	$5/day for days 1-20, DC for days 21-100	$5/day for days 1-20, DC for days 21-100
Outpatient Surgery	DC	DC	DC
Hospital Inpatient	DC	DC	DC
Home Health (INN / OON):	$0 / DC	$0 / DC	$0 / DC
Mental Health (MH) / Substance Abuse (SA):	DC	DC	DC
Out-of-Pocket Max (Individual / Family)	$1,500	$2,000	$500
Out-of-Network (OON) Benefits			
Deductible (Individual)	Combined with INN	Combined with INN	Combined with INN
Coinsurance	10%	10%	10%
Hospital Emergency Room (ER)	INN DC	INN DC	INN DC
Out-of-Pocket (OOP) Max (Individual)	$3,000	$4,000	$1,000
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Annual Maximum	Unlimited	Unlimited	Unlimited
Prescription Drugs	Medicare Coverage Only	Medicare Coverage Only	Medicare Coverage Only
Retail (30 Days) - Generic/Formulary /Non-Form. Copay	$10 / 20 / 30	$10 / 20 / 30	$5 / 15 / 30
Mail Order (90 Days) - Generic/Formulary /Non-Form. Copay	$20 / 40 / 60	$20 / 40 / 60	$10 / 30 / 60
Out-of-Pocket Max (Individual)	None	None	$500

[1] *DC=Deductible and coinsurance applies.*

[2] *C=Coinsurance applies.*

APPENDIX D – GLOSSARY OF TERMS

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

2. Actuarial Cost Method

A procedure for determining the Actuarial Present Value of OPEB plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

4. Actuarial Gain (Loss)

A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

5. Actuarial Liability

The portion of the Actuarial Present Value of projected benefits will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

6. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments, the Actuarial Present Value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made. As a simple example: assume you owe $100 to a friend one year from now. Also, assume there is a 1% probability of your friend dying over the next year, in which case you will not be obligated to pay him. If the assumed investment return is 10%, the Actuarial Present Value is:

Amount		Probability of Payment		1/ (1+Discount Rate)		Present Value
$100	x	(1 - .01)	x	1/(1+.1)	=	$90

APPENDIX D – GLOSSARY OF TERMS

7. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

8. Actuarial Value of Assets

The value of cash, investments, and other property belonging to an OPEB plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values. This way long-term costs are not distorted by short-term fluctuations in the market.

9. Amortization Payment

The portion of the OPEB plan contribution which is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Discount Rate

The assumed interest rate used for converting projected dollar-related values to a present value as of the valuation date.

11. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the Actuarial Present Value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Service Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the actuarial present value of future Service Costs is called the Total OPEB Liability.

12. Funded Percentage

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

13. Medical Trend

The assumed increase in dollar-related values in the future due to the increase in the cost of health care.

APPENDIX D – GLOSSARY OF TERMS

14. Mortality Table

A set of percentages which estimate the probability of death at a particular point in time. Typically, the rates are annual and based on age and sex.

15. Normal Cost

That portion of the Actuarial Present Value of OPEB plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

16. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.

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