

Warren County School District

Proposal for Actuarial Valuation of Retiree Medical Benefits For Compliance with GASB Statement No. 45 prepared by Mockenhaupt Benefits Group

Overview of Valuation Report:

We will prepare an actuarial valuation that will present the liabilities and costs of the employer-paid "other post employment benefits" (OPEB) under Statement No. 45 by the Governmental Accounting Standards Board. The valuation will provide the district with the estimated Actuarial Accrued Liability, actuarially required contribution (ARC) and OPEB expense of the retiree medical program and any other benefits provided to retirees. We can provide the valuation results under multiple assumptions or scenarios if desired (explained below).

Information and Data Needed and Method of Data Transfer:

To prepare this report, we will need the following plan information (unless already provided):

- Benefit Summary or Contract Provision explaining OPEB coverage provided, eligibility requirements, and benefit amounts
- Type of Medical Plan (HMO, PPO, Indemnity, etc.)
- Basic Pension Plan information, such as retirement age and service requirements
- Current Premium Rates charged for plan covering retirees
- Any other benefits provided to retirees by district, such as life insurance, vision or dental coverage, retirement incentive, sick day buyback

We will need the following demographic information for actives and retirees as of the beginning of the current plan year:

- Name
- Date of Birth
- Date of Hire
- Sex
- Employee Group (teacher, administrator, secretarial, custodial.)
- Employment Status – Active, Retired or deferred
- Current Coverage Selected (single, family, h/w)
- PSERS Service credit
- Date of Retirement (if applicable)
- Spouse Date of Birth*

*for retirees eligible for dependent coverage only

Assumptions and Options:

Interest Rate

We can prepare the valuation under two different interest rate assumptions. One will be based on the interest rate assumption used for a "pay as you go" plan, which is how the plan is currently administered, and the other as if you pre-funded the retirees' health care costs. Typically the costs are quite different. This information could be used to consider whether the plan should be pre-funded.

Other Assumptions

We may request feedback from the district in order to develop the other assumptions that we will use to calculate the liabilities. Such feedback may be related to retirement patterns and opt-out experience.

Proposed Fees:

	Service	Fee	Authorization (enter "✓" & initials)
1	Actuarial Valuation Report (<i>aggregate liability for all district employees and retirees of medical benefits; assumes electronic data transfer with little or no manual data entry; results displayed in total and by EE group</i>)	\$6,500	
2	Include separate results for hypothetical "funded" plan*	Add \$200	
3	Manual data entry (if necessary) of census, PSERS service, and individual retiree contribution amounts**	Add \$110/hour	

*optional; this was not requested by the district for the prior valuation

**4 hours was incurred for the prior valuation

Certification and Authorization

If any adjustments or changes to the above fees or services become necessary due to unforeseen circumstances, the party requesting the change, whether Mockenhaupt Benefits Group or Warren County School District, will notify the other party of the change and obtain consensus before proceeding further.

As the authorized representative of the Warren County School District, I hereby authorize the projects and services indicated by a check (✓) above to be provided by Mockenhaupt Benefits Group at the corresponding fee.

Warren County School District representative signature

Date

Print Name

Title

As the authorized representative of Mockenhaupt Benefits Group, I hereby offer to provide the projects and services indicated in this proposal at the fees indicated.



Mockenhaupt Benefits Group representative signature

June 11, 2012
Date

Colleen A. Deer
Print Name

Vice President
Title