

**CITY OF JOLIET
RETIREE HEALTHCARE AND LIFE INSURANCE BENEFIT
PROGRAMS - ACTUARIAL VALUATION
FOR THE YEAR BEGINNING
JANUARY 1, 2012**

May 10, 2013

Mr. Ken Mihelich
Director of Management and Budget,
City Treasurer
City of Joliet
150 W. Jefferson Street
Joliet, IL 60432-4158

Dear Ken:

We have performed an actuarial valuation as of January 1, 2012, of the Retiree Healthcare and Life Insurance Benefit Programs sponsored by the City of Joliet. The actuarial valuation was performed in order to:

- Measure the actuarial liability as of January 1, 2012, and
- Develop retiree healthcare accounting expense and disclosure information for fiscal years 2012 and 2013 as defined under the GASB Statement Nos. 43 and 45.

In addition, we have performed ten-year actuarial projections of the GASB expense and pro forma funding levels.

The valuation was based on the following:

- Census data as of January 1, 2012, as provided by the City of Joliet, and claims, enrollment and premium data for calendar years 2010, 2011 and 2012, as provided by BlueCross BlueShield;
- Plan provisions and funding policy in effect as of January 1, 2012, as provided by the City of Joliet and BlueCross BlueShield as summarized in Section D;
- Our understanding of the substantive plan in effect as currently being administered. That is, retiree and dependent premiums have not increased since 1988, and will continue to remain level in the future; and
- Actuarial assumptions and methods shown in Section E as used for Police and Fire in the actuarial valuations performed for the City of Joliet and as used for the non-public-safety non-state employees in the actuarial valuation for the Illinois Municipal Retirement Fund.

The calculations reported herein have been made on a basis consistent with GASB Statements Nos. 43 (*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) and 45 (*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*). The undersigned are Members of the American Academy of Actuaries (M.A.A.A.) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

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

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

The signing actuaries are independent of the plan sponsor.

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

If you have any questions or comments, please call us at 312-456-9800.

Sincerely,



Alex Rivera, F.S.A., M.A.A.A.
Senior Consultant



Paul Wood, A.S.A., M.A.A.A.
Consultant

AR: kb
Enclosures

TABLE OF CONTENTS

Section	Items	Pages
	Transmittal Letter	
A	Executive Summary	1-2
B	Valuation Results at 4.5% Discount and 5.0% Ultimate Trend	3-5
C	Sensitivity Projections	6-8
D	Plan Provisions	9-11
E	Assumptions and Methods	12-20
F	Participant Data	21-22
G	GASB Accounting Information	23-24

SECTION A

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

This report presents the results of our actuarial valuation as of January 1, 2012, for the Retiree Healthcare and Life Insurance Benefit Programs sponsored by the City of Joliet. The valuation was based on GASB statement Nos. 43 and 45. Our valuation was based on a discount rate assumption of 4.5 percent and an ultimate healthcare trend assumption of 5.0 percent, as approved by the City of Joliet. The discount rate reflects the employer's pay-as-you-go funding policy.

The key valuation results are summarized below:

Retiree Healthcare and Life Insurance Benefit Programs					Total 2010
4.5% Discount Rate and 5.0% Ultimate Trend					
	General Fund	Water/Sewer	Parking	Total	
Actuarial Liability as of January 1, 2012	\$186,568,978	\$27,677,769	\$466,283	\$214,713,030	\$205,086,432
Normal Cost for FY 2012	\$ 9,671,589	\$ 769,102	\$ 31,889	\$ 10,472,580	\$ 10,852,900
GASB FY 2012 Expense (Annual OPEB Cost) (% of Payroll)	\$ 16,934,850 27.1%	\$ 1,801,164 23.8%	\$ 52,444 19.6%	\$ 18,788,458 26.7%	\$ 18,592,855 25.9%
FY 2012 Benefit Payments (% of Payroll)	\$ 5,117,605 8.2%	\$ 1,047,674 13.9%	\$ 6,644 2.5%	\$ 6,171,923 8.8%	\$ 5,803,998 8.1%
Actives	679	87	3	769	866
Retirees	385	73	1	459	418

The details of the valuation results by Fund are included in Section B of the report.

Based on our projected estimates, if the City of Joliet continues to fund retiree healthcare benefits on a pay-as-you-go basis, the Net OPEB Obligation is expected to grow to approximately \$206.7 million after nine years. The details of the projections are shown in Section B.

EXECUTIVE SUMMARY (CONT'D)

Changes in the Plan Costs and Liabilities Since the Actuarial Valuation as of January 1, 2010

The actuarial accrued liability at January 1, 2010, was \$205.1 million, and the projected annual actuarial accrued liability at January 1, 2012, based on the valuation as of January 1, 2010, was \$234.8 million. The actual accrued liability at January 1, 2012, is \$214.7 million.

The Annual Required Contribution (ARC) for fiscal year 2010 was \$18.2 million, and the projected annual required contribution for fiscal year 2012 based on the valuation as of January 1, 2010, was \$20.1 million. The actual annual required contribution for fiscal year 2012 is \$18.1 million.

The key factors contributing to the decrease in actuarial liabilities from the expected amount of \$234.8 million to the actual amount of \$214.7 million include:

- During the two years, the plan experienced favorable healthcare trend experience which decreased the actuarial liability by \$44.0 million. Claims costs were expected to grow by approximately 20 percent over the past two years. Actual claims cost were flat.
- Demographic experience caused actuarial liabilities to decrease by \$4.6 million.
- Changes in OPEB related assumptions and methods increased actuarial liabilities by \$7.3 million. The key assumption change was updating the healthcare trend rates used to project the member's average healthcare claim costs after retirement. The medical trend assumption used for the valuation as of January 1, 2010, was 10.0 percent in 2011, decreasing each year to an ultimate trend rate of 5.0 percent in 2016. This assumption was changed for the valuation at January 1, 2012, to 9.0 percent for 2013, decreasing each year to an ultimate trend rate of 5.0 percent in 2017.
- Subsequent to the January 1, 2010, valuation, there was a change to the demographic assumptions for members covered under the Illinois Municipal Retirement Fund as well as the members covered under the City of Joliet Police and Fire plans. This change increased liabilities by \$21.2 million. A majority of the change was due to the recognition of future mortality improvements for members of the Police and Fire Pension Plans.

City of Joliet, Illinois

Retiree Healthcare and Life Insurance Benefit Programs

GASB 45 Actuarial Valuation as of January 1, 2012

Reconciliation of Change in Accrued Liability

(\$ In Thousands)

1. Accrued liability as of 1/1/2010	\$ 205,086	
2. Projected accrued liability as of 1/1/2012	\$ 234,793	
3. Changes in accrued liability due to:		<u>Percent Increase</u>
a. Updated Demographic Assumptions	\$ 21,197	9.03%
b. Claims Experience	(44,025)	-18.75%
c. Updated Trend Assumption	7,337	3.12%
d. Demographic and Other	(4,589)	-1.95%
e. Total (a.+ b.+ c.+ d.)	\$ (20,080)	-8.55%
4. Accrued liability as of 1/1/2012 (2.+3.e.)	\$ 214,713	

SECTION B

VALUATION RESULTS AT 4.5% DISCOUNT AND 5.0%
ULTIMATE TREND

VALUATION RESULTS AT 4.5% DISCOUNT AND 5.0% ULTIMATE TREND

The following tables show the results of our valuation assuming a discount rate of 4.5 percent, salary increases comprised of a wage inflation component of 4.0 percent and a seniority and merit component that varies by age and/or service and an ultimate healthcare trend rate of 5.0 percent. We believe these assumptions are consistent with the requirements of GASB Statement Nos. 43 and 45. According to paragraph 34(c) of GASB Statement No. 43 and paragraph 13(c) of GASB Statement No. 45, plans should use a discount rate consistent with the return on assets backing retiree healthcare benefits, which for pay-as-you-go plans will usually be the return earned by the employer's general assets.

The following tables are included in this section:

- GASB Valuation as of January 1, 2012, by Fund
- Ten-year GASB Projection for All Funds

The ten-year GASB projections show an annual OPEB cost increasing from \$18.8 million in FY 2012 to \$30.0 million in FY 2021. When expressed as a percentage of payroll, OPEB expense is expected to increase from 26.7 percent to 29.9 percent of payroll. Expected retiree healthcare benefits are projected to increase from \$6.2 million in FY 2012 to about \$11.0 million in FY 2021. Expressed as a percentage of payroll, this is an increase from 8.8 percent in FY 2012 to 11.0 percent in FY 2021. The primary reason for the increase is due to the relationship between salary increases and healthcare trend increases. That is, salaries are expected to grow at 4.0 percent whereas healthcare benefits are expected to grow at 9.0% in 2013, 8.0% in 2014, etc., until the ultimate trend rate of 5.0 percent is reached in the year 2017.

The balance sheet liability or Net OPEB Obligation is expected to grow from \$69.9 million at FYE 2011 to \$206.7 million at FYE 2020. This increase is due to the fact that our calculations assume a pay-as-you-go funding policy; that is, employer contributions equal benefit payments for the current retiree group.

City of Joliet, Illinois
Retiree Healthcare and Life Insurance Benefit Programs
GASB 45 Actuarial Valuation as of January 1, 2012
Pay-as-you-go Funding Policy

Discount Rate 4.50%
*Salary Scale*¹ 4.00%
Ultimate Trend 5.00%
Wage Inflation 4.00%
Amortization: 30-year open, level percentage of payroll

<i>Retiree Healthcare Program</i>	General Fund	Water/Sewer Fund	Parking System	Total
I) Actuarial Liability				
A) Health Insurance				
i) Active Employees ²	\$ 94,414,613	\$ 10,243,421	\$ 411,796	\$ 105,069,830
ii) Retired and Disabled Participants	88,317,097	16,820,562	47,328	105,184,987
iii) Total	\$ 182,731,710	\$ 27,063,983	\$ 459,124	\$ 210,254,817
B) Life Insurance				
i) Active Employees ²	\$ 689,154	\$ 80,562	\$ 7,159	\$ 776,875
ii) Retired and Disabled Participants	3,148,114	533,224	-	3,681,338
iii) Total	\$ 3,837,268	\$ 613,786	\$ 7,159	\$ 4,458,213
C) Total Liabilities	\$ 186,568,978	\$ 27,677,769	\$ 466,283	\$ 214,713,030
II) Assets	-	-	-	-
III) Unfunded Actuarial Liability (UAL)	\$ 186,568,978	\$ 27,677,769	\$ 466,283	\$ 214,713,030
IV) Net OPEB Obligation (boy)	\$ 64,769,434	\$ 4,719,673	\$ 420,228	\$ 69,909,335
V) Normal Cost				
A) Health Insurance	\$ 9,624,836	\$ 764,521	\$ 31,283	\$ 10,420,640
B) Life Insurance	46,753	4,581	606	51,940
C) Total	\$ 9,671,589	\$ 769,102	\$ 31,889	\$ 10,472,580
VI) Annual Required Contribution (ARC)				
A) Normal Cost	\$ 9,671,589	\$ 769,102	\$ 31,889	\$ 10,472,580
B) Amortization of UAL	6,661,113	988,185	16,648	7,665,946
C) Total	\$ 16,332,702	\$ 1,757,287	\$ 48,537	\$ 18,138,526
VII) Annual OPEB Cost				
i) ARC	\$ 16,332,702	\$ 1,757,287	\$ 48,537	\$ 18,138,526
ii) Interest on Net OPEB Obligation	2,914,625	212,385	18,910	3,145,920
iii) Adjustment to ARC	(2,312,477)	(168,508)	(15,003)	(2,495,988)
iv) Total	\$ 16,934,850	\$ 1,801,164	\$ 52,444	\$ 18,788,458
v) Percentage of Payroll	27.1%	23.8%	19.6%	26.7%
VIII) Expected Employer Contributions ³				
i) Implicit Subsidy	\$ 1,496,315	\$ 338,678	\$ 2,015	\$ 1,837,008
ii) Explicit Subsidy	3,621,290	708,996	4,629	4,334,915
iii) Total	\$ 5,117,605	\$ 1,047,674	\$ 6,644	\$ 6,171,923
iv) Percentage of Payroll	8.2%	13.9%	2.5%	8.8%
IX) Payroll	\$ 62,543,971	\$ 7,558,031	\$ 267,754	\$ 70,369,756

¹ Base increase plus age or service based component.

² Active employees eligible for future retiree healthcare benefits

³ Expected employer contributions to finance current retiree healthcare claims assuming pay-as-you-go funding.

City of Joliet, Illinois
Retiree Healthcare and Life Insurance Benefit Programs
GASB 45 Actuarial Valuation as of January 1, 2012
Pay-as-you-go Funding Policy
Ten-year GASB Projection for All Funds
(\$ in Thousands)

Discount Rate 4.50%
*Salary Scale*¹ 4.00%
Ultimate Trend 5.00%
Wage Inflation 4.00%

Amortization: 30-year open, level percentage of payroll

	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/1/2014</u>	<u>1/1/2015</u>	<u>1/1/2016</u>	<u>1/1/2017</u>	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>
Retiree Healthcare and Life Insurance Programs										
A) Actuarial Liability	\$ 214,713	\$ 229,010	\$ 243,876	\$ 259,253	\$ 275,323	\$ 292,147	\$ 309,743	\$ 328,150	\$ 347,432	\$ 367,580
B) Assets	-	-	-	-	-	-	-	-	-	-
C) Unfunded Actuarial Liability (UAL)	214,713	229,010	243,876	259,253	275,323	292,147	309,743	328,150	347,432	367,580
D) Net OPEB Obligation (boy)	69,909	82,526	95,688	109,340	123,658	138,703	154,492	171,064	188,480	206,733
E) Annual Required Contribution (ARC)										
i) Normal Cost	\$ 10,473	\$ 10,891	\$ 11,327	\$ 11,780	\$ 12,251	\$ 12,741	\$ 13,251	\$ 13,781	\$ 14,332	\$ 14,906
ii) Amortization of UAL	<u>7,666</u>	<u>8,176</u>	<u>8,707</u>	<u>9,256</u>	<u>9,830</u>	<u>10,431</u>	<u>11,059</u>	<u>11,716</u>	<u>12,404</u>	<u>13,124</u>
iii) Total	\$ 18,139	\$ 19,067	\$ 20,034	\$ 21,036	\$ 22,081	\$ 23,172	\$ 24,310	\$ 25,497	\$ 26,736	\$ 28,030
F) Annual OPEB Cost										
i) ARC	\$ 18,139	\$ 19,067	\$ 20,034	\$ 21,036	\$ 22,081	\$ 23,172	\$ 24,310	\$ 25,497	\$ 26,736	\$ 28,030
ii) Interest on Net OPEB Obligation	3,146	3,714	4,306	4,920	5,565	6,242	6,952	7,698	8,482	9,303
iii) Adjustment to ARC	<u>(2,496)</u>	<u>(2,946)</u>	<u>(3,416)</u>	<u>(3,904)</u>	<u>(4,415)</u>	<u>(4,952)</u>	<u>(5,516)</u>	<u>(6,108)</u>	<u>(6,729)</u>	<u>(7,381)</u>
iv) Total	\$ 18,789	\$ 19,835	\$ 20,924	\$ 22,053	\$ 23,231	\$ 24,462	\$ 25,746	\$ 27,088	\$ 28,489	\$ 29,952
v) Percentage of Payroll	26.7%	27.1%	27.5%	27.9%	28.2%	28.6%	28.9%	29.3%	29.6%	29.9%
G) Expected Employer Contributions										
i) Implicit Subsidy	\$ 1,837	\$ 2,112	\$ 2,321	\$ 2,438	\$ 2,549	\$ 2,682	\$ 2,804	\$ 2,905	\$ 3,023	\$ 3,231
ii) Explicit Subsidy	<u>4,335</u>	<u>4,560</u>	<u>4,951</u>	<u>5,297</u>	<u>5,637</u>	<u>5,991</u>	<u>6,370</u>	<u>6,766</u>	<u>7,213</u>	<u>7,750</u>
iii) Total	\$ 6,172	\$ 6,672	\$ 7,272	\$ 7,735	\$ 8,186	\$ 8,673	\$ 9,174	\$ 9,671	\$ 10,236	\$ 10,981
iv) Percentage of Payroll	8.8%	9.1%	9.6%	9.8%	9.9%	10.1%	10.3%	10.4%	10.6%	11.0%
H) Payroll	\$ 70,370	\$ 73,185	\$ 76,112	\$ 79,156	\$ 82,323	\$ 85,616	\$ 89,040	\$ 92,602	\$ 96,306	\$ 100,158

¹ Base increase plus age or service based component.

SECTION C

SENSITIVITY PROJECTIONS

SENSITIVITY PROJECTIONS

One of the key objectives of GASB 45 is to accrue an expense, for the value of future retiree healthcare benefits, during the working lifetime of an active employee. This objective requires a systematic means of spreading the present value of benefits over the person's working career. Actuarial cost methods are specifically designed to meet this objective.

It is important to note that GASB 45 does not require that a plan sponsor pre-fund retiree healthcare benefits during an employees working career. GASB 45 only requires accruing an expense for retiree healthcare benefits and reporting a balance sheet liability representing the cumulative difference between annual expense and employer contributions. However, sponsors that pre-fund retiree healthcare benefits will experience a significant reduction in the annual expense and balance sheet liability.

From 2012 to 2021, the annual expense is projected to increase from \$18.8 million to \$30.0 million under the pay-as-you-go funding policy and from \$14.0 million to \$18.2 million under the full funding policy. The annual employer's contribution is projected to increase from \$6.2 million to \$11.0 million under the pay-as-you-go policy and from \$12.4 million to \$16.2 million under the full funding policy.

Pre-funding benefits has several key advantages including the use of a higher discount which produces lower expense, and more stable costs. However, pre-funding would require additional near-term financing sources.

City of Joliet, Illinois
Retiree Healthcare and Life Insurance Benefit Programs
GASB 45 Actuarial Valuation as of January 1, 2012
Full Funding Policy

Discount Rate 7.50%
*Salary Scale*¹ 4.00%
Ultimate Trend 5.00%
Wage Inflation 4.00%
Amortization: 30-year open, level percentage of payroll

<i>Retiree Healthcare Program</i>	General Fund	Water/Sewer Fund	Parking System	Total
I) Actuarial Liability				
A) Health Insurance				
i) Active Employees ²	\$ 58,945,667	\$ 6,289,470	\$ 293,772	\$ 65,528,909
ii) Retired and Disabled Participants	<u>64,048,775</u>	<u>12,375,172</u>	<u>40,306</u>	<u>76,464,253</u>
iii) Total	\$ 122,994,442	\$ 18,664,642	\$ 334,078	\$ 141,993,162
B) Life Insurance				
i) Active Employees ²	\$ 356,767	\$ 41,353	\$ 4,667	\$ 402,787
ii) Retired and Disabled Participants	<u>2,062,007</u>	<u>342,106</u>	<u>-</u>	<u>2,404,113</u>
iii) Total	\$ 2,418,774	\$ 383,459	\$ 4,667	\$ 2,806,900
C) Total Liabilities	\$ 125,413,216	\$ 19,048,101	\$ 338,745	\$ 144,800,062
II) Assets	-	-	-	-
III) Unfunded Actuarial Liability (UAL)	\$ 125,413,216	\$ 19,048,101	\$ 338,745	\$ 144,800,062
IV) Net OPEB Obligation (boy)	\$ 64,769,434	\$ 4,719,673	\$ 420,228	\$ 69,909,335
V) Normal Cost				
A) Health Insurance	\$ 4,517,276	\$ 352,813	\$ 17,983	\$ 4,888,072
B) Life Insurance	<u>18,974</u>	<u>1,872</u>	<u>355</u>	<u>21,201</u>
C) Total	\$ 4,536,250	\$ 354,685	\$ 18,338	\$ 4,909,273
VI) Annual Required Contribution (ARC)				
A) Normal Cost	\$ 4,536,250	\$ 354,685	\$ 18,338	\$ 4,909,273
B) Amortization of UAL	<u>6,486,082</u>	<u>985,124</u>	<u>17,519</u>	<u>7,488,725</u>
C) Total	\$ 11,022,332	\$ 1,339,809	\$ 35,857	\$ 12,397,998
VII) Annual OPEB Cost				
i) ARC	\$ 11,022,332	\$ 1,339,809	\$ 35,857	\$ 12,397,998
ii) Interest on Net OPEB Obligation	4,857,708	353,975	31,517	5,243,200
iii) Adjustment to ARC	<u>(3,349,726)</u>	<u>(244,091)</u>	<u>(21,733)</u>	<u>(3,615,550)</u>
iv) Total	\$ 12,530,314	\$ 1,449,693	\$ 45,641	\$ 14,025,648
v) Percentage of Payroll	20.0%	19.2%	17.0%	19.9%
VIII) Expected Employer Contributions ³				
i) Implicit Subsidy	\$ 1,496,315	\$ 338,678	\$ 2,015	\$ 1,837,008
ii) Explicit Subsidy	3,621,290	708,996	4,629	4,334,915
iii) Additional Funding	<u>5,904,727</u>	<u>292,135</u>	<u>29,213</u>	<u>6,226,075</u>
iv) Total	\$ 11,022,332	\$ 1,339,809	\$ 35,857	\$ 12,397,998
i) Percentage of Payroll	17.6%	17.7%	13.4%	17.6%
IX) Payroll	\$ 62,543,971	\$ 7,558,031	\$ 267,754	\$ 70,369,756

¹ Base increase plus age or service based component.

² Active employees eligible for future retiree healthcare benefits

³ Expected employer contributions to finance current retiree healthcare claims assuming pay-as-you-go funding.

City of Joliet, Illinois
Retiree Healthcare and Life Insurance Benefit Programs
GASB 45 Actuarial Valuation as of January 1, 2012
Full Funding Policy
Ten-year GASB Projection for All Funds
(\$ in Thousands)

Discount Rate 7.50%
*Salary Scale*¹ 4.00%
Ultimate Trend 5.00%
Wage Inflation 4.00%

Amortization: 30-year open, level percentage of payroll

	<u>1/1/2012</u>	<u>1/1/2013</u>	<u>1/1/2014</u>	<u>1/1/2015</u>	<u>1/1/2016</u>	<u>1/1/2017</u>	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>	<u>1/1/2021</u>
Retiree Healthcare and Life Insurance Programs										
A) Actuarial Liability	\$ 144,800	\$ 154,538	\$ 164,699	\$ 175,220	\$ 186,278	\$ 197,936	\$ 210,209	\$ 223,141	\$ 236,794	\$ 251,163
B) Assets	-	6,456	13,255	20,336	27,871	35,923	44,505	53,657	63,440	73,846
C) Unfunded Actuarial Liability (UAL)	144,800	148,083	151,444	154,884	158,407	162,013	165,704	169,484	173,354	177,317
D) Net OPEB Obligation (boy)	69,909	71,537	73,203	74,907	76,651	78,435	80,262	82,130	84,042	85,999
E) Annual Required Contribution (ARC)										
i) Normal Cost	\$ 4,909	\$ 5,106	\$ 5,310	\$ 5,522	\$ 5,743	\$ 5,973	\$ 6,212	\$ 6,460	\$ 6,719	\$ 6,987
ii) Amortization of UAL	7,489	7,658	7,832	8,010	8,192	8,379	8,570	8,765	8,965	9,170
iii) Total	\$ 12,398	\$ 12,764	\$ 13,142	\$ 13,532	\$ 13,935	\$ 14,352	\$ 14,782	\$ 15,225	\$ 15,684	\$ 16,157
F) Annual OPEB Cost										
i) ARC	\$ 12,398	\$ 12,764	\$ 13,142	\$ 13,532	\$ 13,935	\$ 14,352	\$ 14,782	\$ 15,225	\$ 15,684	\$ 16,157
ii) Interest on Net OPEB Obligation	5,243	5,365	5,490	5,618	5,749	5,883	6,020	6,160	6,303	6,450
iii) Adjustment to ARC	(3,616)	(3,700)	(3,786)	(3,874)	(3,964)	(4,057)	(4,151)	(4,248)	(4,346)	(4,448)
iv) Total	\$ 14,026	\$ 14,429	\$ 14,846	\$ 15,276	\$ 15,720	\$ 16,178	\$ 16,650	\$ 17,137	\$ 17,640	\$ 18,160
v) Percentage of Payroll	19.9%	19.7%	19.5%	19.3%	19.1%	18.9%	18.7%	18.5%	18.3%	18.1%
G) Expected Employer Contributions										
i) Implicit Subsidy	\$ 1,837	\$ 2,112	\$ 2,321	\$ 2,438	\$ 2,549	\$ 2,682	\$ 2,804	\$ 2,905	\$ 3,023	\$ 3,231
ii) Explicit Subsidy	4,335	4,560	4,951	5,297	5,637	5,991	6,370	6,766	7,213	7,750
iii) Additional Funding	6,226	6,092	5,870	5,797	5,749	5,679	5,608	5,554	5,448	5,176
iv) Total	\$ 12,398	\$ 12,764	\$ 13,142	\$ 13,532	\$ 13,935	\$ 14,352	\$ 14,782	\$ 15,225	\$ 15,684	\$ 16,157
v) Percentage of Payroll	17.6%	17.4%	17.3%	17.1%	16.9%	16.8%	16.6%	16.4%	16.3%	16.1%
H) Payroll	\$ 70,370	\$ 73,185	\$ 76,112	\$ 79,156	\$ 82,323	\$ 85,616	\$ 89,040	\$ 92,602	\$ 96,306	\$ 100,158

¹ Base increase plus age or service based component.

SECTION D

PLAN PROVISIONS

PLAN PROVISIONS

Following are the plan provisions reflected in our valuation of the City of Joliet retiree healthcare and life insurance benefits as of January 1, 2012.

Medical Insurance Benefits:

Benefits Provided for Plan Year beginning January 1, 2012

City of Joliet provides pre and post-Medicare health care benefits to retired employees and their dependents provided they satisfy one of the following requirements:

- 1) General, Water/Sewer and Parking Employees: Age 55 with 8 or more years of service and retired under the IMRF Pension Plan.
- 2) Police Officers: 20 years (or more) of Creditable Service and is no longer in service as a Police Officer.
- 3) Firefighters: Age 50 (or more) with 20 years (or more) of Creditable Service, is no longer in service as a Firefighter and retired under the City of Joliet Fire Pension Plan.
- 4) Medically disabled and totally and permanently unable to work.

The City of Joliet also provides healthcare benefits to the survivors of deceased employees and retired members. Coverage for spouses of deceased plan members will terminate if they remarry.¹

Coordination with Medicare

Benefits for members eligible for Medicare modified as follows:

The amount payable under the City's health plan will be reduced by the amount payable under Medicare for those expenses that are covered by both. Prescription drug benefits for post-Medicare retirees and dependents do not reflect a plan change or federal subsidy as available under the Medicare Prescription Drug, Improvement and Modernization Act, beginning in 2006. We understand the City of Joliet has applied for a Medicare Part D Subsidy.

Funding Policy. Retiree health care benefits are funded on a pay as you go basis. Benefits are self-insured up to certain stop loss limits.

Eligible Benefit Programs:

We have assumed retirees opting out of the retiree health program cannot reenter into the program. A brief description of the medical healthcare plan offered by the City of Joliet and the required retiree contributions are shown on the following pages:

¹ Currently the City is only charging survivors and dependents of deceased employees and retired members the 1988 blended premium.

PLAN PROVISIONS (CONTINUED)

BlueCross BlueShield

Plan Feature	BCBS Providers	Non-BCBS Providers												
Annual Deductible	\$ 250 per person \$ 500 per family	\$ 500 per person \$ 1,000 per family												
Out of Pocket Maximum	\$ 1,000 per person \$ 3,000 per family	\$ 3,000 per person \$ 9,000 per family												
<u>Covered Services</u>	<u>Coinsurance</u>	<u>Coinsurance</u>												
-Physicians Visits	80% (After deductible)	70% (After deductible)												
-Emergency Care	80% (After deductible)	80% (After deductible)												
-Inpatient Services	100%	70% (After deductible)												
-Outpatient Services	100%	70%												
Prescription Drug Copays	<table border="0"> <tr> <td></td> <td><u>Retail</u></td> <td><u>Mail Order</u></td> </tr> <tr> <td>Generic</td> <td>\$8</td> <td>\$14</td> </tr> <tr> <td>Brand if no generic available</td> <td>\$15</td> <td>\$28</td> </tr> <tr> <td>Brand if generic available</td> <td>\$35</td> <td>\$68</td> </tr> </table>		<u>Retail</u>	<u>Mail Order</u>	Generic	\$8	\$14	Brand if no generic available	\$15	\$28	Brand if generic available	\$35	\$68	75% of eligible charge less the applicable co-pay
	<u>Retail</u>	<u>Mail Order</u>												
Generic	\$8	\$14												
Brand if no generic available	\$15	\$28												
Brand if generic available	\$35	\$68												
Maximum Lifetime Benefit	N/A	N/A												

Medical benefits are coordinated with Medicare.

PLAN PROVISIONS (CONTINUED)

Retiree Cost Sharing Provisions

Police and Fire retirees as well as IMRF retirees with 20 or more years of service receive single healthcare coverage at no charge to the member. IMRF retirees with less than 20 years of service pay a portion of the 1988 single premium rate according to the following schedule. Members electing dependent coverage must pay the 1988 rate for the additional coverage. Surviving spouses pay the 1988 single premium rate.

<u>Years of Service</u>	<u>Retiree Share of 1988 Rate for Single Coverage</u>
20 or more	0%
15-19	25%
12-14	35%
8-11	50%

1988 Blended Premium Rates

Pre-Medicare Single	\$118.20
Pre-Medicare Additional Premium for Dependents	\$217.68
Medicare Single	\$ 59.10
Child Only	\$ 99.60

100% Healthcare Blended Premium rates as of January 1, 2012

	Coverage Type		
	Single	2 Person	Family
Medicare Eligible	\$ 359.02	\$ 718.06	
No Members Medicare Eligible	\$ 683.89	\$ 1,324.10	\$ 1,741.27

Life Insurance Benefits:

1. Police Officers: Group term life insurance of \$12,500 at City's expense
2. Firefighters, Water/Sewer, Parking and General Employees: Group term life insurance of \$10,000 at City's expense
3. Exempt I and Mayor, Council, and Liquor Commissioners: Group term life insurance of \$25,000 at City's expense
4. Exempt II: Group term life insurance of \$20,000 at City's expense
5. Exempt III: Group term life insurance of \$15,000 at City's expense
6. Exempt IV: Group term life insurance of \$10,000 at City's expense

On January 1, 2012, the City adjusted the life insurance plan for current employees raising their amounts for all the exempt groups to a flat \$50,000. At the same time they will no longer be offering retired individuals from these groups a lifetime benefit. Retirees prior to this date were grandfathered in.

SECTION E

ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL METHODS AND ASSUMPTIONS

Development of Per Capita Claim Costs

Per capita claims costs were developed using paid claim experience adjusted to incurred claims, estimated administrative expense, and enrollment information for calendar years 2010 through 2012 for all members enrolled in the BlueCross BlueShield program. Retiree costs were developed using standard morbidity assumptions. Finally, average retiree costs were adjusted by trend to plan year 2012. Separate costs were developed for pre-Medicare and post-Medicare medical coverage and prescription drug coverage.

Prescription drug per capita claims costs and liabilities for post-Medicare retirees and dependents do not reflect future federal subsidies or plan changes due to the introduction of Medicare Part D.

Cost Method and Expense Calculations for Retiree Healthcare Benefits

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

Under GASB Statement Nos. 43 and 45, the entry age normal method is an acceptable cost method. The Annual Required Contribution (ARC) equals the normal cost plus the amortization of the unfunded actuarial accrued liability. The amortization cannot exceed 30 years. Our calculations assume a level-percentage-of-pay 30-year open amortization period. The Annual Expense or Annual OPEB Cost equals the ARC plus interest on the Net OPEB Obligation less an adjustment to ARC.

The Net OPEB Obligation or balance sheet liability is equal to the cumulative difference between the Annual OPEB Costs and employer contributions. The OPEB liability at transition date, January 1, 2006, was set to zero.

Actuarial Assumptions

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

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Measurement Date	January 1, 2012
Discount Rate	4.50%
Price Inflation	3.00%
Wage Inflation	4.00%
OPEB Assumptions	

<u>Applied January 1</u>	<u>Healthcare Trend</u>
2013	9.00%
2014	8.00%
2015	7.00%
2016	6.00%
2017+	5.00%

Per Capita Claim Costs for Plan Year 2012

<u>Age</u>	<u>Medical Costs</u>		<u>Rx Costs</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
40	\$ 3,433	\$ 5,062	\$ 793	\$ 1,169
45	4,665	5,748	1,077	1,327
50	6,311	6,730	1,457	1,554
55	8,248	7,980	1,905	1,843
60	10,362	9,374	2,393	2,165
64	12,061	10,522	2,785	2,430
65	2,245	1,946	2,880	2,496
70	2,589	2,191	3,322	2,811
75	2,875	2,401	3,688	3,080
80	3,082	2,557	3,954	3,280

We have not assumed an additional cost for covered children of retirees. The additional liability would be minimal.

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Participation and Election Assumptions

Percent of future retirees electing post-retirement healthcare coverage	100%
Percent married	80%
Of those married, percent married electing spouse healthcare coverage	80%
Percent of surviving spouses continuing coverage after death of retiree	60%

Females are assumed to be three years younger than their spouse

Pension-Related Assumptions

The pension-related assumptions disclosed in the Illinois Municipal Retirement Fund actuarial valuation report as of December 31, 2011, are assumed for general employees. GRS assumptions used for valuations as of January 1, 2012, of the Police and Fire Pension Funds were assumed for Police and Fire employees.

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Age	Salary Increase	
	Service	Regular IMRF
	0	7.0%
	1	5.0%
	2	3.5%
	3	3.0%
	4	2.0%
	5	1.5%
25	6 & Over	6.0%
30		5.7%
35		5.2%
40		4.9%
45		4.7%
50		4.6%
55		4.5%
60		4.4%

For IMRF Employees, a person with 6 or more years of service, the assumed pay increase during the coming year is found in the 6 or more years of service total column. For a person with less than 6 years of service, the % increase from the less than 6 years column that corresponds to the person's service is added to the increase from the 6 or more years of service total column that corresponds to the person's age to get the total assumed increase. For example, a 40-year-old with 8 years of service is assumed to get a 4.9% pay increase during the coming year. But a 40-year-old with 4 years of service is assumed to get a 6.9% increase (4.9% + 2.0%).

Years of Service	Salary Increase	
	Police	Fire
1	30.00%	30.00%
2	27.50%	27.50%
3	18.00%	20.00%
4	8.00%	15.00%
>=5	5.25%	5.25%

For members with no salary provided in the data, we assumed their salary was equal to the average salary of the other members.

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Demographic Assumptions

Mortality Regular IMRF

Age	Healthy - Retiree		Disabled - Retiree		Healthy Active	
	Male	Female	Male	Female	Male	Female
20	0.0282%	0.0127%	0.0482%	0.0199%	0.0165%	0.0055%
25	0.0370%	0.0144%	0.0839%	0.0351%	0.0216%	0.0062%
30	0.0482%	0.0199%	0.1103%	0.0480%	0.0281%	0.0086%
35	0.0839%	0.0351%	0.1393%	0.0749%	0.0489%	0.0152%
40	0.1103%	0.0480%	0.1784%	0.1094%	0.0643%	0.0209%
45	0.1393%	0.0749%	0.2963%	0.2129%	0.0813%	0.0326%
50	0.1784%	0.1094%	0.5864%	0.4207%	0.1041%	0.0476%
55	0.2963%	0.2129%	1.1528%	0.8078%	0.1728%	0.0926%
60	0.5864%	0.4207%	1.9696%	1.3933%	0.3421%	0.1829%
65	1.1528%	0.8078%	3.4246%	2.2020%	0.6725%	0.3512%
70	1.9696%	1.3933%	6.3176%	3.6677%	1.1489%	0.6058%
75	3.4246%	2.2020%	11.5488%	6.3171%	1.9977%	0.9574%
80	6.3176%	3.6677%	20.3136%	11.4082%	3.6853%	1.5946%

The RP-2000 Combined Healthy Mortality Table, sex distinct, adjusted for mortality improvements to 2020 using projection scale AA, with a multiplier of 1.20 for males and 0.92 for female is used for healthy retiree mortality. For disabled lives, the mortality rates are the rates applicable to healthy retiree lives set forward 10 years. The RP-2000 Combined Healthy Mortality Table, sex distinct, adjusted for mortality improvements to 2020 using projection scale AA, with a multiplier of 0.7 for males and 0.4 for females is used for healthy active mortality.

Mortality Police and Fire

Age	Healthy		Disabled	
	Male	Female	Male	Female
20	0.0507%	0.0284%	0.0558%	0.0312%
25	0.0661%	0.0291%	0.0727%	0.0320%
30	0.0801%	0.0351%	0.0881%	0.0386%
35	0.0851%	0.0478%	0.0936%	0.0526%
40	0.1072%	0.0709%	0.1179%	0.0780%
45	0.1578%	0.0973%	0.1736%	0.1070%
50	0.2579%	0.1428%	0.2837%	0.1571%
55	0.4425%	0.2294%	0.4868%	0.2523%
60	0.7976%	0.4439%	0.8774%	0.4883%
65	1.4535%	0.8636%	1.5989%	0.9500%
70	2.3730%	1.3730%	2.6103%	1.5103%
75	3.7211%	2.2686%	4.0932%	2.4955%
80	6.2027%	3.9396%	6.8230%	4.3336%

The 1994 Group Annuity Mortality Table, sex-distinct, is used for healthy mortality. Disabled mortality is 110% of healthy mortality. 10% and 75% of deaths are assumed to occur in the line of duty for Fire and Police respectively.

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Sample Disability Rates				
% Separating Within Next Year				
Age	Regular IMRF		Police	Fire
	Male	Female	Male & Female	Male & Female
20	0.005%	0.003%	0.04%	0.09%
25	0.005%	0.003%	0.04%	0.10%
30	0.008%	0.005%	0.05%	0.10%
35	0.019%	0.008%	0.07%	0.12%
40	0.029%	0.014%	0.10%	0.15%
45	0.047%	0.021%	0.16%	0.21%
50	0.071%	0.035%	0.26%	0.78%
55	0.110%	0.053%	0.50%	1.36%
60	0.141%	0.094%	0.87%	2.30%
65	0.150%	0.110%	1.43%	3.35%

75% of disabilities for Police and Fire are assumed to occur in the line of duty.

Sample Turnover Rates			
% Separating Within Next Year			
Age	Service	Regular IMRF	
		Male	Female
	0	24.0%	28.5%
	1	18.0%	21.0%
	2	13.0%	15.0%
	3	10.5%	12.0%
	4	8.5%	10.0%
	5	7.2%	8.3%
	6	6.0%	6.8%
	7	5.5%	6.2%
25	8 & Over	4.5%	6.8%
30		4.1%	6.1%
35		3.3%	4.9%
40		2.7%	3.9%
45		2.3%	3.2%
50		2.0%	2.7%

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

**Sample Turnover Rates
% Separating Within Next Year**

Service	Police	Fire
0	4.0%	1.4%
5	2.4%	0.9%
10	0.9%	0.6%
15	0.9%	0.3%
20	0.9%	0.2%
25	0.6%	0.1%
30 and over	0.0%	0.0%

Rates of Retirement for Members Hired before January 1, 2011

Police				Fire			
Age	Rate	Age	Rate	Age	Rate	Age	Rate
50	7.5 %	60	25.0 %	50	5.0 %	60	30.0 %
51	7.5	61	50.0	51	5.0	61	50.0
52	15.0	62	50.0	52	5.0	62	50.0
53	15.0	63	50.0	53	10.0	63	50.0
54	15.0	64	50.0	54	20.0	64	50.0
55	25.0	65	100.0	55	25.0	65	100.0
56	25.0	66	100.0	56	30.0	66	100.0
57	25.0	67	100.0	57	30.0	67	100.0
58	25.0	68	100.0	58	30.0	68	100.0
59	25.0	69	100.0	59	30.0	69	100.0

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

**Normal Retirement Rates
% Separating Within Next
Regular IMRF
Hired Before 1/1/2011**

<u>Age</u>	<u>Male</u>	<u>Female</u>
55	33.0%	27.0%
56	25.0%	22.0%
57	25.0%	22.0%
58	25.0%	22.0%
59	25.0%	22.0%
60	12.0%	10.0%
61	12.0%	10.0%
62	22.0%	18.0%
63	20.0%	18.0%
64	20.0%	18.0%
65	25.0%	23.0%
66	30.0%	23.0%
67	25.0%	23.0%
68	20.0%	18.0%
69	20.0%	18.0%
70	20.0%	18.0%
71 - 79	20.0%	18.0%
80 & Over	100.0%	100.0%

**Normal Retirement Rates
% Separating Within Next Year (Age-Based)
IMRF - Hired On/After January 1, 2011**

<u>Age</u>	<u>Service less than 30 years</u>		<u>Service between 30 and 35 years</u>		<u>Age</u>	<u>Service 35 years or more</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>		<u>Male</u>	<u>Female</u>
67	30.0%	25.0%	50%	50%	62	75%	75%
68	30.0%	25.0%	50%	50%	63	75%	75%
69	25.0%	20.0%	50%	50%	64	75%	75%
70	20.0%	18.0%	50%	50%	65	75%	75%
71	20.0%	18.0%	50%	50%	66	75%	75%
72	20.0%	18.0%	50%	50%	67	75%	75%
73	18.0%	18.0%	50%	50%	68	75%	75%
74	18.0%	18.0%	50%	50%	69	75%	75%
75	18.0%	18.0%	50%	50%	70	75%	75%
76	18.0%	18.0%	50%	50%	71	75%	75%
77	18.0%	18.0%	50%	50%	72	75%	75%
78	18.0%	18.0%	50%	50%	73	75%	75%
79	18.0%	18.0%	50%	50%	74 - 79	75%	75%
80 & Over	100.0%	100.0%	100%	100%	90	100%	100%

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Early Retirement Rates - IM R F
Members Hired Before January 1, 2011
% Separating Within Next Year
(Age-Based)

Age	Regular Employees	
	Male	Female
55	7.25%	5.75%
56	7.25%	5.75%
57	7.25%	5.75%
58	7.25%	5.75%
59	7.25%	5.75%

Early Retirement Rates - IM R F
Members Hired on or After January 1, 2011
% Separating Within Next Year
(Age-Based)

Age	Regular Employees	
	Male	Female
62	15.00%	13.00%
63	15.00%	13.00%
64	15.00%	13.00%
65	15.00%	13.00%
66	15.00%	13.00%

SECTION F
PARTICIPANT DATA

PARTICIPANT DATA

City of Joliet, Illinois
Retiree Healthcare and Life Insurance Benefit Programs
Actuarial Valuation as of January 1, 2012
Population Breakout by Fund

Counts by Fund

	Actives	Retirees and Beneficiaries	Total
General Fund	679	385	1,064
Water/Sewer	87	73	160
Parking	<u>3</u>	<u>1</u>	<u>4</u>
	769	459	1,228

Retiree and Beneficiary Healthcare Coverage Type by Fund

	1 Person	2 Person	Family	Total
General Fund	154	202	29	385
Water/Sewer *	30	41	1	72
Parking	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
	185	243	30	458

** One Water/Sewer retiree has life insurance coverage, but not healthcare coverage.*

Note: Coverage Type by Fund for actives not provided because assumption is made on coverage type at the time of retirement.

City of Joliet, Illinois
Retiree Healthcare and Life Insurance Benefit Programs
Actuarial Valuation as of January 1, 2012
Age Service Distribution for Total Active Population

Attained Age	Years of Service to Valuation Date								Total	Total Valuation Payroll
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35		
Under 20									-	\$ -
20-24	3	1							4	273,724
25-29	9	34	3						46	3,869,906
30-34	6	94	25						125	11,008,907
35-39	7	55	65	23	2				152	14,111,798
40-44	5	21	45	63	19	1			154	14,855,637
45-49	3	14	23	35	42	13	2		132	12,530,852
50-54	2	5	8	15	39	18	11		98	9,344,934
55-59	4	9	3	9	3	8	3	1	40	3,058,167
60-64	1	4	1	2	1		1		10	899,935
65-69		1	2		1				4	273,247
Over 70		1		2	1				4	142,649
Total	40	239	175	149	108	40	17	1	769	\$ 70,369,756

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

Age: 42.2 years
Service: 12.8 years
Annual Pay: \$91,508

SECTION G

GASB ACCOUNTING INFORMATION

GASB ACCOUNTING INFORMATION

OPEB Cost Summary:

Year Ended	Annual OPEB Cost (AOC)	Employer Contributions	% of AOC Contributed	Net OPEB Obligation (eoy)	Annual Required Contribution (ARC)	% of ARC Contributed
December 31, 2013	TBD	TBD	TBD	TBD	\$19,067,000	TBD
December 31, 2012	\$18,788,458	TBD	TBD	TBD	18,138,526	TBD
December 31, 2011	19,668,000	\$6,571,409	33.4%	\$69,909,335	19,132,000	34.3%
December 31, 2010	18,592,855	6,710,568	36.1%	56,812,744	18,175,146	36.9%
December 31, 2009	16,809,001	6,147,332	36.6%	44,930,457	16,482,001	37.3%
December 31, 2008	15,842,526	5,160,371	32.6%	34,268,788	15,623,247	33.0%
December 31, 2007	16,741,000	4,597,967	27.5%	23,586,633	16,603,000	27.7%
December 31, 2006	15,373,813	3,930,213	25.6%	11,443,600	15,373,813	25.6%

Schedule of Funding Progress:

Actuarial Valuation Date	GASB Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Payroll [(b - a)/c]
January 1, 2012	\$0	\$214,713,030	\$214,713,030	0.0 %	\$70,369,756	305.1 %
January 1, 2010	0	205,086,432	205,086,432	0.0	71,889,093	285.3
January 1, 2009	0	180,752,000	180,752,000	0.0	71,298,274	253.5
January 1, 2008	0	167,485,137	167,485,137	0.0	68,556,033	244.3
January 1, 2007	0	201,403,182	201,403,182	0.0	61,364,217	328.2
January 1, 2006	0	186,484,428	186,484,428	0.0	59,004,055	316.1

GASB No. 45 SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

The GASB 45 financial disclosure information for the fiscal years ending 2012 and 2013 were based on the following assumptions and methods.

<i>Valuation Date</i>	January 1, 2012
<i>Actuarial Cost Method</i>	Entry Age Normal
<i>Actuarial Value of Assets</i>	No Assets (Pay-as-you-go)
<i>Amortization Method</i>	Level Percent Open
<i>Remaining Amortization Period</i>	30 Years
<i>Actuarial Assumptions:</i>	
<i>Investment Rate of Return</i>	4.5% per year
<i>Wage Inflation</i>	4.0% per year
<i>Healthcare Trend</i>	9.0% per year graded down to 5.0% per year ultimate trend in 1.0% increments
