Milwaukee Public Schools

Retiree Healthcare and Life Insurance Programs
Actuarial Valuation as of July 1, 2017

GRS

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September 17, 2018

Ms. Carol Eady
Sr. Director, Benefits, Pension & Compensation
Milwaukee Public Schools
Administration Building
5225 West Vliet Street, Room 124
Milwaukee, Wisconsin 53208-2181

Dear Ms. Eady:

We have performed an actuarial valuation as of July 1, 2017, of the Retiree Healthcare and Life Insurance Programs sponsored by the Milwaukee Public Schools (MPS). The actuarial valuation was performed in order to:

- Measure the actuarial liability as of July 1, 2017; and
- Develop retiree healthcare accounting expense and disclosure information for fiscal year end 2018, as defined under the GASB Statement Nos. 74 and 75.

The actuarial valuation was based on the following:

- Census data as of July 1, 2017, as provided by MPS staff;
- Premium information for calendar years 2017 and 2018 as provided by MPS staff;
- Claims, expenses and enrollment data for the period from August 1, 2015 to July 1, 2017, as disclosed in the plan's most recent premium rating reports prepared by the healthcare actuary and provided by MPS staff;
- IRC Section 115 assets as provided by MPS staff;
- Actual employer contributions for fiscal year 2018 as provided by MPS staff;
- Plan provisions and funding policy in effect as of July 1, 2017, as provided by MPS staff and summarized in Section G;
- Our understanding of the substantive plan in effect as currently being administered;
- OPEB and healthcare-related actuarial assumptions and methods as recommend by GRS and approved by MPS as shown in Section H; and
- Pension-related actuarial assumptions as shown in Section H used for the actuarial valuations of the Milwaukee Public Schools Supplemental Pension Plans for Teachers and Administrators, and the City of Milwaukee Employees' Retirement System (ERS) for other labor units.

Certain members who retire after June 30, 2017, are eligible to participate in the Early Retirement Window. Please note that the actuarial valuation results do not include the impact of the Early Retirement Window (ERW). Please refer to our letter dated March 22, 2017, for additional information on the potential cost impact of the ERW. The impact of the ERW will be measured in subsequent actuarial valuations as emerging experience becomes available.

The actuarial valuation was based upon information furnished by Milwaukee Public Schools concerning benefits provided by the Retiree Healthcare and Life Insurance Programs, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by Milwaukee Public Schools.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retiree Healthcare and Life Insurance Programs sponsored by the Milwaukee Public Schools as of the actuarial valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with our understanding of GASB Statements Nos. 74 (*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) and 75 (*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*).

This report should not be relied on for any purpose other than the purpose stated.

Alex Rivera and Lance J. Weiss are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

The signing actuaries are independent of the plan sponsor.

We will be pleased to review this report with you at your convenience.

Respectfully submitted,

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

Lance J. Weiss, EA, MAAA, FCA
Senior Consultant

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Enclosures

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Table of Contents

SECTION A

EXECUTIVE SUMMARY

Executive Summary

This report presents the results of our actuarial valuation as of July 1, 2017, for the Retiree Healthcare and Life Insurance Programs sponsored by the Milwaukee Public Schools. The actuarial valuation was performed for purposes of satisfying the reporting requirement of GASB Statement Nos. 74 and 75. Our actuarial valuation as of July 1, 2017, was based on a discount rate assumption of 4.89 percent and an ultimate healthcare trend assumption of 4.5 percent, as approved by Milwaukee Public Schools. Milwaukee Public Schools has established an IRC Section 115 trust to prefund retiree healthcare benefits. The current funding policy is to prefund 5 percent in addition to gross (retiree and employer) pay-as-you-go costs. Ongoing costs for the fiscal year are paid from the Section 115 trust. The discount rate of 4.89 percent reflects the plan sponsor's prefunding policy. The key actuarial valuation results using the Entry Age Normal cost method are summarized below:

Retiree Healthcare and Life Insurance Programs
4.89% Discount Rate and 4.50% Ultimate Trend
$ in Thousands

	Board/ Cabinet/ ASC	Building Trades	1053 Clerical/ Technical	150 Building Service	150 Food Service	1616 Education Employees	420 Engineers
Actuarial Liability as of July 1, 2017	$108,224.5	$21,827.6	$38,331.8	$12,991.4	$41,456.9	$10,974.9	$28,670.1
Normal Cost for FY 2018	$278.7	$111.9	$150.5	$145.3	$409.3	$51.0	$125.0
FY 2018 Employer Pay-go Contribution	$4,250.4	$1,028.3	$1,610.6	$337.2	$1,257.2	$489.5	$1,212.0
(% of Payroll)	7.9%	17.2%	20.8%	6.0%	12.7%	27.6%	16.7%
Payroll	$54,073.3	$5,961.3	$7,749.5	$5,662.7	$9,899.2	$1,776.7	$7,265.9
Number of Actives Members	598	82	224	195	488	51	153
Number of Retirees and Surviving Spouses	829	174	327	73	303	100	183

	Educational Assistants	Sub Teachers	Teachers	PAMPS	Others	Total
Actuarial Liability as of July 1, 2017	$65,829.3	$9,055.8	$546,653.2	$10,286.3	$3,470.5	$897,772.4
Normal Cost for FY 2018	$650.5	$0.0	$1,431.8	$50.0	$11.1	$3,415.1
FY 2018 Employer Pay-go Contribution	$1,849.9	$442.5	$20,707.8	$370.5	$199.7	$33,755.4
(% of Payroll)	10.0%	N/A	9.1%	5.4%	40.7%	9.8%
Payroll	$18,449.2	$0.0	$227,231.7	$6,918.8	$490.1	$345,478.4
Number of Active Members	856	0	3,446	88	12	6,193
Number of Retirees and Surviving Spouses	395	89	4,162	65	18	6,718

The details of the preceding actuarial valuation results by labor unit are included in Section B of the report.

Our calculations are based on adoption of GASB Statement No. 74 for plan year end June 30, 2017, and GASB Statement No. 75 for the fiscal year end June 30, 2018.

Plan Experience

The actuarial liabilities used for GASB No. 74 financial reporting at June 30, 2017, were based on an actuarial projection of actuarial liabilities from July 1, 2015 to June 30, 2017, using a discount rate of 4.89 percent.

An updated actuarial valuation as of June 30, 2017, was performed using census, healthcare-related assumptions, pension-related assumptions and plan provisions as of June 30, 2017.

The following table shows a reconciliation of the change in actuarial liabilities as of June 30, 2017:

($ in Millions)	
Projected Actuarial Liability as of June 30, 2017 @ 4.89%	$955.6
Increase/(Decrease) Due To:	
Demographic Experience	$34.9
Changes in Healthcare-Related Assumption	($92.7)
Changes in Pension-Related Assumptions	$0.0
Changes in Plan Provisions	$0.0
Total	($57.8)
Actuarial Liability as of June 30, 2017 @ 4.89%	$897.8

The decrease in actuarial liabilities, due to changes in healthcare-related assumptions, was primarily due to favorable Medicare Advantage premium rate increases since the last actuarial valuation as of July 1, 2015. That is, the per member per month Medicare Advantage premiums increased from $223.82 for calendar year 2016 to $228.30 for calendar year 2018, or an increase of approximately 2.0 percent. However, in our last actuarial valuation, the Medicare Advantage premiums and age adjusted costs were expected to increase by approximately 17.0 percent from calendar year 2016 to 2018. The gain in Medicare Advantage premium experience was partially offset by pre-Medicare claim experience losses and the fresh-starting of the healthcare trend assumption.

SECTION B

ACTUARIAL VALUATION RESULTS AT 4.89% DISCOUNT RATE AND 4.50% TREND RATE

Valuation Results at 4.89% Discount Rate and 4.50% Trend Rate

The following tables show the results of our actuarial valuation at July 1, 2017, assuming:

- A discount rate of 4.89 percent.
- Salary increases comprised of a wage inflation component of 3 percent for general employees and 2.80 percent for other employees, plus a seniority and merit component for all employees.
- An ultimate healthcare trend rate of 4.5 percent[1].

We believe these assumptions are consistent with the requirements of GASB Statement Nos. 74 and 75. As disclosed in our interim GASB No. 74 actuarial valuation, the discount rate of 4.89 percent was based on an actuarial projection of assets and liabilities that reflects the following:

- MPS contributes pay-as-you-go contributions, plus an additional pre-funding contribution of 5.0 percent of expected employer paid claims.
- Contributions are made to an IRC Section 115 trust that MPS established for the exclusive purpose of pre-funding retiree healthcare benefits.
- Assets and pre-funding contributions, in excess of three months of expected costs, remain in a long-term account which is assumed to earn 7.25 percent per year. Three months of expected costs are held in a short-term account which is assumed to earn 3.00 per year.
- Operating expenses are assumed to equal 0.5 percent of expected employer paid claims.
- Assets in the long-term account are not expected to be used to pay benefits until the closed plan is fully funded. However, MPS may use assets in the long-term account if there is a non-appropriation in a budget year to fully pay all current year pay-as-you-go contributions.
- The GASB Statement No. 74 discount rate used to develop the Total OPEB Liability at June 30, 2017, phases in the short-term assumed rate of 3.0 percent and the long-term rate of 7.25 percent over the period that the closed plan is projected to be fully funded.

The preceding projection methodology produced a full funding period of 22 years and an effective discount rate of 4.89 percent.

Please note that the preceding methodology assumes MPS will make pre-funding contributions of at least 5.0 of expected claims cost in all future years until the year that the program is fully funded. If MPS deviates significantly from the pre-funding objective, the full funding target year may be extended or never be reached, which would decrease the effective discount rate and increase the Total OPEB Liability.

The following table shows the actuarial accrued liability at July 1, 2017, at a discount rate of 4.89 percent, broken out by Labor Unit.

[1] *Beginning in 2024, excess trend rate of 0.45% is added to the base healthcare trend rate and applied to pre-Medicare per capita claim cost to account for the Excise Tax under Health Care Reform Act. From 2018 to 2026, excess trend rate of 3.40% is added to the base healthcare trend rate and applied to post-Medicare costs to approximate the assumed wear-away of MAPD plan design savings.*

Milwaukee Public Schools
Retiree Healthcare and Life Insurance Programs
Actuarial Valuation as of July 1, 2017
Entry Age Normal Cost Method

Discount Rate	*4.89%*
Salary Scale [1]	*3.00%*
Ultimate Trend [2]	*4.50%*
Wage Inflation	*3.00%*

Amortization: 15-year closed, level dollar for unfunded retiree liabilities as of July 1, 2011, 25-year open, level percentage of payroll for remaining liabilities.

	Board/ Cabinet/ ASC	Building Trades	1053 Clerical/ Technical	150 Building Service	150 Food Service	1616 Education Employees	420 Engineers	Educational Assistants	Sub Teachers	Teachers	PAMPS	Others [3]	Total
Retiree Healthcare Program													
I) Actuarial Liability													
A) Health Insurance													
i) Active Employees [4]	$ 24,959,919	$ 3,677,778	$ 8,305,109	$ 6,956,151	$ 18,364,452	$ 2,045,164	$ 6,692,834	$ 30,359,525	$ -	$ 132,893,118	$ 3,032,088	$ 426,645	$ 237,712,783
ii) Retired and Disabled Participants [5]	74,488,498	16,875,215	28,214,173	5,782,811	22,470,279	8,341,968	20,789,084	33,378,537	8,614,303	377,678,515	6,520,390	1,972,320	605,126,093
iii) Total	$ 99,448,417	$ 20,552,993	$ 36,519,282	$ 12,738,962	$ 40,834,731	$ 10,387,132	$ 27,481,918	$ 63,738,062	$ 8,614,303	$ 510,571,633	$ 9,552,478	$ 2,398,965	$ 842,838,876
B) Life Insurance													
i) Active Employees	$ 1,561,675	$ 298,435	$ 369,562	$ 12,226	$ 18,037	$ 82,807	$ 320,761	$ 928,861	$ -	$ 8,348,528	$ 292,860	$ 23,930	$ 12,257,682
ii) Retired and Disabled Participants	7,214,383	976,176	1,442,990	240,174	604,124	504,965	867,469	1,162,390	441,525	27,733,070	440,935	1,047,599	42,675,800
iii) Total	$ 8,776,058	$ 1,274,611	$ 1,812,552	$ 252,400	$ 622,161	$ 587,772	$ 1,188,230	$ 2,091,251	$ 441,525	$ 36,081,598	$ 733,795	$ 1,071,529	$ 54,933,482
B) Total Liabilities	$ 108,224,475	$ 21,827,604	$ 38,331,834	$ 12,991,362	$ 41,456,892	$ 10,974,904	$ 28,670,148	$ 65,829,313	$ 9,055,828	$ 546,653,231	$ 10,286,273	$ 3,470,494	$ 897,772,358
II) Assets [6]	14,960,972	3,017,452	5,299,000	1,795,928	5,731,009	1,517,173	3,963,367	9,100,257	1,251,879	75,569,444	1,421,976	479,762	124,108,219
III) Unfunded Actuarial Liability (UAL)	93,263,503	18,810,152	33,032,834	11,195,434	35,725,883	9,457,731	24,706,781	56,729,056	7,803,949	471,083,787	8,864,297	2,990,732	773,664,139
IV) Normal Cost													
A) Health Insurance	$ 255,075	$ 104,789	$ 144,669	$ 145,268	$ 409,206	$ 49,089	$ 119,980	$ 631,047	$ -	$ 1,318,898	$ 45,613	$ 10,465	$ 3,234,099
B) Life Insurance	23,603	7,129	5,794	23	110	1,895	4,993	19,496	-	112,949	4,415	615	181,022
C) Total	$ 278,678	$ 111,918	$ 150,463	$ 145,291	$ 409,316	$ 50,984	$ 124,973	$ 650,543	$ -	$ 1,431,847	$ 50,028	$ 11,080	$ 3,415,121
D) Percentage of Payroll	0.52%	1.88%	1.94%	2.57%	4.13%	2.87%	1.72%	3.53%	N/A	0.63%	0.72%	2.26%	0.99%
V) Actuarially Determined Contribution (ADC)													
A) Normal Cost	$ 278,678	$ 111,918	$ 150,463	$ 145,291	$ 409,316	$ 50,984	$ 124,973	$ 650,543	$ -	$ 1,431,847	$ 50,028	$ 11,080	$ 3,415,121
B) Amortization of UAL	10,876,021	1,941,816	3,765,278	972,803	3,481,627	1,101,149	2,407,964	4,983,586	1,061,029	52,769,933	838,632	407,786	84,607,624
C) Total	$ 11,154,699	$ 2,053,734	$ 3,915,741	$ 1,118,094	$ 3,890,943	$ 1,152,133	$ 2,532,937	$ 5,634,129	$ 1,061,029	$ 54,201,780	$ 888,660	$ 418,866	$ 88,022,745
VI) Expected Employer Contributions [7]													
A) Expected Healthcare Benefit Payments	$ 6,117,479	$ 1,512,457	$ 2,370,450	$ 499,583	$ 1,880,986	$ 713,479	$ 1,809,969	$ 2,760,750	$ 652,427	$ 30,230,915	$ 544,982	$ 178,370	$ 49,271,847
B) Expected Life Insurance Benefit Payments	407,642	66,108	102,138	18,133	49,005	37,963	50,639	79,155	26,917	1,559,322	23,738	128,180	2,548,940
C) Additional Contributions	188,176	45,524	71,306	14,930	55,659	21,671	53,658	81,899	19,591	916,790	16,401	8,841	1,494,446
D) Total	$ 6,713,297	$ 1,624,089	$ 2,543,894	$ 532,646	$ 1,985,650	$ 773,113	$ 1,914,266	$ 2,921,804	$ 698,935	$ 32,707,027	$ 585,121	$ 315,391	$ 53,315,233
E) Percentage of Payroll	12.4%	27.2%	32.8%	9.4%	20.1%	43.5%	26.3%	15.8%	N/A	14.4%	8.5%	64.4%	15.4%
VII) Actual Employer Contributions [8]	$ 4,250,383	$ 1,028,258	$ 1,610,613	$ 337,234	$ 1,257,173	$ 489,480	$ 1,211,977	$ 1,849,879	$ 442,516	$ 20,707,768	$ 370,457	$ 199,683	$ 33,755,421
VIII) Expected Retiree Contributions [9]	$ (559,190)	$ (17,524)	$ (275,979)	$ (40,331)	$ (292,871)	$ (25,676)	$ (56,452)	$ (349,722)	$ (107,524)	$ (3,217,128)	$ (49,650)	$ (10,125)	$ (5,002,172)
IX) Expected Actuarial Liability at Plan Year End	$ 107,119,306	$ 21,392,895	$ 37,828,037	$ 13,245,217	$ 41,926,722	$ 10,794,197	$ 28,294,553	$ 66,806,113	$ 8,802,902	$ 542,292,780	$ 10,258,049	$ 3,337,593	$ 892,098,367
X) Payroll	$ 54,073,254	$ 5,961,309	$ 7,749,526	$ 5,662,656	$ 9,899,243	$ 1,776,679	$ 7,265,938	$ 18,449,224	$ -	$ 227,231,702	$ 6,918,769	$ 490,088	$ 345,478,387
XI) Covered Member Counts													
A) Active Employees	598	82	224	195	488	51	153	856	-	3,446	88	12	6,193
B) Retired and Disabled Participants [5]	829	174	327	73	303	100	183	395	89	4,162	65	18	6,718
C) Total	1,427	256	551	268	791	151	336	1,251	89	7,608	153	30	12,911

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[1] *Plus an additional age or service-based component.*

[2] *Beginning in 2024, excess trend rate of 0.45% is added to the base healthcare trend rate and applied to pre-Medicare per capita claim cost to account for the Excise Tax under Health Care Reform Act. From 2018 to 2026, excess trend rate of 3.40% is added to the base healthcare trend rate and applied to post-Medicare costs to approximate the assumed wear-away of MAPD plan design savings.*

[3] *Includes participants who have life insurance only.*

[4] *Active employees eligible for future retiree healthcare.*

[5] *Includes Surviving Spouses.*

[6] *Assets allocated to employee group based on total liabilities.*

[7] *Expected employer contributions to finance current retiree healthcare and life insurance claims assuming pay-as-you-go funding.*

[8] *Actual employer contributions allocated to employee group based on total expected employer contributions.*

[9] *Expected retiree contributions are offset by projected Part B premium reimbursements.*

SECTION C

ASSET RECONCILIATION

Asset Reconciliation

Milwaukee Public Schools
Retiree Healthcare and Life Insurance Programs
Actuarial Valuation Results as of July 1, 2017

Assets Available for Benefits	**For Year Ending June 30, 2016**	**For Year Ending June 30, 2017**	**For Year Ending June 30, 2018**
Net Assets Held in Trust for Post-Employment Benefits, Beginning of Year	$ 128,837,270	$ 124,108,219	$ 108,867,958
Revenues			
Employer Contributions			
- Pay-as-you-go Contributions	$ 41,863,493	$ 32,260,975	$ 53,027,180
- ERRP Funds			
- Medicare Part D Funds	-	-	-
- EWGP Revenue	-	-	-
- Medicare Part D Receivables			
- Pre-funding Contributions	11,208,946	1,494,446	215,458
Total	$ 53,072,439	$ 33,755,421	$ 53,242,638
Employee Contributions			
- Health Care	$ 2,421,380	$ 2,084,760	$ 2,076,615
- Life Insurance	233,066	197,604	173,821
- Pre-funding Contributions/Accruals	-	203,776	194,049
Total	$ 2,654,446	$ 2,486,140	$ 2,444,485
Net Investment Income	$ 1,421,787	$ 3,910,327	$ 8,512,126
Total Contributions	$ 57,148,672	$ 40,151,888	$ 64,199,249
Deductions			
Claims and Expenses			
- Health Care	$ 59,899,795	$ 48,882,267	$ 44,973,891
- Life Insurance	(1,318,741)	2,170,836	1,296,274
- Pre-funding Contributions/Accruals	-	4,339,046	3,718,612
Total	$ 58,581,054	$ 55,392,149	$ 49,988,777
Total Deductions	$ 58,581,054	$ 55,392,149	$ 49,988,777
Net Change	$ (1,432,382)	$ (15,240,261)	$ 14,210,472
Net Assets Held in Trust for Post-Employment Benefits, End of Year	$ 127,404,888	$ 108,867,958	$ 123,078,430

SECTION D

GASB STATEMENT NOS. 74 AND 75 OPEB DISCLOSURE INFORMATION

Schedule of Changes in Net OPEB Liability Multiyear

Fiscal year ending June 30	2018	2017
Total OPEB Liability		
Service Cost	$ 3,415,121	$ 4,101,247
Interest on the Total OPEB Liability	42,630,800	45,599,496
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	30,739,181	2,563,048
Changes in Healthcare Assumptions	(92,738,729)	-
Change in Other Assumptions	(4,040,417)	-
Benefit Payments	(47,544,292)	(52,906,009)
Net Change in Total OPEB Liability	(67,538,337)	(642,218)
Total OPEB Liability - Beginning	955,596,287	956,238,505
Total OPEB Liability - Ending (a)	$ 888,057,950	$ 955,596,287
Plan Fiduciary Net Position		
Employer Contributions	$ 53,242,638	$ 33,755,421
Member Contributions	-	-
Net Investment Income	8,512,126	3,910,328
Benefit Payments	(47,544,292)	(52,906,009)
Operating Expenses	-	-
Other	-	-
Net Change in Plan Fiduciary Net Position	14,210,472	(15,240,260)
Plan Fiduciary Net Position - Beginning	108,867,958	124,108,219
Plan Fiduciary Net Position - Ending (b)	$ 123,078,430	$ 108,867,959
Net OPEB Liability - Ending (a) - (b)	764,979,520	846,728,328
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	13.86 %	11.39 %
Covered Employee Payroll	$ 355,843,000	$ 387,681,000
Net OPEB Liability as a Percentage of Covered Employee Payroll	214.98 %	218.41 %
Single Discount Rate - Ending	4.93 %	4.89 %
Short Term Expected Rate of Return	3.00 %	3.00 %
Long Term Expected Rate of Return	7.25 %	7.25 %
Inactive plan members or beneficiaries currently receiving benefit payments	6,718	6,978
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	6,193	7,184
Total plan members	12,911	14,162

Schedule of Net OPEB Liability Multiyear

FY Ending June 30,	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Fiduciary Net Position as a % of Total OPEB Liability	Covered Payroll[1]	Net OPEB Liability as a % of Covered Payroll
2016	$ 956,238,505	$124,108,219	$ 832,130,286	12.98%	$376,390,000	221.08%
2017	955,596,287	108,867,959	846,728,328	11.39%	$387,681,000	218.41%
2018	888,057,950	123,078,430	764,979,520	13.86%	$355,843,000	214.98%

[1] Estimated payroll for fiscal year end 2017 and 2018, based on prior fiscal year end payroll adjusted by wage inflation assumption of 3.00 percent.

Schedule of Employer Contributions

FY Ending June 30,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll[1]	Actual Contribution as a % of Covered Payroll
2016	$87,848,228	$53,072,438	$34,775,790	$376,390,000	14.10%
2017	$89,979,057	$33,755,421	$56,223,636	$387,681,000	8.71%
2018	$88,022,745	$53,242,638	$34,780,107	$355,843,000	14.96%

[1] *Estimated payroll for fiscal year end 2017 and 2018, based on prior fiscal year end payroll adjusted by wage inflation assumption of 3.00 percent*

Sensitivity of Net OPEB Liability
to the Discount Rate Assumption

1% Decrease 3.93%	Current Discount Rate Assumption 4.93%	1% Increase 5.93%
$ 815,170,110	$ 764,979,520	$ 726,478,280

Sensitivity of Net OPEB Liability
to the Healthcare Cost Trend Rate Assumption

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 740,320,976	$ 764,979,520	$ 798,434,099

Notes to Schedule of Contributions

Valuation Date	July 01, 2017
Measurement Date	June 30, 2018
Plan Fiscal year End	June 30, 2018

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Sponsor contributes pay-as-you-go costs plus a prefunding contribution equal to 5% of expected employer costs. Prefunding contributions are held in a long-term account. Principal, prefunding contributions and investment income are expected to be used to pay benefits when the plan is fully funded. Three months of expected benefits are held in reserve in a short-term account.
Actuarially Determined Contribution (ADC)	The ADC equals the normal cost plus the amortization of the unfunded actuarial liability. The amortization components include: • 15-year closed period amortization of unfunded retiree liabilities as of July 1, 2011. As of June 30, 2017, the remaining period is 9 years, the remaining balance is $551,943,295, and the annual amortization payment is $73,670,530 for plan year end June 30, 2018. The amortization factor in based on a discount rate of 4.89%. • 25-year amortization, on a level percentage of payroll basis, for the remaining unfunded actuarial liabilities of $221,720,844 as of June 30, 2017. The annual amortization payment is $10,937,093 for plan year end June 30, 2018. The amortization factor is based on a discount rate of 4.89% and a wage inflation assumption of 3.00%.
Asset Valuation Method	Market value
Investment Rate of Return	Short-term account earns 3% per year. Long-term account earn 7.25% per year.
Wage Inflation	2.80% (3.00% General Employees)
Salary Increases	Depends on age, service and employer group. Rate ranges from 7.00% at less than 1 year of service to 2.80% at 34 or more years of service. Salary increase includes wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	For retirees and survivor: RP-2000 White Collar Annuitant Mortality Table with mortality improvements projected to 2009, for males and females. For active members: RP-2000 White Collar Annuitant Mortality Table with mortality improvements projected to 2009 with 6-year set back for males and females. All tables reflect future mortality improvements using Projection Scale AA.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2018, trend starts at 8.00% and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.45% is added to non-Medicare cost on and after 2024 to account for the Excise Tax. Additional trend of 3.4% is added to Medicare cost from 2018 to 2026 to approximate the assumed wear-away of MAPD plan design savings.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are reflected separately.

SECTION E

GASB STATEMENT NO. 75 OPEB EXPENSE

Net OPEB Liability for Fiscal Year Ending June 30, 2018

Fiscal Year Ending June 30,	2018
Total OPEB Liability	
Service Cost	$ 3,415,121
Interest on the Total OPEB Liability	42,630,800
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	30,739,181
Changes in Healthcare Assumptions	(92,738,729)
Change in Other Assumptions	(4,040,417)
Benefit Payments	(47,544,292)
Net Change in Total OPEB Liability	(67,538,337)
Total OPEB Liability - Beginning	955,596,287
Total OPEB Liability - Ending (a)	$ 888,057,950
Plan Fiduciary Net Position	
Employer Contributions	$ 53,242,638
Member Contributions	-
Net Investment Income	8,512,126
Benefit Payments	(47,544,292)
Operating Expenses	-
Other	-
Net Change in Plan Fiduciary Net Position	14,210,472
Plan Fiduciary Net Position - Beginning	108,867,958
Plan Fiduciary Net Position - Ending (b)	123,078,430
Net OPEB Liability - Ending (a) - (b)	$ 764,979,520
Plan Fiduciary Net Position as a Percentage Total OPEB Liability	13.86%
Covered-Employee Payroll[1]	$355,843,000
Net OPEB Liability as a Percentage of Covered Payroll	214.98%
Inactive plan members or beneficiaries currently receiving benefit payments	6,718
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	6,193
Total plan members	12,911

[1] *Estimated payroll for fiscal year end 2018, based on prior fiscal year end payroll adjusted by wage inflation assumption of 3.00 percent.*

Pension Expense for Fiscal Year Ending June 30, 2018

Fiscal Year Ending June 30,	2018
A. Expense	
1. Service Cost	$ 3,415,121
2. Interest on the Total Pension Liability	42,630,800
3. Current-Period Benefit Changes	-
4. Employee Contributions	-
5. Projected Earnings on Plan Investments	(7,621,485)
6. Administrative Expense	-
7. Other Changes in Plan Fiduciary Net Position	-
8. Recognition of Outflow/(Inflow) due to Non-investment Experience	6,487,301
9. Recognition of Outflow/(Inflow) due to Assumption Changes	(20,424,599)
10. Recognition of Outflow/(Inflow) due to Investment Experience	(178,128)
11. Total OPEB Expense	**$ 24,309,010**

B. Reconciliation of Net OPEB Liability	
1. Net OPEB Liability beginning of year	**$ 846,728,328**
2. OPEB Expense	24,309,010
3. Employer Contributions	(53,242,638)
4. Change in Outflow/(Inflow) due to Non-investment Experience	24,251,880
5. Change in Outflow/(Inflow) due to Assumption Changes	(76,354,547)
6. Change in Outflow/(Inflow) due to Investment Experience	(712,513)
7. Net OPEB Liability End of year	**$ 764,979,520**

Schedule of Outflows and Inflows of Resources

	Non-Investment Experience	Assumption Changes	Investment Experience
Plan Year Beginning	7/1/2017	7/1/2017	7/1/2017
(Gain)/Loss	$ 30,739,181	$ (96,779,146)	$ (890,641)
Amortization Factor	4.738362	4.738362	5.000000
Amortization Amount	$ 6,487,301	$ (20,424,599)	$ (178,128)
Amortization for Plan Year End			
6/30/2018	**$ 6,487,301**	**$ (20,424,599)**	**$ (178,128)**
6/30/2019	6,487,301	(20,424,599)	(178,128)
6/29/2020	6,487,301	(20,424,599)	(178,128)
6/29/2021	6,487,301	(20,424,599)	(178,128)
6/29/2022	4,789,977	(15,080,748)	(178,128)
6/29/2023	-	-	-
Total	**$ 30,739,181**	**$ (96,779,146)**	**$ (890,641)**

	Non-Investment Experience			Assumption Changes			Investment Experience		
Deferred Outflows/(Inflows) Recognized in OPEB Expense for Current Plan Year End	**Outflows**	**(Inflows)**	**Net**	**Outflows**	**(Inflows)**	**Net**	**Outflows**	**(Inflows)**	**Net**
6/30/2018	$ 6,487,301	$ -	$ 6,487,301	$ -	$ (20,424,599)	$ (20,424,599)	$ -	$ (178,128)	$ (178,128)
Deferred Outflows/(Inflows) Recognized in OPEB Expense for Future Plan Years Ending									
6/30/2019	$ 6,487,301	$ -	$ 6,487,301	$ -	$ (20,424,599)	$ (20,424,599)	$ -	$ (178,128)	$ (178,128)
6/29/2020	6,487,301	-	6,487,301	-	(20,424,599)	(20,424,599)	-	(178,128)	(178,128)
6/29/2021	6,487,301	-	6,487,301	-	(20,424,599)	(20,424,599)	-	(178,128)	(178,128)
6/29/2022	4,789,977	-	4,789,977	-	(15,080,748)	(15,080,748)	-	(178,128)	(178,128)
6/29/2023	-	-	-	-	-	-	-	-	-
Total	$ 24,251,880	$ -	$ 24,251,880	$ -	$ (76,354,547)	$ (76,354,547)	$ -	$ (712,513)	$ (712,513)
Change In Deferred Outflows/(Inflows) Recognized in Liability and Assets for Current Plan Year End									
6/30/2018			$ 24,251,880			$ (76,354,547)			$ (712,513)

SECTION F

PROJECTIONS AND DEVELOPMENT OF GASB NOS. 74 AND 75 DISCOUNT RATE

Projections and Development of Discount Rate

The methodology use to develop the GASB Statement Nos. 74 and 75 discount rate as of June 30, 2018, is based on an actuarial projection of assets and liabilities which fully funds the actuarial liability. The general approach is as follows:

- MPS contributes pay-as-you-go contributions, plus an additional pre-funding contribution of 5.0 percent of expected employer paid claims.
- Contributions are made to an IRC Section 115 trust that MPS established for the exclusive purpose of pre-funding retiree healthcare benefits.
- Assets and pre-funding contributions, in excess of three months of expected costs, remain in a long-term account which is assumed to earn 7.25 percent per year. Three months of expected costs are held in a short-term account which is assumed to earn 3.00 per year.
- Operating expenses are assumed to equal 0.5 percent of expected net employer costs.
- Assets in the long-term account are not expected to be used to pay benefits until the closed plan is fully funded. However, MPS may use assets in the long-term account if there is a non-appropriation in a budget year to fully pay all current year pay-as-you-go contributions.
- The GASB Nos. 74 and 75 discount rate used to develop the projected Total OPEB Liability at June 30, 2018, phases in the short-term assumed rate of 3.0 percent and the long-term rate of 7.25 percent over the period that the closed plan is projected to be fully funded.

The projection methodology produced a full funding period of 20 years and an effective discount rate of 4.93 percent. The details of the projections are shown in the following pages.

Please note that the preceding methodology assumes MPS will make pre-funding contributions of at least 5.0 of expected claims cost in all future years until the year that the program is fully funded. If MPS deviates significantly from the pre-funding objective, the full funding target year may be extended or never be reached, which would decrease the effective discount rate and increase the Total OPEB Liability.

Paragraph 50 of GASB Statement No. 74 provides guidance for cases in which the sponsor has deviated from the funding policy. A review of the five-year history of the contributions and "other known events and conditions" should be considered when evaluating the funding progress of the plan.

The following table provides a five-year history of expected versus actual contributions. For fiscal years ending 2014 and 2015 MPS contributions exceeded pay-as-you-go cost by a significant margin. However, during fiscal years ending 2016 and 2017 MPS contributions were significantly lower than pay-as-you-go costs. In 2018 MPS made contributions in excess of pay-as-you-go costs. If MPS continues to make pre-funding contributions that are less than the target, we may no longer be able to use the preceding methodology to develop the discount rate for GASB Statement Nos. 74 and 75 reporting.

	Fiscal Year End June 30,				
	2018	2017	2016	2015	2014
(A) Employer Contributions	$ 53,242,638	$ 33,755,421	$ 53,072,438	$ 98,934,182	$ 102,098,171
(B) Net Employer PAYGO Costs	47,544,292	52,906,009	55,926,607	64,422,536	70,102,118
(C) Excess Contributions [(B) – (A)]	5,698,347	(19,150,588)	(2,854,169)	34,511,646	31,996,053
(D) Percent of Net Employer PAYGO Costs	12.0%	-36.2%	-5.1%	53.6%	45.6%

Projection of Assets and Actuarial Liability

FYE	Assets (boy)	Benefits	Operating Expense	PAYGO Contributions	Pre-Fund Contribution	Income Short-term Cash Flow	Income Long-term Account	Total Income	Assets (eoy)	Accrued Liability (eoy)	Funded Ratio
2018	$ 108,867,958	$ 47,544,292	$ -	$ 53,027,180	$ 215,458			$ 8,512,127	$ 123,078,431	$ 892,095,447	13.8%
2019	123,078,431	52,424,626	262,123	52,424,626	2,621,231	393,185	7,972,990	8,366,175	133,803,714	885,352,310	15.1%
2020	133,803,714	54,634,137	273,171	54,634,137	2,731,707	409,756	8,710,526	9,120,282	145,382,531	875,848,292	16.6%
2021	145,382,531	55,352,716	276,764	55,352,716	2,767,636	415,145	9,536,966	9,952,111	157,825,515	864,992,847	18.2%
2022	157,825,515	56,066,651	280,333	56,066,651	2,803,333	420,500	10,426,142	10,846,642	171,195,156	852,715,012	20.1%
2023	171,195,156	56,913,117	284,566	56,913,117	2,845,656	426,848	11,380,099	11,806,947	185,563,193	838,814,739	22.1%
2024	185,563,193	57,559,444	287,797	57,559,444	2,877,972	431,696	12,410,067	12,841,762	200,995,130	823,414,743	24.4%
2025	200,995,130	58,388,832	291,944	58,388,832	2,919,442	437,916	13,513,849	13,951,766	217,574,393	806,258,443	27.0%
2026	217,574,393	59,709,349	298,547	59,709,349	2,985,467	447,820	14,691,912	15,139,732	235,401,046	786,742,783	29.9%
2027	235,401,046	60,637,892	303,189	60,637,892	3,031,895	454,784	15,967,514	16,422,298	254,552,049	765,156,048	33.3%
2028	254,552,049	61,038,496	305,192	61,038,496	3,051,925	457,789	17,348,701	17,806,490	275,105,271	741,925,511	37.1%
2029	275,105,271	60,911,857	304,559	60,911,857	3,045,593	456,839	18,841,105	19,297,944	297,144,248	717,528,821	41.4%
2030	297,144,248	60,633,560	303,168	60,633,560	3,031,678	454,752	20,443,975	20,898,726	320,771,485	692,071,277	46.3%
2031	320,771,485	60,562,987	302,815	60,562,987	3,028,149	454,222	22,158,228	22,612,451	346,109,270	665,281,508	52.0%
2032	346,109,270	60,759,024	303,795	60,759,024	3,037,951	455,693	23,991,665	24,447,357	373,290,783	636,804,585	58.6%
2033	373,290,783	60,188,285	300,941	60,188,285	3,009,414	451,412	25,972,669	26,424,081	402,423,337	607,352,650	66.3%
2034	402,423,337	59,169,397	295,847	59,169,397	2,958,470	443,770	28,103,247	28,547,017	433,632,977	577,378,060	75.1%
2035	433,632,977	58,197,346	290,987	58,197,346	2,909,867	436,480	30,383,564	30,820,044	467,071,902	546,809,994	85.4%
2036	467,071,902	56,635,703	283,179	56,635,703	2,831,785	424,768	32,836,191	33,260,959	502,881,467	516,231,636	97.4%
2037	502,881,467	54,517,902	272,590	54,517,902	2,725,895	408,884	35,470,769	35,879,654	541,214,427	486,216,064	111.3%

Development of Single Discount Rate

FYE	Total Benefit Payments	Phased-in Investment Return	Discounted Benefit Payments	Single Equivalent Return	Discounted Benefit Payments
2017	$ 51,820,788	3.00%	$ 51,060,539	4.93%	$ 50,588,291
2018	52,424,626	3.22%	50,042,313	4.93%	48,772,311
2019	54,634,137	3.45%	50,413,480	4.93%	48,438,878
2020	55,352,716	3.67%	49,267,895	4.93%	46,769,305
2021	56,066,651	3.89%	48,032,606	4.93%	45,145,929
2022	56,913,117	4.12%	46,829,156	4.93%	43,673,535
2023	57,559,444	4.34%	45,390,080	4.93%	42,093,453
2024	58,388,832	4.57%	44,033,634	4.93%	40,693,003
2025	59,709,349	4.79%	42,971,392	4.93%	39,657,405
2026	60,637,892	5.01%	41,556,356	4.93%	38,381,155
2027	61,038,496	5.24%	39,749,290	4.93%	36,818,811
2028	60,911,857	5.46%	37,612,955	4.93%	35,015,455
2029	60,633,560	5.68%	35,427,343	4.93%	33,217,198
2030	60,562,987	5.91%	33,412,153	4.93%	31,619,079
2031	60,759,024	6.13%	31,583,725	4.93%	30,230,457
2032	60,188,285	6.36%	29,417,485	4.93%	28,538,943
2033	59,169,397	6.58%	27,134,341	4.93%	26,737,146
2034	58,197,346	6.80%	24,988,683	4.93%	25,061,848
2035	56,635,703	7.03%	22,721,652	4.93%	23,243,001
2036	54,517,902	7.25%	20,393,485	4.93%	21,322,250
2037	53,075,744	7.25%	18,511,904	4.93%	19,782,536
2057	12,895,261	7.25%	1,109,275	4.93%	1,835,084
2077	1,182,453	7.25%	25,087	4.93%	64,246
2097	812	7.25%	4	4.93%	17
2098	490	7.25%	2	4.93%	10
2106	5	7.25%	0	4.93%	0
2107	3	7.25%	0	4.93%	0
Total Present Value			**$ 921,582,803**		**$ 921,582,803**

Schedule of Investment Returns

FY Ending June 30	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2017	3.30%
2018	7.55%

Target Asset Allocation

Based on August 2016 Investment Policy

Growth Assets	
Domestic Equity	19% - 59%
International Equity	1% - 41%
Other	0% - 20%
Income Assets	
Fixed Income	20% - 60%
Other	0% - 20%
Real Return Assets	0% - 20%
Cash Equivalents	0% - 20%

SECTION G

PLAN PROVISIONS

Plan Provisions

Plan Members

Milwaukee Public School (hereinafter referred to as MPS or the Board) employees can qualify to continue healthcare benefits as a retiree for themselves and their eligible dependents if they satisfy the eligibility requirements and were enrolled in an MPS health plan as an active subscriber at the time of retirement. **Members hired or rehired on or after July 1, 2013, are not eligible to continue healthcare benefits as a retiree.**

Board members can qualify to continue healthcare benefits for themselves and their eligible dependents upon leaving the Board provided they are at least age 55 years of age and have served a minimum of eight full years on the Board. This provision terminated for all Board members on and after the 2001 Board organizational meeting except for previous Board members who already qualified for this benefit and Board members who were in office as of January 25, 2000, who met the eligibility requirements as of September 1, 1999.

Access to the MPS PPO/Indemnity Health Plan was eliminated as a plan option for active employees in the following units:

- Building Trades — Effective September 1, 2010
- ASC Unit — Effective November 1, 2011
- MTEA-Substitute Teacher Unit — Effective September 1, 2011

Access to the MPS PPO/Indemnity Health Plan was eliminated as an option for retiree health insurance effective with dates of retirement on or after the dates indicated below for the following units:

- Building Trades — Retirement dates on/after September 1, 2010
- ASC Unit — Retirement dates on/after November 1, 2011
- MTEA-Substitute Teacher Unit — Retirement dates on/after August 1, 2011

Active health benefits were eliminated for employees in the following units including the eligibility to retire with retiree health benefits on/after the following effective dates:

- Local 150-FS Unit – 775 hourly — Effective September 1, 2011
- MTEA-Substitute Teachers Unit — Effective September 1, 2012
- Local 1053 – Part-time clericals — Effective February 1, 2013
- Part-time employees* — Effective July 1, 2012*
- Seasonal Laborers (rehire or layoff) — Effective July 1, 2012

(*Note: The eligibility provisions for active health benefits for part-time classified employees was changed to positions regularly scheduled for 30 or more hours per week or positions that are scheduled at 75% or more of a full-time position effective July 1, 2012, in the following units: Local 150 Building Service Unit, Local 150 Food Service Unit, MTEA-Educational Assistant Unit, Local 1053 Unit, MTEA-School Bookkeeper Unit, Local 950 Unit, Local 1616 Unit and Building Trades. A group of active classified employees currently working in positions regularly scheduled for 20 hours but less than 30 hours were grandfathered through August 31, 2013.

Plan Provisions (continued)

The eligibility provisions for active health benefits for part-time classified and certificated employees was changed to positions regularly scheduled for 30 hours or more hours per week or positions that are scheduled at 75% or more of a full-time position effective July 1, 2013, in the following units ASC Unit, MTEA-Teachers Unit, PAMPS Unit, Local 1053 exempts, ASC exempts, Office of Board Governance, Office of Accountability and Efficiency and Cabinet-Level Employees.)

Eligible Service

Eligible Service includes service with Milwaukee Public Schools as an active employee and service accrued while on leave, paid or unpaid, for represented employees in accordance with applicable collective bargaining agreement and plan provisions, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; for non-represented employees in accordance with Board policy and plan provisions. With regard to Local 1053, only regular full-time service with Milwaukee Public Schools is included for Eligible Service. In addition, service while covered under the City of Milwaukee Employees' Retirement System (ERS) counts as Eligible Service for the following groups, for represented employees in accordance with applicable collective bargaining agreement and plan provisions, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; for non-represented employees in accordance with Board policy and plan provisions:

- ASC Unit including exempts;
- Building Trades;
- Cabinet-Level employees;
- Local 950 Unit;
- Local 1053 Unit including exempts;
- Local 1616 Unit;
- Office of Board Governance;
- Office of Accountability and Efficiency; and
- Superintendent.

Normal Retirement

Eligibility conditions:
Age 55 and 15 years of Eligible Service for dates of retirement before July 1, 2013.

Effective with dates of retirement on/after July 1 2013, whichever of the following occurs earlier:

- Age 60 and 20 years of Eligible Service; **OR**
- Age 55 or older with 30 or more years of Eligible Service until sunset on July 1, 2015.

Benefit: On a self-paid basis, continuation in an MPS retiree health plan in single or family coverage status that the employee was enrolled in at time of retirement. Represented employees who satisfy the eligibility requirements at the time of retirement may receive a Board-paid subsidy in accordance with applicable collective bargaining agreement and plan provisions, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; non-represented employees who satisfy the eligibility requirements at the time of retirement may receive a Board-paid subsidy in accordance with Board policy and plan provisions.

An Early Retirement Window was passed whereby effective with dates of retirement on July 1, 2017 through June 30, 2020, employees who are age 55 or older, with 20 or more years of eligible service may qualify for retiree health and life insurance. The 90% sick leave accumulation is still required for a Board subsidy toward the cost of retiree health insurance coverage.

Duty Disability Retirement

Eligibility Conditions: An MPS employee, who retires on duty-incurred disability pension due to a compensable workers compensation injury or illness, may continue in an MPS health plan. No age or service requirements apply.

Benefit: Coverage is Board-paid for five years after the workers compensation settlement; five years after date of duty incurred disability retirement for Local 150 Building Service Helpers; and five years after the date of the workers compensation incident for Local 950, Local 1616 and Building Trades. After the five-year period, the retiree may continue on a self-paid basis. This benefit does not apply to Local 150 Food Service, MTEA Substitute Teachers and Board Members.

NOTE: Eligibility for this duty disability retirement provision ended June 30, 2013.

Disability Retirement (Non-Duty)

Eligibility Conditions: The following groups are eligible for continuation in an MPS health plan on a self-paid basis as a retiree if they apply and qualify for a disability pension under the Wisconsin Retirement System (WRS) or ERS and have 15 years of Eligible Service (20 years of Eligible Service effective July 1, 2013):

- ASC Unit including exempts;
- Cabinet-Level employees;
- Superintendent;
- Office of Board of Governance;
- Office of Accountability and Efficiency; and
- MTEA-Teachers Unit.

Medicare

Retirees and eligible spouses are required to enroll in Medicare Part B upon attainment of age 65 or when first eligible due to a disability. Plan Members who participated in Social Security while working are also required to enroll in Medicare Part A. The Board provides retiree healthcare benefits that are secondary to Medicare for Medicare eligible retirees and dependents. MPS has applied for and is receiving the Medicare Part D subsidy as available under the Medicare Modernization Act. Effective January 1, 2014, MPS has implemented a self-funded Employer Group Waiver Plan with a Commercial Wrap.

Plan Provisions (continued)

Effective January 1, 2015, all Medicare eligible retirees and their Medicare eligible spouses have been enrolled in the MPS Group Medicare Advantage Plan that includes a group Medicare Part D pharmacy benefit.

For non-Medicare retirees and active employees, effective January 1, 2015, the District added a High Deductible Health Plan (HDHP) with a health savings account (HSA). The HSA is available only to active employees with an employer contribution of $400 for a single HDHP and $800 for a family HDHP annually. The HDHP was offered to all active employees with a lower premium share ranging from 2% to 9% based on their annual salary.

Effective January 1, 2017, non-Medicare retirees and active employees in the ASC employee unit will have the PPO plan as a health plan option in addition to the EPO and HDHP plans.

Employer Funding Policy

MPS finances net retiree claims in excess of retiree contributions directly from its general fund. MPS has also established an IRC Section 115 trust to prefund retiree healthcare and life insurance benefits and contributes 105 percent of actual retiree healthcare claims and retiree life insurance premiums beginning in fiscal year 2011.

The Retiree Plan's policy in regard to the allocation of invested assets is established and may be amended by Board policy of the District’s Governing Body. It is the policy of the District’s Governing Body to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Retiree Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

	Asset Allocation	
Asset Class	**Range**	**Target**
Growth Assets		
Domestic Equity	19% - 59%	39%
International Equity	1% - 41%	21%
Other	0% - 20%	0%
Income Assets		
Fixed Income	20% - 60%	40%
Other	0% - 20%	0%
Real Return Assets	0% - 20%	0%
Cash Equivalents	0% - 20%	0%
Total	100%	100%

Plan Provisions (continued)

On August 25, 2016, the Governing Body approved a policy change in the OPEB investment policy from a 100% short and intermediate fixed income portfolio asset allocation target to the allocation targets as reflected above. This change was made to diversify the portfolio asset allocation with a long-term investment perspective invested in a similar time horizon as the liabilities.

Rate of return. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 7.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Premium Cost Sharing

Retirees with Dates of Retirement before July 1, 2013

An eligible employee who meets the age and service requirements with 70 percent or more of the maximum accumulated sick leave at the time of retirement will receive a monthly Board subsidy at the Board's share of the PPO/Indemnity Health Plan active single plan or family plan premium rate in effect as of the employee's date of retirement in accordance with applicable collective bargaining agreement and plan provisions for represented employees, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; for non-represented employees in accordance with Board policy and plan provisions. (Note: The Board's share of the applicable active plan premium rate is net of the employee required premium contribution in effect as of the employee's retirement date for all groups except MTEA-Teachers and PAMPS.)

For dates of retirement on or after July 1, 2013, an eligible employee who meets the age and service requirements with 90 percent or more of the maximum accumulated sick leave at the time of retirement will receive a monthly Board subsidy at the Board's share of the average of the PPO/Indemnity Health Plan and EPO Health Plan active single plan or family plan premium rate in effect as of the employee's date of retirement in accordance with applicable collective bargaining agreement and plan provisions for represented employees, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; for non-represented employees in accordance with Board policy and plan provisions. (Note: The Board's share of the applicable active plan premium rate is net of the employee required premium contribution in effect as of the employee's retirement date.)

The Board's share of the EPO Health Plan is used for the monthly Board subsidy for Building Trades employees who retire on or after September 1, 2010, and for MTEA Substitute Teachers who retire during the period of August 1, 2011, through June 30, 2012. (Note: For the MTEA-Substitute Teachers Unit, active health insurance ended August 31, 2012, and eligibility for retiree health insurance ended with dates of retirement on or after July 1, 2012.)

Ten-month employees in the MTEA–Teachers, Educational Assistants, Accountants/Bookkeepers Units, ASC Unit (represented and exempt), PAMPS Unit, Local 1053 Unit including exempts and Cabinet Level employees who submit a retirement notice by March 1 and Substitute Teachers who submit a retirement notice by April 1 will receive the greater of the June 30 or July 1 premium rate as their monthly Board subsidy in accordance with applicable collective bargaining agreement and plan provisions for represented employees, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; non-represented employees who satisfy the eligibility requirements at the time of retirement may receive a Board-paid subsidy in accordance with Board policy and plan provisions. This provision was expanded to all 10-month benefit eligible employees effective with submission of a retirement notice by March 1, 2013, and each year forward by March 1st.

Generally, the Board subsidy remains fixed for the lifetime of the retiree while the retiree continues enrollment in an MPS health plan for retirees with dates of retirement before July 1, 2013. MPS will reimburse the retiree for the amount of the retiree's Medicare Part B premium, including the Income Related Monthly Adjustment, in an amount not to exceed the Board subsidy. Employees who meet all other eligibility requirements, but do not meet the 70 percent or, as applicable, the 90 percent maximum accumulated eligibility requirement for the Board subsidy, may continue coverage in an MPS health plan as a retiree on a self-paid basis.

When husband and wife both retire from the Board and meet eligibility requirements for retiree health coverage as of his/her date of retirement effective as indicated in the chart below, the Board will pay only its portion of one family or two single plans:

Units	Retirement date
Administrators and Supervisors	1/01/07 and after
Exempt Administrators and Supervisors	1/01/07 and after
Bookkeeper/Accountants	7/01/12 and after
Building Engineers	2/28/08 and after
Building Service Helpers	4/24/08 and after
Building Trades	2/28/08 and after
Cabinet Level	1/01/07 and after
Clerical-Technical	6/30/09 and after
Exempt from Clerical-Technical	6/30/09 and after
Educational Assistants/Safety Assistants	7/01/12 and after
Food Service, CHA, SNA	2/28/08 and after
Office of Accountability and Efficiency	1/01/07 and after
Office of Board Governance	1/01/07 and after
Psychologists	4/01/11 and after
Substitute Teachers	7/01/12 and after
Superintendent	1/01/07 and after
Teachers	7/01/13 and after
Warehouse, Distribution, Buyers, etc.	3/30/08 and after

A special one-time provision providing the higher PPO/Indemnity Health Plan rate of March 31, 2011, or July 1, 2011, was extended to the following groups for eligible employees who gave their retirement notice by April 1, 2011, and retired by the end of their regular work year in June, 2011, or where applicable for 12-month employees who retired June 30, 2011:

- ASC Unit including exempts;
- Cabinet-Level employees;
- Local 1053 Unit including exempts;

- MTEA-Bookkeepers Unit;
- MTEA-Educational Assistants Unit;
- MTEA-Teachers Unit; and
- PAMPS Unit.

Effective on the date of the 2001 Board Organizational meeting, Board members are not eligible to continue in the District's retiree group health plans upon leaving the Board.

Retirees with Dates of Retirement on/after July 1, 2013

Effective with dates of retirement on/after July 1, 2013, the Board's share of the average of the active PPO/Indemnity Health Plan and the active EPO Health Plan, (single or family plan premium rate) in effect at date of retirement will be the Board subsidy and is reduced by the employee premium contribution for the annual base salary band in effect as of the employee's retirement date. Upon the retiree reaching Medicare eligibility (currently age 65), the Board subsidy will be adjusted (reduced) to the Board's share of the average of the Medicare rates in effect as of the date of retirement, for the plan the retiree is in upon reaching Medicare eligibility, to reflect coordination with Medicare.

Effective with dates of retirement on/after July 1, 2013, the methodology to determine premium rates will be changed to establish a pre-Medicare retiree premium rate for self-paid coverage (e.g., for those retirees who are not eligible for the Board-paid subsidy).

Surviving Spouse Coverage

Death of Employee in Active Service [1]

If an MPS employee dies while in active service and has met the eligibility requirements of 15 or more years of Eligible Service (or effective July 1, 2013, the eligibility requirements of 20 or more years of Eligible Service):

1. The surviving spouse and eligible dependents can continue health coverage with the Board paying its share of the premium until the surviving spouse remarries or is covered by another group insurance plan.
2. When the surviving spouse turns age 60, he/she (but not any dependents) will be eligible to continue coverage in a single plan and will be covered as a surviving spouse of an employee who retired that month.
    - The Board subsidy will be the Board's share of the single premium for the PPO/Indemnity Health Plan, or the EPO Health Plan as applicable in effect as of the date of the surviving spouse's turning age 60 if the employee had the required 70% of maximum sick leave balance as of the employee's date of death. Thereafter, the surviving spouse is required to pay all future premium increases.
    - Effective July 1, 2013, the Board subsidy will be the Board's share of the single premium for the average of the PPO/Indemnity Health Plan and EPO Health Plan, or the EPO Health Plan as applicable in effect as of the date of the surviving spouse's turning age 60 if the employee had the required 90% of maximum sick leave balance as of the employee's date of death. Upon

reaching Medicare eligibility, the Board subsidy will be adjusted (reduced) to the Board's share of the Medicare rate in effect as of the surviving spouse's turning age 60 to reflect coordination with Medicare. Thereafter, the surviving spouse is required to pay all future premium increases.

- If the employee did not have the required 70% (or 90% effective July 1, 2013) of maximum sick leave as of the employee's date of death, continuation in health coverage will be self-paid. Effective July 1, 2013, the pre-Medicare retiree premium rates shall be used for such self-paid pre-Medicare coverage.

[1] *Does not apply to Local 150 Food Service, MTEA-Substitute Teachers and Board Members.*

Death of Employee after Retirement [1]

If the employee dies after retirement:

- The surviving spouse (but not any dependents) can continue coverage under the MPS retiree health insurance in a single plan until the spouse remarries or is otherwise covered by another group health insurance plan.
- The Board subsidy will be adjusted to the Board's share of the premium rate of a single active PPO/Indemnity Health Plan, or EPO Health Plan, or the average of the PPO/Indemnity Health Plan and the EPO Health Plan for dates of retirement on or after July 1, 2013, as applicable, which was in effect as of the deceased employee's date of retirement. For dates of retirement on or after July 1, 2013, upon reaching Medicare eligibility the Board subsidy will be adjusted (reduced) to the Board's share of the Medicare rate in effect as of the date of retirement.

[1] *Does not apply to MTEA-Substitute Teachers and Board Members who have not met the eligibility requirements as of September 1, 1999.*

Plan Provisions (continued)

Premium Rates as of January 1, 2017

PPO Plan[1]

	Single	Single + Spouse/Dependent 1 with Medicare	Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Active	$ 692.02			$ 1,626.59		
Retiree (Non-Medicare)	687.58	$ 915.88		1,615.82	$ 1,156.54	(1 w/Med.)
Retiree (Medicare)	228.30*	915.88	$ 456.60*		697.25	(2 w/Med.)

EPO Plan[1]

	Single	Single + Spouse/Dependent 1 with Medicare	Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Active	$ 716.09			$ 1,683.14		
Retiree (Non-Medicare)	711.65	$ 939.95		1,672.37	$ 1,189.03	(1 w/Med.)
Retiree (Medicare)	228.30*	939.95	$ 456.60*		705.68	(2 w/Med.)

HDHP[1]

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Active	$ 669.48			$ 1,553.84		
Retiree (Non-Medicare)	665.04	$ 893.34		1,543.07	$ 1,106.33	(1 w/Med.)
Retiree (Medicare)	228.30*	893.34	$ 456.60*		669.59	(2 w/Med.)

Self-Pay Retiree Rates

PPO Plan

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Retiree (Non-Medicare)	$ 1,118.84	$ 1,347.14		$ 2,237.68	$ 1,347.14	(1 w/Med.)
Retiree (Medicare)	228.30*	1,347.14	$ 456.60*		738.39	(2 w/Med.)

EPO Plan

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Retiree (Non-Medicare)	$ 1,152.41	$ 1,380.71		$ 2,304.81	$ 1,380.71	(1 w/Med.)
Retiree (Medicare)	228.30*	1,380.71	$ 456.60*		748.26	(2 w/Med.)

HDHP

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Retiree (Non-Medicare)	$ 1,100.49	$ 1,328.79		$ 2,196.72	$ 1,324.53	(1 w/Med.)
Retiree (Medicare)	228.30*	1,328.79	$ 456.60*		706.65	(2 w/Med.)

[1] *Premium for active members in the PPO, EPO and HDHP plans includes vision coverage.*

** MPS Group Medicare Advantage Plan.*

Plan Provisions (continued)

Premium Rates as of January 1, 2018 (Rates effective through December 31, 2018)

PPO Plan[1]

	Single	Single + Spouse/Dependent 1 with Medicare	Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Active	$ 731.89			$ 1,720.29		
Retiree (Non-Medicare)	727.45	$ 955.75		1,709.52	$ 1,210.36	(1 w/Med.)
Retiree (Medicare)	228.30*	955.75	$ 456.60*		711.21	(2 w/Med.)

EPO Plan[1]

	Single	Single + Spouse/Dependent 1 with Medicare	Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Active	$ 757.36			$ 1,780.12		
Retiree (Non-Medicare)	752.92	$ 981.22		1,769.35	$ 1,244.74	(1 w/Med.)
Retiree (Medicare)	228.30*	981.22	$ 456.60*		720.12	(2 w/Med.)

HDHP Plan[1]

	Single	Single + Spouse/Dependent 1 with Medicare	Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Active	$ 705.76			$ 1,639.11		
Retiree (Non-Medicare)	701.32	$ 929.62		1,628.34	$ 1,155.31	(1 w/Med.)
Retiree (Medicare)	228.30*	929.62	$ 456.60*		682.29	(2 w/Med.)

Self-Pay Retiree Rates

PPO Plan

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Retiree (Non-Medicare)	$ 1,230.51	$ 1,458.81		$ 2,461.02	$ 1,458.81	(1 w/Med.)
Retiree (Medicare)	228.30*	1,458.81	$ 456.60*		757.19	(2 w/Med.)

EPO Plan

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Retiree (Non-Medicare)	$ 1,267.43	$ 1,495.73		$ 2,534.86	$ 1,495.73	(1 w/Med.)
Retiree (Medicare)	228.30*	1,495.73	$ 456.60*		767.71	(2 w/Med.)

HDHP Plan

	Single	Single + Spouse/Dependent 1 with Medicare	Single + Spouse/Dependent Both with Medicare	Family w/o Medicare	Family w/Medicare	
Retiree (Non-Medicare)	$ 1,206.57	$ 1,434.87		$ 2,408.89	$ 1,430.62	(1 w/Med.)
Retiree (Medicare)	228.30*	1,434.87	$ 456.60*		723.76	(2 w/Med.)

[1] *Premium for active members in the PPO, EPO and HDHP plans includes vision coverage.*

** MPS Group Medicare Advantage Plan.*

Plan Provisions (continued)

Members that retired on or after July 1, 2013, and do not receive a Board-paid subsidy pay the Self-Pay retiree rates.

Active Employee Premium Share for Health Insurance

Effective August 1, 2011, all active employees pay premium contributions for health insurance based on either a percentage of the active premium rate or a percentage of salary (for the MTEA-Teacher Unit) in accordance with applicable collective bargaining agreement and plan provisions for represented employees, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; for non-represented employees in accordance with Board policy and plan provisions.

Prior to August 1, 2011, there was no cost to most active employees; Cabinet members pay 5% of the premium and Board members pay any difference between the plan they have selected and the lowest cost plan. Effective with the union contract settlements (2005-2006), there is a conditional employee premium contribution of 2.5% for those enrolled in the PPO/Indemnity Plan if the premium for this plan increases greater than 17%. If the conditional premium share is triggered, future retired members that receive a Board-paid subsidy would receive a subsidy amount equal to the PPO/Indemnity Plan premium rate at the time of retirement less the 2.5% conditional premium amount. This conditional premium share was never triggered and has been replaced by the aforementioned required employee premium contributions effective with the 2010/2011 contract settlements and Board policy.

Effective July 1, 2012, or July 1, 2013, as described below, all active employees will pay a percentage of premium for health insurance based on their annual base salary as follows:

Annual Base Salary	**Plan**	**PPO % of Premium**	**EPO % of Premium**	**HDHP Effective 1/1/2015 % of Premium**
$25,000 or Under	Single or Family	11%	5%	2%
$25,001 - $50,000	Single or Family	12%	8%	5%
$50,001 - $75,000	Single or Family	13%	10%	7%
$75,000 and above	Single or Family	14%	12%	9%

<u>Effective July 1, 2012, new contributions and new plan design for the following employee units:</u>

Local 150 Building Service Helpers Unit
Local 150 Food Service Unit
Local 950 Building Engineers Unit
Local 1053 Clerical – Technical Unit
Local 1616 Unit
Building Trades
MTEA-Bookkeepers/Accountants Unit
MTEA-Educational Assistants Unit
MTEA-Substitute Teachers Unit

<u>Effective July 1, 2013, new contributions and new plan design for the following employee units:</u>

ASC Unit including exempts
Cabinet Level employees
MTEA-Teachers Unit
Office of Chief Accountability & Efficiency
Board Members
Local 1053 Exempts
PAMPS Unit
Office of Board Governance

Effective July 1, 2015, a new High Deductible Health Plan (HDHP) with a Health Savings Account (HSA) was made available to all active employees.

Life Insurance Benefit

The Board provides group life insurance coverage to eligible retirees equal to the annual earnings at retirement to the next even thousand dollars. Coverage is equal to the previous year's annual earnings for hourly employees included in 150 Food Services Unit, Local 150 Building Service Helpers Unit, MTEA-Substitute Teachers Unit, and part-time (20 hours per week; 30 hours per week effective July 1, 2012) 1616 Social Work Aides, Local 950 Unit, 1616 Seasonal Laborers and Building Trades. The life insurance face amount is reduced by 25 percent of the original amount each March 1 following the attainment of age 65, 66 and 67. A life insurance amount of 25 percent of the original life insurance benefit is payable if death occurs after March 1 following the retiree's 67th birthday. At the 25 percent reduction the Board will pay a maximum coverage of $15,000 for 950 and Building Trades, $20,000 for 1053 and 1616 and $25,000 for PAMPS. The Board will pay for a maximum of $10,000 of coverage for Local 150 Food Services and BSH in retirement. Effective with dates of retirement on/after July 1, 2013, the maximum benefit payable at the 25 percent reduction at age 67 is $25,000. Active Substitute Teachers effective September 1, 2012, and active Seasonal Laborers effective with hire or layoff July 1, 2012, or after are no longer eligible for group life insurance coverage.

Sunset Provision: Employees who are age 55 or older with 30 or more years of MPS service can retire before age 60 (prior to July 1, 2015) and qualify for retiree life insurance benefits.

For all employee units retiring effective July 1, 2016, and after life insurance coverage at age 67 and over is Board-paid.

Vision Benefit

Retirees and dependents enrolled in the EPO plan receive vision coverage. Effective April 1, 2011, vision benefits for current and future retirees were discontinued.

Dental Benefit

Retirees and dependents are not eligible for dental coverage; however, retirees are eligible for self-pay COBRA coverage for up to 18 months.

Plan Provisions (continued)
Effective January 1, 2017
United Healthcare MPS High Deductible Health Plan
Actives and Non-Medicare Eligible Retirees

<table>
<tr><th>Plan Feature</th><th colspan="3">In Network</th><th colspan="2">Out of Network</th></tr>
<tr><td>Annual Deductible</td><td colspan="3">$ 750 per person
$ 2,250 per family</td><td colspan="2">$ 1,500 per person
$ 4,500 per family</td></tr>
<tr><td>Annual Coinsurance Limit
(Includes Annual Deductible)</td><td colspan="3">$ 3,250 per person
$ 9,750 per family</td><td colspan="2">$ 4,500 per person
$ 13,500 per family</td></tr>
<tr><td><u>Covered Services</u>

-Physicians Visits
-Specialist Visits
-Emergency Room
• Emergency Care
• Non-Emergency Care

-Inpatient Services

-Outpatient Services</td><td colspan="3"><u>Coinsurance</u>

100% after $20 Co-pay
100% after $35 Co-pay

100% after $150 Co-pay
50% after deductible

80% after deductible*

80% after deductible*</td><td colspan="2"><u>Coinsurance</u>

50% after deductible*

100% after $150 Co-pay
50% after deductible

50% after deductible*

50% after deductible*</td></tr>
<tr><td rowspan="4">Prescription Drug Co-pays
(Three-Tier Formulary)</td><td></td><td><u>Retail</u>
Up to 30-day Supply</td><td><u>Mail Order</u>
90-day Supply</td><td><u>Retail</u>
Up to 30-day Supply</td><td><u>Mail Order</u>
90-day Supply</td></tr>
<tr><td><u>Tier 1</u>
Generic</td><td>$8</td><td>$16</td><td rowspan="3">No benefit</td><td rowspan="3">No benefit</td></tr>
<tr><td><u>Tier 2</u>
Preferred Brand</td><td>10% with $25 min.</td><td>$50</td></tr>
<tr><td><u>Tier 3</u>
Non-Preferred Brand</td><td>20% with $50 min.</td><td>$100</td></tr>
<tr><td>Prescription Drug Out-of-Pocket Annual Limit</td><td colspan="3">$ 3,900 per person
$ 4,550 per family</td><td colspan="2">No Benefit</td></tr>
<tr><td>Maximum Lifetime Benefit</td><td colspan="3">None</td><td colspan="2">None</td></tr>
</table>

**Until coinsurance limit is met; 100% thereafter.*

Plan Provisions (continued)
Effective January 1, 2017
United Healthcare MPS Group Medicare Advantage Plan
Medicare-Eligible Retirees

Plan Feature	In Network/Out of Network		
Annual Deductible	None		
Annual Coinsurance Limit (Excludes Annual Deductible)	$ 1,350 per person		
Covered Services	Coinsurance		
-Physicians Visits	$20 Co-pay		
-Specialists Visits	$35 Co-pay		
-Emergency Room			
• Emergency Care	$65 Co-pay		
• Urgently Needed Care	$35 Co-pay		
-Inpatient Hospital Stay	$0 Per Admit		
-Outpatient Hospital Services	$100 Co-pay		
Prescription Drug Co-pays (Three-Tier Formulary) No out of network benefit		Retail Up to 30-day Supply	Mail Order 90-day Supply
	Tier 1 Generic	$8	$16
	Tier 2 Preferred Brand	$25	$50
	Tier 3 Non-Preferred Brand	$50	$100
Maximum Lifetime Benefit	None		

Plan Provisions (continued)
Effective January 1, 2017
United Healthcare MPS Choice EPO
Actives and Non-Medicare Eligible Retirees

<table>
<tr><th>Plan Feature</th><th colspan="3">In Network Only</th></tr>
<tr><td>Annual Deductible</td><td colspan="3">$ 350 per person
$ 1,050 per family</td></tr>
<tr><td>Annual Coinsurance Limit
(Excludes Annual Deductible)</td><td colspan="3">$ 1,350 per person
$ 4,050 per family</td></tr>
<tr><td><u>Covered Services</u>

-Physicians Visits
-Specialist Visits

-Emergency Room
• Emergency Care
• Non-Emergency Care

-Inpatient Services

-Outpatient Services</td><td colspan="3"><u>Coinsurance</u>

100% after $20 Co-pay
100% after $35 Co-pay

100% after $125 Co-pay
50% after deductible

80% after deductible*

80% after deductible*</td></tr>
<tr><td>Prescription Drug Co-pays
(Three-Tier Formulary)</td><td><u>Tier 1</u>
Generic

<u>Tier 2</u>
Preferred Brand

<u>Tier 3</u>
Non-Preferred Brand</td><td><u>Retail</u>
Up to 30-day Supply
$8

10% with $25 min.

20% with $50 min.</td><td><u>Mail Order</u>
90-day Supply

$16

$50

$100</td></tr>
<tr><td>Prescription Drug Out-of-Pocket Annual Limit</td><td colspan="3">$5,800 per person
$10,250 per family</td></tr>
<tr><td>Maximum Lifetime Benefit</td><td colspan="3">None</td></tr>
</table>

Until coinsurance limit is met; 100% thereafter.

Plan Provisions (continued)
Effective January 1, 2017
United Healthcare MPS High Deductible Health Plan
Actives and Non-Medicare Eligible Retirees

Plan Feature	In Network			Out of Network	
Annual Deductible	$ 1,600 per person $ 3,200 per family			$ 3,200 per person $ 6,400 per family	
Annual Coinsurance Limit (Includes Annual Deductible and Pharmacy Costs)	$ 3,200 per person $ 6,400 per family			$ 6,400 per person $ 12,800 per family	
Covered Services	Coinsurance			Coinsurance	
-Physicians Visits	80% after deductible*			50% after deductible*	
-Specialist Visits	80% after deductible*			50% after deductible*	
-Emergency Room					
• Emergency Care	80% after deductible*			80% after deductible*	
• Non-Emergency Care	Not Covered			Not Covered	
-Inpatient Services	80% after deductible*			50% after deductible*	
-Outpatient Services	80% after deductible*			50% after deductible*	
Prescription Drug Co-pays (Three-Tier Formulary) Preventive Only		Retail Up to 30-day Supply	Mail Order 90-day Supply	Retail Up to 30-day Supply	Mail Order 90-day Supply
	Tier 1 Generic	$8	$16	No benefit	No benefit
	Tier 2 Preferred Brand	10% with $25 min.	$50		
	Tier 3 Non-Preferred Brand	20% with $50 min.	$100		
Retail & Mail Order Pharmacy	80% after deductible*			None	
Maximum Lifetime Benefit	None			None	

**Until coinsurance limit is met; 100% thereafter.*

Life Insurance

Eligible Groups	Eligibility for Board-paid benefit.	Eligibility for self-paid benefit.
ASC-represented Employees ASC-exempt Employees Cabinet Members Office of Board Governance Office of Chief Accountability and Efficiency	30 years & age 55, fully Board-paid with dates of retirement before 7/1/13	15 years & age 55, self-paid to age 65. Fully Board-paid after 65. Self-paid until 65 at age 50 for Administrators on disability pension. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65. Maximum benefit coverage amount of $25,000 at 25% reduction.
Building Trades Local 950 – Building Engineers	N/A	15 years & age 55, self-paid to age 65 & Board-paid after 65 if hired prior to 1/1/87. Maximum of $15,000 Board-paid at 25% reduction. If hired after 1/1/87, self-paid until death; if eligible, at age 67 or over, Board-paid for retirements on 7/1/16 or later. Effective with dates of retirement on or after 7/1/13, 20 years & age 60 self-paid to 65 & Board paid after 65. Maximum of $15,000 Board-paid at 25% reduction; retiree self pays for coverage above $15,000 to the $25,000 maximum coverage amount.
Local 1053 – Clerical including exempts	30 years & age 55, fully Board-paid with dates of retirement before 7/1/13 Maximum Board-paid $20,000 at 25% reduction	15 years & age 55, self-paid to age 65 & Board-paid after 65 if hired prior to 1/1/87. Maximum of $20,000 Board-paid at 25% reduction. If hired after 1/1/87, self-paid until death; if eligible, at age 67 or over, Board-paid for retirements on 7/1/16 or later. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65 & Board-paid after 65. Maximum of $20,000 Board-paid at 25% reduction; retiree self pays for coverage above $20,000 to the $25,000 maximum coverage amount.
Local 150 – Building Service Helpers Local 150 – Food Service Workers	N/A	15 years & age 55, self-paid to age 65; after age 65 Board-paid life insurance up to a maximum of $10,000 if hired prior to 7/1/86. If hired after 7/1/86, not eligible for group coverage. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65; after age 65 Board-paid life insurance up to a maximum of $10,000 if hired prior to 7/1/86; retiree self pays for coverage above $10,000 to the $25,000 maximum coverage amount. If hired after 7/1/86, not eligible for group coverage.

Life Insurance (continued)

Eligible Groups	Eligibility for Board-paid benefit.	Eligibility for self-paid benefit.
Local 1616 Employees	30 years & age 55, fully Board-paid with dates of retirement before 7/1/13 Maximum Board-paid $20,000 at 25% reduction	15 years & age 55, self-paid to age 65 & Board-paid after 65 if hired prior to 1/1/87. Maximum of $20,000 Board-paid at 25% reduction. If hired after 1/1/87, self-paid until death; if eligible, at age 67 or over, Board-paid for retirements on 7/1/16 or later. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65 & Board-paid after 65. Maximum of $20,000 Board-paid at 25% reduction; retiree self pays for coverage above $20,000 to the $25,000 maximum coverage amount.
MTEA – Teachers MTEA – Substitute Teachers	30 years & age 55, Board-paid to $50,000 for dates of retirement before 7/1/13. Must self-pay any amount over $50,000. Fully Board-paid after 65. (Substitute Teachers: Benefit eliminated effective with dates of retirement on/ after 7/1/12.)	15 years & age 55, self-paid to age 65. Fully Board-paid after 65. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65. Fully Board-paid after 65. Maximum benefit coverage amount of $25,000 at final 25% reduction. (Substitute Teachers: Benefit eliminated effective with dates of retirement on or after 7/1/12.)
MTEA – Accountants and Bookkeepers	30 years & age 55, Board-paid to $50,000 for dates of retirement before 7/1/13. Must self-pay any amount over $50,000. Fully Board-paid after 65.	15 years & age 60, self-paid to age 65. Fully Board-paid after 65. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65. Fully Board-paid after 65. Maximum benefit coverage amount of $25,000 at final 25% reduction.
MTEA – Educational Assistants	30 years & age 55, Board-paid to $19,000 for dates of retirement before 7/1/13. Must self-pay any amount over $19,000. Fully Board-paid after 65.	15 years & age 55, self-paid to age 65. Fully Board-paid after 65. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65. Fully Board-paid after 65. Maximum benefit coverage amount of $25,000 at final 25% reduction.
PAMPS – School Psychologists	30 years & age 55, fully Board-paid with dates of retirement before 7/1/13. Maximum Board-paid $25,000 at 25% reduction	15 years & age 55, self-paid to age 65. Fully Board-paid after 65. Maximum of $25,000 Board-paid at 25% reduction. Effective with dates of retirement on or after 7/1/13, 20 years & age 60, self-paid to age 65. Fully Board-paid after 65. Maximum of $25,000 Board-paid at 25% reduction.

Years of service in accordance with applicable collective bargaining agreement and plan provisions for represented employees, or, when such bargaining agreement provisions expire, in accordance with Board policy and plan provisions; for non-represented employees in accordance with Board policy and plan provisions.

SECTION H

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods and Assumptions

Development of Per Capita Claim Costs

The development of per capita claim costs is based on paid claims, expenses and enrollment experience for the period from August 1, 2015 to July 1, 2017, adjusted for claims in excess of the stop loss limits. Costs were trended to the mid-point of the first valuation year. Average costs for the pre-Medicare United Healthcare EPO/PPO plans were based on claims and enrollment experience for active and retired members. Average costs for the United Healthcare MPS Group Medicare Advantage Plan were based on premium rates. Standard morbidity tables were used to develop expected claims costs at each respective postretirement age. We relied on claims, expenses, enrollment data and rating methodology disclosed in the plan's most recent rating reports prepared by MPS' healthcare actuary.

Cost Method and Expense Calculations for Retiree Healthcare Benefits

The retiree healthcare actuarial valuation was based on the entry age normal cost method. Under this method, each participant's projected benefits are assumed to be funded by annual installments, equal to a level percentage of compensation, payable from date of participation to assumed date of retirement. The total normal cost is the sum of the current year's annual installment determined for all active participants. The actuarial accrued liability is the excess value of the present value of future benefits for all participants (both active and retired) over the present value of future normal costs.

Actuarial Assumptions

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

Actuarial Methods and Assumptions (continued)

Measurement Date	July 1, 2017
Discount Rate as of June 30, 2017	4.89%
Discount Rate as of June 30, 2018	4.93%
Inflation [1]	3.00%
Wage Inflation [2]	2.80% (3.0% Gen. EEs)

OPEB Assumptions

Fiscal Year	Healthcare Trend [3]	Medicare Part B Trend[5]
2018	5.80%[4]	0.00%
2019	8.00%	4.50%
2020	7.50%	4.50%
2021	7.00%	4.50%
2022	6.50%	4.50%
2023	6.00%	4.50%
2024	5.50%	4.50%
2025	5.00%	4.50%
2026 +	4.50%	4.50%

Composite Annual Per Capita
Claim Costs for Calendar Year 2018

Age	Male	Female
55	$10,458	$11,418
60	13,507	13,300
64	16,425	15,501
65	2,431	2,293
70	2,648	2,562
75	2,844	2,775
80	2,986	2,933
85	3,007	3,043

[1] *Inflation assumption used to estimate the impact of the Excise Tax under the Health Care Reform Act.*
[2] *Wage inflation used to project payroll.*
[3] *Beginning in 2024, an excess trend rate of 0.45% was added to the above base trend rates and applied to the pre-Medicare per capita claim cost to account for the Excise Tax under Health Care Reform Act. From 2018 through 2026, an excess trend rate of 3.4% was added to the above base trend rates and applied to the post-Medicare costs to approximate the potential wear-away of MAPD plan design savings. The post-Medicare adjusted trend rates assume approximately 10% to 15% of the initial MAPD plan design savings will remain after 2026.*
[4] *First year base trend rates apply to the 6-month period ending June 30, 2018, and equal 5.8% for pre-Medicare costs and 0.0% for post-Medicare costs.*
[5] *Reflects actual premium amount of $134.00 in 2017 and 2018.*

The premiums used in the actuarial valuation of future retirees are blended based on approximately 30% of the PPO costs and 70% of the EPO costs. Current retirees are assumed to remain in their current plan (PPO or EPO). Relative value factors were applied to the composite per capita claim costs.

A 10% load is applied to the pre-Medicare dependent per capita claim cost to account for covered children who are not directly valued. For retirees who cover only dependent children and not a spouse, a 10% load is applied to the pre-Medicare retiree per capita claim cost.

Eligibility for Board-paid subsidy

The table below shows the percentage of retirees assumed to retire with the required percentage of the maximum sick leave allowance and therefore are eligible to receive a Board-paid subsidy.

Retirement Date	% Eligible	% of Maximum Sick Leave Allowance
On/After July 1, 2013	60%	90%

Participation

Future retirees who meet eligibility conditions for retiree healthcare benefits
are assumed to participate as follows:

Eligible for Board-paid subsidy	85%
Eligible for self-paid benefits only	30%

30% of future retirees are expected to elect PPO coverage. 0% of future Building Trades and ASC retirees are assumed to elect PPO coverage. This retiree health option was eliminated for these

Spouse Coverage

Future retirees that elect coverage at retirement are assumed to enroll as follows:

	Single	Family
Election	40%	60%

40% of spouses are expected to continue coverage after the death of the retiree.

Females are assumed to be three years younger than their spouses.

Pension-related Assumptions

Pension-related assumptions for participants covered under the Milwaukee Board of School Directors Supplemental Early Retirement Plan for Teachers ("Teachers Plan") as stated in the actuarial valuation report as of July 1, 2017, are assumed for the GASB Statement Nos. 74 and 75 actuarial valuation.

Pension-related assumptions for participants covered under the Milwaukee Board of School Directors Early Retirement Supplement and Benefit Improvement Plan ("Administrators Plan") and participants in covered positions who became members on or after July 1, 2003, who would otherwise have been participants in the plan, as stated in the actuarial valuation report as of July 1, 2017, are assumed for the GASB Statement Nos. 74 and 75 actuarial valuation.

Other participants are covered under the City of Milwaukee Employees' Retirement System ("ERS") and those assumptions, as stated in the actuarial valuation report as of January 1, 2017, and provided by the actuary with certain adjustments are assumed.

For purposes of the GASB Statement Nos. 74 and 75 actuarial valuation, GRS applied certain adjustments to the rates used in the City of Milwaukee Employees' Retirement System actuarial valuation as of January 1, 2017, in order to comply with GRS guidelines for decrement rates. For termination rates with at least five years of service, if the rate provided at a certain age was higher than at the previous age, then the modified rate at the previous age was used. (GRS guidelines for termination rates are that rates should decrease as age increases.) For disability rates, if the rate provided at a certain age was lower than at the previous age, then the modified rate at the previous age was used. (GRS guidelines for disability rates are that rates should increase as age increases.) For disabled mortality, the healthy rates with a three-year set forward were used.

Rates are applied consistently with the pension actuarial valuations (with modifications as described), using the census data, as provided by MPS. Retirement rates are applied at first eligibility for pension benefits, although retiree healthcare benefits may not be payable.

Salary Increase[1]

Years of Service	Teachers	Administrators	Age	General Employees
1	7.00%	6.50%	25	6.900%
5	7.00%	6.50%	30	5.800%
10	5.00%	6.40%	35	4.800%
15	4.50%	5.30%	40	3.900%
20	2.80%	3.80%	45	3.300%
25	2.80%	2.80%	50	3.000%
30	2.80%	2.80%	55	3.000%
			60 +	3.000%

Demographic Assumptions

Mortality[1]

Teachers and Administrators

Retired Member Mortality: Wisconsin Projected Experience Table – 2005 for women and 90 percent of the Wisconsin Projected Experience Table – 2005 for men.
Active Member Mortality: 80 percent of post-retirement rates.

The Wisconsin Projected Experience Table – 2005 is consistent with the RP-2000 Mortality Table projected to 2030. We believe the mortality assumption would produce an adequate margin for longevity improvements.

General Employees

For regular retirees and for survivors, the RP-2000 Combined Mortality Table with mortality improvements projected to the year 2009 for the actuarial valuation as of July 1, 2017, for males and females.

For death in active service, the RP-2000 Combined Mortality Table with mortality improvements projected to the year 2009 for the actuarial valuation as of July 1, 2017, for males and females, then a 6-year setback for males and females.

For purposes of the retiree healthcare valuation, the mortality assumption for regular retirees and survivors with a 3-year set forward to the mortality rates for disabled retirees.

Include full generational projection using mortality improvement scale AA.

We believe the mortality assumption contains an adequate margin for longevity improvements.

[1] *Pension valuation assumptions effective in the July 1, 2017, actuarial valuations for Teachers and Administrators and as stated in the January 1, 2017, ERS actuarial valuation and provided by the actuary (with certain adjustments) for general employees.*

Sample Disability Rates [1]

% Separating Within Next Year

Age	Teachers and Administrators	General Employees
20	0.010%	0.050%
25	0.010%	0.050%
30	0.010%	0.060%
35	0.010%	0.077%
40	0.020%	0.146%
45	0.070%	0.242%
50	0.130%	0.284%
55	0.210%	0.585%
60	0.320%	0.922%
65	0.370%	0.922%

20% of disabilities are considered to be duty-

Sample Turnover Rates[1]

% Separating Within Next Year

Age	Teachers	Administrators	General Employees			
			Less Than 5 Years of Service		At Least 5 Years of Service	
			Male	Female	Male	Female
20	14.500%	8.000%	13.550%	18.500%	10.000%	11.000%
25	13.700%	8.000%	12.250%	18.550%	9.750%	11.000%
30	11.200%	8.000%	8.700%	12.900%	5.321%	6.500%
35	7.400%	6.000%	8.200%	12.000%	3.928%	5.590%
40	3.800%	4.500%	6.750%	8.000%	3.468%	5.590%
45	1.600%	3.000%	7.000%	7.100%	2.296%	3.346%
50	0.800%	1.500%	6.400%	6.600%	1.825%	2.596%
55	0.000%	0.000%	5.250%	6.000%	1.529%	2.220%

[1] *Pension valuation assumptions effective in the July 1, 2017, actuarial valuations for Teachers and Administrators and as stated in the January 1, 2017, ERS actuarial valuation and provided by the actuary (with certain adjustments) for general employees.*

Sample Normal Retirement Rates [1,2,3]

Teachers

% Separating Within Next Year (Age and Service-Based)

Service	55	56	57	58 - 59	60	61	62	63	64	65+
0-5	0.0%	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	100.0%
6-11	2.0	0.0	1.0	0.0	2.0	6.0	10.0	5.0	10.0	100.0
12	3.0	1.0	2.0	1.0	3.0	7.0	11.0	6.0	11.0	100.0
13	4.0	2.0	3.0	2.0	4.0	8.0	12.0	7.0	12.0	100.0
14	5.0	3.0	4.0	3.0	5.0	9.0	13.0	8.0	13.0	100.0
15	7.0	5.0	6.0	5.0	7.0	11.0	15.0	10.0	15.0	100.0
16	9.0	7.0	8.0	7.0	9.0	13.0	17.0	12.0	17.0	100.0
17	12.0	10.0	11.0	10.0	12.0	16.0	20.0	15.0	20.0	100.0
18	14.0	12.0	13.0	12.0	14.0	18.0	22.0	17.0	22.0	100.0
19	14.0	12.0	13.0	12.0	14.0	18.0	22.0	17.0	22.0	100.0
20	15.0	13.0	14.0	13.0	15.0	19.0	23.0	18.0	23.0	100.0
21	15.0	13.0	14.0	13.0	15.0	19.0	23.0	18.0	23.0	100.0
22	15.0	13.0	14.0	13.0	15.0	19.0	23.0	18.0	23.0	100.0
23	16.0	14.0	15.0	14.0	16.0	20.0	24.0	19.0	24.0	100.0
24	16.0	14.0	15.0	14.0	16.0	20.0	24.0	19.0	24.0	100.0
25	16.0	14.0	15.0	14.0	16.0	20.0	24.0	19.0	24.0	100.0
26	22.0	20.0	21.0	20.0	22.0	26.0	30.0	25.0	30.0	100.0
27	22.0	20.0	21.0	20.0	22.0	26.0	30.0	25.0	30.0	100.0
28	22.0	20.0	21.0	20.0	22.0	26.0	30.0	25.0	30.0	100.0
29	27.0	25.0	26.0	25.0	27.0	31.0	35.0	30.0	35.0	100.0
30	32.0	30.0	31.0	30.0	32.0	36.0	40.0	35.0	40.0	100.0
31	34.0	32.0	33.0	32.0	34.0	38.0	42.0	37.0	42.0	100.0
32	36.0	34.0	35.0	34.0	36.0	40.0	44.0	39.0	44.0	100.0
33	38.0	36.0	37.0	36.0	38.0	42.0	46.0	41.0	46.0	100.0
34	40.0	38.0	39.0	38.0	40.0	44.0	48.0	43.0	48.0	100.0
35 +	50.0	50.0	50.0	50.0	60.0	60.0	100.0	100.0	100.0	100.0

[1] *Pension valuation assumptions effective in the July 1, 2017, actuarial valuations for Teachers and Administrators and as stated in the January 1, 2017, ERS actuarial valuation and provided by the actuary (with certain adjustments) for general employees.*

[2] *Normal retirement eligibility for general employees is satisfied upon attainment of age 55 with 30 years of service or age 60 with four years of service. Early retirement eligibility for general employees is satisfied upon attainment of age 55 with 15 years of service.*

[3] *Retirement rates after July 1, 2013, are decreased by 70% if the member is not eligible to retire with OPEB, and rates are increased by 180% when the member first becomes eligible to retire with OPEB. Rates after first eligibility for OPEB remain unchanged. Of the expected retirements, a portion are assumed not to elect healthcare, to elect healthcare and receive a Board paid subsidy and to elect healthcare and not receive a Board paid subsidy in accordance with the assumptions in this report.*

Sample Normal Retirement Rates [1,2,3,4] | **Early Retirement Rates [1,2]**

% Separating Within Next Year (Age-Based)

Age	Administrators		General Employees		General Employees
	Certificated	Classified	Male	Female	Male/Female
55	25.000%	15.000%	50.000%	30.000%	2.000%
56	20.000%	8.000%	35.000%	20.000%	2.000%
57	30.000%	8.000%	32.000%	18.000%	2.000%
58	20.000%	8.000%	30.000%	28.000%	2.000%
59	15.000%	8.000%	22.000%	23.000%	2.000%
60	35.000%	40.000%	21.000%	19.000%	
61	10.000%	20.000%	25.000%	20.000%	
62	30.000%	30.000%	30.000%	25.000%	
63	25.000%	15.000%	26.000%	19.000%	
64	20.000%	15.000%	20.000%	19.000%	
65	100.000%	100.000%	23.000%	25.000%	
66	100.000%	100.000%	23.000%	23.000%	
67	100.000%	100.000%	20.000%	19.000%	
68	100.000%	100.000%	20.000%	13.000%	
69	100.000%	100.000%	20.000%	13.000%	
70	100.000%	100.000%	100.000%	100.000%	

[1] Pension valuation assumptions effective in the July 1, 2017, actuarial valuations for Teachers and Administrators and as stated in the January 1, 2017, ERS actuarial valuation and provided by the actuary (with certain adjustments) for general employees.

[2] Normal retirement eligibility for general employees is satisfied upon attainment of age 55 with 30 years of service or age 60 with four years of service. Early retirement eligibility for general employees is satisfied upon attainment of age 55 with 15 years of service.

[3] 50% of certificated members are 100% of classified members are assumed to retire once a participant completes 35 years of service.

[4] Retirement rates after July 1, 2013, are decreased by 70% if the member is not eligible to retire with OPEB, and rates are increased by 180% when the member first becomes eligible to retire with OPEB. Rates after first eligibility for OPEB remain unchanged. Of the expected retirements, a portion are assumed not to elect healthcare, to elect healthcare and receive a Board paid subsidy and to elect healthcare and not receive a Board paid subsidy in accordance with the assumptions in this report.

Section I

Participant Data

Participant Data

Counts by Labor Unit

	Actives	Retirees and Surviving Spouses	Total
Board/Cabinet/ASC	598	829	1,427
Building Trades	82	174	256
1053 Clerical/Technical	224	327	551
150 Building Service	195	73	268
150 Food Service	488	303	791
1616 Education Employees	51	100	151
420 Engineers	153	183	336
Educational Assistants	856	395	1,251
Sub Teachers	0	89	89
Teachers	3,446	4,162	7,608
PAMPS	88	65	153
Accountants	12	18	30
	6,193	6,718	12,911

Participant Data (continued)

Retiree and Surviving Spouse Healthcare Coverage Type by Labor Unit

	1 Person	2 Person	Total
Board/Cabinet/ASC	482	347	829
Building Trades	78	96	174
1053 Clerical/Technical	211	116	327
150 Building Service	55	18	73
150 Food Service	211	92	303
1616 Education Employees	60	40	100
420 Engineers	99	84	183
Educational Assistants	253	142	395
Sub Teachers	40	49	89
Teachers	2,380	1,782	4,162
PAMPS	39	26	65
Accountants	9	9	18
	3,917	2,801	6,718

Participant Data (continued)

Milwaukee Public Schools
Retiree Healthcare and Life Insurance Programs
Actuarial Valuation as of July 1, 2017
Age Service Distribution for Total Active Population

Attained	Years of Service at Valuation Date									
Age	**0-1**	**1-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**Over 35**	**Total**
Under 20										**0**
20-24			1							**1**
25-29		7	70	1						**78**
30-34		5	245	74	5					**329**
35-39	3	8	232	266	160	11				**680**
40-44	1	8	136	185	431	120	9			**890**
45-49		5	124	129	321	412	141	2		**1,134**
50-54		13	95	130	223	321	407	109	3	**1,301**
55-59		9	76	76	185	276	281	199	41	**1,143**
60-64		4	49	53	117	112	81	49	22	**487**
65-69		1	17	24	32	15	14	10	8	**121**
Over 70			1	4	8	3	8	3	2	**29**
Total	**4**	**60**	**1,046**	**942**	**1,482**	**1,270**	**941**	**372**	**76**	**6,193**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	48.7 years
Service:	18.4 years
Total Pay:	$345,478,387
Average Pay:	$55,785