



BARTEL
ASSOCIATES, LLC

City of San Fernando

Retiree Healthcare Plan June 30, 2015 Actuarial Valuation

Final Report

August 18, 2016

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**City of San Fernando
Retiree Healthcare Plan
June 30, 2015 Actuarial Valuation**

On June 21, 2004, the Governmental Accounting Standards Board approved Statement No. 45 (GASB 45), Accounting Standards for Other (than pensions) Post Employment Benefits (OPEB). This report is based on the financial reporting standards established under GASB 45. The City implemented GASB 45 for its 2008/09 fiscal year.

On June 2, 2015 the GASB approved Statement No. 75 (GASB 75) which will change employer accounting for OPEB benefits effective for the 2017/2018 fiscal year. Upon implementation of this standard, the ARC (Annual Required Contribution), AOC (Annual OPEB Cost) and NOO (Net OPEB Obligation) will no longer be applicable. GASB 75 amounts and disclosure will be based in part on current measures of plan assets. This valuation report does not include any results in accordance with GASB 75.

The City's funding policy is to continue funding benefits on a pay-as-you-go basis.

This valuation includes implied subsidy as required by Actuarial Standards of Practice No. 6 (ASOP 6)

Results from the April 1, 2013 valuation were prepared by Bickmore and are included for comparative purposes only.

| |
|--------------------------|
| VALUATION RESULTS |
|--------------------------|

Funded Status: The funded status of the plan is equal to the percentage of Actuarial Accrued Liability currently funded by Plan Assets. The following table summarizes the Plan's funded status for the current valuation:

| | (Dollar amounts in 000's) | |
|-------------------------------------|---|--|
| | <u>April 1, 2013</u> <u>(Bickmore)</u> | <u>June 30, 2015</u> <u>(Bartel Associates)</u> |
| ■ Discount Rate | 4.00% | 4.00% |
| ■ Actuarial Accrued Liability (AAL) | | |
| • Actives | \$ 15,161 | \$ 16,880 |
| • Retirees | <u>17,813</u> | <u>20,170</u> |
| • Total | 32,974 | 37,050 |
| ■ Plan Assets | <u> -</u> | <u> -</u> |
| ■ Unfunded/(Overfunded) AAL | 32,974 | 37,050 |
| ■ Funded Status | 0.0% | 0.0% |

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Normal Cost (NC): The Normal Cost represents the portion of the present value of benefits expected to be earned (on an actuarial, not actual, basis) in the coming year. Only active employees have Normal Cost, as the benefits of retirees are fully accrued at their retirement date. The following chart lists the 2015/16 Normal Cost and numbers of active employees for each employee group.

| 2015/16 Normal Cost by Group (Dollar amounts in 000's) | | | | | |
|--|-------------|--------------|--------------|--------------|--------------|
| | <u>SFMG</u> | <u>SFPCA</u> | <u>SFPEA</u> | <u>SFPOA</u> | <u>SFPMU</u> |
| ■ Normal Cost | \$ 157 | \$ 115 | \$ 543 | \$ 473 | \$ 58 |
| ■ Active Count | 16 | 15 | 60 | 24 | 3 |

Annual Required Contribution (ARC): GASB 45 does not require an agency to make up any shortfall (unfunded liability) immediately or take an immediate credit for any excess assets (surplus). Instead, the unfunded liability or surplus is amortized over time. An agency's Annual Required Contribution is simply the current employer Normal Cost plus an amortization of the unfunded liability or less an amortization of the excess assets. In other words, the contribution is the value of benefits earned during the year plus an amount to keep the plan on track for funding. For the City's June 30, 2015 valuation, we calculated the 2015/16 ARC as the Normal Cost plus a 23-year¹ closed period amortization (as a level percent of pay) of the June 30, 2015 Unfunded AAL. The Actuarially Required Contribution for 2016/17 was calculated as the Normal Cost plus a 22-year closed period amortization (as a level percent of pay) of the projected June 30, 2016 Unfunded AAL.

| | (Dollar amounts in 000's) | | | |
|---|--------------------------------|----------------|--------------------------------|----------------|
| | <u>April 1, 2013 Valuation</u> | | <u>June 30, 2015 Valuation</u> | |
| | (Bickmore) | | (Bartel Associates) | |
| ■ Fiscal Year | <u>2013/14</u> | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> |
| ■ Normal Cost | \$ 1,085 | \$ 1,120 | \$ 1,347 | \$ 1,391 |
| ■ UAAL Amortization | <u>1,512</u> | <u>1,641</u> | <u>1,812</u> | <u>1,976</u> |
| ■ Annual Required Contribution (ARC) | 2,597 | 2,762 | 3,159 | 3,367 |
| ■ Estimated Payroll | 7,492 | 7,736 | 8,675 | 8,957 |
| ■ ARC as a percent of estimated payroll | 34.7% | 35.7% | 36.4% | 37.6% |

¹ GASB 45 allows up to a 30-year amortization.

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Net OPEB Obligation (NOO): An agency's Net OPEB Obligation is the historical difference (from implementation) between actual contributions made (or benefits paid to or on behalf of retirees) and the Annual Required Contributions. If an agency has always funded the Annual Required Contribution, then the Net OPEB Obligation will always equal zero.

Annual OPEB Cost (AOC): GASB 45 requires the Annual OPEB Cost equal the Annual Required Contribution except when an agency has a Net OPEB Obligation at the beginning of the year. When that happens, the Annual OPEB Cost will equal the ARC, adjusted for expected interest on the Net OPEB Obligation and reduced by an amortization of the Net OPEB Obligation. The purpose of this adjustment is simply to remove amortizations included in the ARC for amounts already expensed but not funded. The amortization period is the same as used in the calculation of the ARC. The following table shows a calculation of the estimated Annual OPEB Cost:

| | (Dollar amounts in 000's) | | | |
|---------------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | <u>April 1, 2013 Valuation</u> | | <u>June 30, 2015 Valuation</u> | |
| | CAFR | CAFR | | |
| ■ Fiscal Year | <u>2013/14</u> | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> |
| ■ Annual Required Contribution | \$ 2,597 | \$ 2,762 | \$ 3,159 | 3,367 |
| ■ Interest on Net OPEB Obligation | 298 | 364 | 415 | 493 |
| ■ Amortization of Net OPEB Obligation | <u>(337)</u> | <u>(429)</u> | <u>(534)</u> | <u>(656)</u> |
| ■ Annual OPEB Cost | 2,557 | 2,697 | 3,040 | 3,204 |

The following illustrates the City's estimated Net OPEB Obligation (NOO):

| | (Dollar amounts in 000's) | | | |
|---|--------------------------------|----------------|--------------------------------|----------------|
| | <u>April 1, 2013 Valuation</u> | | <u>June 30, 2015 Valuation</u> | |
| | CAFR | CAFR | | |
| ■ Fiscal Year | <u>2013/14</u> | <u>2014/15</u> | <u>2015/16</u> | <u>2016/17</u> |
| ■ Beginning of Year NOO | \$ 7,446 | \$ 9,104 | \$ 10,916 | \$ 12,883 |
| ■ Annual OPEB Cost | 2,557 | 2,697 | 3,040 | 3,204 |
| ■ Contributions | | | | |
| • Cash Benefit Payments ² | 899 | 885 | 930 | 990 |
| • Implied Subsidy Benefit Payments ³ | - | - | 143 | 130 |
| • Trust Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| • Total | 899 | 885 | 1,073 | 1,120 |
| ■ End of Year NOO | 9,104 | 10,916 | 12,883 | 14,967 |

The City's actual Net OPEB Obligation may differ from the above because actual contributions may be different from those estimated.

² Expected benefit payments listed. Actual cash benefit payments should be used for financial reporting.

³ Implied subsidy (IS) benefit payments listed here should be used for financial reporting.

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Schedule of Funding Progress for Required Supplementary Information:

(Dollar amounts in 000's)

| Valuation Date | Actuarial Value of Assets | Entry Age Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | UAAL as Percentage of Covered Payroll |
|-----------------------|----------------------------------|--|---|---------------------|------------------------|--|
| 4/1/2013 | \$ - | \$ 32,974 | \$ 32,974 | 0.0% | \$ 7,256 | 454.4% |
| 6/30/2015 | - | 37,050 | 37,050 | 0.0% | 8,402 | 441.0% |

Projected Benefit Payments: Following is a 10-year projection of benefit payments:

(Dollar amounts in 000's)

| Year | Cash Benefit Payments | Implied Subsidy Benefit Payments | Total Benefit Payments |
|-------------|------------------------------|---|-------------------------------|
| 2015/16 | \$ 930 | \$ 143 | \$ 1,073 |
| 2016/17 | 990 | 130 | 1,120 |
| 2017/18 | 1,044 | 115 | 1,159 |
| 2018/19 | 1,136 | 132 | 1,268 |
| 2019/20 | 1,245 | 176 | 1,421 |
| 2020/21 | 1,336 | 211 | 1,547 |
| 2021/22 | 1,425 | 244 | 1,669 |
| 2022/23 | 1,497 | 257 | 1,754 |
| 2023/24 | 1,582 | 299 | 1,881 |
| 2024/25 | 1,675 | 338 | 2,013 |

BASIC DEFINITIONS

Present Value of Benefits (PVB): When an actuary prepares an actuarial valuation, (s)he first gathers participant data (including active employees, former employees not in payment status, participants and beneficiaries in payment status) at the valuation date (for example June 30, 2015). Using this data and actuarial assumptions, the actuary projects future benefit payments. (The assumptions predict, among other things, when people will retire, terminate, die or become disabled, as well as what salary increases, general (and healthcare) inflation and investment return might be.) Those future benefit payments are discounted, using expected future investment return, back to the valuation date. This discounted present value is the plan's present value of benefits. It represents the amount the plan needs as of the valuation date to pay all future benefits – if all assumptions are met and no future contributions (employee or employer) are made. The City's June 30, 2015 retiree healthcare Present Value of Benefits is \$51.9 million using a 4.00% discount rate, with \$20.2 million of this for former employees who have already retired.

Actuarial Accrued Liability (AAL): This represents the portion of the present value of benefits that participants have earned (on an actuarial, not actual, basis) through the valuation date. The City's June 30, 2015 retiree healthcare Actuarial Accrued Liability is \$37.1 million using a 4.00% discount rate, with \$20.2 million of this for former employees who have already retired.

Plan Assets: This includes funds that have been segregated and restricted in a trust so they can only be used to pay plan benefits. As of June 30, 2015, the City's plan assets are \$0.

Unfunded Actuarial Accrued Liability (UAAL): This is the difference between the Actuarial Accrued Liability and Plan Assets. This represents the amount of the Actuarial Accrued Liability that must still be funded. If the Plan Assets exceed the Actuarial Accrued Liability, the plan has Surplus Assets. As of June 30, 2015, the City's Unfunded Actuarial Accrued Liability is \$37.1 million.

Normal Cost (NC): The Normal Cost represents the portion of the present value of benefits expected to be earned (on an actuarial, not actual, basis) in the coming year. The City's 2015/16 retiree healthcare Normal Cost is \$1.3 million (15.5% of payroll) using a 4.00% discount rate.

Actuarial Cost Method: This determines the method in which benefits are actuarially earned (allocated) to each year of service. It has no effect on the Present Value of Benefits, but has significant effect on the Actuarial Accrued Liability and Normal Cost. The City's June 30, 2015 retiree healthcare valuation was prepared using the Entry Age Normal cost method. Under the Entry Age Normal cost method, the Plan's Normal Cost is developed as a level percent of payroll throughout the participant's working lifetime.

Implied Subsidy: An implied subsidy exists when the premium for a group of early retirees is determined by aggregating their experience with active employees. GASB 45 requires that the implied subsidy for retirees be included in the AAL and the ARC for plans that are not community rated. After March 15, 2015, Actuarial Standards of Practice require the implied subsidy be included for community rated plans such as PEMHCA. We valued the implied subsidy for the City's retiree healthcare plan.

SUMMARY OF RETIREE HEALTHCARE BENEFITS

| Benefit Summary | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|---|-------------------------------------|----------------------|---------------|--------|--|-----------------|-----------|--|-------------------------------------|-----------|----------------|----------------|--------|--------|--------|-------|--------|--------|--------|--------|--|------|------|------|------|-------------|-----------|-----------|-----------|----------|-----------|--------|--------|--------|--------|-------|--------|--------|--------|--------|
| <p>■ Eligibility</p> | <p>■ Service or disability retirement directly from the City under CalPERS (age 50 with 5 years of service for most employees⁴)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>■ Retiree Medical Benefit</p> | <p>■ Benefit Tier:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">SFMG / SFPCA / SFPEA</th> <th style="text-align: center;">SFPOA / SFPMU</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Tier 1</td> <td>Hired ≤ 6/30/15 & Retired ≤ 6/30/15</td> <td>Hired ≤ 6/30/08</td> </tr> <tr> <td style="text-align: center;">Tier 2</td> <td>Hired ≤ 6/30/15 & Retired ≥ 6/30/15</td> <td>Hired ≥ 7/1/08 & Hired ≤ 6/30/15</td> </tr> <tr> <td style="text-align: center;">Tier 3</td> <td>Hired ≥ 7/1/15</td> <td>Hired ≥ 7/1/15</td> </tr> </tbody> </table> <p>■ Benefit:</p> <ul style="list-style-type: none"> • Tier 1 & 2: <ul style="list-style-type: none"> ➢ Retired ≤ 12/31/12: 100% paid for employee and eligible dependents ➢ Retired ≥ 1/1/13: 100% paid for employee and eligible dependents, excluding PERSCare⁵ ➢ Tier 2 participants subject to 10-year CalPERS service vesting requirement⁶ • Tier 3: <ul style="list-style-type: none"> ➢ PEMHCA minimum (\$122/month in 2015, \$125/month in 2016, \$128/month in 2017) | | SFMG / SFPCA / SFPEA | SFPOA / SFPMU | Tier 1 | Hired ≤ 6/30/15 & Retired ≤ 6/30/15 | Hired ≤ 6/30/08 | Tier 2 | Hired ≤ 6/30/15 & Retired ≥ 6/30/15 | Hired ≥ 7/1/08 & Hired ≤ 6/30/15 | Tier 3 | Hired ≥ 7/1/15 | Hired ≥ 7/1/15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | SFMG / SFPCA / SFPEA | SFPOA / SFPMU | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 1 | Hired ≤ 6/30/15 & Retired ≤ 6/30/15 | Hired ≤ 6/30/08 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 2 | Hired ≤ 6/30/15 & Retired ≥ 6/30/15 | Hired ≥ 7/1/08 & Hired ≤ 6/30/15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tier 3 | Hired ≥ 7/1/15 | Hired ≥ 7/1/15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>■ Surviving Spouse Benefit</p> | <p>■ Available to surviving spouses of retirees currently receiving benefits.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>■ Dental, Vision & Life</p> | <p>■ None</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>■ Sample Medical Premiums</p> | <p>■ Pre-65 Monthly Single Premium:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</th> </tr> </thead> <tbody> <tr> <td>PERSCare LA</td> <td style="text-align: right;">\$ 624.59</td> <td style="text-align: right;">\$ 647.11</td> <td style="text-align: right;">\$ 666.91</td> <td style="text-align: right;">\$ 715.88</td> </tr> <tr> <td>Kaiser LA</td> <td style="text-align: right;">541.79</td> <td style="text-align: right;">521.18</td> <td style="text-align: right;">543.83</td> <td style="text-align: right;">573.89</td> </tr> <tr> <td>PORAC</td> <td style="text-align: right;">634.00</td> <td style="text-align: right;">675.00</td> <td style="text-align: right;">699.00</td> <td style="text-align: right;">699.00</td> </tr> </tbody> </table> <p>■ Post-65 Single Premium:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</th> </tr> </thead> <tbody> <tr> <td>PERSCare LA</td> <td style="text-align: right;">\$ 327.36</td> <td style="text-align: right;">\$ 368.76</td> <td style="text-align: right;">\$ 408.04</td> <td style="text-align: right;">\$389.76</td> </tr> <tr> <td>Kaiser LA</td> <td style="text-align: right;">294.97</td> <td style="text-align: right;">295.51</td> <td style="text-align: right;">297.23</td> <td style="text-align: right;">300.48</td> </tr> <tr> <td>PORAC</td> <td style="text-align: right;">397.00</td> <td style="text-align: right;">402.00</td> <td style="text-align: right;">442.00</td> <td style="text-align: right;">464.00</td> </tr> </tbody> </table> | | 2014 | 2015 | 2016 | 2017 | PERSCare LA | \$ 624.59 | \$ 647.11 | \$ 666.91 | \$ 715.88 | Kaiser LA | 541.79 | 521.18 | 543.83 | 573.89 | PORAC | 634.00 | 675.00 | 699.00 | 699.00 | | 2014 | 2015 | 2016 | 2017 | PERSCare LA | \$ 327.36 | \$ 368.76 | \$ 408.04 | \$389.76 | Kaiser LA | 294.97 | 295.51 | 297.23 | 300.48 | PORAC | 397.00 | 402.00 | 442.00 | 464.00 |
| | 2014 | 2015 | 2016 | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERSCare LA | \$ 624.59 | \$ 647.11 | \$ 666.91 | \$ 715.88 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kaiser LA | 541.79 | 521.18 | 543.83 | 573.89 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PORAC | 634.00 | 675.00 | 699.00 | 699.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2014 | 2015 | 2016 | 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERSCare LA | \$ 327.36 | \$ 368.76 | \$ 408.04 | \$389.76 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kaiser LA | 294.97 | 295.51 | 297.23 | 300.48 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PORAC | 397.00 | 402.00 | 442.00 | 464.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

⁴ Expected benefit payments listed. Actual cash benefit payments should be used for financial reporting.

⁵ City contributions capped at next highest premium for PERSCare participants.

⁶ Tier 2 participants with less than 10 years of CalPERS service receive PEMHCA minimum.

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (“EAN”) cost method. Under the EAN cost method, the Normal Cost for each participant is determined as a level percent of payroll throughout the participant’s working career.

The June 30, 2015 Unfunded Actuarial Accrued Liability was amortized as a level percent of pay over a fixed, closed 23-year period. Individual UAAL bases are not maintained.

The Plan is assumed to be ongoing for cost purposes. This does not imply that an obligation to continue the Plan exists.

Actuarial Assumptions

Under GASB 45, an actuary must follow current actuarial standards of practice, which generally call for explicit assumptions - meaning each individual assumption represents the actuary's best estimate.

| Actuarial Assumptions | June 30, 2015 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|------------------|-----------|-------|-------|------|--|--|------|-------|-------|-------|-------|------|---|------|------|------|------|------|------|----|------|------|------|------|------|------|----|------|------|------|------|------|------|----|------|------|------|------|------|------|----|------|------|------|------|------|------|----|------|------|------|------|------|------|
| • Discount Rate | • 4.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • General Inflation Rate | • 3.00% per year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Aggregate Payroll Increases | • 3.25% per year | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| • Pay Merit and Longevity Increases (CalPERS 1997-2011 Experience Study) | <ul style="list-style-type: none"> • Sample Annual Increases – Miscellaneous (Rates for Safety differ) <table border="1" style="margin-left: 20px;"> <thead> <tr> <th rowspan="2" style="text-align: center;">Years of Service</th> <th colspan="6" style="text-align: center;">Entry Age</th> </tr> <tr> <th style="text-align: center;">< 25</th> <th style="text-align: center;">25-29</th> <th style="text-align: center;">30-34</th> <th style="text-align: center;">35-39</th> <th style="text-align: center;">40-44</th> <th style="text-align: center;">≥ 45</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">6.9%</td> <td style="text-align: center;">6.7%</td> <td style="text-align: center;">6.2%</td> <td style="text-align: center;">5.6%</td> <td style="text-align: center;">5.0%</td> <td style="text-align: center;">4.7%</td> </tr> <tr> <td style="text-align: center;">10</td> <td style="text-align: center;">1.6%</td> <td style="text-align: center;">1.5%</td> <td style="text-align: center;">1.2%</td> <td style="text-align: center;">1.0%</td> <td style="text-align: center;">0.8%</td> <td style="text-align: center;">0.7%</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: center;">1.2%</td> <td style="text-align: center;">1.1%</td> <td style="text-align: center;">0.9%</td> <td style="text-align: center;">0.7%</td> <td style="text-align: center;">0.6%</td> <td style="text-align: center;">0.4%</td> </tr> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">0.9%</td> <td style="text-align: center;">0.9%</td> <td style="text-align: center;">0.7%</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">0.4%</td> <td style="text-align: center;">0.3%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">0.7%</td> <td style="text-align: center;">0.7%</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">0.4%</td> <td style="text-align: center;">0.2%</td> <td style="text-align: center;">0.1%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">0.5%</td> <td style="text-align: center;">0.4%</td> <td style="text-align: center;">0.3%</td> <td style="text-align: center;">0.1%</td> <td style="text-align: center;">0.0%</td> </tr> </tbody> </table> | Years of Service | Entry Age | | | | | | < 25 | 25-29 | 30-34 | 35-39 | 40-44 | ≥ 45 | 1 | 6.9% | 6.7% | 6.2% | 5.6% | 5.0% | 4.7% | 10 | 1.6% | 1.5% | 1.2% | 1.0% | 0.8% | 0.7% | 15 | 1.2% | 1.1% | 0.9% | 0.7% | 0.6% | 0.4% | 20 | 0.9% | 0.9% | 0.7% | 0.5% | 0.4% | 0.3% | 25 | 0.7% | 0.7% | 0.5% | 0.4% | 0.2% | 0.1% | 30 | 0.5% | 0.5% | 0.4% | 0.3% | 0.1% | 0.0% |
| Years of Service | Entry Age | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | < 25 | 25-29 | 30-34 | 35-39 | 40-44 | ≥ 45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 6.9% | 6.7% | 6.2% | 5.6% | 5.0% | 4.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 1.6% | 1.5% | 1.2% | 1.0% | 0.8% | 0.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | 1.2% | 1.1% | 0.9% | 0.7% | 0.6% | 0.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | 0.9% | 0.9% | 0.7% | 0.5% | 0.4% | 0.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | 0.7% | 0.7% | 0.5% | 0.4% | 0.2% | 0.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | 0.5% | 0.5% | 0.4% | 0.3% | 0.1% | 0.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Actuarial Assumptions | June 30, 2015 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|----------------|---------------|-----------------|--------|--------|--|------------------|-------------------|----------------|---------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----|-------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|--------|--------|-----|-------|-------|--------|--------|-------|-------|
| <ul style="list-style-type: none"> Mortality (CalPERS 1997-2011 Experience Study) | <ul style="list-style-type: none"> Sample Annual Rates – Miscellaneous (Rates for Safety differ) <table border="1" data-bbox="711 338 1295 850"> <thead> <tr> <th>Age</th> <th>Pre-Ret Male</th> <th>Pre-Ret Female</th> <th>Post-Ret Male</th> <th>Post-Ret Female</th> </tr> </thead> <tbody> <tr><td>50</td><td>0.16%</td><td>0.11%</td><td>0.53%</td><td>0.49%</td></tr> <tr><td>55</td><td>0.24%</td><td>0.15%</td><td>0.64%</td><td>0.46%</td></tr> <tr><td>60</td><td>0.35%</td><td>0.22%</td><td>0.82%</td><td>0.53%</td></tr> <tr><td>65</td><td>0.51%</td><td>0.33%</td><td>1.06%</td><td>0.75%</td></tr> <tr><td>70</td><td>0.71%</td><td>0.47%</td><td>1.77%</td><td>1.26%</td></tr> <tr><td>75</td><td>0.96%</td><td>0.67%</td><td>2.98%</td><td>2.19%</td></tr> <tr><td>80</td><td></td><td></td><td>5.28%</td><td>3.69%</td></tr> <tr><td>85</td><td></td><td></td><td>9.43%</td><td>6.67%</td></tr> <tr><td>90</td><td></td><td></td><td>16.19%</td><td>12.34%</td></tr> <tr><td>95</td><td></td><td></td><td>25.31%</td><td>20.85%</td></tr> <tr><td>100</td><td></td><td></td><td>34.55%</td><td>31.88%</td></tr> </tbody> </table> Post-retirement mortality projected fully generational with Scale MP-2014 modified to converge to ultimate rates in 2022 | | | | | | | Age | Pre-Ret Male | Pre-Ret Female | Post-Ret Male | Post-Ret Female | 50 | 0.16% | 0.11% | 0.53% | 0.49% | 55 | 0.24% | 0.15% | 0.64% | 0.46% | 60 | 0.35% | 0.22% | 0.82% | 0.53% | 65 | 0.51% | 0.33% | 1.06% | 0.75% | 70 | 0.71% | 0.47% | 1.77% | 1.26% | 75 | 0.96% | 0.67% | 2.98% | 2.19% | 80 | | | 5.28% | 3.69% | 85 | | | 9.43% | 6.67% | 90 | | | 16.19% | 12.34% | 95 | | | 25.31% | 20.85% | 100 | | | 34.55% | 31.88% | | |
| Age | Pre-Ret Male | Pre-Ret Female | Post-Ret Male | Post-Ret Female | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50 | 0.16% | 0.11% | 0.53% | 0.49% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | 0.24% | 0.15% | 0.64% | 0.46% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 | 0.35% | 0.22% | 0.82% | 0.53% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | 0.51% | 0.33% | 1.06% | 0.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 | 0.71% | 0.47% | 1.77% | 1.26% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | 0.96% | 0.67% | 2.98% | 2.19% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80 | | | 5.28% | 3.69% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 85 | | | 9.43% | 6.67% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 90 | | | 16.19% | 12.34% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 95 | | | 25.31% | 20.85% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100 | | | 34.55% | 31.88% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Disability (CalPERS 1997-2011 Experience Study) | <ul style="list-style-type: none"> Sample Annual Rates - Miscellaneous(Rates for Safety differ) <table border="1" data-bbox="813 995 1192 1178"> <thead> <tr> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr><td>27</td><td>0.02%</td><td>0.01%</td></tr> <tr><td>37</td><td>0.07%</td><td>0.11%</td></tr> <tr><td>47</td><td>0.20%</td><td>0.23%</td></tr> <tr><td>57</td><td>0.22%</td><td>0.16%</td></tr> </tbody> </table> | | | | | | | Age | Male | Female | 27 | 0.02% | 0.01% | 37 | 0.07% | 0.11% | 47 | 0.20% | 0.23% | 57 | 0.22% | 0.16% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Male | Female | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 27 | 0.02% | 0.01% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 37 | 0.07% | 0.11% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 47 | 0.20% | 0.23% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 57 | 0.22% | 0.16% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Termination (CalPERS 1997-2011 Experience Study) | <ul style="list-style-type: none"> Sample Annual Rates - Miscellaneous(Rates for Safety differ) <table border="1" data-bbox="607 1262 1398 1593"> <thead> <tr> <th rowspan="2">Years of Service</th> <th colspan="6">CalPERS Entry Age</th> </tr> <tr> <th>< 25</th> <th>25-29</th> <th>30-34</th> <th>35-39</th> <th>40-44</th> <th>≥ 45</th> </tr> </thead> <tbody> <tr><td>1</td><td>15.19%</td><td>14.49%</td><td>13.81%</td><td>13.13%</td><td>12.43%</td><td>11.75%</td></tr> <tr><td>10</td><td>6.36%</td><td>5.56%</td><td>4.75%</td><td>3.94%</td><td>0.65%</td><td>0.48%</td></tr> <tr><td>15</td><td>4.72%</td><td>3.94%</td><td>3.15%</td><td>0.29%</td><td>0.19%</td><td>0.10%</td></tr> <tr><td>20</td><td>3.37%</td><td>2.57%</td><td>0.18%</td><td>0.10%</td><td>0.02%</td><td>0.01%</td></tr> <tr><td>25</td><td>1.96%</td><td>0.09%</td><td>0.02%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td></tr> <tr><td>30</td><td>0.03%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td></tr> <tr><td>35</td><td>0.01%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td></tr> </tbody> </table> | | | | | | | Years of Service | CalPERS Entry Age | | | | | | < 25 | 25-29 | 30-34 | 35-39 | 40-44 | ≥ 45 | 1 | 15.19% | 14.49% | 13.81% | 13.13% | 12.43% | 11.75% | 10 | 6.36% | 5.56% | 4.75% | 3.94% | 0.65% | 0.48% | 15 | 4.72% | 3.94% | 3.15% | 0.29% | 0.19% | 0.10% | 20 | 3.37% | 2.57% | 0.18% | 0.10% | 0.02% | 0.01% | 25 | 1.96% | 0.09% | 0.02% | 0.01% | 0.01% | 0.01% | 30 | 0.03% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 35 | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% |
| Years of Service | CalPERS Entry Age | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | < 25 | 25-29 | 30-34 | 35-39 | 40-44 | ≥ 45 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | 15.19% | 14.49% | 13.81% | 13.13% | 12.43% | 11.75% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 | 6.36% | 5.56% | 4.75% | 3.94% | 0.65% | 0.48% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15 | 4.72% | 3.94% | 3.15% | 0.29% | 0.19% | 0.10% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 20 | 3.37% | 2.57% | 0.18% | 0.10% | 0.02% | 0.01% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 25 | 1.96% | 0.09% | 0.02% | 0.01% | 0.01% | 0.01% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 30 | 0.03% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 35 | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

City of San Fernando Retiree Healthcare Plan
June 30, 2015 Actuarial Valuation
Page 9

| Actuarial Assumptions | June 30, 2015 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------|------------------|--|--|-----|----|----|----|----|------|------|------|----|------|------|-------|----|------|-------|-------|----|-------|-------|-------|----|-------|-------|-------|--|------------------|--|--|-----|----|----|----|----|------|------|------|----|------|------|-------|----|------|-------|-------|----|-------|-------|-------|----|-------|-------|-------|
| <ul style="list-style-type: none"> Service Retirement (CalPERS 1997-2011 Experience Study) | <ul style="list-style-type: none"> Sample Annual Rates – Miscellaneous 2% @ 55 benefit formula <table border="1" data-bbox="782 338 1222 651"> <thead> <tr> <th></th> <th colspan="3">Years of Service</th> </tr> <tr> <th>Age</th> <th>10</th> <th>20</th> <th>30</th> </tr> </thead> <tbody> <tr> <td>50</td> <td>1.8%</td> <td>2.5%</td> <td>3.1%</td> </tr> <tr> <td>55</td> <td>6.1%</td> <td>8.8%</td> <td>11.7%</td> </tr> <tr> <td>60</td> <td>8.6%</td> <td>12.3%</td> <td>16.4%</td> </tr> <tr> <td>65</td> <td>19.7%</td> <td>28.5%</td> <td>38.6%</td> </tr> <tr> <td>70</td> <td>16.5%</td> <td>24.0%</td> <td>32.3%</td> </tr> </tbody> </table> Sample Annual Rates – Miscellaneous 2% @ 62 benefit formula <table border="1" data-bbox="782 705 1222 1018"> <thead> <tr> <th></th> <th colspan="3">Years of Service</th> </tr> <tr> <th>Age</th> <th>10</th> <th>20</th> <th>30</th> </tr> </thead> <tbody> <tr> <td>52</td> <td>1.3%</td> <td>1.9%</td> <td>2.4%</td> </tr> <tr> <td>55</td> <td>5.6%</td> <td>8.0%</td> <td>10.4%</td> </tr> <tr> <td>60</td> <td>7.8%</td> <td>11.2%</td> <td>14.6%</td> </tr> <tr> <td>65</td> <td>16.4%</td> <td>23.4%</td> <td>30.4%</td> </tr> <tr> <td>70</td> <td>16.0%</td> <td>22.8%</td> <td>29.6%</td> </tr> </tbody> </table> Rates for other benefit formulas differ | | Years of Service | | | Age | 10 | 20 | 30 | 50 | 1.8% | 2.5% | 3.1% | 55 | 6.1% | 8.8% | 11.7% | 60 | 8.6% | 12.3% | 16.4% | 65 | 19.7% | 28.5% | 38.6% | 70 | 16.5% | 24.0% | 32.3% | | Years of Service | | | Age | 10 | 20 | 30 | 52 | 1.3% | 1.9% | 2.4% | 55 | 5.6% | 8.0% | 10.4% | 60 | 7.8% | 11.2% | 14.6% | 65 | 16.4% | 23.4% | 30.4% | 70 | 16.0% | 22.8% | 29.6% |
| | Years of Service | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | 10 | 20 | 30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50 | 1.8% | 2.5% | 3.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | 6.1% | 8.8% | 11.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 | 8.6% | 12.3% | 16.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | 19.7% | 28.5% | 38.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 | 16.5% | 24.0% | 32.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Years of Service | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | 10 | 20 | 30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 52 | 1.3% | 1.9% | 2.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | 5.6% | 8.0% | 10.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 | 7.8% | 11.2% | 14.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | 16.4% | 23.4% | 30.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 | 16.0% | 22.8% | 29.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Participation at Retirement | <ul style="list-style-type: none"> 100% participation if active medical coverage 50% participation if waived | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> PEMHCA Administrative Fee | <ul style="list-style-type: none"> Not included | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Actuarial Assumptions | June 30, 2015 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------|--------------|----------|---------------------|----------------------|-----|--------|----------------------|-----|-------------|----------------------|----|----------|------|------|-------|------|------|------|--------|---------|---------------------|------|------|--------|-----|-----|-------------|----|----|----------|-----|-----|-------|-----|-----|
| <ul style="list-style-type: none"> Medical Plan at Retirement | <ul style="list-style-type: none"> Future Retirees: Based on average election for current retirees (see below) Current Retirees: <ul style="list-style-type: none"> ➤ Currently Pre-65: Same as current election until 65, average election for Post-65 retirees upon reaching 65 (see below) ➤ Currently Post-65: Same as current election Average Election for Current Retirees Miscellaneous: <table border="1" data-bbox="673 615 1333 835"> <thead> <tr> <th></th> <th>Pre-65</th> <th>Post-65</th> </tr> </thead> <tbody> <tr> <td>Blue Shield Access+</td> <td>25%</td> <td>20%</td> </tr> <tr> <td>Kaiser</td> <td>35%</td> <td>25%</td> </tr> <tr> <td>PERS Choice</td> <td>25%</td> <td>0%</td> </tr> <tr> <td>PERSCare</td> <td>15%</td> <td>55%</td> </tr> <tr> <td>PORAC</td> <td>0%</td> <td>0%</td> </tr> </tbody> </table> Safety: <table border="1" data-bbox="673 879 1333 1100"> <thead> <tr> <th></th> <th>Pre-65</th> <th>Post-65</th> </tr> </thead> <tbody> <tr> <td>Blue Shield Access+</td> <td>10%</td> <td>5%</td> </tr> <tr> <td>Kaiser</td> <td>25%</td> <td>35%</td> </tr> <tr> <td>PERS Choice</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>PERSCare</td> <td>25%</td> <td>45%</td> </tr> <tr> <td>PORAC</td> <td>40%</td> <td>15%</td> </tr> </tbody> </table> Beginning 2016, non-Kaiser HMO participants are assumed to elect UnitedHealthcare upon reaching 65 Beginning 2017, Blue Shield NetValue participants are assumed to elect Blue Shield Access+ | | Pre-65 | Post-65 | Blue Shield Access+ | 25% | 20% | Kaiser | 35% | 25% | PERS Choice | 25% | 0% | PERSCare | 15% | 55% | PORAC | 0% | 0% | | Pre-65 | Post-65 | Blue Shield Access+ | 10% | 5% | Kaiser | 25% | 35% | PERS Choice | 0% | 0% | PERSCare | 25% | 45% | PORAC | 40% | 15% |
| | Pre-65 | Post-65 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Blue Shield Access+ | 25% | 20% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kaiser | 35% | 25% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERS Choice | 25% | 0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERSCare | 15% | 55% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PORAC | 0% | 0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Pre-65 | Post-65 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Blue Shield Access+ | 10% | 5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kaiser | 25% | 35% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERS Choice | 0% | 0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PERSCare | 25% | 45% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PORAC | 40% | 15% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Medical Trend | <ul style="list-style-type: none"> Increases from prior year: <table border="1" data-bbox="787 1339 1209 1667"> <thead> <tr> <th>Year</th> <th>Non-Medicare</th> <th>Medicare</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td colspan="2">Actual 2015 Premiums</td> </tr> <tr> <td>2016</td> <td colspan="2">Actual 2016 Premiums</td> </tr> <tr> <td>2017</td> <td colspan="2">Actual 2017 Premiums</td> </tr> <tr> <td>2018</td> <td>6.5%</td> <td>6.7%</td> </tr> <tr> <td>2019</td> <td>6.0%</td> <td>6.1%</td> </tr> <tr> <td>2020</td> <td>5.5%</td> <td>5.6%</td> </tr> <tr> <td>2021+</td> <td>5.0%</td> <td>5.0%</td> </tr> </tbody> </table> | Year | Non-Medicare | Medicare | 2015 | Actual 2015 Premiums | | 2016 | Actual 2016 Premiums | | 2017 | Actual 2017 Premiums | | 2018 | 6.5% | 6.7% | 2019 | 6.0% | 6.1% | 2020 | 5.5% | 5.6% | 2021+ | 5.0% | 5.0% | | | | | | | | | | | | |
| Year | Non-Medicare | Medicare | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | Actual 2015 Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016 | Actual 2016 Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 | Actual 2017 Premiums | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | 6.5% | 6.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | 6.0% | 6.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2020 | 5.5% | 5.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2021+ | 5.0% | 5.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Spousal Coverage | <ul style="list-style-type: none"> Future Retirees: 70% at retirement based on current demographics Current Retirees: Same as current election | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Surviving Spouse Participation | <ul style="list-style-type: none"> Surviving Spouses assumed to continue coverage | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

City of San Fernando Retiree Healthcare Plan
June 30, 2015 Actuarial Valuation
Page 11

| Actuarial Assumptions | June 30, 2015 Valuation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--------|--|-----|------|--------|----|--------|--------|----|-----|-----|----|-----|-----|----|-------|-----|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|-----|-----|------|--------|----|--------|--------|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|-----|
| <ul style="list-style-type: none"> Family Coverage Participation | <ul style="list-style-type: none"> Future Retirees: 30% of future retirees under 65 will have family coverage Current Retirees: Same as current election until 65 No family coverage upon reaching 65 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Affordable Care Act Excise Tax | <ul style="list-style-type: none"> 2% increase in cash subsidy liability as an estimate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <ul style="list-style-type: none"> Sample Monthly 2015/16 Claims Costs | <ul style="list-style-type: none"> PERSCare Los Angeles Area medical plan <table border="1" data-bbox="815 600 1188 955"> <thead> <tr> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr><td>50</td><td>\$ 625</td><td>\$ 628</td></tr> <tr><td>55</td><td>741</td><td>717</td></tr> <tr><td>60</td><td>890</td><td>823</td></tr> <tr><td>64</td><td>1,064</td><td>971</td></tr> <tr><td>65</td><td>366</td><td>384</td></tr> <tr><td>70</td><td>349</td><td>372</td></tr> <tr><td>75</td><td>394</td><td>410</td></tr> <tr><td>80</td><td>407</td><td>423</td></tr> </tbody> </table> Kaiser Los Angeles Area medical plan <table border="1" data-bbox="815 1012 1188 1367"> <thead> <tr> <th>Age</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr><td>50</td><td>\$ 488</td><td>\$ 532</td></tr> <tr><td>55</td><td>629</td><td>636</td></tr> <tr><td>60</td><td>803</td><td>751</td></tr> <tr><td>64</td><td>976</td><td>881</td></tr> <tr><td>65</td><td>284</td><td>264</td></tr> <tr><td>70</td><td>268</td><td>256</td></tr> <tr><td>75</td><td>335</td><td>300</td></tr> <tr><td>80</td><td>359</td><td>319</td></tr> </tbody> </table> | | | Age | Male | Female | 50 | \$ 625 | \$ 628 | 55 | 741 | 717 | 60 | 890 | 823 | 64 | 1,064 | 971 | 65 | 366 | 384 | 70 | 349 | 372 | 75 | 394 | 410 | 80 | 407 | 423 | Age | Male | Female | 50 | \$ 488 | \$ 532 | 55 | 629 | 636 | 60 | 803 | 751 | 64 | 976 | 881 | 65 | 284 | 264 | 70 | 268 | 256 | 75 | 335 | 300 | 80 | 359 | 319 |
| Age | Male | Female | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50 | \$ 625 | \$ 628 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | 741 | 717 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 | 890 | 823 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 | 1,064 | 971 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | 366 | 384 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 | 349 | 372 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | 394 | 410 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80 | 407 | 423 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Age | Male | Female | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50 | \$ 488 | \$ 532 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 55 | 629 | 636 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 60 | 803 | 751 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 64 | 976 | 881 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 65 | 284 | 264 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 70 | 268 | 256 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 75 | 335 | 300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 80 | 359 | 319 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

SUMMARY OF PARTICIPANT DATA

Participant Statistics

| Statistic | April 1, 2013 | | June 30, 2015 | |
|----------------------------------|---------------|-----------|---------------|-----------|
| | Actives | Retirees | Actives | Retirees |
| ■ Count | | | | |
| • < 65 | 102 | 38 | 118 | 39 |
| • ≥ 65 | <u>0</u> | <u>55</u> | <u>0</u> | <u>64</u> |
| • Total | 102 | 93 | 118 | 103 |
| ■ Average Age | 43.4 | 69.2 | 43.5 | 69.3 |
| ■ Average City Service | 13.4 | n/a | 12.5 | n/a |
| ■ Average Service Retirement Age | n/a | n/a | n/a | 56.9 |
| ■ Payroll | | | | |
| • Total (000's) ⁷ | \$ 7,256 | n/a | \$ 8,402 | n/a |
| • Average | 73,787 | n/a | 71,207 | n/a |

Active Members

| Age | City Service | | | | | | | Total |
|-------|--------------|-----|-------|-------|-------|-------|------|-------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | ≥ 30 | |
| < 25 | - | - | - | - | - | - | - | - |
| 25-29 | 8 | 1 | - | - | - | - | - | 9 |
| 30-34 | 9 | 10 | 2 | - | - | - | - | 21 |
| 35-39 | 5 | 5 | 4 | 1 | - | - | - | 15 |
| 40-44 | 3 | 4 | 6 | 5 | 2 | - | - | 20 |
| 45-49 | 2 | 4 | 5 | 3 | 1 | 1 | - | 16 |
| 50-54 | 1 | - | 3 | 2 | 5 | 7 | 3 | 21 |
| 55-59 | - | 1 | 1 | 4 | 1 | 1 | 2 | 10 |
| 60-64 | 1 | 1 | 1 | - | 2 | 1 | - | 6 |
| ≥ 65 | - | - | - | - | - | - | - | - |
| Total | 29 | 26 | 22 | 15 | 11 | 10 | 5 | 118 |

⁷ Covered payroll from 6/30/15 CAFR.

Retirees

| Age | Retiree | Disabled | Surviving Spouse | Total |
|---------|---------|----------|------------------|-------|
| < 50 | - | 3 | - | 3 |
| 50-54 | 5 | 6 | 1 | 12 |
| 55-59 | 2 | 5 | 2 | 9 |
| 60-64 | 9 | 5 | 1 | 15 |
| 65-69 | 14 | 5 | 1 | 20 |
| 70-74 | 11 | 1 | 1 | 13 |
| 75-79 | 5 | 1 | 1 | 7 |
| 80-84 | 4 | 4 | 2 | 10 |
| Over 85 | 7 | - | 7 | 14 |
| Total | 57 | 30 | 16 | 103 |

Retiree Medical Plan Coverage %
Miscellaneous

| Plan | Pre - 65 | Post - 65 | Total |
|----------------------|----------|-----------|-------|
| Blue Shield Access+ | 27% | 19% | 21% |
| Blue Shield NetValue | 0% | 3% | 2% |
| Kaiser | 33% | 24% | 27% |
| PERS Choice | 27% | 3% | 10% |
| PERSCare | 13% | 51% | 40% |
| PORAC | 0% | 0% | 0% |
| Total | 100% | 100% | 100% |

Retiree Medical Plan Coverage %
Safety

| Plan | Pre - 65 | Post - 65 | Total |
|----------------------|----------|-----------|-------|
| Blue Shield Access+ | 10% | 5% | 7% |
| Blue Shield NetValue | 4% | 0% | 2% |
| Kaiser | 24% | 35% | 29% |
| PERS Choice | 0% | 0% | 0% |
| PERSCare | 24% | 45% | 35% |
| PORAC | 38% | 15% | 27% |
| Total | 100% | 100% | 100% |

Retiree Medical Plan Coverage
Miscellaneous: Pre-65

| Plan | Region | EE | EE+1 | Family | Waived | Total |
|----------------------|--------------|----|------|--------|--------|-------|
| Blue Shield Access+ | Los Angeles | 1 | 2 | 1 | - | 4 |
| Blue Shield NetValue | Los Angeles | - | - | - | - | - |
| Kaiser | Los Angeles | 1 | 1 | 2 | - | 4 |
| | Out of State | - | - | - | - | - |
| | Sacramento | 1 | - | - | - | 1 |
| | South | - | - | - | - | - |
| PERS Choice | Los Angeles | - | 1 | - | - | 1 |
| | Out of State | 2 | - | - | - | 2 |
| | South | - | - | 1 | - | 1 |
| PERSCare | Los Angeles | 1 | - | - | - | 1 |
| | Out of State | 1 | - | - | - | 1 |
| | Sacramento | - | - | - | - | - |
| | South | - | - | - | - | - |
| PORAC | | - | - | - | - | - |
| Waived | | - | - | - | 2 | 2 |
| Total | | 7 | 4 | 4 | 2 | 17 |

Retiree Medical Plan Coverage
Miscellaneous: Post-65

| Plan | Region | EE | EE+1 | Family | Waived | Total |
|----------------------|--------------|----|------|--------|--------|-------|
| Blue Shield Access+ | Los Angeles | 2 | 5 | - | - | 7 |
| Blue Shield NetValue | Los Angeles | - | 1 | - | - | 1 |
| Kaiser | Los Angeles | 6 | 2 | - | - | 8 |
| | Out of State | - | - | - | - | - |
| | Sacramento | - | - | - | - | - |
| | South | - | 1 | - | - | 1 |
| PERS Choice | Los Angeles | - | - | - | - | - |
| | Out of State | 1 | - | - | - | 1 |
| | South | - | - | - | - | - |
| PERSCare | Los Angeles | 6 | 5 | - | - | 11 |
| | Out of State | 4 | 2 | - | - | 6 |
| | Sacramento | - | 1 | - | - | 1 |
| | South | 1 | - | - | - | 1 |
| PORAC | | - | - | - | - | - |
| Waived | | - | - | - | 1 | 1 |
| Total | | 20 | 17 | - | 1 | 38 |

Retiree Medical Plan Coverage
Safety: Pre-65

| Plan | Region | EE | EE+1 | Family | Waived | Total |
|----------------------|--------------|----|------|--------|--------|-------|
| Blue Shield Access+ | Los Angeles | - | 1 | 1 | - | 2 |
| Blue Shield NetValue | Los Angeles | 1 | - | - | - | 1 |
| Kaiser | Los Angeles | - | 1 | 3 | - | 4 |
| | Out of State | - | 1 | - | - | 1 |
| | Sacramento | - | - | - | - | - |
| | South | - | - | - | - | - |
| PERS Choice | Los Angeles | - | - | - | - | - |
| | Out of State | - | - | - | - | - |
| | South | - | - | - | - | - |
| PERSCare | Los Angeles | 1 | 1 | 1 | - | 3 |
| | Out of State | 1 | 1 | - | - | 2 |
| | Sacramento | - | - | - | - | - |
| | South | - | - | - | - | - |
| PORAC | | 1 | 3 | 4 | - | 8 |
| Waived | | - | - | - | 1 | 1 |
| Total | | 4 | 8 | 9 | 1 | 22 |

Retiree Medical Plan Coverage
Safety: Post-65

| Plan | Region | EE | EE+1 | Family | Waived | Total |
|----------------------|--------------|----|------|--------|--------|-------|
| Blue Shield Access+ | Los Angeles | - | 1 | - | - | 1 |
| Blue Shield NetValue | Los Angeles | - | - | - | - | - |
| Kaiser | Los Angeles | 2 | 2 | - | - | 4 |
| | Out of State | 1 | - | - | - | 1 |
| | Sacramento | - | - | - | - | - |
| | South | 2 | - | - | - | 2 |
| PERS Choice | Los Angeles | - | - | - | - | - |
| | Out of State | - | - | - | - | - |
| | South | - | - | - | - | - |
| PERSCare | Los Angeles | 1 | 4 | - | - | 5 |
| | Out of State | 1 | 3 | - | - | 4 |
| | Sacramento | - | - | - | - | - |
| | South | - | - | - | - | - |
| PORAC | | 1 | 2 | - | - | 3 |
| Waived | | - | - | - | 6 | 6 |
| Total | | 8 | 12 | - | 6 | 26 |

ACTUARIAL CERTIFICATION

This report presents the City of San Fernando Retiree Healthcare Plan (“Plan”) June 30, 2015 actuarial valuation. The purpose of this valuation is to:

- Determine the Governmental Accounting Standards Board (GASB) Statement No. 45 June 30, 2015 Benefit Obligations,
- Determine the Plan’s June 30, 2015 Funded Status, and
- Calculate the 2015/16 and 2016/17 Annual Required Contributions under GASB Statement No. 45.

The report provides information intended for reporting under GASB 45, but may not be appropriate for other purposes. Information provided in this report may be useful to the City for the Plan’s financial management. Future valuations may differ significantly if the Plan’s experience differs from our assumptions or if there are changes in Plan design, actuarial methods or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data provided by the City as summarized in this report, which we relied on and did not audit. We reviewed the participant data for reasonableness.

Results from the April 1, 2013 valuation were prepared by Bickmore and are included for comparative purposes. We did not review those results and this certification does not apply to those prior results.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principals and practices. Additionally, in our opinion, the actuarial methods and assumptions comply with GASB 45. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Mary Elizabeth Redding, FSA, MAAA, FCA, EA
Vice President
Bartel Associates, LLC
August 18, 2016



Tak Frazita, ASA, MAAA, EA
Associate Actuary
Bartel Associates, LLC
August 18, 2016