

GASB Statement No. 74
Report for Fiscal Year 2018

City of Attleboro

Lawrence B. Stone



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March 20, 2019

Ms. Deborah Gould
City Auditor
City of Attleboro
77 Park Street
Attleboro, MA 02703

Dear Ms. Gould:

For the purpose of satisfying the requirements of the Government Accounting Standards Board (GASB) Statement No. 74, Stone Consulting, Inc. has prepared a set of illustrative tables and other Required Supplementary Information (RSI) based on the January 1, 2017 actuarial valuation of the City of Attleboro Other Post-employment Benefits (OPEB) plan performed by Stone Consulting, Inc. The valuation and this report were prepared using generally accepted actuarial principles and practices and meet the parameters set by the Governmental Accounting Standards Board (GASB).

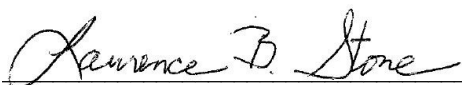
For GASB 74 the results are as of a valuation date of January 1, 2017 and a reporting date of June 30, 2018 (Fiscal 2018). To the best of our knowledge, this report is complete and accurate, and the assumptions used represent our best estimate of anticipated experience of the system unless required by statute or by the GASB standard.

We are pleased to present these exhibits. If the City of Attleboro has any questions on the content of this report, we would be glad to respond. Please note that this report is meant to be used in its entirety. Use of excerpts of this report may result in a misleading or inaccurate understanding of the results.

Stone Consulting, Inc. is completely independent of the City of Attleboro or the City of Attleboro OPEB Trust, including any of their officers and key personnel. Neither we or anyone else closely associated with us has any relationship with the City of Attleboro or the City of Attleboro OPEB Trust which would impair our independence, other than this or related assignments.

The undersigned are consultants for Stone Consulting, Inc. and members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,
STONE CONSULTING, INC.



Lawrence B. Stone
Member, American Academy of Actuaries



Kevin K. Gabriel, FSA
Member, American Academy of Actuaries

SECTION I – ACTUARIAL RESULTS

GASB Statement No. 74 – Net OPEB Liability

The components of the Net OPEB Liability for the City of Attleboro as of a reporting date of June 30, 2018 were as follows:

	FY 2018	FY 2017
Total OPEB Liability		
Service Cost	\$ 7,823,354	\$ 7,522,456
Interest	8,425,041	8,088,458
Changes in Benefit Terms	0	0
Differences between expected and actual experience	0	0
Changes of assumptions	4,726,612	0
Benefit payments	(6,243,885)	(6,768,939)
Net change in Total OPEB liability	\$ 14,731,123	\$ 8,841,975
Total OPEB Liability – beginning (3.59%)	229,979,393	221,137,417
Total OPEB Liability – ending (City of Attleboro) (a)	\$ 244,710,515	\$ 229,979,393
Plan Fiduciary Net Position		
Contributions – employer*	\$ 6,378,885	\$ 6,903,939
Net Investment Income	37,424	26,212
Benefit payments	(6,243,885)	(6,768,939)
Administrative expenses	0	0
Net change in Plan Fiduciary Net Position	\$ 172,424	\$ 161,212
Plan Fiduciary Net Position – beginning	231,354	70,142
Plan Fiduciary Net Position – ending (b)	\$ 403,779	\$ 231,354
Net OPEB Liability – ending (a) – (b)	\$ 244,306,737	\$ 229,748,038
Plan fiduciary net position as a percentage of total OPEB liability	0.2%	0.1%

*Employer contribution of \$6,243,885 of Pay-As-You-Go and a \$135,000 cash contribution.

Update procedures were used to roll the Total OPEB Liability from the valuation date (01/01/2017) to the beginning of the measurement period (07/01/2017) and to the measurement date (06/30/2018). [GASB Statement No. 75, Paragraph 28]

Note: Charts in this report may not total due to rounding.

Changes from Prior Report

The following is a discussion of the reasons for some of the changes from the prior report.

- 1) Assumption change: The assumption change of \$4,726,612 is due to
 - a. The change in the discount rate from 3.59% to 3.88%. The discount rate change is not related to any change in Attleboro’s funding policy but is based on the cash flow analysis performed by Stone Consulting, Inc. The cash flow analysis includes monies set aside for projected new entrants.
 - b. A change in the way Stone Consulting handled the so-called “Cadillac Tax” on rich health plans that is part of the Patient Protection and Affordable Care Act (PPACA). Prior to this year, we did not reflect this expected cost of this tax in our calculations. We have now reflected it.

- 2) Experience change: This year, there was no experience change for the City of Attleboro. The results are based on the same member data and programs as the Fiscal 2017 GASB 74 results.

Distribution of the Member Population

City of Attleboro OPEB Trust – Membership as of June 30, 2018

	2018
Retired, Disabled, Survivors and Beneficiaries receiving benefits	887
Inactive plan members entitled to but not yet receiving benefit payments*	13
Active plan members	1,148
Total	2,048

These numbers are based on the data supplied by the City of Attleboro as of June 30,2018. Note that these membership numbers count a retiree and a spouse as only one member, even if they have separate policies.

* The number of inactive plan members was not available from the MTRS as of June 30, 2018. The inactive count shown here represents inactives for the City of Attleboro only. MTRS inactive data is unavailable, but we believe it is immaterial.

Development of Exhibits

DISCOUNT RATE

Total OPEB Liability as of the measurement date (June 30, 2018) is calculated using a discount rate assumption of 3.88%. To calculate this rate, Stone Consulting has conducted a cash flow study of the Trust assets and liabilities. Using a rate consistent with the City of Attleboro's investment strategy (7.50%), we determine the length of time for which the assets would support OPEB benefit payments for current and projected new employees. For the City of Attleboro, the depletion point comes after approximately 3 years. The present value of OPEB benefits is then calculated using a rate consistent with its investment strategy (7.50%) before the depletion point and a rate based on 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.87% as of June 2018) after the depletion point. Finally, a single rate producing an equivalent present value of benefits is calculated. This is the rate we have used for the City of Attleboro. One of the objectives of the provisions introduced by GASB 74 is to examine how benefit payments and plan contributions and investment earnings interact on a cash flow basis. GASB 74 and 75 require that these amounts be calculated with Fair Value of Assets and using the Entry Age Normal cost method.

Projected contributions for each year are the sum of cash payments and the pay-as-you-go funding of the retirees. Consistent with the requirements of GASB Statement No. 74 and 75, we have first assigned the contribution to the cost of projected new entrants prior to allocating the remainder to cover existing actives and inactive employees.

In the future, if there are enough assets to cover the cost of new entrants for the entire period of our projection, we will use the long-term rate of return for that period (currently 7.50%).

The long-term rate of return which was used to develop the discount rate of 3.88% includes the effect of inflation (not subtracted out as in the real rates of return). It is based on a combination of expected rates of return on the mix of current and expected investments over a long-term period. These expectations are based on current market conditions, historical experience and future expectations. It assumes a rebalancing of assets on an ongoing basis as well as a constant monitoring of asset allocation and manager performance.

GASB Statement No. 74 requires that a return rate for the measurement period be developed using the market value of assets at the beginning of the Fiscal Year, along with monthly cash flows. This has been done for the 2018 Fiscal year, and is shown below:

Fiscal Year	2018
Money-Weighted Rate of Return	10.55%

For detailed calculations of this amount, see the schedule on page 8.

Discount Sensitivity

The following presents City of Attleboro’s Net OPEB Liability calculated at the valuation discount rate of 3.88%, as well as at discount rates one percent higher (4.88%) and one percent lower (2.88%).

Measurement Date	1% Decrease (2.88%)	Current Discount Rate (3.88%)	1% Increase (4.88%)
06/30/2018	\$ 284,495,965	\$ 244,306,737	\$ 212,270,820

Trend Sensitivity

For postretirement medical plans in particular, the calculated actuarial values are highly sensitive to the assumed rate of health care cost trend. This is due to the compounding effect of the annual trend rates assumed for medical costs, as opposed to pension valuations where benefit levels typically remain fixed.

The following table illustrates the effect on our valuation results of a 1% increase or decrease in the assumed rates of health care cost trend in each year.

Measurement Date	1% Decrease	Base Trend *	1% Increase
06/30/2018	\$ 204,693,917	\$ 244,306,737	\$ 295,842,779

* Base trend rates are found in Actuarial Assumptions and Methods, page 19.

Long-Term Expected Real Rate of Return

The long-term expected real rate of return reflects the expected rate of return on plan assets adjusted for the expected rate of inflation. Note that the discount rate includes the effect of inflation. The long-term real rate of return removes the effect of inflation on the return amounts. It is a long-term assumption and is meant to reflect a best estimate of future experience, based on the expected asset allocation. The allocation percentages are based on information provided by the City of Attleboro and the Plan’s asset consultant, the Plymouth County OPEB Trust (PCOT). The real rates of return below are based on long-term estimates provided by PCOT.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Domestic Equity	38.00%	7.07%
International Development Markets Equity	16.00%	8.36%
International Emerging Markets Equity	8.00%	8.62%
Core Fixed Income	22.00%	2.18%
High Yield Fixed Income	8.00%	3.76%
Real Estate	6.00%	6.10%
Commodities	2.00%	1.93%
TOTAL	100.00%	5.90%

Schedule of Changes in City of Attleboro's Net OPEB Liability and Related Ratios – GASB 74

(Amounts in Thousands)

Fiscal Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
TOTAL OPEB LIABILITY										
Service cost	7,823	7,522								
Interest	8,425	8,088								
Change of benefit terms	0	0								
Differences between expected and actual experience	0	0								
Change of assumptions	4,727	0								
Benefit payments, including refunds of employee contributions	(6,244)	(6,769)								
Net change in total OPEB liability	14,731	8,842								
Total OPEB liability - beginning	229,979	221,137								
Total OPEB liability - ending	244,711	229,979								
PLAN FIDUCIARY NET POSITION										
Contributions - employer	6,379	6,904								
Contributions - employee	0	0								
Net Investment Income	37	26								
Benefit payments, including refunds of employee contributions	(6,244)	(6,769)								
Administrative expense	0	0								
Other	0	0								
Net change in plan fiduciary net position	172	161								
Plan fiduciary net position - beginning	231	70								
Plan fiduciary net position - end	404	231								
City of Attleboro Net OPEB Liability –end	244,307	229,748								
Plan fiduciary net position as a percentage of the total OPEB liability	0.2%	0.1%								
Covered Payroll	69,959	N/A								
Net OPEB Liability as a percentage of covered payroll	349.2%	N/A								
Money-Weighted Rate of Return	10.55%	14.45%								

Schedule of Plan Contributions - GASB 74

Measurement Date of June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution	N/A	\$18,135								
Contributions in relation to the Actuarially Determined Contribution	<u>N/A</u>	<u>(6,904)</u>								
Contribution deficiency / (excess)	N/A	\$11,231								

There is no requirement that an actuarially determined contribution (ADC) be calculated. There is no statutory ADC, and the City of Attleboro is currently not funding the OPEB liability on an actuarial basis. Therefore, Stone Consulting, Inc. has not calculated an ADC for Fiscal 2018.

GASB Statement No. 74, Paragraph 34 b. (3) - Money-Weighted Rate of Return

NET INVESTMENT AMOUNTS					
	Beginning of Month	Middle of Month	End of Month	Periods Invested**	Investment with Interest
Starting Value* (7/1/2017)	\$231,354.49			12	\$ 255,772.86
<u>Cash Flows:</u>					
July			\$135,000.00	11	148,005.87
August				10	0.00
September				9	0.00
October				8	0.00
November				7	0.00
December				6	0.00
January				5	0.00
February				4	0.00
March				3	0.00
April				2	0.00
May				1	0.00
June				0	<u>0.00</u>
Ending Value* (6/30/2018)	\$403,778.73			Sum:	\$ 403,778.73

* Value shown does not include any payables or receivables, except those related to investments.
 ** Middle of period cash flows are given an additional half period of interest, and beginning of period cash flows are given an additional full period.

Return Rate:	10.55%
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SECTION II - ACTUARIAL VALUATION DETAILS

Population Data

A. DISTRIBUTION BY AGE: RETIREES, BENEFICIARIES, AND SURVIVORS (Includes retirees with life only)

Age	Total
0-19	0
20-24	0
25-29	1
30-34	2
35-39	1
40-44	5
45-49	13
50-54	16
55-59	45
60-64	116
65-69	273
70-74	279
75-79	164
80-84	127
85-89	75
90-94	39
95-99	16
100+	1
TOTAL	1,173

Includes retirees with medical or life coverage, in addition to terminated vesteds, beneficiaries, and survivors with medical coverage.

B. ACTIVE PARTICIPANTS

OF PARTICIPANTS*

Current Plan	Mandatory Medicare Eligible	Pre-Mandatory Medicare Eligible	Total
No Medical/ Unknown	235	2	237
Indemnity	0	0	0
Managed Care	828	34	862
TOTAL	1,063	36	1,099

* "Pre-Mandatory Medicare eligible" means hired March 31, 1986 or before. "Mandatory Medicare eligible" means hired after March 31, 1986. Employees hired March 31, 1986 or before do not contribute to Medicare.

C. PLAN DEFINITION TABLE⁽¹⁾

Name of Plan	Type of Plan	Ind Rate	Retirees Enrolled	Fam Rate	Retirees Enrolled	EE Cont %
HMO Blue	Commercial Managed Care	\$694.81	87	\$1,849.64	67	30.00%
HMO Deduct	Commercial Managed Care	\$598.46	1	\$1,592.63	1	30.00%
Senior Managed Blue	Medicare Managed Care	\$307.04	10	\$307.04	NA	45.00%
Medex I	Medicare Indemnity	\$296.04	769	\$296.04	NA	45.00%
Life Insurance	Life Insurance	\$1.32	489	NA	NA	25.00%

(1) Rates at 01/01/2017. Only plans with retiree enrollment shown.

D. DISTRIBUTION BY AGE AND SERVICE: ACTIVE PARTICIPANTS

Age Group	0-4	5-9	10-15	15-19	20-24	25-29	30-34	35-39	40+	Total
0-19	0	0	0	0	0	0	0	0	0	0
20-24	9	0	0	0	0	0	0	0	0	9
25-29	69	6	1	0	0	0	0	0	0	76
30-34	67	33	17	2	0	0	0	0	0	119
35-39	25	32	41	16	0	0	0	0	0	114
40-44	40	15	38	41	7	0	0	0	0	141
45-49	27	24	27	37	34	8	0	0	0	157
50-54	26	23	30	26	22	17	8	0	0	152
55-59	17	20	35	47	17	12	18	2	1	169
60-64	6	11	11	29	20	17	5	7	0	106
65-69	5	4	13	10	5	6	2	0	3	48
70-74	1	0	0	1	2	1	0	0	0	5
75-79	0	0	0	1	0	0	0	0	0	1
80-84	0	0	0	1	0	0	0	0	1	2
85-89	0	0	0	0	0	0	0	0	0	0
90-94	0	0	0	0	0	0	0	0	0	0
95-99	0	0	0	0	0	0	0	0	0	0
100+	0	0	0	0	0	0	0	0	0	0
TOTAL	292	168	213	211	107	61	33	9	5	1,099

SECTION III – APPENDICES

Actuarial methods and assumptions were selected by the City of Attleboro, other than those required by statute or by GASB statements, with guidance from Stone Consulting, Inc.

Actuarial Methods

Actuarial Cost Method

Costs are attributed between past and future service using the Entry Age Normal cost method. For attribution purposes, benefits are assumed to accrue over all employee service until decrement.

Asset Valuation Method

Market value of assets with payables and receivables.

Actuarial Assumptions

Valuation Date

January 1, 2017

Interest Rate / Discount Rate

3.88% per year net of investment expenses as of 06/30/2018. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.87%) was used. Prior year was 3.59%.

Mortality

- **Actives:** The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Employees projected using generational mortality and scale MP-2016.
- **Retirees:** The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016.
- **Disabled:** The RP-2014 Mortality Tables adjusted to 2006, sex-distinct, for Healthy Annuitants projected using generational mortality and scale MP-2016. Set forward 2 years.

No additional mortality projection is assumed other than as described above.
This is a change from the prior valuation.

Actuarial Assumptions (Continued)

Salary Scale

- Groups 1 and 2: 4.25% step increases for years 1-8, 3.25% ultimate
- Group 4: 5.00% step increases for years 1-5, 3.25% ultimate
- Teachers:

Service	Teachers
0	7.50%
1	7.10%
2	7.00%
3	6.90%
4	6.80%
5	6.70%
6	6.60%
7	6.50%
8	6.30%
9	6.10%
10	5.90%
11	5.70%
12	5.20%
13	4.70%
14	4.35%
15-16	4.20%
17-19	4.10%
20+	4.00%

Overall payroll increase rate, including new entrants: 3.00% per year and 2.75% CPI-U.

Actuarial Assumptions (Continued)

Eligibility for Vested Post-Retirement Medical Benefits upon Withdrawal

10 years of Service; assumed that individuals who withdraw prior to age 40 will elect a return of pension contributions and therefore be ineligible for retiree medical coverage.

Withdrawal Prior to Retirement, Non-Teachers

Based on years of service. Same for both pre- and post-April 1, 2012 (Tier 1 and Tier 2) hires.

Years of Service	Groups 1,2	Group 4
0	15.00%	1.50%
1	12.00%	1.50%
2	10.00%	1.50%
3	9.00%	1.50%
4	8.00%	1.50%
5	7.60%	1.50%
6	7.50%	1.50%
7	6.70%	1.50%
8	6.30%	1.50%
9	5.90%	1.50%
10	5.40%	1.50%
11	5.00%	0.00%
12	4.60%	0.00%
13	4.10%	0.00%
14	3.70%	0.00%
15	3.30%	0.00%
16	2.00%	0.00%
17	2.00%	0.00%
18	2.00%	0.00%
19	2.00%	0.00%
20	2.00%	0.00%
21	1.00%	0.00%
22	1.00%	0.00%
23	1.00%	0.00%
24	1.00%	0.00%
25	1.00%	0.00%
26	1.00%	0.00%
27	1.00%	0.00%
28	1.00%	0.00%
29	1.00%	0.00%
30+	0.00%	0.00%

Actuarial Assumptions (Continued)

Withdrawal Prior to Retirement, Teachers

Same for both pre and post-April 1, 2012 hires.

		Service		
Age		0	5	10
Male Teachers	25	12.00%	4.50%	1.00%
	35	11.00	5.00	1.50
	45	9.50	5.00	2.00
	55	7.50	4.50	2.50
Female Teachers	25	10.00%	9.00%	5.00%
	35	12.00	8.40	4.10
	45	8.90	4.70	2.40
	55	8.00	3.20	2.00

Disability Prior to Retirement

The rates shown at the following sample ages illustrate the assumption regarding the incidence of disability. Disability is assumed to be 55% ordinary and 45% accidental for Groups 1 and 2, 10% ordinary and 90% accidental for Group 4, and 55% ordinary and 45% accidental for Teachers.

Rate of Disability			
Age	Groups 1 and 2	Group 4	Teachers
20	0.01%	0.10%	0.004%
25	0.02%	0.20%	0.005%
30	0.03%	0.30%	0.006%
35	0.06%	0.30%	0.006%
40	0.10%	0.30%	0.010%
45	0.15%	1.00%	0.030%
50	0.19%	1.25%	0.050%
55	0.24%	1.20%	0.080%
60	0.28%	0.85%	0.100%

Medicare Eligibility

- **Employees:** 100% if hired March 31, 1986 or after; 85% if hired pre-March 31, 1986.
- **Spouses:** 100%

Actuarial Assumptions (Continued)

Rates of Retirement, Non-Teachers

Based on gender, group, and hire date.

Age	Hired Pre-April 2, 2012			Hired Post-April 1, 2012		
	Groups 1 and 2 Male	Groups 1 and 2 Female	Group 4	Groups 1 and 2 Male	Groups 1 and 2 Female	Group 4
50	1.00%	1.50%	2.00%	-	-	-
51	1.00%	1.50%	2.00%	-	-	-
52	1.00%	2.00%	2.00%	-	-	-
53	1.00%	2.50%	5.00%	-	-	-
54	2.00%	2.50%	7.50%	-	-	-
55	2.00%	5.50%	15.00%	-	-	25.00%
56	2.50%	6.50%	10.00%	-	-	15.00%
57	2.50%	6.50%	10.00%	-	-	20.00%
58	5.00%	6.50%	10.00%	-	-	10.00%
59	6.50%	6.50%	15.00%	-	-	15.00%
60	12.00%	5.00%	20.00%	30.00%	30.00%	20.00%
61	20.00%	13.00%	20.00%	20.00%	10.00%	20.00%
62	30.00%	15.00%	25.00%	15.00%	12.00%	25.00%
63	25.00%	12.50%	25.00%	25.00%	10.00%	25.00%
64	22.00%	18.00%	30.00%	20.00%	15.00%	30.00%
65	40.00%	15.00%	100.00%	25.00%	13.00%	100.00%
66	25.00%	20.00%	NA	20.00%	18.00%	NA
67	25.00%	20.00%	NA	50.00%	40.00%	NA
68	30.00%	25.00%	NA	30.00%	25.00%	NA
69	30.00%	20.00%	NA	30.00%	25.00%	NA
70	100.00%	100.00%	NA	100.00%	100.00%	NA

Actuarial Assumptions (Continued)

Rates of Retirement, Teachers

Based on gender, years of service, and hire date.

Age	Hired Pre-April 2, 2102						Hired Post-April 1, 2012					
	<20 years service		20-29 years service		>29 years service		<20 years service		20-29 years service		>29 years service	
	M	F	M	F	M	F	M	F	M	F	M	F
50	N/A	N/A	1%	1.5%	2%	2%	N/A	N/A	N/A	N/A	N/A	N/A
51	N/A	N/A	1	1.5	2	2	N/A	N/A	N/A	N/A	N/A	N/A
52	N/A	N/A	1	1.5	2	2	N/A	N/A	N/A	N/A	N/A	N/A
53	N/A	N/A	1	1.5	2	2	N/A	N/A	N/A	N/A	N/A	N/A
54	N/A	N/A	1	1.5	2	2	N/A	N/A	N/A	N/A	N/A	N/A
55	3%	2%	3	3	6	6	3%	0%	0%	0%	0%	0%
56	8	2	5	3	20	15	8	0	0	0	0	0
57	15	8	8	7	35	30	15	0	0	0	0	0
58	15	10	10	7	50	35	15	0	0	0	0	0
59	20	15	20	11	50	35	20	0	0	0	0	0
60	15	20	20	16	50	35	25	25	35	23	45	45
61	30	20	25	20	50	35	35	30	35	30	45	45
62	20	25	30	30	40	40	30	25	30	25	45	45
63	30	24	30	30	40	30	35	25	30	25	45	45
64	40	20	30	30	40	35	40	30	35	30	45	45
65	40	30	40	30	50	35	40	30	35	30	45	45
66	40	30	30	30	50	35	40	30	40	30	45	45
67	40	30	30	30	50	30	50	35	45	35	55	45
68	40	30	30	30	50	30	50	35	45	35	55	45
69	40	30	30	30	50	30	55	35	45	35	55	45
70	100	100	100	100	100	100	100	100	100	100	100	100

Actuarial Assumptions (Continued)

Plan Enrollment Rates

These are the rates which retirees select medical plans, given that they enroll in a medical plan. The selection patterns follow the table below.

Participant Behavior at Key Ages

Status	Age	Pre-65 Retirement	65+ Retirement
Active	Under 65	Commercial Managed Care: 100% Commercial Indemnity: 0%	Medicare Managed Care: 2% Medicare Indemnity: 97% Commercial Managed Care: <1%
Active	65+	NA	Medicare Managed Care: 2% Medicare Indemnity: 97% Commercial Managed Care: <1%
Retired	Under 65	Current Plan	Medicare Managed Care: 2% Medicare Indemnity: 97% Commercial Managed Care: <1% Or Actual Plan if already in Medicare
Retired	65+	NA	Current Plan

Sample Claim Costs

Age	Commercial Managed Care Individual	Commercial Managed Care Blended ⁽¹⁾	Commercial Indemnity Individual	Commercial Indemnity Blended ⁽¹⁾	Medicare Managed Care	Medicare Indemnity
55	\$9,662.16	\$18,321.58	NA	\$0.00	\$1,716.55	\$1,910.23
60	\$11,531.16	\$21,865.61	NA	\$0.00	\$2,048.59	\$2,279.74
65	\$14,164.83	\$22,243.35	NA	\$0.00	\$2,516.48	\$2,800.42
70	\$16,420.92	\$25,786.14	NA	\$0.00	\$2,917.29	\$3,246.45
75	\$18,578.77	\$29,174.64	NA	\$0.00	\$3,300.65	\$3,673.06
80	\$20,512.46	\$32,211.17	NA	\$0.00	\$3,644.18	\$4,055.36
85	\$21,558.80	\$21,558.80	NA	NA	\$3,830.07	\$4,262.22

⁽¹⁾ Blended rates below 65 are 55% Family and 45% Individual. Blended rates 65 and higher are 35% Family and 65% Individual. Individual rates are used for all participants 81 and higher.

Actuarial Assumptions (Continued)

Trend Rates by Plan

Year	Commercial Managed Care	Commercial Indemnity	Medicare Managed Care	Medicare Indemnity
2017	8.93%	NA	0.48%	0.00%
2018	8.00%	NA	7.00%	9.00%
2019	7.50%	NA	6.50%	7.50%
2020	7.00%	NA	6.00%	7.00%
2021	6.50%	NA	5.50%	6.50%
2022	6.00%	NA	5.00%	6.00%
2023	5.50%	NA	5.00%	6.00%
2024	5.00%	NA	5.00%	6.00%
2025	5.00%	NA	5.00%	6.00%
2026	5.00%	NA	5.00%	6.00%
2027	5.00%	NA	5.00%	5.75%
2028	5.00%	NA	5.00%	5.75%
2029	5.00%	NA	5.00%	5.75%
2030	5.00%	NA	5.00%	5.50%
2031	5.00%	NA	5.00%	5.50%
2032	5.00%	NA	5.00%	5.50%
2033	5.00%	NA	5.00%	5.25%
2034	5.00%	NA	5.00%	5.25%
2035	5.00%	NA	5.00%	5.00%
2036	5.00%	NA	5.00%	5.00%
2037	5.00%	NA	5.00%	5.00%
2038	5.00%	NA	5.00%	5.00%
2039	5.00%	NA	5.00%	5.00%
2040	5.00%	NA	5.00%	5.00%
2041	5.00%	NA	5.00%	5.00%
2042	5.00%	NA	5.00%	5.00%
2043	5.00%	NA	5.00%	5.00%
2044	5.00%	NA	5.00%	5.00%

Expenses

Administrative expenses are included in the per capita medical cost assumption.

Actuarial Assumptions (Continued)

Participation Rates

Current retirees and spouses are assumed to continue the same coverage they have as of the valuation date. No future election of coverage is assumed for those retirees and spouses who currently have not elected coverage.

Medical All Retirees: 87.5% of the active City of Attleboro employees eligible for post-employment medical benefits are assumed to elect Medical Coverage immediately upon retirement. The percentage used for Survivors was 82.5%.

Life All Retirees: 70% of active City of Attleboro employees eligible for post-employment medical benefits are assumed to elect Life Insurance coverage immediately upon retirement.

For all Retirees: For the City of Attleboro plans 60% of spouses are assumed to participate.

Participants with no or unknown current coverage (e.g. active employees who do not currently participate in City of Attleboro's medical plans) are assumed to elect retiree coverage at the same rates as currently covered active employees. Medicare-eligible retirees currently under age 65 are assumed to elect a Medicare plan option at age 65.

PPACA

OPEB liabilities as of June 30, 2018 do not include an estimate of the impact from the Patient Protection and Affordable Care Act (PPACA) as it is written as of the valuation date, including the so-called "Cadillac Tax" on high-cost health plans. The Cadillac Tax on plans whose richness exceeds set levels will begin in 2022 and the valuation reflects such implementation beginning in 2022. Prior to this time, the law may be amended or changes may be made in the benefit plan such that the law will not be applicable.

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Principal Plan Provisions Recognized in Valuation

ELIGIBILITY FOR BENEFITS

Current retirees, beneficiaries and spouses of City of Attleboro are eligible for medical benefits, as are current employees or spouses who retire with a benefit from the City of Attleboro. Survivors of City of Attleboro employees and retirees are also eligible for medical benefits.

MEDICAL BENEFITS

Various medical plans offered by City of Attleboro to its own employees.

LIFE INSURANCE

City of Attleboro retirees are eligible for a \$1,000 life insurance benefit offered by City of Attleboro. Retirees pay 25% of the cost or \$0.15 per month.

RETIREE CONTRIBUTIONS

Based on data provided by City of Attleboro.

Glossary

- **Actuarial Accrued Liability:** The portion, as determined by a particular Actuarial Cost Method, of the present value of benefits which is not provided for by future Normal Costs.
- **Actuarial Assumptions:** Assumptions as to the occurrence of future events affecting Other Post-employment Benefits such as: mortality rates, disability rates, withdrawal rates, and retirement rates, the discount assumption, and the trend rates.
- **Actuarial Cost Method:** A procedure for determining the Actuarial Present Value of Total Projected benefits and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal and an Actuarial Accrued Liability.
- **Amortization Payment:** The portion of the OPEB contribution designed to pay interest and to amortize the Unfunded Actuarial Accrued Liability.
- **Actuarially Determined Contribution (ADC):** The employer's periodic contributions to a defined benefit OPEB plan, calculated in accordance with the Actuarial Standards of Practice.

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- **Commercial Plans:** Plans designed to cover the medical expenses of those not otherwise covered by Medicare.
- **GASB:** The Governmental Accounting Standards Board is the organization that establishes financial reporting standards for state and local governments.
- **Investment return Assumptions (Discount Rate):** The rate used to adjust a series of future benefit payments to reflect the time value of money.
- **Healthcare Cost Trend Rate:** The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, the intensity of the delivery of services, technological developments, and cost-shifting.
- **Medicare Plans:** Medical plans sold to those over 65 who are also covered by Medicare. These plans are supplemental to the Medicare plan, which is considered primary.
- **Normal Cost:** The portion of the Actuarial Present value of plan benefits that is allocated to a valuation year by the Actuarial Cost Method.
- **OPEB:** Other Post-Employment Benefits, other than pensions. This does not include plans such as severance plans or sick-time buyouts.
- **Pay-As-You-Go:** The amount of benefits (claims) paid out to plan participants during the year.
- **Per Capita Claims Cost:** The current average annual cost of providing postretirement health care benefits per individual.
- **Unfunded Actuarial Accrued Liability:** The portion of the Actuarial Accrued Liability that is not covered by plan assets. For a plan that is completely unfunded, this amount is equivalent to the Actuarial Accrued Liability.
- **Valuation Date:** The point from which all future plan experience is projected and as of which all present values are calculated.