

**ALABAMA PUBLIC
EDUCATION EMPLOYEES'
HEALTH INSURANCE PLAN**



**GASB STATEMENT
NO. 75 REPORT**

**PREPARED FOR SEPTEMBER 30, 2026
FINANCIAL REPORTING**



January 13, 2026

Alabama Public Education Employees' Health Insurance Plan
Board of Control
P.O. Box 302150
Montgomery, AL 36130-2150

Dear Members of the Board:

Presented in this report is information to assist the Alabama Public Education Employees' Health Insurance Plan (PEEHIP) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 75 for the participating employers. The information is presented for the one-year period ending September 30, 2025. GASB Statement No. 75 (GASB 75) establishes accounting and financial reporting requirements for governmental employers who have other postemployment benefits (OPEB) plans. This report has been prepared as of September 30, 2025 (Measurement Date) for financial reporting as of September 30, 2026 (Reporting Date). The calculations in this report have been made on a basis that is consistent with our understanding of the accounting standard.

The annual actuarial valuation performed as of September 30, 2024 was used as the basis for much of the information presented as of September 30, 2025 in this report. The valuation was based upon data furnished by the Alabama Teachers' Retirement System (System) and the PEEHIP staff, concerning active, inactive, and retired members, along with pertinent claims data and financial information. This information was reviewed for completeness and internal consistency but was not audited. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

To the best of our knowledge, the information contained in this report is complete and accurate. These calculations were performed by, and under the supervision of, independent consulting actuaries with experience in performing valuations for public retirement systems and retiree health benefit plans. In addition, the valuation was prepared in accordance with generally accepted actuarial principles and practices, as well as with Actuarial Standards of Practice prescribed by the Actuarial Standards Board.

The calculations are based on the current provisions of the System and on actuarial assumptions that are, individually and in the aggregate, internally consistent and reasonably based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



These results are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 75 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

CavMac does not provide legal, investment, or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice and interpretations of PEEHIP or its audit partners.

This is to certify that the independent consulting actuaries are members of the American Academy of Actuaries and have experience in performing valuations for public retirement systems and retiree health benefit plans, that the valuations were prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the medical plans and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of each plan.

Respectfully submitted,

A handwritten signature in blue ink that reads "Alisa Bennett".

Alisa Bennett, FSA, EA, FCA, MAAA
President and Consulting Actuary

A handwritten signature in blue ink that reads "Larry Langer".

Larry Langer, ASA, FCA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads "Jessica Fain".

Jessica Fain, EA, ACA, MAAA
Senior Actuary

AB/LL/JF:jf

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SECTION I – SUMMARY OF COLLECTIVE AMOUNTS



REPORT OF THE ANNUAL GASB STATEMENT NO. 75 ALABAMA PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN

PREPARED AS OF SEPTEMBER 30, 2025

Valuation Date (VD):	September 30, 2024	September 30, 2023
Measurement Date (MD):	September 30, 2025	September 30, 2024
Reporting Date (RD):	September 30, 2026	September 30, 2025
 Discount Rate:		
Long-Term Expected Rate of Return	7.00%	7.00%
Municipal Bond Index Rate at Measurement Date	4.62%	3.89%
Year in which Fiduciary Net Position is Projected to be Depleted	2046	2040
Single Equivalent Interest Rate at Measurement Date	5.25%	4.32%
 Net OPEB Liability:		
Total OPEB Liability (TOL)	\$ 10,166,192,156	\$ 11,550,954,146
Fiduciary Net Position (FNP)	2,625,976,000	2,357,479,000
Net OPEB Liability (NOL = TOL – FNP)	\$ 7,540,216,156	\$ 9,193,475,146
FNP as a percentage of TOL	25.83%	20.41%
 OPEB Expense (OE):	\$ 1,053,908,070	\$ 260,593,865
 Deferred Outflows of Resources:	\$ 5,748,093,530	\$ 7,453,626,868
 Deferred Inflows of Resources:	\$ 4,217,254,368	\$ 3,511,750,920



SECTION II – INTRODUCTION



The Governmental Accounting Standards Board issued Statement No. 75 (GASB 75), “*Accounting and Financial Reporting for Postemployment Benefit Plans other than Pension*” in June 2015. The effective date for reporting under GASB 75 is plan years beginning after June 15, 2017. This report, prepared as of September 30, 2025 (the Measurement Date), presents information to assist the Public Education Employees Health Insurance Plan (PEEHIP) in providing the required information under GASB 75 to participating employers. Much of the material provided in this report, including the Net OPEB Liability, is based on the results of the GASB 74 report for the Alabama Retired Education Employees’ Health Care Trust, which was issued January 2, 2026. See that report for more information on the member data, actuarial assumptions and methods used in developing the GASB 74 results.

GASB 75 requires the inclusion of a Net OPEB Liability (NOL) on the plan sponsor’s balance sheet and a determination of an OPEB Expense (OE), which may bear little relationship to the funding requirements for PEEHIP. In fact, it is possible in some years for the NOL to be an asset or the OE to be an income item. The NOL is set equal to the Total OPEB Liability (TOL) minus the Fiduciary Net Position (FNP). The benefit provisions recognized in the calculation of the TOL are summarized in Schedule A. For the purposes of reporting under GASB 75, PEEHIP is assumed to be a cost-sharing employer defined benefit OPEB plan.

OE includes amounts for Service Cost (the Normal Cost under Entry Age Normal (EAN) for the year), interest on the TOL, employee contributions, administrative expenses, other cash flows during the year, recognition of increases/decreases in the TOL due to changes in the benefit structure, actual versus expected experience, actuarial assumption changes, and recognition of investment gains/losses. The actual experience and assumption change impacts are recognized over the average expected remaining service life of the System membership as of the beginning of the measurement period, while investment gains/losses are recognized equally over five years. The development of the OE is shown in Section V. The unrecognized portions of each year’s experience, assumption changes and investment gains/losses are used to develop Deferred Outflows and Inflows of Resources, which also must be included on the employer’s Statement of Net Position.

Among the assumptions needed for the liability calculation is a Single Equivalent Interest Rate (SEIR), as described by GASB 75. To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan’s provisions applicable to the members and beneficiaries of the Plan on the Measurement Date. If the FNP is not projected to be depleted at any point in the future, the long-term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.



SECTION II – INTRODUCTION



If, however, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate (Municipal Bond Index Rate). The Municipal Bond Index Rate used, if necessary, for this purpose is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the S&P High Grade 20-year Municipal Bond Index, and the Bloomberg (Barclays) General Obligation 20-year Muni Bond Index. The rates as of September 30, 2025 were 4.90%, 4.50%, and 4.47% for the Bond Buyer, S&P, and Barclays Municipal Bond Indices respectively. These three rates resulted in an averaged Municipal Bond Index Rate of 4.62%. For the purpose of this report, we have determined that a discount rate of 5.25% as of September 30, 2025 meets the requirements of GASB 75, as it is our understanding that a portion of the health care premium rate paid on behalf of active employees will be used to fund the OPEB plan.

The FNP projections are based upon the Alabama Retired Education Employees' Health Care Trust financial status on the Measurement Date, the indicated set of methods and assumptions, and the requirements of GASB 74 and 75. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the System, or the System's ability to make benefit payments in future years.

The sections that follow provide the results of all the required calculations, presented in the order laid out in GASB 75 for note disclosure and Required Supplementary Information (RSI).



SECTION III – FINANCIAL STATEMENT NOTES



The material presented herein will follow the order presented in GASB 75. Paragraph numbers are provided for ease of reference.

Paragraph 92-93.: This paragraph requires information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule B. The Total OPEB Liability as of September 30, 2025 was determined based on an actuarial valuation prepared as of September 30, 2024, applied to all periods included in the measurement and rolled forward to the measurement date as of September 30, 2025, using the following actuarial assumptions:

Inflation	2.50 percent
Salary Increases	5.00 – 3.25 percent, including 2.75 percent wage inflation
Long-Term Investment Rate of Return	7.00 percent compounded annually, net of investment expense, and including inflation
Municipal Bond Index Rate at Measurement Date	4.62 percent
Municipal Bond Index Rate at Prior Measurement Date	3.89 percent
Year FNP is projected to be Depleted	2046
Single Equivalent Interest Rate at Measurement Date	5.25 percent
Single Equivalent Interest Rate at Prior Measurement Date	4.32 percent
Medical Cost Trend Rate	
Initial Trend Rate	
Pre-Medicare Eligible	6.50 percent
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.50 percent in 2033 FYE
Medicare Eligible	4.50 percent in 2028 FYE
Optional Plans Trend Rate	2.00 percent

** Initial Medicare trend rates are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026 – 2028 negotiation period.



SECTION III – FINANCIAL STATEMENT NOTES



Mortality

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality tables are adjusted forward and/or back depending on the plan and group covered, as shown in the table below.

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 – 67 Female: 112% ages < 69, 98% ages > 74; Phasing down 69 – 74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Contingent Survivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2024 valuation.



SECTION III – FINANCIAL STATEMENT NOTES



93(e) Sensitivity analysis: This paragraph requires disclosure of the sensitivity of the NOL to changes in the health care cost trend rates. The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
	(5.50% decreasing to 3.50% for Pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	(6.50% decreasing to 4.50% for Pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	(7.50% decreasing to 5.50% for Pre-Medicare, Known decreasing to 5.50% for Medicare eligible)
Net OPEB Liability	6,006,168,222	7,540,216,156	9,502,717,047

Paragraph 94:

- (a) Discount rate (SEIR):** The discount rate used to measure the TOL was 5.25%.
- (b) Projected cash flows:** The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is \$800 per non-university active member. 9.751% of the employer contributions were used to assist in funding retiree benefit payments in fiscal year 2024. In fiscal year 2025, 23.265% of the employer contributions were used to assist in funding retiree benefit payments. It is assumed that the 23.265% will increase at the same rate as expected benefit payments for the closed group with a cap of 23.265%. It is assumed the \$800 rate will increase to \$904 in fiscal year 2026, increase 20% to \$1,085 in fiscal year 2027, and then will increase with inflation at 2.50% starting in fiscal year 2028. Retiree benefit payments for University members are paid by the Universities and are not included in the cash flow projections.
- (c) Long-term rate of return:** The long-term expected rate of return on OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns.
- (d) Municipal bond rate:** The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid.
- (e) Periods of projected benefit payments:** Projected future benefit payments for all current plan members were projected through 2123.



SECTION III – FINANCIAL STATEMENT NOTES



(f) **Assumed asset allocation:** The target asset allocation and best estimates of expected geometric real rates of return for each major asset class are to be summarized in a manner suggested by the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Fixed income	30%	4.40%
US Large Stocks	38%	8.00%
US Mid Stocks	8%	10.00%
US Small Stocks	4%	11.00%
International Developed Market Stocks	15%	9.50%
Cash	<u>5%</u>	1.50%
Total	100.0%	

* Geometric mean, includes 2.50% inflation

(g) This paragraph requires disclosure of the sensitivity of the NOL to changes in the discount rate. The following exhibit presents the NOL of the Plan, calculated using the discount rate of 5.25%, as well as the System's NOL calculated using a discount rate that is 1-percentage-point lower (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Net OPEB Liability	9,162,762,327	7,540,216,156	6,231,855,355

Paragraph 96(a): This paragraph requires the disclosure of the employer's proportionate share of the Collective NOL and, if an employer has a special funding situation, the portion of the non-employer contributing entities' proportionate share of the collective NOL that is associated with the employer. Note that there is no special funding situation.

Paragraph 96(b): This paragraph requires disclosure of the employer's proportion of the collective NOL and the change in the proportion since the prior measurement date.



SECTION III – FINANCIAL STATEMENT NOTES



Paragraph 96(c): September 30, 2024 is the actuarial valuation date upon which the TOL is based. The result is rolled forward using standard actuarial techniques to the measurement date. The roll forward calculation adds the normal cost (also called the service cost) for the period October 1, 2024 through September 30, 2025, subtracts the actual benefit payments for the same period and then applies the expected investment rate of return for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the TOL as of the Measurement Date. The procedure was used to determine the TOL as of September 30, 2025, as shown in the following table:

TOL Roll Forward		
(a) TOL as of September 30, 2024*	\$ 11,550,954,146	
(b) Actual Benefit Payments and Refunds, for the Period October 1, 2024 - September 30, 2025	(296,495,000)	
(c) Interest on TOL = [(a) x (Prior SEIR)] + [(b) x (Prior SEIR * 0.5)]	492,596,927	
(d) Service Cost for the Period October 1, 2024 - September 30, 2025 at the End of the Period	418,581,901	
(e) Change Due to Change in Experience**	(502,572,682)	
(f) Change Due to Change in Assumptions***	(1,496,873,136)	
(g) Change Due to Change in Benefits	0	
(h) TOL Rolled Forward to September 30, 2025 = (a) + (b) + (c) + (d) + (e) + (f) + (g)	\$ 10,166,192,156	

* The TOL as of September 30, 2024 used in the roll forward was calculated using the discount rate as of the Prior Measurement Date.

** Change due to Experience includes demographic changes such as retirements, terminations, disabilities, and deaths differing from expected as well as claims costs different from expected. The primary reason for the claims gain was pre-65 medical and optional claims costs slightly lower than anticipated.

*** Change due to Assumptions was due to a change in the discount rate from 4.32% to 5.25%.



SECTION III – FINANCIAL STATEMENT NOTES



Paragraphs 96(d) and (e): The following changes were made to the assumptions and plan provisions as noted:

Changes in actuarial assumptions:

In 2024, assumptions regarding aging factors were adjusted to reflect actual and anticipated experience more closely. Additionally, future healthcare trend rates for the Medicare Advantage Plan were updated.

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

Recent Plan Changes:

The 9/30/2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

Paragraph 96(f): There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

Paragraph 96(g): Please see Section V of the report for the development of the collective OPEB expense.



SECTION III – FINANCIAL STATEMENT NOTES



Paragraph 96(h): Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense, they are labeled deferred inflows. If they will increase OPEB expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

The table below provides a summary of the deferred outflows and inflows as of the Measurement Date. The allocation of deferred outflows and inflows will be determined by the System.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,472,676,689	\$ 1,823,028,988
Changes of Assumptions	2,275,416,841	2,135,119,358
Net Difference Between Projected and Actual Earnings on Plan Investments	0	259,106,022
Total	\$ 5,748,093,530	\$ 4,217,254,368



SECTION III – FINANCIAL STATEMENT NOTES



Paragraph 96(i): The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Deferred Amounts to be Recognized in Future		
Deferred Outflows/(Inflows) of Resources		
Year 1	\$	300,770,912
Year 2	\$	53,066,548
Year 3	\$	357,867,651
Year 4	\$	861,169,164
Year 5	\$	65,190,687
Year 6	\$	(107,225,800)
Thereafter	\$	0

Paragraph 96(j): There are no non-employer contributions recognized for the support provided by non-employer contributing entities in PEEHIP.



SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION



Paragraph 97(a) and (b): CavMac was not required to provide this information.

Paragraph 98: Information about factors that significantly affect trends in the amounts in the schedules required by paragraph 98 should be presented as notes to the schedule. Comments on additional years will be added as they occur.

Changes in actuarial assumptions:

In 2024, assumptions regarding aging factors were adjusted to reflect actual and anticipated experience more closely. Additionally, future healthcare trend rates for the Medicare Advantage Plan were updated.

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

Recent Plan Changes:

The 9/30/2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the MAPD plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.



SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION



Method and assumptions used in calculations of actuarially determined employer contributions. The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ending September 30, 2025 is determined based on the actuarial valuation as of September 30, 2022. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	19 Years
Asset Valuation Method	Market Value of Assets
Inflation	2.50 percent
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.00 percent
Medicare Eligible	*
Ultimate Trend Rate	
Pre-Medicare eligible	4.50 percent
Medicare Eligible	4.50 percent
Year of Ultimate Trend Rate	
Pre-Medicare Eligible	2033
Medicare Eligible	2033
Optional Plans Trend Rate	2.00 percent
Investment Rate of Return	5.00 percent, including inflation

* Initial Medicare claims are set based on scheduled increases through plan year 2025.



SECTION V – OPEB EXPENSE



The OPEB Expense (OE) consists of a number of different items. GASB 75 refers to the first item as Service Cost, which is the Normal Cost using the Entry Age Normal actuarial funding method. The second item is interest on the TOL at the Discount Rate in effect as of the Prior Measurement Date.

The next three items refer to any changes that occurred in the TOL due to:

- benefit changes, or
- actual versus expected experience, or
- changes in assumptions or other inputs.

Benefit changes, which are reflected immediately, will increase OE if there is a benefit improvement for existing Plan members or decrease OE if there is a benefit reduction. For the year ended September 30, 2025, there were no benefit changes to be recognized.

The next item to be recognized is the portion of current year changes in TOL due to actual versus expected Plan experience for the year. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership at the beginning of the measurement period. The average expected remaining service life of active members is the average number of years the active members are expected to remain in covered employment. For the year ended September 30, 2025, this number is 11.41 years. The average expected remaining service life of the inactive members is zero. Therefore, the recognition period is the weighted average of these two amounts, or 6.34 years. The development of the average remaining service life is shown in the table below.

Calculation of Weighted Average Years of Working Lifetime

Category	Number (1)	Average Years of Working Lifetime (2)
a. Active Members	137,358	11.41
b. Inactive Members	<u>109,939</u>	0.00
c. Total	247,297	
Weighted Average Years of Working Lifetime [(a1 * a2) + (b1 * b2)]/c1		6.34

The last item under changes in TOL is changes in assumptions or other inputs. The portion to recognize in the current year is determined by spreading the total change over the average expected remaining service life of the entire Plan membership, similar to the way experience gains and losses are recognized. For the year ended September 30, 2025, there was a change in the TOL arising from the change in the Discount Rate from 4.32% on the Prior Measurement Date to 5.25% on the Measurement Date.



SECTION V – OPEB EXPENSE



Member contributions for the year and projected earnings on the FNP at the discount rate serve to reduce the expense. One-fifth of current-period difference between actual and projected earnings on the FNP is recognized in the OPEB expense.

Investment Earnings (Gain)/Loss as of September 30, 2025		
a	Expected asset return rate	7.00%
b	Beginning of year market value assets (BOY)	\$ 2,357,479,000
c	End of year market value assets (EOY)	2,625,976,000
d	Expected return on BOY for plan year (a x b)	165,023,530
External Cash Flow		
	Contributions - employer	296,142,000
	Contributions - member	0
	Refunds of contributions	0
	Benefits paid	(296,495,000)
	Admin expenses and other	<u>(1,423,000)</u>
e	Total net external cash flow	(1,776,000)
f	Expected return on net cash flow (a x 0.5 x e)	(62,160)
g	Projected earnings for plan year (d + f)	164,961,370
h	Net investment income (c - b - e)	270,273,000
Investment earnings (gain)/loss (g - h)		\$ (105,311,630)





SECTION V – OPEB EXPENSE

The current year portions of previously determined experience and assumption amounts, recognized as Deferred Outflows of Resources and Deferred Inflows of Resources, are included. Deferred Outflows of Resources are added to the OE, while Deferred Inflows of Resources are subtracted from the OE. Finally, other miscellaneous items are included.

Collective OPEB Expense Determined as of the Measurement Date		
Service Cost	\$	418,581,901
Interest on the TOL and Cash Flow		492,596,927
Current-period benefit changes		0
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability		(79,270,139)
Expensed portion of current-period changes of assumptions		(236,099,864)
Member contributions		0
Projected earnings on plan investments		(164,961,370)
Expensed portion of current-period differences between actual and projected earnings on plan investments		(21,062,326)
Administrative expense		1,368,000
Other		43,274
Recognition of beginning deferred outflows/(inflows) of resources as OPEB expense		<u>642,711,667</u>
Collective OPEB Expense	\$	<u>1,053,908,070</u>



SCHEDULE A – SUMMARY OF MAIN BENEFIT PROVISIONS



ELIGIBILITY: Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from the Teachers' Retirement System of Alabama.

RETIREE CONTRIBUTIONS: Retiree contributions vary based on plan election, dependent coverage, Medicare eligibility and election, tobacco usage and, for non-Medicare eligible retirees and spouses, wellness credits.

In November 2004, the Alabama Legislature enacted legislation (Act 2004-649) that required the Public Education Employees' Insurance Board to implement a sliding scale premium for all employees retiring after September 30, 2005, based on their years of service at retirement.

The premium for retiree coverage is broken down into the employer share (what PEEHIP pays) and the retiree share. Under the sliding scale, the retiree will still be responsible for the retiree share; however, the employer share will increase or decrease based upon a retiree's years of service. For those employees retiring with 25 years of service, the employer would pay 100% of the employer share of the premium. For each year less than 25, the employer share would be reduced by 2%, and the retiree share would be increased accordingly. For each year over 25, the employer share would be increased by 2% and the retiree share would be reduced accordingly.

The sliding scale premium will not apply to disability retirements for twenty-four (24) months from the member's date of retirement, provided the member submits to PEEHIP proof of application for Social Security Disability benefits. The exemption from the sliding scale premium can be extended beyond twenty-four (24) months from the member's date of retirement if the member qualifies for Social Security Disability benefits during the twenty-four (24) months following the member's date of retirement.

For members retiring on or after January 1, 2012, Act 2011-704 establishes changes to the sliding scale premium calculation. Under the law, there are three major changes to the retiree sliding scale premium. These changes are related to a retiree's years of service (Service Premium Component), age at the time of retirement (Age Component), and subsidy premium (Subsidy Component).

- **Service Premium Component:** An employee who retires with less than 25 years of service will contribute 4% of the employer share for each year under 25 years of service instead of 2% under the current law. The Service Premium Component continues for the retiree's lifetime.
- **Age Component:** An employee who retires before becoming Medicare eligible will contribute 1% of the employer share for each year less than 65. Upon Medicare entitlement, the age component will be removed.
- **Subsidy Component:** An employee will contribute the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). The Fiscal Year 2025 subsidy premium amount is \$195.50 per month. Upon Medicare entitlement, the subsidy component will be removed.



SCHEDULE A – SUMMARY OF MAIN BENEFIT PROVISIONS



Retired Members

The following health insurance premiums are the base rates set by the PEEHIP Board. Base rates are before the wellness premiums, tobacco premiums, or the retiree sliding scale adjustments are applied, if applicable. The monthly premiums for members who retired prior to October 1, 2005, or members who retired on or after October 1, 2005, and before January 1, 2012, with 25 years of service are listed in the chart below and show a retiree's out-of-pocket cost after subtracting the retiree insurance contribution.

For the purpose of the sample premium rate charts disclosed below, NME designates "non-Medicare eligible" and ME designates "Medicare-eligible." Effective January 1, 2023, UnitedHealthcare became the administrator for Medicare-eligible retirees and Medicare-eligible dependents of retirees.

Sample Premium Rates Effective October 1, 2024		
Coverage Type	Premium if Retiree Subscriber is NME	Premium if Retiree Subscriber is ME
Individual Coverage	\$200	\$25
Family Coverage:		
NME dependent(s) but no spouse	\$445	\$280
NME dependent(s) and NME spouse	\$555	\$380
NME dependent(s) and ME spouse	\$455	\$280
NME spouse only	\$530	\$355
ME spouse only	\$265	\$90
Non-Spousal ME dependent only	\$265	\$90
Non-Spousal ME dependent and ME spouse	\$330	\$155

These rates apply to the PEEHIP Hospital Medical Plan, the VIVA Health Plan, and the Medicare Advantage PPO Plan for Medicare-eligible retired members and Medicare-eligible dependents and are the monthly amounts that will be deducted from a retiree's benefit. The VIVA Health Plan is not available to retired members who are Medicare-eligible or retired members with dependents who are Medicare-eligible.

The premium rates do not include the \$50 monthly tobacco surcharge for both retirees and their spouses.

Retirees participating in the PEEHIP Supplemental Plan were assumed to cost \$185 monthly effective October 1, 2024.

The University System makes a contribution to PEEHIP for every University retiree participating in PEEHIP plans regardless of age or plan tier election. For Fiscal Year 2025, the monthly amount is \$351 per retiree.



SCHEDULE A – SUMMARY OF MAIN BENEFIT PROVISIONS



The State per member per month funding can be used to purchase the PEEHIP Supplemental Plan or two optional plans at no cost to the retiree if the retiree is not purchasing one of the hospital medical plans. Additional optional plans can be purchased for \$38.00 per month per plan.

Optional Coverage: Active and Retired Members

Cancer	\$38.00/month Individual or Family Coverage
Indemnity	\$38.00/month Individual or Family Coverage
Dental	\$38.00/month Individual Coverage \$50.00/month Family Coverage
Vision	\$38.00/month Individual or Family Coverage

Retiree premiums for the four optional plans, Hospital Indemnity, Dental, Cancer and Vision, are \$38 per retiree per month. Since these plans can be purchased for \$0 in lieu of taking the hospital medical coverage, it is assumed that 75% of future participants in the Dental plan and 50% of future participants in the other optional plans will make the \$38 per month (\$50 for Family Dental) contributions.



SCHEDULE A – SUMMARY OF MAIN BENEFIT PROVISIONS

Surviving Dependent

The following health insurance premiums are the base rates set by law and approved by the PEEHIP Board. Base rates are before wellness and tobacco premiums are applied, if applicable. These rates begin the first of the month following the member's date of death.

For the purpose of the sample premium rate chart disclosed below, NME designates “non-Medicare eligible” and ME designates “Medicare-eligible.”

Coverage Type	Effective January 1, 2025
Individual Coverage	
NME Survivor	\$1,001
ME Survivor	\$260
Family Coverage:	
NME Survivor and more than 1 Dependent or Only Dependent NME	\$1,586
NME Survivor and ME dependent only	\$1,367
ME Survivor and more than 1 Dependent or Only Dependent NME	\$1,091
ME Survivor and ME dependent only	\$520
Supplemental Medical Plan (Individual or Family)	\$185
Optional (Each Plan) - Cancer, Indemnity, Vision, and Individual Dental	\$38
Optional - Family Dental Premium	\$50
Tobacco Premium for Survivor Enrolling in Hospital Medical	\$50
Wellness Premium/NME Survivor	\$50





Benefit Policy and Premium Changes

Effective October 1, 2024

(Unless otherwise noted)

Teladoc®

- ◆ All members who are enrolled in the PEEHIP Hospital Medical Plan Group #14000 have access to Teladoc®, which provides consultations with board-certified doctors via phone or video 24 hours a day/7 days a week. This service is available at zero copay and can be used to speak with a doctor about a variety of issues such as cold, flu, allergies, infections, and more. Plus, when necessary, the doctor can even prescribe the appropriate medication needed for treatment. This benefit can be used in place of the emergency room or urgent care for non-emergency situations.

Flexible Spending Account (FSA) Plan Changes

- ◆ The annual maximum Health FSA will increase to **\$3,200** effective October 1, 2024.
- ◆ The Dependent Care Reimbursement Account (DCRA) annual maximum contribution remains unchanged at **\$5,000 (\$2,500 each if married filing separately)**.
- ◆ The Carryover Limit will increase to **\$640** effective October 1, 2024.

VIVA Health Plan Benefit Changes

- ◆ PEEHIP members covered by the VIVA Health Plan have access to teleconsultation through Teladoc® just like members covered under the PEEHIP Hospital Medical Plan Group #14000 administered by Blue Cross Blue Shield of Alabama. However, there is a \$25 copayment for primary or urgent care consultation and a \$40 copayment for behavioral health consultation.
- ◆ The calendar year limit on the dental plan will increase to **\$750** for the 2025 calendar year.
- ◆ The \$0 copayment for oral contraceptives will include generics and select brands effective with the 2025 calendar year.
- ◆ The combined medical and prescription drug in-network maximum annual out-of-pocket amounts remain unchanged at **\$9,100** for individual and **\$18,200** per family for the 2025 calendar year. The deductible remains unchanged at **\$300** for individual and **\$900** per family contract for the 2025 calendar year.
- ◆ There is an added benefit giving members access to gyms within the state, providing digital exercise guidance, covering certain home fitness related items, access to Live Lifestyle coaching, etc.
- ◆ VIVA began covering ABA therapy effective October 1, 2018, and coverage will be at 80% of the allowed amount after members meet the deductible. ABA therapy is available to those members with a diagnosis of autism, autism spectrum disorder, or pervasive developmental delay.

Maximum Annual Out-of-Pocket Amounts for Medical Plan Group #14000

- ◆ The combined medical and prescription drug in-network maximum annual out-of-pocket amounts were **\$9,450** per individual and **\$18,900** per family contract for the 2024 calendar year and are **\$9,200** per individual and **\$18,400** per family contract for the 2025 calendar year. This is a benefit enhancement.



SCHEDULE A – SUMMARY OF MAIN BENEFIT PROVISIONS



Supplemental Medical Changes

- ◆ The annual maximum amount of claims paid under Group #61000 was **\$9,450** per individual and **\$18,900** per family contract for the 2024 calendar year and is **\$9,200** per individual and **\$18,400** per family contract for the 2025 calendar year.
- ◆ Members enrolled in High Deductible Health Plans (HDHP) are not eligible for the PEEHIP Supplemental Medical Plan. The IRS-defined minimum deductibles for the HDHPs for calendar year 2025 will increase to **\$1,650** for individual and **\$3,300** for family.

Blue Distinction Centers for Bariatric Surgery

- ◆ Since both quality of care and cost of care vary significantly among the broad choice of providers in Alabama, Blue Cross Blue Shield of Alabama has established Blue Distinction Centers as facilities within the state that are proven to show the best healthcare outcomes for certain procedures. To ensure members covered under the PEEHIP Hospital Medical Plan Group receive the safest and highest level of care when seeking treatment for surgery for morbid obesity or related bariatric procedures, coverage for these procedures is available only at Alabama Blue Distinction Center facilities effective January 1, 2018. No coverage is available for these procedures when done at a non-Alabama Blue Distinction Center. By using these facilities with proven results of better outcomes, members will experience less avoidable complications and re-admissions. Higher quality care and less complications equates to lower costs for the plan.
- ◆ Any in-network facility within the state can become a Blue Distinction Center if they meet certain quality of care criteria as set by Blue Cross Blue Shield of Alabama.

Pharmacy Changes

- ◆ Due to the fast-moving nature of both new drugs becoming available and price changes amongst existing drugs, PEEHIP implements various utilization management programs throughout the plan year to the commercial plan formulary, including prior authorizations, step therapy, quantity limits and the exclusion of some drugs to drive utilization to lower cost therapeutic alternative medications. This is to ensure that the PEEHIP formulary covers the most effective drugs at the most reasonable price. No changes were made to the drug copay tiers.

Medicare Advantage PPO Plans

- ◆ UnitedHealthcare® replaced Humana® in administering the PEEHIP Group Medicare Advantage (PPO) Plan for Medicare-eligible retirees and Medicare-eligible dependents of retirees effective January 1, 2023.

Wellness Program

- ◆ For the 2025 fiscal year, the only required activity to earn the \$50 wellness premium waiver is the wellness screening, which members can now receive at an in-network participating pharmacy in addition to the other continued screening location options (ADPH at work site wellness clinics, county health departments, or primary care physician's office). All other activities of the wellness program are on a voluntary basis. The wellness premium applies separately to members and spouses for a potential combined wellness premium of \$100 per month. Dependent children are not required to get a wellness screening.



SCHEDULE A – SUMMARY OF MAIN BENEFIT PROVISIONS



Mental Health and Substance Abuse (MHSA)

- The following table shows the current plan year MHSA benefits which are in compliance with federal law and/or to provide higher benefits than required by law.

PEEHIP Hospital Medical Plan (PPO)	Mental Health Parity Compliant and Board Approved MHSA Benefit
Inpatient Facility Benefits	
In-Network	100% of the allowance subject to a \$200 per admission deductible and a \$25 copay for days 2-5 (copays and inpatient hospital deductible can be less than but not greater than medical). Precertification required.
Out-of-Network	100% of the allowance subject to a \$200 per admission deductible and a \$25 copay for days 2-5. Precertification required.
Residential Treatment	
In-Network	100% of the allowed amount subject to a \$200 per admission deductible and a \$25 copay for days 2-5. Precertification required.
Out-of-Network	80% of the allowed amount subject to a \$200 per admission deductible and a \$25 copay for days 2-5. Precertification required.
Inpatient Physician	
In-Network	100% of the allowed amount, subject to \$0 copay. No visit limits. Precertification is required.
Out-of-Network	80% of the allowed amount. No visit limits. Precertification is required.
Outpatient Physician	
In-Network	100% of the allowed amount, subject to a \$10 copay at Certified Community Mental Health Centers and \$15 copay at Blue Choice Behavioral Network Providers. No visit limits.
Out-of-Network	80% of the allowed amount, subject to the \$300 calendar year deductible. No visit limits.
Outpatient Facility Intensive Outpatient (IOP) and Partial Hospitalization (PHP)	
In-Network	100% of the allowed amount, subject to \$150 copay per treatment episode. Precertification required.
Out-of-Network	100% of the allowed amount subject to the \$300 calendar year deductible. Precertification required.
Applied Behavioral Analysis (ABA) Therapy	
In-Network	100% of the allowed amount, subject to a \$15 copay per visit. No dollar limits. Precertification required.
Out-of-Network	100% of the allowed amount, subject to the \$300 calendar year deductible. No dollar limits. Precertification required.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to, and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021, and are reasonable expectations of anticipated experience under the Plan. The assumptions were used in the retiree health care valuation for consistency and are under PEEHIP Board jurisdiction. The combined effect of the assumptions is expected to have no significant bias.

VALUATION DATE: September 30, 2024

PAYROLL GROWTH: 2.75% per annum, compounded annually.

HEALTH CARE COST TREND RATES: Health care cost trend rates reflect the change in per capita health costs over time due to factors such as inflation, utilization, plan design, and technology improvements which are detailed in the “Annual Increase in Medical/Prescription Drug/Optional Plan Costs” table below.

Annual Increase in Medical/Prescription Drug/Optional Plan Costs			
Fiscal Year Ending	Pre-Medicare Medical Trend*	Medicare-Eligible Medical Trend	Optional Plans Trend
2025	6.50%	0.00%**	2.00%
2026	6.25	0.00	2.00
2027	6.00	0.00	2.00
2028	5.75	4.50	2.00
2029	5.50	4.50	2.00
2030	5.25	4.50	2.00
2031	5.00	4.50	2.00
2032	4.75	4.50	2.00
2033	4.50	4.50	2.00

* Also applies to sliding scale age and years of service premium to be contributed by retirees, surviving dependent contributions, University Contributions and the PEEHIP Supplemental Plan cost.

** Initial Medicare trend rates are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026 – 2028 contract negotiation period.

The “Annual Increase in Base Contributions Received from Covered Members” table details how the expected increase in the amounts contributed from covered retirees and dependents will increase over time. The trend rates are detailed below and apply to the base rate retiree premiums only. The sliding scale premiums are assumed to increase with health care trend. The premiums for surviving dependents are assumed to approximate the assumed claims cost over time.

Annual Increase in Base Contributions Received from Covered Members		
Retiree Share of Premium		Retiree Optional Plans Premium
Pre-Medicare	Medicare Eligible	
2.0%	1.0%	2.0%



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



ANTICIPATED PLAN PARTICIPATION: The assumed annual rates of plan participation and spouse coverage are as follows:

Medical Coverage

Service Retirement Years of Service	Under 65	Over 65
10 – 14	30%	85%
15 – 19	45%	85%
20 – 24	65%	90%
25+	75%	90%

	Under 65	Over 65
Disabled Retirement*	90%	90%
Vested Retirement	10%	10%
Spouse Coverage**	55%	45%

* 100% of current disabled retirees and future disabled retirees who are not also eligible for service retirement are assumed to qualify for Social Security Disability benefits and thus would be exempt from sliding scale contributions.

** Percentage of participating members who are assumed to cover a spouse.

It is assumed 10% of current Pre-Medicare inactive members waiving medical coverage will enroll in medical coverage once attaining Medicare eligibility.

Optional Plan Coverage

Optional Plans	
Plan	Participation
Hospital Indemnity	5%
Dental	55%
Cancer	10%
Vision	15%

Wives are assumed to be three years younger than husbands.

We assume 10% of males and 6% of females pay the \$50 monthly tobacco surcharge. This applies to both retirees and spouses.

We assume 100% of Pre-Medicare eligible retirees and covered spouses will qualify for the wellness credit.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



ANNUAL EXPECTED MEDICAL/RX DRUGS CLAIMS (AGE ADJUSTED):

Per capita costs are adjusted to reflect expected cost changes related to age. The relative value factors used were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries. Representative values of the expected annual claims are as follows:

Pre-Medicare Retirees		
Age	Male	Female
40	\$4,640	\$7,572
45	5,751	8,016
50	7,511	9,340
55	9,855	10,881
60	12,695	12,690
64	15,504	14,857

Medicare-Eligible Retirees		
Age	Male	Female
65	\$2,223	\$2,119
70	2,703	2,605
75	3,209	3,042
80	3,725	3,504
85	4,197	3,953
90	4,608	4,293

Claims for Medicare-Eligible retirees are set based on the 2025 plan year known premium rates.

ANNUAL EXPECTED OPTIONAL PLAN CLAIMS: Following is a chart detailing expected Optional Plan claims for the year following the valuation date. Optional Plan claims are not age-adjusted.

Dental Plan	Vision Plan	Cancer Plan	Hospital Indemnity Plan
\$454	\$66	\$111	\$141

ACTUARIAL METHOD: Costs were determined using the Entry Age Normal Cost Method. Under this method, the normal cost is determined as a level percentage of payroll which, if applied for the average new member during the entire period of his/her anticipated covered service from hire date through full retirement eligibility date, would be required to meet the cost of all benefits payable on behalf of the member. The unfunded accrued liability is determined by subtracting the present value of future normal costs together with the actuarial value of assets from the present value of expected benefits to be paid by the Plan.

ASSET VALUATION METHOD: Market value.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



FEDERAL LEGISLATION: The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the changes to Medicare due to the IRA, which are included in our baseline Medicare costs and trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required.

COVID-19: The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



SALARY INCREASES: Representative values of the assumed annual rates of future salary increases are as follows:

Service	Annual Rate*
0	5.00%
1 – 5	4.00
6 – 10	3.75
11 – 15	3.50
16 & Over	3.25

* Includes wage inflation at 2.75% per annum.

SEPARATIONS BEFORE SERVICE RETIREMENT: Representative values of the assumed annual rates of death and disability are as follows:

AGE	Annual Rates						
	Death*		Disability Retirement**				
	Males	Females	Tier 1			Tier 2	
			Males	Females	Years of Service	Males	Females
25	0.0143%	0.0072%	0.1000%		0.0700%	0.1000%	0.0700%
30	0.0195	0.0111	0.1000		0.0700	0.1000	0.0700
35	0.0267	0.0169	0.1000		0.0700	0.1000	0.0700
40	0.0371	0.0260	0.1300		0.1700	0.1300	0.1700
45	0.0585	0.0403	0.2500	0.2000%	0.3200	0.2000%	0.2500
50	0.0969	0.0605	0.5000	0.2000	0.5800	0.2000	0.5000
55	0.1508	0.0878	0.8000	0.2000	0.9000	0.2250	0.8000
60	0.2321	0.1326	0.5000	0.2000	0.6500	0.3000	0.5000
65	0.3809	0.2223	0.5000	0.2000	0.6500	0.3000	0.5000

* Base mortality rates as of 2010 before application of the improvement scale.

** No rates of disability are assumed for members with less than 10 years of creditable service.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



TERMINATION RATES:

Values of the assumed annual rates of withdrawal are as follows:

Years of Service	Annual Rates of Withdrawal*	
	Male	Female
0 – 3	12.00%	11.00%
4	10.00	9.00
5	7.25	6.50
6	6.25	5.50
7	5.25	5.00
8	5.00	4.25
9	4.25	3.50
10	3.25	3.25
11	3.25	3.00
12	3.00	2.75
13	3.00	2.50
14	2.75	2.25
15	2.50	2.25
16	2.00	2.00
17	2.00	1.90
18	2.00	1.85
19	2.00	1.70
>= 20	1.00	1.00

* No rates after eligibility for retirement.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



SERVICE RETIREMENT:

Values of the assumed annual rates of service retirement for Tier 1 are as follows:

AGE	Annual Rates					
	Males		Females			
	Years of Service		Years of Service			
	< 25	>= 25	< 25	25	>= 25	
40 – 47		25.00%		25.00%	25.00%	
48		22.00		18.00	18.00	
49		17.50		15.50	15.50	
50		16.00		17.50	12.50	
51		16.00		19.00	14.00	
52		16.00		19.50	14.50	
53		16.00		20.00	15.00	
54		16.00		21.50	16.50	
55		15.50		22.00	17.00	
56		15.50		22.00	17.00	
57		15.50		22.50	17.50	
58		15.50		23.50	18.50	
59		18.00		25.00	20.00	
60	12.00%	18.00	15.00%	29.00	24.00	
61	9.50	18.00	12.00	29.00	24.00	
62	22.00	32.00	21.00	45.00	40.00	
63	16.00	27.50	16.00	36.00	31.00	
64	14.00	21.50	15.50	32.50	27.50	
65	25.00	27.50	27.00	38.00	38.00	
66	25.00	27.50	28.00	40.00	40.00	
67	22.00	23.50	23.00	33.00	33.00	
68	21.00	22.50	25.00	33.00	33.00	
69	21.00	22.50	20.50	30.00	30.00	
70	21.00	22.50	24.50	30.00	30.00	
71 – 74	20.00	22.50	22.00	30.00	30.00	
75 – 76	30.00	22.50	30.00	30.00	30.00	
77 – 79	30.00	22.50	30.00	30.00	30.00	
80	100.00	100.00	100.00	100.00	100.00	



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



Values of the assumed annual rates of service retirement for Tier 2 (Non-FLC) are as follows:

AGE	Annual Rates								
	Males				Females				
	Years of Service				Years of Service				
	< 25	25 – 29	30	>= 31	< 25	25	26 – 29	30	>= 31
40 – 47			10.00%	10.00%				10.00%	10.00%
48			10.00	10.00				10.00	10.00
49			10.00	10.00				10.00	10.00
50			10.00	10.00				10.00	10.00
51			10.00	10.00				10.00	10.00
52			10.00	10.00				10.00	10.00
53			10.00	10.00				10.00	10.00
54			10.00	10.00				10.00	10.00
55			20.00	10.00				20.00	10.00
56			20.00	10.00				20.00	10.00
57			20.00	10.00				20.00	10.00
58			20.00	10.00				20.00	10.00
59			20.00	10.00				20.00	10.00
60			40.00	40.00				45.00	45.00
61			40.00	40.00				45.00	45.00
62	50.00%	60.00%	60.00	60.00	50.00%	70.00%	70.00%	70.00	70.00
63	16.00	27.50	27.50	27.50	16.00	36.00	31.00	31.00	31.00
64	14.00	21.50	21.50	21.50	15.50	32.50	27.50	27.50	27.50
65	25.00	27.50	27.50	27.50	27.00	38.00	38.00	38.00	38.00
66	25.00	27.50	27.50	27.50	28.00	40.00	40.00	40.00	40.00
67	22.00	23.50	23.50	23.50	23.00	33.00	33.00	33.00	33.00
68	21.00	22.50	22.50	22.50	25.00	33.00	33.00	33.00	33.00
69	21.00	22.50	22.50	22.50	20.50	30.00	30.00	30.00	30.00
70	21.00	22.50	22.50	22.50	24.50	30.00	30.00	30.00	30.00
71 – 74	20.00	22.50	22.50	22.50	22.00	30.00	30.00	30.00	30.00
75 – 76	30.00	22.50	22.50	22.50	30.00	30.00	30.00	30.00	30.00
77 – 79	30.00	30.00	22.50	22.50	30.00	30.00	30.00	30.00	30.00
80	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



Values of the assumed annual rates of service retirement for Tier 2 (FLC) (for both males and females) are as follows:

AGE	Annual Rates		
	Years of Service		
	10	11 – 29	>= 30
40 – 47			2.50%
48			2.50
49			5.00
50			5.00
51			10.00
52			10.00
53			10.00
54			10.00
55			10.00
56	15.00%	15.00%	15.00
57	15.00	15.00	15.00
58	15.00	15.00	15.00
59	15.00	15.00	15.00
60	17.00	17.00	17.00
61	40.00	18.50	18.50
62	40.00	30.00	30.00
63	40.00	25.00	25.00
64	40.00	22.00	22.00
65	40.00	27.00	27.00
66	40.00	38.00	38.00
67	40.00	30.00	30.00
68	40.00	30.00	30.00
69	40.00	30.00	30.00
70 – 74	60.00	30.00	30.00
75	100.00	100.00	100.00



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



DEATHS AFTER RETIREMENT: Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 through 2018 and scale MP-2020 adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	SetForward(+) / Setback (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2, Female: +2	Male: 108% ages < 63, 96% ages > 67; Phasing down 63 – 67 Female: 112% ages < 69, 98% ages > 74; Phasing down 69 – 74
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: None	None
Disabled Retirees	Teacher Disability	Male: +8, Female: +3	None



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE									
Year	Difference Between Expected and Actual Experience		(Years)	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Differences Between Expected and Actual Experience					
	Recognition Period	2024 - 2025		2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	Thereafter
2018 - 2019	(\$3,452,330,157)	6.17	(\$95,120,931)	\$0	\$0	\$0	\$0	\$0	\$0
2019 - 2020	\$81,989,858	6.55	\$12,517,536	\$6,884,642	\$0	\$0	\$0	\$0	\$0
2020 - 2021	(\$27,975,210)	6.73	(\$4,156,792)	(\$4,156,792)	(\$3,034,458)	\$0	\$0	\$0	\$0
2021 - 2022	(\$2,685,297,272)	6.78	(\$396,061,545)	(\$396,061,545)	(\$396,061,545)	(\$308,928,002)	\$0	\$0	\$0
2022 - 2023	(\$558,900,710)	6.27	(\$89,138,869)	(\$89,138,869)	(\$89,138,869)	(\$89,138,869)	(\$24,067,496)	\$0	\$0
2023 - 2024	\$5,070,325,401	6.32	\$802,266,677	\$802,266,677	\$802,266,677	\$802,266,677	\$802,266,677	\$256,725,339	\$0
2024 - 2025	(\$502,572,682)	6.34	(\$79,270,139)	(\$79,270,139)	(\$79,270,139)	(\$79,270,139)	(\$79,270,139)	(\$79,270,139)	(\$26,951,848)
			\$151,035,937	\$240,523,974	\$234,761,666	\$324,929,667	\$698,929,042	\$177,455,200	(\$26,951,848)



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SCHEDULE OF DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE						
Year	Experience	Experience	Amounts Recognized in			Deferred Inflows of Resources (b) + (c)
	Losses (a)	Gains (b)	OPEB Expense Through September 30, 2025 (c)	Deferred Outflows of Resources (a) – (c)		
2018 - 2019	\$0	\$3,452,330,157	(\$3,452,330,157)	\$0	\$0	
2019 - 2020	\$81,989,858	\$0	\$75,105,216	\$6,884,642	\$0	
2020 - 2021	\$0	\$27,975,210	(\$20,783,960)	\$0	\$7,191,250	
2021 - 2022	\$0	\$2,685,297,272	(\$1,584,246,180)	\$0	\$1,101,051,092	
2022 - 2023	\$0	\$558,900,710	(\$267,416,607)	\$0	\$291,484,103	
2023 - 2024	\$5,070,325,401	\$0	\$1,604,533,354	\$3,465,792,047	\$0	
2024 - 2025	\$0	\$502,572,682	(\$79,270,139)	\$0	\$423,302,543	
			(\$3,724,408,473)	\$3,472,676,689	\$1,823,028,988	



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS								
Difference Between Projected and Actual Earnings on OPEB Plan			Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Differences Between Projected and Actual Earnings on OPEB Plan Investments					
Year	Investments	Recognition Period (Years)	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	Thereafter
2020 - 2021	(\$209,726,721)	5.00	(\$41,945,345)	\$0	\$0	\$0	\$0	\$0
2021 - 2022	\$426,696,435	5.00	\$85,339,287	\$85,339,287	\$0	\$0	\$0	\$0
2022 - 2023	(\$129,352,490)	5.00	(\$25,870,498)	(\$25,870,498)	(\$25,870,498)	\$0	\$0	\$0
2023 - 2024	(\$347,425,015)	5.00	(\$69,485,003)	(\$69,485,003)	(\$69,485,003)	(\$69,485,003)	\$0	\$0
2024 - 2025	(\$105,311,630)	5.00	(\$21,062,326)	(\$21,062,326)	(\$21,062,326)	(\$21,062,326)	(\$21,062,326)	\$0
			(\$73,023,885)	(\$31,078,540)	(\$116,417,827)	(\$90,547,329)	(\$21,062,326)	\$0



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SCHEDULE OF DIFFERENCES BETWEEN PROJECTED AND ACTUAL EARNINGS ON PLAN INVESTMENTS			
Year	Difference Between Projected and Actual Earnings on OPEB Plan Investments (a)	Amounts Recognized in OPEB Expense Through September 30, 2025 (b)	Amounts of Deferred Outflows/(Inflows) of Resources (a) – (b)
2020 - 2021	(\$209,726,721)	(\$209,726,721)	\$0
2021 - 2022	\$426,696,435	\$341,357,148	\$85,339,287
2022 - 2023	(\$129,352,490)	(\$77,611,494)	(\$51,740,996)
2023 - 2024	(\$347,425,015)	(\$138,970,006)	(\$208,455,009)
2024 - 2025	(\$105,311,630)	(\$21,062,326)	(\$84,249,304)
		(\$106,013,399)	(\$259,106,022)



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SCHEDULE OF CHANGES OF ASSUMPTION									
Year	Assumption Changes	Recognition Period (Years)	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Assumption Changes						
			2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	Thereafter
2018 - 2019	(\$1,296,563,101)	6.17	(\$35,723,779)	\$0	\$0	\$0	\$0	\$0	\$0
2019 - 2020	\$2,513,243,548	6.55	\$383,701,305	\$211,035,718	\$0	\$0	\$0	\$0	\$0
2020 - 2021	(\$1,356,791,705)	6.73	(\$201,603,522)	(\$201,603,522)	(\$147,170,573)	\$0	\$0	\$0	\$0
2021 - 2022	(\$1,281,790,687)	6.78	(\$189,054,674)	(\$189,054,674)	(\$189,054,674)	(\$147,462,643)	\$0	\$0	\$0
2022 - 2023	\$752,790,879	6.27	\$120,062,341	\$120,062,341	\$120,062,341	\$120,062,341	\$32,416,833	\$0	\$0
2023 - 2024	\$2,445,748,225	6.32	\$386,985,479	\$386,985,479	\$386,985,479	\$386,985,479	\$386,985,479	\$123,835,351	\$0
2024 - 2025	(\$1,496,873,136)	6.34	(\$236,099,864)	(\$236,099,864)	(\$236,099,864)	(\$236,099,864)	(\$236,099,864)	(\$236,099,864)	(\$80,273,952)
			\$228,267,286	\$91,325,478	(\$65,277,291)	\$123,485,313	\$183,302,448	(\$112,264,513)	(\$80,273,952)



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SCHEDULE OF CHANGES OF ASSUMPTION						
Year	Assumption Losses (a)	Assumption Gains (b)	Amounts Recognized in OPEB Expense Through September 30, 2025		Deferred Outflows of Resources (a) – (c)	Deferred Inflows of Resources (b) + (c)
			(c)			
2018 - 2019	\$0	\$1,296,563,101	(\$1,296,563,101)		\$0	\$0
2019 - 2020	\$2,513,243,548	\$0	\$2,302,207,830	\$211,035,718		\$0
2020 - 2021	\$0	\$1,356,791,705	(\$1,008,017,610)		\$0	\$348,774,095
2021 - 2022	\$0	\$1,281,790,687	(\$756,218,696)		\$0	\$525,571,991
2022 - 2023	\$752,790,879	\$0	\$360,187,023	\$392,603,856		\$0
2023 - 2024	\$2,445,748,225	\$0	\$773,970,958	\$1,671,777,267		\$0
2024 - 2025	\$0	\$1,496,873,136	(\$236,099,864)		\$0	\$1,260,773,272
			\$139,466,540	\$2,275,416,841	\$2,135,119,358	



SCHEDULE C – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

SUMMARY OF RECOGNIZED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES							
	Net Increase/(Decrease) in OPEB Expense						
	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028	2028 - 2029	2029 - 2030	Thereafter
Differences between Expected and Actual Experience	\$151,035,937	\$240,523,974	\$234,761,666	\$324,929,667	\$698,929,042	\$177,455,200	(\$26,951,848)
Changes of Assumptions	\$228,267,286	\$91,325,478	(\$65,277,291)	\$123,485,313	\$183,302,448	(\$112,264,513)	(\$80,273,952)
Differences between Projected and Actual Earnings on OPEB Plan Investments	(\$73,023,885)	(\$31,078,540)	(\$116,417,827)	(\$90,547,329)	(\$21,062,326)	\$0	\$0
Grand Total	\$306,279,338	\$300,770,912	\$53,066,548	\$357,867,651	\$861,169,164	\$65,190,687	(\$107,225,800)

