

**THE STATE OF TENNESSEE –  
LOCAL GOVERNMENT EMPLOYEE GROUP**

OTHER POST-EMPLOYMENT BENEFITS  
ACTUARIAL REPORT AS OF JULY 1, 2013 FOR FISCAL YEAR  
ENDING JUNE 30, 2014



July 31, 2014

Mr. Ike Boone  
Financial Oversight Coordinator  
F&A Division of Accounts  
State of Tennessee  
14<sup>th</sup> Floor, William Snodgrass Tower  
312 Rosa L. Parks Avenue  
Nashville, TN 37243

Re: **GASB Statement No. 45 Actuarial Valuation  
Of Other Post-Employment Benefits (OPEB)**

Dear Mr. Boone:

Gabriel, Roeder, Smith & Company (GRS) has been engaged by the State of Tennessee to perform an Actuarial Valuation of Other Post-Employment Benefits (OPEB) provided through the State's group insurance plans. As such the State of Tennessee is our Client-Principal. We are pleased to present herein the results of the valuation of benefits provided to retirees covered under the Local Government Employee Group.

The Valuation was performed as of July 1, 2013 with results applicable to the fiscal year ending June 30, 2014 and covers implicit and direct subsidies to the medical (including prescription drug) benefits provided to retirees. This Report presents the cost and liability attributed to employees and retirees of the Local Government Agencies.

The actuarial calculations were prepared for the purposes of complying with the requirements of Statement No. 45 of the Governmental Accounting Standards Board (GASB) and have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this Report for purposes other than satisfying the financial reporting requirements of participating governmental entities, may produce significantly different results. This Report may be provided to parties other than Local Government Employers only in its entirety and only with the permission of the State.

All actuarial calculations were performed on the basis of the Substantive Plan and the Actuarial Assumptions and Methods, as set forth in the respective sections of this Report.

The Valuation was performed on the basis of employee, retiree and financial information supplied by officials of the State and the Tennessee Consolidated Retirement System. Although we did not audit this information, it was reviewed for reasonableness. Results by employer, as reflected on the pages at the end of this Report, are based on data provided by State representatives (including indicators as to what employer the employees and retirees are associated with as of June 30, 2013). We did not audit or validate this census data. Furthermore, while the actuarial assumptions and methods employed are reasonable for the group as a whole, they may not be reasonable for any individual employer.

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon current plan provisions that are outlined in this Report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the

calculations were made, you should contact the author(s) of this Report prior to relying on information in the Report.

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; and changes in plan provisions, applicable law, accounting standards and interpretations. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

To the best of our knowledge the information contained in this Report is accurate and fairly presents the actuarial position of the plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. If you have reason to believe that the information provided in this Report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this Report, please contact the author of the Report prior to making such decision.

The signing actuaries are independent of the plan sponsor.

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 opinion herein.

We will be pleased to answer any questions pertaining to the Valuation and to meet with you to review this Report.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY



James J. Rizzo, ASA, MAAA  
Senior Consultant & Actuary



Piotr Krekora, ASA, MAAA  
Consultant & Actuary

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**SECTION A**  
**EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY

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The results presented herein are applicable to the year ending June 30, 2014 and are based on an Actuarial Valuation performed as of July 1, 2013. We are also including projected results to be used for the June 30, 2015 reporting in the absence of significant changes.

This Actuarial Valuation and Report covers the OPEBs provided to the retirees of Local Government Employers. The Substantive Plan provisions for the OPEBs provided through the Local Government Employee Group are described in the Section at the end of this Report entitled “Summary of Substantive Plan Provisions.”

### GASB’S RATIONALE

Prior to implementation of GASB Statement Nos. 43 and 45, the costs of OPEBs had been reflected in the majority of governmental financial statements on a pay-as-you-go basis of accounting. The issuance of GASB Statement Nos. 43 and 45 reflected GASB’s effort in moving toward full accrual accounting for all governmental entities which issue government-wide financial statements according to generally accepted accounting principles.

The subsidy provided by Local Government Employers had been recorded as an expense only after employees retire, and then only one year at a time as the subsidy was paid. Statement No. 45 views the subsidy for retiree medical benefits as a form of compensation which must be accrued on the books of the Local Government Employer during an employee’s working life, rather than waiting until the employee’s service to the Local Government has been completed and he or she has retired. So GASB requires the lifetime value of that subsidy to be expensed over the working career of the employees.

### DIRECT SUBSIDIES

Multiple levels of the direct premium subsidy are being offered to the retirees covered under the Local Government Employee Group Plan. In general, retirees are required to make contributions at a full blended premium rates with some employers offering direct premium with amounts ranging from a portion of retiree only premium to a full premium for dependent coverage. More details can be found in the section titled “Summary of the Substantive Plan Provisions.”

### IMPLICIT RATE SUBSIDY

According to the Summary of Substantive Plan Provisions, retirees and their dependents are permitted to remain covered under the employer’s respective medical plans as long as they pay the required premiums applicable to the plan and coverage elected.

It may appear, at first glance, that there is no obligation on the part of a governmental entity for subsidizing the retiree coverage beyond the direct subsidy referenced above. However, even if the governmental entity were to eliminate any direct subsidy and start charging retirees with the full blended rate developed for the type of coverage elected, there would still be a residual liability. This liability arises because the full published premiums are based on a blending for the experience among younger active employees and older retired employees. Since older retirees generally have higher costs, this means that the governmental entity is actually subsidizing the cost of the retiree and dependent coverage because it pays all or a significant portion of that premium on behalf of the active employees.

GASB No. 45 calls this the “implicit rate subsidy”. Even though it appears that there is no subsidy of retiree and dependent coverage, there really is, and it is not an insignificant amount. A group of 62-year-old retirees or

dependents can easily cost over 50% more than the employer is collecting from them for coverage. The governmental entity, therefore, has assumed an obligation to pay for that implicit subsidy for the covered lifetimes of the current retirees and their dependents, as well for the covered lifetimes of the current employees after they retire.

Measuring the current year's implicit subsidy (and direct subsidy), projecting them for decades into the future and making an allocation of that cost to different years, is the purpose of this Actuarial Valuation and Report.

## **FUNDED AND UNFUNDED PLANS**

Currently, the Local Government Employee Group's OPEB benefits are unfunded. That is, there is no separate Trust Fund or equivalent arrangement into which the employers make contributions to advance-fund the obligation, as they do for its pension plan, the Tennessee Consolidated Retirement System (TCRS). Therefore, the ultimate subsidies which are provided over time are financed directly by general assets of the employer. These assets are invested in short-term fixed income instruments according to its current investment policy.

Consequently, according to GASB Statement No. 45, the interest discount rate used to calculate the present values and costs of the OPEB must be the long-range expected return on such short-term fixed income instruments. The State selected an interest discount rate of 4.00% for this purpose. If the OPEB Plan were advance-funded with its assets invested in a reasonable mix of stocks and longer bonds and, if the plan adopted a Funding Policy to make fully funding cash deposits into a qualifying OPEB Trust, then a much higher interest discount rate may be used, say, 6% to 7%. This would result in a substantially lower Annual OPEB Cost and a substantially lower Unfunded Actuarial Accrued Liability than if 4.00% were used.

## **ACTUARIAL ASSUMPTIONS**

In any long-term actuarial valuation (such as for Pensions and OPEBs), certain demographic, economic and behavioral assumptions are made concerning the population, the investment discount rates and the benefits provided. Examples include assumptions about future employment, mortality, and the participation or acceptance rates. Future determinations of the funded status of the plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, the future benefits provided, and the future contributions collected. Then the investment discount rate assumption is used to discount those projected net OPEB benefits to a present value. This and other related present values are used to calculate the Annual OPEB Cost that will be expensed in the Local Government Employee Group's financial statements and the unfunded actuarial accrued liability disclosed in the statements as well.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Projections of benefits for financial reporting purposes are based on the current legal or contractual obligations of employers without making explicit provisions for potential future changes in the pattern of cost sharing between the employer and plan members. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

It would be instructive to review the Section of this Report titled, "Actuarial Assumptions and Methods" for details of all the relevant Actuarial Assumptions used in this Valuation.

## ACTUARIAL COST METHODS

GASB Statement No. 45 allows flexibility to governmental employers in the use of various actuarial cost methods. The results presented herein have been obtained with the Projected Unit Credit actuarial cost method with an amortization of the unfunded actuarial accrued liability as a level percent of expected payroll.

## SUMMARY

Following is a chart that summarizes the results of this Actuarial Valuation for the OPEBs provided through the Local Government Employee Group Plan. More details can be found on following pages.

	As of	July 1, 2013	July 1, 2011 <sup>1</sup>
Actuarial Accrued Liability	\$	38,640,760	\$ 83,113,000
Actuarial Value of Assets		-	-
Unfunded Actuarial Accrued Liability		38,640,760	83,113,000
	<b>For FYE</b>	<b>June 30, 2014</b>	<b>June 30, 2012</b>
Annual Required Contribution		5,335,418	11,146,000

<sup>1</sup>As reflected in prior Actuarial Valuation Report.

## ACCRUED LIABILITY AND ANNUAL OPEB COST

The Unfunded Actuarial Accrued Liability represents an actuarial measurement of the obligation that is attributable to prior service, based on the actuarial cost method used to allocate the cost to prior years of employment. This will be displayed in the Notes to Financial Statements and Required Supplementary Information within the Local Government Employee Group's annual financial statement.

The Annual OPEB Cost is the amount that is expensed for the year. Each individual employer participating in the Local Government Employee Group Health Plan effectively has a fully insured contract with the total Plan. As such, the offset to the OPEB Expense (Annual OPEB Cost) equals the total cost borne by the Local Government for coverage for retirees and their dependents for the year (net of the retiree's own payments for the year). This offset is called the Employer Contribution.

The cumulative difference between the Annual OPEB Cost for the year and the Employer Contribution for the year is called the Net OPEB Obligation. This is the amount of the expense charged for the year (per GASB No. 45) which was not yet offset by Employer Contributions. The Net OPEB Obligation will be reflected as a liability in the Statement of Net Position of the Local Government's annual financial statement. It flows right to the balance sheet, remains there, and accumulates each year until fully paid off by future Employer Contributions.

## CHANGES IN COSTS AND LIABILITIES

The Unfunded Actuarial Accrued Liability and accounting expense have a tendency to increase from one valuation to the next for any ongoing plan with no benefit reductions and no advance funding in a trust. The detailed analysis of root causes of all changes in costs and liabilities is beyond the scope of this Report and is also difficult due to a transition from one actuary to another. Nonetheless below we briefly discuss some of the factors contributing to the changes, to the extent feasible. We did not measure the impact of each individual change and the order does not have any particular significance:

- *Initial cost of coverage:* The average cost of coverage decreased since the prior Valuation was performed. It was previously assumed that the 60 year old retiree, for example, would incur an average of \$11,082 in claims and other costs for the fiscal year 2011/2012. In this Actuarial Valuation, it is assumed for the calendar year 2013, that a 60-year old male participant would incur \$8,901 on average and a female would incur \$8,373. This is much lower than projected cost of \$12,626 based on assumptions used in the prior Valuation. This had a major decreasing effect on the costs and liabilities.
- *Changes in Retiree Premiums:* The average gross premium rate did not change significantly from \$601 per month as of 1/1/2011. In the previous Valuation, the average premium was projected to increase to \$714 per month but it changed to \$600. Combined with a decreasing costs it had an effect of further narrowing the gap between costs and premiums which further compounded the decrease in OPEB costs and liabilities.
- *Changes in covered population:* The number of retirees with medical coverage currently included in the valuation decreased from 184 as of 7/1/2011 to 158 as of 7/1/2013. At the same time, the number of active employees with medical coverage increased from 16,934 to 17,688. The combined population changes had a decreasing effect on the costs and liabilities. However, some of the local governmental entities providing direct premium subsidies withdrew from the plan and consequently a smaller proportion of the covered population is projected to have subsidized coverage. This had a decreasing impact on the plan experience in total.
- *Medical trend assumption:* The assumed trend of Medical/Rx cost increases has been revised. In the previous Valuation, the trend rates for costs and premiums were assumed to be 8.25% for the year beginning 1/1/2014 (over 2013) and decreasing each year thereafter to the ultimate value of 5.0%. The trend rate for the cost of benefits and premiums charged to retirees has been revised to be based on the forecasting model built and published (December 2007) in *Modeling Long-Term Health Care Cost Trends* sponsored by the Society of Actuaries and authored by Prof. Thomas E. Getzen. Under this model, assumed trend rates decline over a 30-year period from 7.5% assumed for 2014 to the ultimate level of 4.2%. This had a significant decreasing effect on the costs and liabilities.
- *Demographic assumptions:* Demographic assumptions have been revised to reflect changes made by the Tennessee Consolidated Retirement System for its July 1, 2013 actuarial valuation. These assumptions include rates of disability, retirement and termination for all other reasons as well as mortality rates as applicable to disability retirees. In addition, the assumed post-retirement mortality rates have been revised to be taken from the customized TCRS mortality table developed in the recent experience study but with generational mortality improvements from 2010 base year using the Society of Actuaries' Scale BB. The pre-retirement mortality rates are taken from the RP-2000 mortality tables with generational improvements from 2000 base year using the same Scale BB.
- *Economic assumptions:* Based on recent forecasts by various sources, the assumed rate of general inflation is set at 2.5% (down from what was presumed to be 3% in the previous Actuarial Valuation). This change had no direct impact on the results presented herein. The assumed payroll growth rate has

also been changed from 2.5% to 3%. This change was made for consistency with other economic assumptions (inflation of 2.5% and assumed discount rate of 4%) and it had no effect on the actuarial liability but decreased the accounting expense due to the steeper amortization pattern which starts out lower.

- *Reflecting provisions of the Affordable Care Act:* The cost trend rate was increased for the effective year 2018 by 0.15% and for years 2019 and later by 0.50% to reflect an expected impact of the Excise Tax on High-Cost Employer Health Plans. Additional details can be found on pages B-3 and D-6. This change had an increasing effect on the costs and liabilities.

As can be seen from this summary of changes, there may have been offsetting factors at work to change the results from the last full Valuation to this one. The net effect was a decrease in the plan's actuarial liabilities and on the plan's accounting expense.

Although these factors may have similar effects on all participating employers, experience of individual employers may be different than the aggregate experience of the plan.

**SECTION B**

**SUMMARY OF ACTUARIAL VALUATION RESULTS**

## SUMMARY VALUATION RESULTS

ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013				
	Total Medical/Rx Costs	Gross Medical/Rx Premiums	Local Government Direct Subsidy	Net Employer Costs
Number of Participants Covered				
Active Participants	17,688	17,688	17,688	17,688
Retired Participants	158	158	158	158
Total Participants	17,846	17,846	17,846	17,846
Actuarial Present Value of Benefits				
Active Participants	261,511,976	(224,734,441)	39,294,307	76,071,842
Retired Participants	8,095,131	(6,632,369)	3,297,517	4,760,279
Total Participants	269,607,107	(231,366,810)	42,591,824	80,832,121
Actuarial Accrued Liability (Projected Unit Credit Actuarial Cost Method)				
Active Participants	110,504,988	(94,435,632)	17,811,125	33,880,481
Retired Participants	8,095,131	(6,632,369)	3,297,517	4,760,279
Total Participants	118,600,119	(101,068,001)	21,108,642	38,640,760
Actuarial Value of Assets				-
Unfunded Actuarial Accrued Liability	118,600,119	(101,068,001)	21,108,642	38,640,760
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)				
Normal Cost	11,695,638	(10,017,932)	1,622,583	3,300,289
Amortization of UAAL				2,035,129
<b><u>Annual Required Contribution for FYE 6/30/14</u></b>				<b>\$ 5,335,418</b>
Per Active Participant				\$ 302

## VALUATION RESULTS BY SUBSIDY TYPE

ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013			
	Implicit Subsidy	Local Government Direct Subsidy	Net Employer Costs
Number of Participants Covered			
Active Participants			17,688
Retired Participants			158
Total Participants			17,846
Actuarial Present Value of Benefits			
Active Participants	36,777,535	39,294,307	76,071,842
Retired Participants	1,462,762	3,297,517	4,760,279
Total Participants	38,240,297	42,591,824	80,832,121
Actuarial Accrued Liability (Projected Unit Credit Actuarial Cost Method)			
Active Participants	16,069,356	17,811,125	33,880,481
Retired Participants	1,462,762	3,297,517	4,760,279
Total Participants	17,532,118	21,108,642	38,640,760
Actuarial Value of Assets			-
Unfunded Actuarial Accrued Liability	17,532,118	21,108,642	38,640,760
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)			
Normal Cost	1,677,706	1,622,583	3,300,289
Amortization of UAAL			2,035,129
<b><u>Annual Required Contribution for FYE 6/30/14</u></b>			<b>\$ 5,335,418</b>
Per Active Participant			\$ 302

## EFFECT OF THE EXCISE TAX ON HIGH COST HEALTH PLANS

Results presented above reflect the estimated impact of the excise tax on high cost (Cadillac) health plans. As provided by the Patient Protection and Affordable Care Act of 2010, provisions of the law pertaining to the tax will first take effect in 2018. The excise tax will be 40% of costs above a threshold. Under our Valuation assumptions, we anticipate that the Plan will be subject to the excise tax as soon as it becomes effective in 2018. Additional details can be found on page D-5. The following table illustrates an estimated impact of the tax:

<b>ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013</b>		
	<b>Results Reflecting Expected Impact of Excise Tax</b>	<b>Original Results (Without Provisions for Excise Tax)</b>
Number of Participants Covered		
Active Participants	17,688	17,688
Retired Participants and Surviving Spouses	158	158
Total Participants	17,846	17,846
Actuarial Present Value of Benefits		
Active Participants	76,071,842	71,036,366
Retired Participants	4,760,279	4,685,525
Total Participants	80,832,121	75,721,891
Actuarial Accrued Liability (Projected Unit Credit Actuarial Cost Method)		
Active Participants	33,880,481	32,365,359
Retired Participants	4,760,279	4,685,525
Total Participants	38,640,760	37,050,884
Actuarial Value of Assets	-	-
Unfunded Actuarial Accrued Liability (PUC)	38,640,760	37,050,884
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)		
Normal Cost	3,300,289	3,037,666
Amortization of UAAL	2,035,129	1,951,394
<b>Annual Required Contribution for FYE 6/30/14</b>	<b>\$ 5,335,418</b>	<b>\$ 4,989,060</b>

## AGE/SERVICE DISTRIBUTION FOR PLAN PARTICIPANTS

Age Group	Years of Service to Valuation Date - Active Employees							Total
	0-5	6-9	10-14	15-19	20-24	25-29	30&Up	
0 - 14	-	-	-	-	-	-	-	-
15 - 19	14	-	-	-	-	-	-	14
20 - 24	615	7	-	-	-	-	-	622
25 - 29	1,156	310	10	-	-	-	-	1,476
30 - 34	955	482	216	5	-	-	-	1,658
35 - 39	885	426	347	109	3	-	-	1,770
40 - 44	891	451	369	270	122	6	-	2,109
45 - 50	1,047	526	450	307	243	137	18	2,728
51 - 55	812	413	364	265	221	135	109	2,319
56 - 60	676	371	311	256	237	172	179	2,202
61 - 65	446	246	251	177	163	116	158	1,557
66 - 70	157	97	115	76	87	42	106	680
71 - 75	58	47	95	70	116	58	109	553
76 - 99	-	-	-	-	-	-	-	-
<b>Total</b>	<b>7,712</b>	<b>3,376</b>	<b>2,528</b>	<b>1,535</b>	<b>1,192</b>	<b>666</b>	<b>679</b>	<b>17,688</b>

*The inner box represents current eligibility for Early or Normal Retirement.*

Age Group	Retirees		
	Male	Female	Total
0 - 44	-	1	1
45 - 49	-	-	-
50 - 54	4	5	9
55 - 59	24	22	46
60 - 64	50	51	101
65 - 69	-	1	1
70 - 74	-	-	-
75 - 79	-	-	-
80 - 84	-	-	-
85 - 89	-	-	-
90 - 94	-	-	-
95 - +	-	-	-
<b>Total</b>	<b>78</b>	<b>80</b>	<b>158</b>

## **SECTION C**

### **DEVELOPMENT OF INITIAL PER CAPITA COSTS**

## DEVELOPMENT OF INITIAL PER CAPITA COSTS

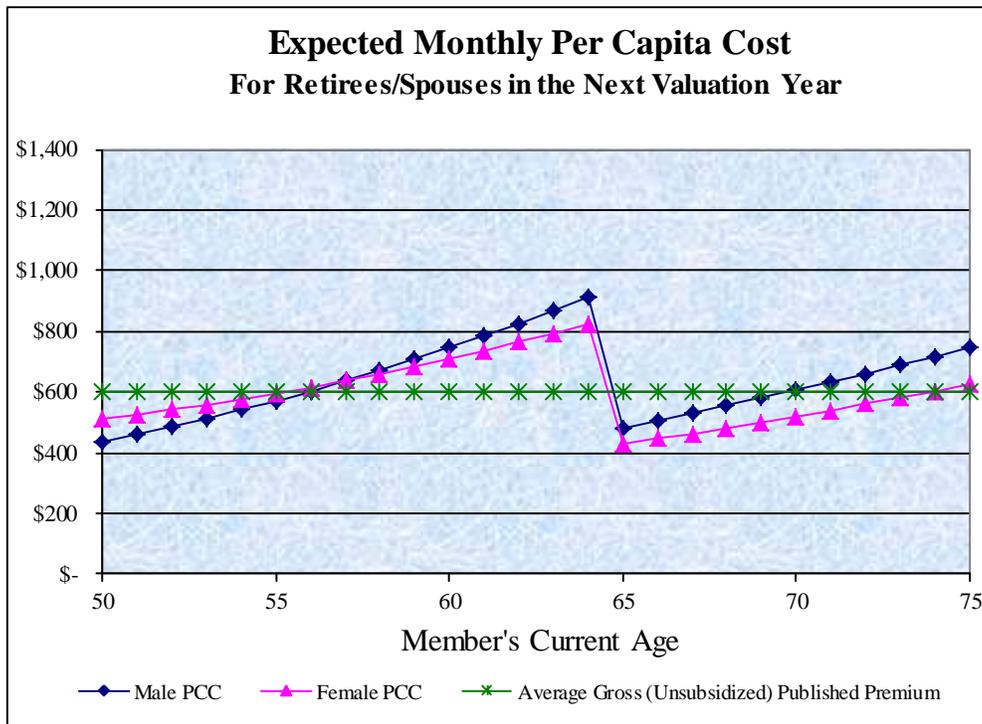
By offering medical coverage to employees, retirees and their dependents, the participating Employers assume the responsibility for the total expected premiums charged by the Plan. These costs are partially offset by contributions from employees and retirees. While the total premium amount charged for covering employees and retirees and their dependents is the same without regard to the age or gender of the member, the true costs of medical and prescription coverage in any given year, depends on these factors. As the ages of employees, retirees and dependents in the covered population increase, so do their costs of benefits.

The table and the graph below illustrate the expected initial monthly Per Capita Costs (PCC) applicable to current retirees in the coming year.

Initial Monthly Per Capita Cost By Age/Sex					
All Retirees			Grandfathered Retirees Only		
Sample Ages	Male	Female	Sample Ages	Male	Female
45	\$ 336.25	\$ 455.92	65	\$ 479.92	\$ 428.76
50	438.16	511.48	70	606.61	519.97
55	572.71	595.14	75	747.37	626.18
57	637.00	637.00	80	890.94	741.07
60	745.57	709.48	85	1,019.95	852.86
64	913.67	825.13	90	1,112.73	944.30

*Note: Grandfathered retirees are permitted to continue in the core plan.*

For comparison, the gross published premiums are also presented on the graph below. The spread between the Per Capita Cost and that gross premium represents the implicit subsidy provided by the employer. The total subsidy is equal to the difference between the Per Capita Cost and premiums actually collected from the retiree (not shown).



The amounts of Per Capita Costs illustrated above have been developed by employing the morbidity tables discussed below. The table shows select values of age grading factors reflecting rates at which medical costs increase with age of the member. These percentages are separate from the annual Trend, which operates to increase costs independent of and in addition to the Aging Factors. For example, in any single year a group of 61-year old males are expected to cost 5.30% more than a group of 60-year old males.

Medical/Rx Cost Increase By Age					
Sample Ages	Male	Female	Sample Ages	Male	Female
30	4.10%	2.92%	65	4.98%	3.94%
35	4.68%	0.57%	70	4.50%	3.88%
40	5.10%	0.19%	75	3.88%	3.61%
45	5.38%	1.90%	80	3.10%	3.12%
50	5.50%	2.82%	85	2.18%	2.41%
55	5.48%	3.41%	90	1.10%	1.49%
60	5.30%	3.78%	95	0.00%	0.35%

The total cost expected (for the self-insured health plan administered by the State) for the covered retiree population was allocated by age/gender, based upon the age/gender distribution of retirees and their covered spouses the morbidity tables above. The total cost is based on the blended experience of all retirees and spouses from State, Local Education and Local Government Agencies enrolled in Partnership, Standard and limited plan options regardless of which carrier network they utilized. This procedure resulted in a table of age/gender-specific initial Per Capita Costs for the coming year. These calculations were based upon the benefits provided under the plan options available to employees and retirees as of the Valuation Date.

In the development of the PCC amounts, retirees and dependents age 65 and older are assumed to be Medicare-eligible. This assumption applies only to “grandfathered” retirees as a wide majority of members are required to discontinue coverage under the plan upon attaining age-based eligibility for Medicare benefits. In our work, we assume that the employer’s cost for a claim incurred by a Medicare eligible retiree is lower than the cost of the same claim incurred by a retiree who is not eligible for Medicare benefits. Claim data for post-65 retirees was not credible enough to develop per capita costs for this group based on their own data. Furthermore detailed Medicare eligibility and enrollment data was not readily available and it was assumed that 75% of the grandfathered retirees participated (or would participate upon attaining eligibility) in both Parts A and B under the Medicare program. Consequently it was assumed that cost of benefits for post 65 retirees would be reduced, on average, by 50% due to coordination with Medicare for those of retirees who actually enrolled in Parts A and B.

The Monthly Per Capita Costs (PCC) by age and gender represent the costs of coverage after taking out deductibles, coinsurance, co-pays, and Medicare payments, but before applying any monthly retiree contributions (premiums) charged for coverage. Any Medicare Part D subsidy, if any, has not been given any consideration, since it may not be used to offset the OPEB obligation.

Amounts for each age/gender combination for this Valuation were developed based on census data, claims and other costs for all participants and their spouses participating in the Employee Group Insurance plans of the State, Local Education and Local Government groups. The PCCs of each such group were not sufficiently different from each other to justify the loss of credibility inherent in developing and using separate PCCs.

Per Capita Costs applicable to retirees who retire under disability provisions are assumed to be the same as for all other similarly situated retirees. Although disabled retirees are generally more expensive to cover, some of such retirees may qualify for benefits under the Medicare program, which offsets the increased costs. We did

not assess the relative magnitude of these factors but given the fact that they offset each other combined with a relatively low incidence of disability retirements, we believe that overall materiality of this aspect does not warrant more detailed analysis. Consequently, all retirees are subjected to the same model regardless of disability status.

**SECTION D**  
**ACTUARIAL ASSUMPTIONS AND METHODS**

# ACTUARIAL ASSUMPTIONS AND METHODS

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**Actuarial Valuation Date:** July 1, 2013 for employee and retiree population purposes, for development of per capita cost purposes and for Valuation purposes.

**Actuarial Cost Method:** Projected Unit Credit Actuarial Cost Method with the total value of the benefit, to which each participant is expected to become entitled, is broken down into units, each associated with a year of past or future credited service.

**Amortization Period and Method:** The Unfunded Actuarial Accrued Liability, as calculated pursuant to the Projected Unit Credit Actuarial Cost Method, is amortized in a closed amortization, calculated as a level percent of payroll over a 30 year period for each new amortization base created annually for each participating employer individually. The assumed rate of payroll growth is 3.00%. GASB Statement No. 45 requires that any such payroll growth assumption be based upon no increase in the number of active employees covered by the plan.

**Investment Discount Rate:** Since there are currently no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in Local Government funds pursuant to its Investment Policy. The State has selected 4.00% compounded annually.

**Tennessee Consolidated Retirement System:** Unless noted otherwise, demographic assumptions employed in this Actuarial Valuation were basically the same as those employed in the July 1, 2013 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS) and applicable to Group I employees. These demographic assumptions were developed by TCRS from an Actuarial Experience Study (undertaken on behalf of TCRS), and are considered appropriate for use in this OPEB Actuarial Valuation. These include assumed rates of future termination, mortality, disability, and retirement.

In the following pages, we outline assumptions used in this Actuarial Valuation.

**Mortality Tables:** Mortality tables are used to measure the probabilities of participants dying before and after retirement. The post-retirement rates are the same as those used by TCRS but with added generational mortality improvements from its 2010 mid-point base year using the Society of Actuaries' Scale BB. The pre-retirement rates are based on the RP-2000 Mortality Table with generational improvements from its 2000 base year using the same Scale BB.

Mortality rates for impaired (from disability) lives are the same as those used by TCRS and are taken from the gender distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load.

**Rates of Termination from Active Employment:**

These rates do not apply to participants eligible for Normal Retirement and do not include separation on account of death or disability. Termination rates are used to measure the probabilities of participants terminating employment for other reasons. The rates are based on the number of years of service and age.

<b>% Separating Within Next Year</b>										
<b>Years of Service</b>	<b>Male</b>									
	<b>Attained Age</b>									
	<b>20</b>	<b>25</b>	<b>30</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>60</b>	<b>65</b>
<b>0</b>	26.2%	23.0%	21.8%	20.7%	19.2%	17.7%	17.0%	17.4%	20.4%	26.3%
<b>1</b>	21.8%	19.1%	17.9%	17.0%	15.9%	14.1%	13.0%	13.0%	14.9%	19.1%
<b>2</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>3</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>4</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>5</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>6</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>7</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>8</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>9</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>10 or more</b>	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
<b>Years of Service</b>	<b>Female</b>									
	<b>Attained Age</b>									
	<b>20</b>	<b>25</b>	<b>30</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>60</b>	<b>65</b>
<b>0</b>	26.2%	23.0%	21.8%	20.7%	19.2%	17.7%	17.0%	17.4%	20.4%	26.3%
<b>1</b>	21.8%	19.1%	17.9%	17.0%	15.9%	14.1%	13.0%	13.0%	14.9%	19.1%
<b>2</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>3</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>4</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>5</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>6</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>7</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>8</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>9</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
<b>10 or more</b>	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--

**Rates of Disability:**

Disability rates are used to measure the probabilities of active participants becoming disabled.

% Becoming Disabled Within Next Year		
Sample Ages	Male	Female
20	0.03%	0.03%
25	0.03%	0.03%
30	0.03%	0.03%
35	0.03%	0.03%
40	0.08%	0.08%
45	0.20%	0.20%
50	0.38%	0.38%
55	0.49%	0.49%
60	--	--
65	--	--

**Rates of Retirement:**

Rates of retirement are used to measure the probabilities of an eligible active employee retiring during the next year.

Unreduced Retirement Annual Rates		
Sample Ages	Male	Female
50	9.0%	8.0%
55	9.0%	8.0%
60	10.5%	11.0%
65	24.0%	22.0%
70	18.0%	19.0%
75	100.0%	100.0%

Rates of retirement are increased by 12.5% in the year an employee first reaches eligibility for unreduced retirement before attaining age 60.

In addition, rates of retirement are increased by 8% for ages 60 and higher for employees with 15 or more years of service.

**Price Inflation:**

Long term price inflation is assumed to be 2.5% per year.

## HEALTH COVERAGE ASSUMPTIONS

**Coverage Acceptance Rates:** Not all retirees will accept coverage and pay the required premium upon retirement. Eligible employees and spouses are assumed to elect coverage based upon the level of subsidy provided, which varies by employer. These assumptions for each employer are summarized in a table below. Retirees changing coverage to The Tennessee Plan are considered lapsing coverage for the purpose of this Valuation.

Governametal Entity	Age and Service Requirement	Retirement Participation	Spouse Coverage Rate
Alpha-Talbot		100%	70%
City of Belle	35+ and age 55	80%	60%
	30+ and age 55	80%	55%
	25-29 and age 55	75%	55%
	<25 and age 55	70%	55%
Bradley Cleveland Community Svcs Agency	10+	100%	20%
Clarksville Housing Authority	20 and age 55	100%	20%
Caryville Jacksboro Util.	20+ and 60	50%	20%
Crockett Public Utility District	25+	100%	70%
Dandridge, Town of	10+ and age 62	100%	70%
Dickson Electric System	20+ and 60	60%	20%
Eastside Utility District	30+ and Age 60	100%	70%
First Utility District of Hawkins Co	10+	100%	70%
Franklin County	10+	95%	70%
Franklin Co. Adult Activity Center	30+ and Age 60	90%	20%
	25-29 and age 62	70%	20%
	20-24 and age 62	50%	20%
Franklin County Highway	10+	95%	70%
Greenbrier, City of	10+	100%	20%
Hawkins County	10+	80%	65%
Humboldt, City of	10+ and age 59	100%	20%
Johnson County	10+	90%	20%
Lewis County Highway Dept	10+	70%	20%
Lawrence County 911	10+	100%	70%
Lawrenceburg Housing Authority	10+	100%	20%
Madison Suburban Utility District	10+	70%	20%
Murfreesboro Electric Dept	10+ and Age 55	95%	70%
Oak Ridge, City of	10+	70%	50%
Portland, City of		100%	20%
Prof. Care Services of West TN	10+	85%	20%
Ripley, City of	30+	65%	50%
	20+	65%	50%
	10+	65%	50%
Ripley Gas and Water	20+ and age 60	85%	20%
	20+ and age 62	85%	20%
Roane County		100%	50%
Savannah Emergency Services	15+ and age 62	75%	20%
Sullivan County 911	10+	100%	20%
Tipton County	10+	90%	65%
Tenn Educ. Assoc.	10+	100%	65%
TN School Board Assoc.	10+	100%	70%
TN State Employees Association	30+	95%	70%
	20+	85%	70%
	10+	75%	65%
Others Not Shown Above (providing implicit subsidy only)		35%	20%

**Future participation:**

Active employees currently declining coverage are assumed to opt into the plan in the future and accept retiree coverage at a 10% rate. Covered employees are assumed to remain covered until retirement.

**Expenses:**

Expenses are included in the Per Capita Costs.

**Expected Retiree Contributions:**

Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average between plan options (Partnership, Standard, Limited) and carriers has been used with weights derived from the current distribution of members among plans offered. Such average expected retiree premium contributions for the first year, before any direct subsidies are shown in the table below.

Average Premium (as of Valuation Date)		
Retiree	\$	600.00
Spouse	\$	671.00

**Health Care Cost Trend Rates:**

Monthly Per Capita Costs (PCC) and Retiree Contributions for Medical and Rx benefits are assumed to increase each year according to the rates set forth in the following table. For example, the Per Capita Costs for a year beginning on 1/1/2014 are expected to increase by 7.50% over the rates for the year beginning on 1/1/2013.

The trend rate for the cost of benefits and premiums charged to retirees has been revised for this Actuarial Valuation to be based on the forecasting model built and published (December 2007) in Modeling Long-Term Health Care Cost Trends sponsored by the Society of Actuaries and authored by Prof. Thomas E. Getzen.

The rates presented below illustrate assumed medical cost inflation in the absence of the Excise Tax on High-Cost Employer Health Plans.

Annual Increase Rates					
Year of Increase	Medical/Rx	Contribution	Year of Increase	Medical/Rx	Contribution
2014	7.50%	7.50%	2022	5.81%	5.81%
2015	7.00%	7.00%	2023	5.76%	5.76%
2016	6.50%	6.50%	2024	5.72%	5.72%
2017	6.10%	6.10%	2025	5.67%	5.67%
2018	6.03%	6.03%	2026	5.63%	5.63%
2019	5.97%	5.97%	...	...	...
2020	5.92%	5.92%	2044	4.19%	4.19%
2021	5.86%	5.86%	Ultimate	4.19%	4.19%

## CONSIDERATION OF HEALTH CARE REFORM

### *Summary of Selected Provisions and their effects*

**Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax) Effective 1/1/2018** The “Cadillac” tax is a 40% excise tax paid by the coverage provider (employer and/or insurer) on the value of health plan costs in excess of certain thresholds. The thresholds for active employees and Medicare eligible retirees are \$10,200 for single coverage or \$27,500 for family coverage in 2018. Respective thresholds for retirees not eligible for Medicare are \$11,850 and \$30,950 for year 2018. Many plans are below the thresholds today, but are likely to exceed them in the next decade. The thresholds will be indexed at CPI-U, which is lower than the expected medical trend rates affecting the cost of the plans. There is considerable uncertainty about how the tax would be applied, and considerable latitude in grouping of participants for tax purposes. Combining early retiree and Medicare eligible retiree costs is allowed and can keep plans under the thresholds for a longer period of time.

Should the excise tax become applicable, the Plan will be the coverage provider paying the tax which will be passed on to the employers and participants in the form of increased premiums applicable to employees and retirees. The State will need to decide whether to reduce benefits to avoid the tax, or how the additional cost will be allocated between the employer and the members. GASB does not permit recognition of future plan changes in a valuation, so the net claims growth assumption (reflected in the long-term trends) will be based on the current plan design.

Based on the assumptions used for this Valuation, premiums applicable to retirees are projected to become subject to excise tax as soon as it becomes effective in 2018. Although the amount of tax initially assessed on the health insurance premiums is not expected to be significant, it will increase over time. We are modeling the impact of the tax by adding 0.15% to the assumed medical trend rates for the 2018 plan year, followed by a 0.50% increase of the assumed trends for 2019 and all subsequent years.

**Comparative Effectiveness Research Fee:** PPACA established the Patient-Centered Outcomes Research Institute (the Institute) to conduct research to determine which of two or more treatments works best when applied to actual patients in the “real world.” The work of the Institute is partially funded by a fee on health insurers and self-funded group health plans. This is deemed to be included in the initial per capita trend with no further adjustments.

**Health Insurance Industry Fee:** This fee on health insurers (including HMOs) starts at \$8 billion in 2014 and increases year over year before reaching \$14.3 billion in 2018. After 2018, it will continue to increase with premium growth. The fee, which applies only to insured business, will be based on each insurer’s share of the taxable health insurance premium base (among all health insurers of U.S. health risks). This fee does not apply to the self-insured plans and is not affecting plans administered by the State.

**Reinsurance Assessment:** This assessment on health plans totals \$25 billion, which will be collected over the three-year period from 2014 through 2016. The majority of the money will be used to fund a reinsurance program, which is intended to lessen the impact of high-dollar claims in the individual market. The assessment applies to both insured and self-funded commercial major medical plans. For an insured plan, the assessment is the responsibility of the health insurer. For a self-funded plan, the

assessment is the employer's responsibility, but an employer may choose to have a third party administrator facilitate the payment on behalf of the plan. This is deemed to be included in the initial per capita trend with no further adjustments.

**Implementation of the new requirements:** We have not identified any other specific provision of health care reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will review and monitor those impacts.

## MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

<b>Decrement Timing:</b>	Decrements of all types are assumed to occur at the middle of the year.
<b>Eligibility Testing:</b>	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
<b>Decrement Relativity:</b>	Decrement rates are treated as absolute rates of decrement.
<b>Adjustments:</b>	None.
<b>Decrement Operation:</b>	All decrements operate simultaneously. Disability and termination rates cease upon eligibility for normal or early retirement

## DEFINITIONS OF TECHNICAL TERMS

<b>Actuarial Accrued Liability:</b>	Actuarial Accrued Liability is the actuarial present value of projected future benefits that are attributable to an employees' service to date. Sometimes it is expressed as the difference between the actuarial present value of all future benefit payments and the actuarial present value of future normal costs.
<b>Actuarial Assumptions:</b>	These are factors for estimating expected future experience with respect to occurrences of mortality, disability, turnover, retirement, rates of investment income and salary increases, coverage acceptance, trend, aging, etc.
<b>Actuarial Cost Method:</b>	This is a mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future benefit payments" between future normal costs and actuarial accrued liabilities. It is often referred to as the "Actuarial Funding Method" or "Actuarial Valuation Cost Method".
<b>Actuarial Present Value:</b>	Actuarial Present Value of a series of expected payments (or a single payment) is the amount of funds currently required to provide those expected payments in the future. This amount is determined by discounting future payments at predetermined rates of interest, taking into account the probability of payment. It is also referred to as "Present Value."
<b>Amortization:</b>	Amortization is a process of paying off, or recognizing, an interest-discounted amount with periodic payments of interest and principal, (similar to paying off an installment loan) -- as opposed to paying it off with a single sum.
<b>Annual Required Contribution (ARC):</b>	The ARC is the portion of the present value of projected benefits that is attributable to the current period. Usually it is determined as the normal cost (as defined below) plus the portion of the unfunded actuarial accrued liability amortized in the current period. The ARC is an amount that is actuarially determined to ensure that, if paid on an ongoing basis, it would provide sufficient resources for future benefit payments.
<b>Normal Cost:</b>	Normal Cost is the actuarial cost of a portion of projected future benefits allocated to the current year by the Actuarial Cost Method. It is sometimes referred to as "Current Service Cost."
<b>Unfunded Actuarial Accrued Liability (UAAL):</b>	UAAL is the difference between actuarial accrued liability and the actuarial value of plan assets.

## **SECTION E**

### **SUMMARY OF SUBSTANTIVE PLAN PROVISIONS**

# LOCAL GOVERNMENT EMPLOYEE GROUP INSURANCE PLAN SUMMARY OF SUBSTANTIVE PLAN PROVISIONS AS OF JULY 1, 2013

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## ELIGIBILITY FOR RETIREMENT

All retirees of participating Local Government Agencies retired upon satisfying the Disability, or Early or Normal Retirement provisions of the Tennessee Consolidated Retirement System (TCRS) may be eligible for certain post-employment benefits under the Local Government Employee Group Plan. Any employee becoming a member of TCRS on or after July 1, 1976 and through June 30, 2014 enters TCRS *Group I* regardless of employment classification. The following presents the *Group I* eligibility requirements for retirement under the Tennessee Consolidated Retirement System (TCRS):

**VESTED TERMINATION** Full vesting starts after 5 years of creditable service, or 10 years for members of political subdivisions unless the governing body passes a resolution authorizing five-year vesting.

However, no other postemployment benefits are available under the State Employees Group Plan to employees not meeting criteria described below.

**25-YEAR RETIREMENT** Members of political subdivisions are eligible only if the local government has passed a resolution authorizing this provision

**EARLY RETIREMENT** Age 55 and vested.

**SERVICE RETIREMENT** Earlier of (i) Age 60 and vested, or (ii) Any age with 30 years of creditable service.

**INSURANCE ELIGIBILITY** Age 55 with at least 10 years employment with the local government agency from which individual is retiring and three continuous years of insurance coverage in the plan immediately prior to final termination for retirement

Age 55 with at least 20 or more years employment with the local government agency from which the individual is retiring and one year of insurance coverage in the plan immediately prior to final termination for retirement

30 years of service with the local government agency from with the individual is retiring at any age and one year of insurance coverage in the plan immediately prior to final termination for retirement

Public safety employees (police and firemen) in a retirement system other than TCRS who are age 50 and have at least 25 years of creditable service and one year of insurance coverage in the plan prior to retirement

Utility board members who are age 55 and have at least 20 years of service with the same utility district from which they are retiring and one full year of

insurance coverage in the plan immediately prior to retirement, or 30 years of service with the same utility district from which they are retiring at any age and one full year of insurance coverage in the plan immediately prior to retirement

If the individual is retiring through TCRS, they must be receiving a monthly retirement benefit to continue coverage as a retiree, TCRS participants who choose a lump-sum retirement benefit are not eligible to continue insurance at retirement.

#### **DISABLED RETIREES**

Retirees who were insured through a participating local government agency at the time of an injury or illness which resulted in their disability may continue coverage provided that no lapse in medical coverage has occurred by meeting the requirements outlined above, or by having at least five years employment with the employer immediately prior to final termination due to disability.

#### **OTHER POST-EMPLOYMENT BENEFITS- FOR MEDICAL COVERAGE UNDER “THE LOCAL GOVERNMENT EMPLOYEE GROUP PLAN”**

Certain Other Post-Employment Benefits (OPEB) are available to current retirees and all employees retiring from Local Government Agencies under the provisions of Disability, Early or Normal Retirement, as described above. With exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the plan upon attaining age 65. In addition to subsidies that may be provided by the local employers for retiree premiums the OPEB benefits include access to coverage for the retiree and dependents under the Medical, Prescription, Dental, Vision, and Long Term Care as described below.

#### **HEALTH-RELATED BENEFITS**

Eligible retirees may choose among the same Medical Plan options available for similarly situated active employees of the employer. Dependents of retirees who continue to meet eligibility requirements may be covered at the retiree's option the same as dependents of active employees, provided those dependents were already enrolled in the Plan when the retiree's active coverage was terminated or they become eligible based on a special enrollment provision. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to the same Medical and Prescription benefits as active employees. Retirees and their dependents eligible for Medicare benefits are not eligible to remain in the Local Government Employee Group Insurance Plan and may apply for the Medicare Supplement plan (The Tennessee Plan).

#### **DENTAL, VISION AND LONG TERM CARE BENEFITS**

Dental, vision and long term care benefits for retirees and their dependents are fully paid by the retirees, as they are by employees and their dependents. Consequently, these benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 45.

#### **SURVIVORSHIP BENEFITS**

The surviving dependents of a retiree may stay in the plan at no cost for up to six months. Afterwards, the surviving dependents are eligible to continue coverage under the Local Government Employee Group Plan subject to payments of the applicable premiums. The surviving dependents must continue to meet eligibility requirements to remain enrolled in the plan.

## RETIREE CONTRIBUTIONS FOR MEDICAL/PRESCRIPTION COVERAGE

In order to begin and maintain retiree Medical/Prescription coverage, premium contributions are required from the retiree. For dependent coverage, the retiree is required to pay a premium as well. If any required amounts are not paid timely, the coverage for the retiree and/or the dependent(s) will cease. Annual plan premium increases impact the amount of contributions required for retiree and dependent coverage.

The chart below summarizes the current total monthly contribution amounts required from retirees and their dependents to maintain medical/prescription coverage. These rates went into effect on January 1, 2013. Coverage for children of retirees is available (until their limiting age). However, for measuring the long term costs, the relatively few children covered by retirees coupled with the short duration of their coverage remaining results in costs that are not material in the long term. Consequently, only spouses are included in the Valuation.

EAST AND MIDDLE TENNESSEE						
	PREMIUM LEVEL 1		PREMIUM LEVEL 2		PREMIUM LEVEL 3	
	BCBST	CIGNA	BCBST	CIGNA	BCBST	CIGNA
<b>PARTNERSHIP PPO</b>						
Retiree Only	\$580.77	\$600.77	\$638.85	\$658.85	\$696.34	\$716.34
Retiree + Child(ren)	\$900.19	\$940.19	\$990.21	\$1,030.21	\$1,079.33	\$1,119.33
Retiree + Spouse	\$1,248.63	\$1,288.63	\$1,373.50	\$1,413.50	\$1,497.13	\$1,537.13
Retiree + Spouse + Child(ren)	\$1,568.07	\$1,608.07	\$1,724.87	\$1,764.87	\$1,880.12	\$1,920.12
Spouse Only	\$667.87	\$707.87	\$734.65	\$774.65	\$800.78	\$840.78
Child(ren) Only	\$319.42	\$359.42	\$351.36	\$391.36	\$382.98	\$422.98
Spouse + Child(ren)	\$987.30	\$1,027.30	\$1,086.02	\$1,126.02	\$1,183.77	\$1,223.77
<b>STANDARD PPO</b>						
Retiree Only	\$605.77	\$625.77	\$663.85	\$683.85	\$721.34	\$741.34
Retiree + Child(ren)	\$925.19	\$965.19	\$1,015.21	\$1,055.21	\$1,104.33	\$1,144.33
Retiree + Spouse	\$1,298.63	\$1,338.63	\$1,423.50	\$1,463.50	\$1,547.13	\$1,587.13
Retiree + Spouse + Child(ren)	\$1,618.07	\$1,658.07	\$1,774.87	\$1,814.87	\$1,930.12	\$1,970.12
Spouse Only	\$692.87	\$732.87	\$759.65	\$799.65	\$825.78	\$865.78
Child(ren) Only	\$319.42	\$359.42	\$351.36	\$391.36	\$382.98	\$422.98
Spouse + Child(ren)	\$1,012.30	\$1,052.30	\$1,111.02	\$1,151.02	\$1,208.77	\$1,248.77
<b>LIMITED PPO</b>						
Retiree Only	\$371.90	\$391.90	\$409.09	\$429.09	\$445.91	\$465.91
Retiree + Child(ren)	\$576.44	\$616.44	\$634.09	\$674.09	\$691.15	\$731.15
Retiree + Spouse	\$799.58	\$839.58	\$879.54	\$919.54	\$958.70	\$998.70
Retiree + Spouse + Child(ren)	\$1,004.13	\$1,044.13	\$1,104.54	\$1,144.54	\$1,203.95	\$1,243.95
Spouse Only	\$427.68	\$467.68	\$470.45	\$510.45	\$512.80	\$552.80
Child(ren) Only	\$204.54	\$244.54	\$225.00	\$265.00	\$245.24	\$285.24
Spouse + Child(ren)	\$632.23	\$672.23	\$695.45	\$735.45	\$758.05	\$798.05

WEST TENNESSEE						
	PREMIUM LEVEL 1		PREMIUM LEVEL 2		PREMIUM LEVEL 3	
	BCBST	CIGNA	BCBST	CIGNA	BCBST	CIGNA
<b>PARTNERSHIP PPO</b>						
Retiree Only	\$600.77	\$580.77	\$658.85	\$638.85	\$716.34	\$696.34
Retiree + Child(ren)	\$940.19	\$900.19	\$1,030.21	\$990.21	\$1,119.33	\$1,079.33
Retiree + Spouse	\$1,288.63	\$1,248.63	\$1,413.50	\$1,373.50	\$1,537.13	\$1,497.13
Retiree + Spouse + Child(ren)	\$1,608.07	\$1,568.07	\$1,764.87	\$1,724.87	\$1,920.12	\$1,880.12
Spouse Only	\$707.87	\$667.87	\$774.65	\$734.65	\$840.78	\$800.78
Child(ren) Only	\$359.42	\$319.42	\$391.36	\$351.36	\$422.98	\$382.98
Spouse + Child(ren)	\$1,027.30	\$987.30	\$1,126.02	\$1,086.02	\$1,223.77	\$1,183.77
<b>STANDARD PPO</b>						
Retiree Only	\$625.77	\$605.77	\$683.85	\$663.85	\$741.34	\$721.34
Retiree + Child(ren)	\$965.19	\$925.19	\$1,055.21	\$1,015.21	\$1,144.33	\$1,104.33
Retiree + Spouse	\$1,338.63	\$1,298.63	\$1,463.50	\$1,423.50	\$1,587.13	\$1,547.13
Retiree + Spouse + Child(ren)	\$1,658.07	\$1,618.07	\$1,814.87	\$1,774.87	\$1,970.12	\$1,930.12
Spouse Only	\$732.87	\$692.87	\$799.65	\$759.65	\$865.78	\$825.78
Child(ren) Only	\$359.42	\$319.42	\$391.36	\$351.36	\$422.98	\$382.98
Spouse + Child(ren)	\$1,052.30	\$1,012.30	\$1,151.02	\$1,111.02	\$1,248.77	\$1,208.77
<b>LIMITED PPO</b>						
Retiree Only	\$391.90	\$371.90	\$429.09	\$409.09	\$465.91	\$445.91
Retiree + Child(ren)	\$616.44	\$576.44	\$674.09	\$634.09	\$731.15	\$691.15
Retiree + Spouse	\$839.58	\$799.58	\$919.54	\$879.54	\$998.70	\$958.70
Retiree + Spouse + Child(ren)	\$1,044.13	\$1,004.13	\$1,144.54	\$1,104.54	\$1,243.95	\$1,203.95
Spouse Only	\$467.68	\$427.68	\$510.45	\$470.45	\$552.80	\$512.80
Child(ren) Only	\$244.54	\$204.54	\$265.00	\$225.00	\$285.24	\$245.24
Spouse + Child(ren)	\$672.23	\$632.23	\$735.45	\$695.45	\$798.05	\$758.05

## EMPLOYER-PROVIDED SUBSIDY FOR MEDICAL/PRESCRIPTION COVERAGE

The tables below summarize the current total monthly subsidy amounts provided by the listed local government employers (any other local government employer not listed does not offer any direct premium subsidies). These subsidy amounts are based on premium rates that became effective on January 1, 2013. Coverage for children of retirees is available (until their limiting age). However, for measuring the long term costs, the relatively few children covered by retirees coupled with the short duration of their coverage remaining results in costs that are not material in the long term. Consequently, only spouses are included in the GASB 45 calculations.

	Service Requirement	PPO Partnership Low Cost Carrier		PPO Standard Low Cost Carrier		PPO Limited Low Cost Carrier		PPO Partnership High Cost Carrier		PPO Standard High Cost Carrier		PPO Limited High Cost Carrier	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Alpha-Talbot Utility District	35+ Yrs	\$580.77	\$914.70	\$605.77	\$952.20	\$371.90	\$585.74	\$600.77	\$944.70	\$625.77	\$982.20	\$391.90	\$615.74
	30+Yrs & Age 60	\$580.77	\$914.70	\$605.77	\$952.20	\$371.90	\$585.74	\$600.77	\$944.70	\$625.77	\$982.20	\$391.90	\$615.74
	10 Yrs & Age 60	\$580.77	\$914.70	\$605.77	\$952.20	\$371.90	\$585.74	\$600.77	\$944.70	\$625.77	\$982.20	\$391.90	\$615.74
Belle Meade, City of	35+ Yrs & Age 55	\$418.15	\$899.01	\$436.15	\$935.01	\$267.77	\$575.70	\$432.55	\$927.81	\$450.55	\$963.81	\$282.17	\$604.50
	30-34 Yrs & Age 55	\$389.12	\$836.58	\$405.87	\$870.08	\$249.17	\$535.72	\$402.52	\$863.38	\$419.27	\$896.88	\$262.57	\$562.52
	25-29 Yrs & Age 55	\$360.08	\$774.15	\$375.58	\$805.15	\$230.58	\$495.74	\$372.48	\$798.95	\$387.98	\$829.95	\$242.98	\$520.54
	<25 Yrs & Age 55	\$331.04	\$711.72	\$345.29	\$740.22	\$223.38	\$478.56	\$342.44	\$740.22	\$356.99	\$763.02	\$223.38	\$478.56
Caryville Jacksboro Utility	20+ Yrs & Age 60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$641.34	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Clarksville Housing Authority	25+ Yrs & Age 55+	\$580.77	\$580.77	\$605.77	\$605.77	\$371.90	\$371.90	\$600.77	\$600.77	\$625.77	\$625.77	\$391.90	\$391.90
	20-24 Yrs & Age 55+	\$290.39	\$290.39	\$302.89	\$302.89	\$185.95	\$185.95	\$300.39	\$300.39	\$312.89	\$312.89	\$195.95	\$195.95
	<20 Yrs & Age 65+	\$580.77	\$580.77	\$605.77	\$605.77	\$371.90	\$371.90	\$600.77	\$600.77	\$625.77	\$625.77	\$391.90	\$391.90
Crockett Co. Public Utility District	25+ Yrs & Age 55	\$559.11	\$1,205.30	\$584.11	\$1,255.30	\$0.00	\$0.00	\$579.11	\$1,245.30	\$604.11	\$1,295.30	\$369.24	\$796.25
Dandridge, Town of	20+Yrs & Age 62	\$580.77	\$1,248.63	\$605.77	\$1,298.63	\$371.90	\$799.58	\$600.77	\$1,288.63	\$625.77	\$1,338.63	\$391.90	\$839.58
	15-19 Yrs & Age 62	\$464.62	\$998.90	\$484.62	\$1,070.90	\$313.52	\$671.66	\$480.62	\$1,030.90	\$500.62	\$1,070.99	\$313.52	\$671.66
	10-14 Yrs & Age 62	\$348.46	\$749.18	\$363.46	\$779.18	\$223.14	\$479.75	\$360.46	\$773.18	\$375.46	\$803.18	\$235.14	\$503.75
Eastside Utility District	30+ Yrs & Age 60	\$580.77	\$1,248.63	\$605.77	\$1,298.63	\$0.00	\$0.00	\$600.77	\$1,288.63	\$625.77	\$1,338.63	\$0.00	\$0.00
	20-29 Yrs & Age 60	\$387.13	\$832.42	\$403.84	\$865.76	\$0.00	\$0.00	\$400.52	\$859.08	\$417.18	\$892.42	\$0.00	\$0.00
	15-19 Yrs & Age 60	\$193.59	\$416.21	\$201.92	\$432.88	\$0.00	\$0.00	\$200.26	\$429.54	\$208.59	\$446.21	\$0.00	\$0.00
First Utility District of Hawkins County		\$580.77	\$1,248.63	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Franklin County	15 years & 65 or 30 years	\$522.69	\$522.69	\$545.19	\$545.19	\$334.71	\$334.71	\$540.69	\$540.69	\$563.19	\$563.19	\$334.71	\$334.71
Franklin County Adult Activity Center	30 + Yrs & Age 59.5 & 3 Yrs in Ins Plan	\$435.57	\$435.57	\$454.33	\$454.33	\$278.93	\$278.93	\$450.58	\$450.58	\$469.33	\$469.33	\$293.93	\$293.93
	25-29 Yrs & Age 62 & 1 Yr in Ins Plan	\$290.39	\$290.39	\$302.89	\$302.89	\$185.95	\$185.95	\$300.39	\$300.39	\$312.89	\$312.89	\$195.95	\$195.95
	20 - 24 Yrs & Age 62 & 1 Yr in Ins Plan	\$145.19	\$145.19	\$151.44	\$151.44	\$92.98	\$92.98	\$150.19	\$150.19	\$156.44	\$156.44	\$97.98	\$97.98

	Service Requirement	PPO Partnership Low Cost Carrier		PPO Standard Low Cost Carrier		PPO Limited Low Cost Carrier		PPO Partnership High Cost Carrier		PPO Standard High Cost Carrier		PPO Limited High Cost Carrier	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Franklin County Highway	15 years & 65 or 30 years	\$580.77	\$667.86	\$605.77	\$605.77	\$334.71	\$334.71	\$600.77	\$600.77	\$625.77	\$625.77	\$334.71	\$334.71
Greenbrier, City of	20+ Yrs & Stops when reach age for Medicare	\$580.77	\$580.77	\$605.77	\$605.77	\$0.00	\$0.00	\$600.77	\$600.77	\$625.77	\$625.77	\$0.00	\$0.00
Hawkins County		\$415	\$893	\$432	\$0	\$0	\$572	\$428	\$0	\$0	\$0	\$0	\$0
Humboldt, City of	30+ Yrs	\$580.77	\$0.00	\$605.77	\$0.00	\$0.00	\$0.00	\$600.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Johnson		473.13	473.13	493.49	493.49	302.97	302.97	0	0	0	0	0	0
Lawrence County 911	Vested & Age 60 & Until Medicare Eligible	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100
	30+ Yrs & Until Medicare Eligible	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100	premium less \$100
Lawrenceburg Housing Authority	10+Yrs & Age 62	\$580.77	\$580.77	\$580.77	\$580.77	\$371.90	\$371.90	\$580.77	\$580.77	\$580.77	\$580.77	\$371.90	\$371.90
Lewis County Highway Dept	30+	\$290.39	\$290.39	\$304.17	\$304.17	\$185.95	\$185.95	\$300.39	\$300.39	\$314.17	\$314.17	\$195.95	\$195.95
Madison Suburban Utility District	30+ Yrs & Age 60	\$580.77	\$1,148.63	\$605.77	\$1,198.63	\$371.90	\$699.58	\$600.77	\$1,188.63	\$625.77	\$1,238.63	\$391.90	\$739.58
Murfreesboro Electric Department	10 Yrs & Age 55, 90% of retiree, 90% of retiree spouse for 5 years, Until Age 65 when Eligible for Medicare	\$522.69	\$1,123.77	\$545.19	\$1,168.77	\$334.71	\$719.62	\$540.69	\$1,159.77	\$563.19	\$1,204.77	\$352.71	\$755.62
Oak Ridge, City of	10 Yrs & Age 55, & Pay 50 % for maximum of 7 years	\$290.39	\$624.32	\$302.89	\$649.32	\$185.95	\$399.79	\$300.39	\$644.32	\$312.89	\$669.32	\$195.95	\$419.79
Portland, City of	30 Yrs	\$580.77	\$580.77	\$605.77	\$605.77	\$371.90	\$371.90	\$600.77	\$600.77	\$625.77	\$625.77	\$391.90	\$391.90
	10 Yrs & Age 55	\$580.77	\$580.77	\$605.77	\$605.77	\$371.90	\$371.90	\$600.77	\$600.77	\$625.77	\$625.77	\$391.90	\$391.90
	20 Yrs & Age 55	\$580.77	\$580.77	\$605.77	\$605.77	\$371.90	\$371.90	\$600.77	\$600.77	\$625.77	\$625.77	\$391.90	\$391.90
Professional Care Services of West TN	All Retirees	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90
Ripley, City of	20 Yrs & Age 55	\$232.31	\$499.45	\$242.31	\$519.45	\$148.76	\$319.83	\$240.31	\$515.45	\$250.31	\$535.45	\$156.76	\$335.83
	10 Yrs & Age 60	\$174.23	\$374.59	\$181.73	\$389.59	\$111.57	\$239.87	\$180.23	\$386.59	\$187.73	\$401.59	\$117.57	\$251.87
	30 Yrs & Age 60	\$348.46	\$749.18	\$363.46	\$779.18	\$223.14	\$479.75	\$360.46	\$773.18	\$375.46	\$803.18	\$235.14	\$503.75
Roane County		\$551.73	\$885.66	\$575.48	\$921.91	\$353.31	\$567.15	\$570.73	\$914.66	\$594.48	\$950.91	\$372.31	\$596.15
Savannah, City of (emergency, Firemen & Police Officers only)	20 Yrs & Age 62	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$371.90	\$391.90	\$391.90	\$391.90	\$391.90	\$391.90	\$391.90
	19 Yrs & Age 62	\$353.31	\$353.31	\$353.31	\$353.31	\$353.31	\$353.31	\$372.31	\$372.31	\$372.31	\$372.31	\$372.31	\$372.31
	18 Yrs & Age 62	\$334.71	\$334.71	\$334.71	\$334.71	\$334.71	\$334.71	\$352.71	\$352.71	\$352.71	\$352.71	\$352.71	\$352.71
	17 Yrs & Age 62	\$316.12	\$316.12	\$316.12	\$316.12	\$316.12	\$316.12	\$333.12	\$333.12	\$333.12	\$333.12	\$333.12	\$333.12
	16 Yrs & Age 62	\$297.52	\$297.52	\$297.52	\$297.52	\$297.52	\$297.52	\$313.52	\$313.52	\$313.52	\$313.52	\$313.52	\$313.52
	15 Yrs & Age 62	\$278.93	\$278.93	\$278.93	\$278.93	\$278.93	\$278.93	\$293.93	\$293.93	\$293.93	\$293.93	\$293.93	\$293.93

	Service Requirement	PPO Partnership Low Cost Carrier		PPO Standard Low Cost Carrier		PPO Limited Low Cost Carrier		PPO Partnership High Cost Carrier		PPO Standard High Cost Carrier		PPO Limited High Cost Carrier	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Tennessee Education Association	15 Yrs	\$631.34	\$1,357.36	\$656.34	\$1,407.36	\$404.28	\$869.20	\$641.34	\$1,377.36	\$666.34	\$1,427.36	\$414.28	\$889.20
	14 Yrs	\$618.71	\$1,330.21	\$643.21	\$1,379.21	\$396.19	\$851.82	\$628.51	\$1,349.81	\$653.01	\$1,398.81	\$405.99	\$871.42
	13 Yrs	\$606.09	\$1,303.07	\$630.09	\$1,351.07	\$388.11	\$834.43	\$615.69	\$1,322.27	\$639.69	\$1,370.27	\$397.71	\$853.63
	12 Yrs	\$593.46	\$1,275.92	\$616.96	\$1,322.92	\$380.02	\$817.05	\$602.86	\$1,294.72	\$626.36	\$1,341.72	\$389.42	\$835.85
	11 Yrs	\$580.83	\$1,248.77	\$603.83	\$1,294.77	\$371.94	\$799.66	\$590.03	\$1,267.17	\$613.03	\$1,313.17	\$381.14	\$818.06
	10 Yrs	\$568.21	\$1,221.62	\$590.71	\$1,266.62	\$363.85	\$782.28	\$577.21	\$1,239.62	\$599.71	\$1,284.62	\$372.85	\$800.28
Tipton County		\$498.77	\$998.90	\$513.77	\$1,038.90	\$297.52	\$639.66	\$518.77	\$1,030.90	\$533.77	\$1,070.90	\$313.52	\$671.66
TN School Board Association	30 Yrs	\$230.42	\$449.32	\$230.42	\$449.32	\$167.36	\$359.81	\$230.42	\$449.32	\$230.42	\$449.32	\$176.36	\$377.81
	20-29	\$179.21	\$349.47	\$179.21	\$349.47	\$130.17	\$279.85	\$179.21	\$349.47	\$179.21	\$349.47	\$137.17	\$293.85
	Less than 20 Yrs	\$128.01	\$249.62	\$128.01	\$249.62	\$92.98	\$199.90	\$128.01	\$249.62	\$128.01	\$249.62	\$97.98	\$209.90
TN State Employees Association	30+ (TCRS Retirement)	\$447.20	\$961.45	\$464.70	\$996.45	\$286.36	\$615.68	\$461.20	\$989.45	\$478.69	\$1,024.45	\$300.36	\$643.68
	20-29 (TCRS Retirement)	\$383.31	\$824.10	\$398.31	\$854.10	\$245.45	\$527.72	\$395.31	\$848.10	\$410.31	\$878.10	\$257.45	\$551.72
	15-19 (TCRS Retirement)	\$357.76	\$769.16	\$371.76	\$797.17	\$229.09	\$492.54	\$368.96	\$791.56	\$382.96	\$819.56	\$240.29	\$514.94

## COBRA BENEFITS

Former employees, retirees and dependents may be eligible for an extended benefit under COBRA, regardless of the terms of the employer's other post-employment benefits. COBRA benefits are not considered as other post-employment benefits for the purposes of GASB Statement No. 45.

## FUNDING VEHICLE

There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for this purpose. All approved benefits are paid by the State when due.

## TERMINATION AND AMENDMENT

The post-employment benefits are extended to retirees and continued at the discretion of the Local Government Employer, which reserves the right (subject to Local Government Statute) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change.

**APPENDIX**  
**RESULTS BY EMPLOYER**

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
21St Drug Task Force	0	9	0	10	1	1	2
Access Svcs. Of Mid- TN	0	3	0	1	0	0	0
Adult Community Training	0	0	0	0	0	0	0
Ag Serv/U-Cumb	0	1	0	4	0	0	0
Agape, Inc	0	14	0	2	0	0	0
Aid To Dist Fam/Ander C	0	6	0	0	0	0	0
Alamo, City of	0	19	0	29	2	3	3
Alc/Drug Middle	0	0	0	0	0	0	0
Alpha-Talbott	0	11	0	174	10	18	19
Anderson Co Cac	0	3	0	2	0	0	0
Anderson Co Health Council	0	0	0	0	0	0	0
Appalachan Ed Comm	0	6	0	3	0	1	1
Arc of Davidson	0	17	0	7	1	2	2
Arc Of Hamilton County	0	0	0	0	0	0	0
Arc Of Washington Co Inc	0	37	0	17	4	5	5
Arc Of Williamson County	0	3	0	2	0	0	0
Arts Center of Cannon County	0	0	0	0	0	0	0
Association of County Mayors	0	0	0	0	0	0	0
Avalon Center, Inc	0	9	0	3	1	1	1
Bangham Utilities	0	8	0	5	0	1	1
Battered Women, Inc.	0	0	0	0	0	0	0
Bedford County Government	1	284	10	219	24	39	40
Beech River Watershed Development Auth.	0	0	0	0	0	0	0
Behavioral Health Initiatives	0	31	0	7	2	2	3
Bells, City Of	0	22	0	37	3	4	4
Benton County	0	100	0	75	9	12	12
Benton County Highway Department	0	20	0	33	3	4	5
Bethlehem Centers of Nashville	0	15	0	4	2	2	2
Better Decisions	0	1	0	0	0	0	0
Big Creek Utility District	0	11	0	14	1	2	2
Blaine, City of	0	3	0	2	0	0	0
Blakemore United Methodist Childrens Center	0	11	0	1	1	1	1
Bledsoe County	0	33	0	20	2	4	4
Bloomingtondale Utility	0	12	0	21	2	3	3
Blount Co Comm Act Agency	0	11	0	7	1	1	1
Bolivar	0	0	0	0	0	0	0
Bon Aqua Lyles Utility Dist	0	0	0	0	0	0	0
Bon De Croft Utility	0	5	0	12	1	1	1
Bountiful Basket Nutrition Program	0	1	0	0	0	0	0
Bradley County Government	0	0	0	0	0	0	0
Bradley Nursing	0	0	0	0	0	0	0
Bradley/Cleveland Csa	0	12	0	10	1	2	2
Bradley/Cleveland Svcs. Inc	0	146	0	82	13	17	17
Bridge Refugee Services	0	0	0	0	0	0	0
Bridges Of Williamson Co	0	6	0	4	1	1	1

Amounts in the “Roll-Forward ARC” column are developed by increasing the Normal Cost with interest and increasing the amortization payment with the assumed payroll growth rate.

Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Buffalo River Reg Lib	0	0	0	0	0	0	0
Camden City	0	58	0	113	7	12	12
Campaign for a HealthyRespTN	0	0	0	0	0	0	0
Campbell Co 911	0	12	0	16	1	2	2
Caney Fork Reg Lib	0	0	0	0	0	0	0
Care Of Savannah	0	7	0	9	1	1	1
Carey Counseling Center	0	129	0	23	10	11	11
Carroll Co. E-911	1	1	4	1	0	0	0
Cary/Jacks Utility	0	21	0	51	3	5	5
Casa Juvenile Sv Assn	0	1	0	0	0	0	0
CASA of the 9th Judicial District	0	3	0	0	0	0	0
CASA TN Heartland	0	0	0	0	0	0	0
Castillian Springs-Bethpage Ut	0	11	0	12	1	2	2
Cease, Inc	0	9	0	4	1	1	1
Center For Indep Living	0	11	0	5	1	1	1
Center For Living & Learning	0	2	0	1	0	0	0
Cerebral Palsy Center	0	50	0	2	3	4	4
Chamber Of Commerce	0	0	0	0	0	0	0
Chattanooga Cares Inc	0	0	0	0	0	0	0
Chattanooga Endeavors	0	5	0	5	0	1	1
Chattanooga Housing Authority	0	133	0	48	13	15	15
Cheatham Co. Government	3	206	11	140	15	23	24
Cheatham Co. Highway Dept.	0	25	0	27	2	4	4
Chester Co Highway Dept	0	17	0	19	2	3	3
Chester Co. Government	1	78	14	64	7	11	11
Children'S Advocacy Ctr	0	5	0	2	0	0	0
City of Belle Meade	2	23	28	262	21	39	40
City Of Big Sandy	0	6	0	6	1	1	1
City Of Clifton	0	16	0	18	1	2	2
City Of Collegedale	0	0	0	0	0	0	0
City Of Cross Plains	0	2	0	2	0	0	0
City Of Dayton	0	120	0	170	13	21	21
City Of Decherd	0	36	0	30	3	4	5
City Of Dresden	0	0	0	0	0	0	0
City Of Dunlap	0	0	0	0	0	0	0
City of Eastridge	0	0	0	0	0	0	0
City Of Erin	0	27	0	21	2	3	3
City Of Ethridge	0	1	0	3	0	0	0
City of Forest hill	0	100	0	3	8	9	9
City Of Gleason	0	11	0	17	1	2	2
City Of Greenbrier	1	34	61	415	41	61	63
City of Harriman	0	0	0	0	0	0	0
City of Humboldt	3	152	74	1,363	78	150	155
City Of Jamestown	0	44	0	41	4	6	6

Amounts in the "Roll-Forward ARC" column are developed by increasing the Normal Cost with interest and increasing the amortization payment with the assumed payroll growth rate.

Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
City Of Kingston	0	59	0	71	6	9	10
City Of Lafayette	1	73	18	108	8	14	14
City Of Lakeland	0	27	0	22	3	4	4
City Of Lakesite	0	1	0	3	0	0	0
City of Lakewood	0	4	0	9	1	1	1
City of Lawrenceburg	0	0	0	0	0	58	59
City Of Lexington	0	131	0	200	16	25	25
City Of Lobelville	0	0	0	0	0	0	0
City Of Loretto	0	11	0	20	1	2	2
City Of Lynnville	0	0	0	0	0	0	0
City of Michie	0	1	0	0	0	0	0
City of Michie Water Systems	0	3	0	0	0	0	0
City Of New Johnsonville	0	22	0	22	3	4	4
City of Newbern	0	52	0	78	6	10	10
City of Oak Ridge	21	369	974	2,624	227	406	420
City Of Parsons	0	0	0	0	0	0	0
City of Portland	10	134	448	1,732	146	253	262
City Of Puryear	0	4	0	5	0	1	1
City of Ripley	2	79	97	385	27	51	53
City Of Sharon	0	7	0	7	1	1	1
City Of Smithville	0	51	0	33	5	6	7
City Of South Pittsburg	0	27	0	28	2	3	3
City Of Tiptonville	0	22	0	25	3	4	4
City Of Wartburg	0	14	0	18	2	3	3
City Of Waverly	0	0	0	0	0	0	0
City Of White Bluff	0	12	0	13	1	2	2
Claiborne Co Hwy.	0	0	0	0	0	0	0
Clarksville Gas Water Sewer	0	0	0	0	0	0	0
Clarksville General Fund	0	0	0	0	0	0	0
Clarksville Housing	2	16	27	204	11	21	22
Clarksville Public Safety	0	0	0	0	0	0	0
Clarksville Transportation	0	0	0	0	0	0	0
Clarksville/Montgomery Caa	0	60	0	36	5	6	6
Clearfork Utility	0	3	0	1	0	0	0
Clinchfield Sr Adult Ctr	0	1	0	0	0	0	0
Clinton Fire and Police	0	0	0	0	0	0	0
Clinton Housing Authority	0	0	0	0	0	0	0
Cnty Officials Assoc. of TN	0	1	0	0	0	0	0
Cocaine Alcohol Awareness Program, Inc.	0	53	0	12	5	5	5
Cocke Co 911	0	3	0	1	0	0	0
Cocke County	1	185	10	185	16	26	27
Cocke County Highway Department	0	58	0	45	6	8	8
Coffee County	2	320	22	282	27	44	45
Community Anti-Drug Coalition	0	0	0	0	0	0	0
Community Development Ctr	0	24	0	11	1	2	2

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Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Community Foundation Of Middle TN	0	30	0	6	2	3	3
Community Hlth	0	0	0	0	0	0	0
Community Network Svcs.	0	0	0	0	0	0	0
Comprehensive Care Center	0	1	0	0	0	0	0
Cookville Boat Dock utility	0	5	0	0	0	0	0
Cordell Hull Utility District	0	5	0	1	0	0	0
Cornerstone	0	34	0	28	3	4	4
County Wide Utility District	0	0	0	0	0	0	0
Court Appointed Spec. Advoc.	0	8	0	2	0	1	1
Crab Orchard Utility Dist	0	18	0	23	2	3	3
Crisis Intervention	0	5	0	1	0	0	0
Crockett County Government	0	89	0	58	5	9	9
Crockett County Highway	0	23	0	20	3	4	4
Crockett Public Utility	0	7	0	42	5	7	7
Cumberland Comm Options	0	21	0	10	2	2	2
Cumberland County	1	336	11	374	33	53	55
Cumberland Heights	0	0	0	0	0	0	0
Cumberland Utility Dist	0	13	0	18	1	2	2
Cunningham Utility	0	8	0	10	1	1	1
Dandridge, Town of	0	37	0	224	19	28	29
Decatur County Government	0	95	0	48	6	9	9
Dekalb County	0	78	0	64	8	11	12
Dekalb County 911	0	6	0	1	0	0	0
Dewhite Utility	0	6	0	4	1	1	1
Dickson Electric System	0	0	0	0	0	6	7
Disability Resource Center	0	4	0	2	0	0	0
Downtown Ministries	0	31	0	9	2	3	3
Dyersburg Housing Authority	0	15	0	5	2	2	2
East TN Cha	0	0	0	0	0	0	0
East TN Development Dist	1	15	18	14	2	3	3
East TN Foundation	0	0	0	0	0	0	0
Easter Seals of TN	0	109	0	7	6	6	6
Eastside Util Dist	0	29	0	443	21	47	48
Elkton, City of	0	2	0	0	0	0	0
Erin Housing Authority	0	3	0	3	0	1	1
Estill Springs	0	19	0	15	2	2	2
Fairview Utility	0	7	0	9	1	1	1
Fayette County 911	0	1	0	2	0	0	0
Fayette County Government	0	173	0	156	16	25	26
Fayette County Public Works Dept.	0	38	0	46	4	7	7
Fayetteville Housing Authority	0	11	0	25	1	2	2
Fayetteville Li	0	0	0	0	0	0	0
Fentress Co. Government	1	138	13	78	9	13	14
Fentress County Emergency Communications	0	10	0	6	1	1	1
First Utility District of Hardin County	0	14	0	1	1	1	1

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## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
First Utility District of Hawkins Co	3	21	492	822	68	130	135
First Utility Dist Of Tipton Co	0	13	0	16	1	2	2
Forked Deer Reg Lib	0	0	0	0	0	0	0
Former Insurance Participant	0	317	0	128	5	10	11
Four Lake Regional Ind Dev Aut	0	1	0	1	0	0	0
Franklin Co Adult Activity Ctr	1	48	5	52	6	8	9
Franklin Co Government	2	190	112	932	63	118	123
Franklin Co Industrial Dev Bd	0	0	0	0	0	0	0
Franklin Co. Hwy. Dept.	0	20	0	287	18	30	31
Franklin County Consolidated Housing Authority	0	11	0	19	2	3	3
Friendship City	0	5	0	6	0	1	1
Ft Loudon Reg Lib	0	0	0	0	0	0	0
Gainesboro, Town of	0	16	0	10	2	3	3
Gallatin Housing Authority	0	18	0	25	2	3	4
Galloway, City of	0	0	0	0	0	0	0
Gibson Co Mun Water Dist	0	14	0	7	1	1	1
Giles Co E-911	0	11	0	8	1	2	2
Giles County	1	198	6	197	19	30	31
Gladeville Utility Dist	0	22	0	32	2	4	4
Good Neighbor Mission & Crisis	0	1	0	0	0	0	0
Goodlettsville Board Members	0	0	0	0	0	0	0
Goodlettsville, City of	0	2	0	3	0	0	0
Goodwill-Knox	0	236	0	30	10	12	12
Gorham MacBane Library	0	4	0	0	0	0	0
Great Nashville Regional Council	0	0	0	0	0	0	0
Greeneville Fire and Police	0	0	0	0	0	0	0
Greeneville Water Comm	0	0	0	0	0	0	0
Greeneville, Town of	0	0	0	0	0	0	0
Grundy County Government	0	28	0	17	1	2	2
Grundy County Highway	0	16	0	31	2	3	4
Grundy Emergency Med Svs.	0	0	0	0	0	0	0
Grundy Housing Authority	0	5	0	5	1	1	1
Habitation and Training Services	0	71	0	2	5	5	6
Hamblen Co Courthouse	0	0	0	0	0	0	0
Hamblen County Board Members	0	0	0	0	0	0	0
Hamblen County Garbage Collectors	0	0	0	0	0	0	0
Hamblen County Highway Commish	0	0	0	0	0	0	0
Hamblen County Highway Dept	0	0	0	0	0	0	0
Hamblen County Public Safety	0	0	0	0	0	0	0
Hamilton Co 911	0	0	0	0	0	0	0
Hancock County Gov	0	127	0	25	8	9	9
Hardeman-Fayette Utility	0	10	0	8	1	1	1
Hardin Co Skills	0	19	0	12	2	2	2
Hardin County 911	0	12	0	8	2	2	2
Hardin County Government	1	162	7	151	17	25	26

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## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Harpeth Valley Utilities Distr	0	0	0	0	0	0	0
Hartsville/Trousdale County Government	1	112	6	132	11	18	19
Hartsville/Trousdale Water and Sewer Utility District	0	0	0	0	0	0	0
Hatchie River Reg Lib	0	0	0	0	0	0	0
Hawkins County	9	282	504	2,169	248	392	406
Haywood Co Gen.	0	0	0	0	0	0	0
Health Information Partnership of Tennessee	0	0	0	0	0	0	0
Henderson City	2	57	29	72	7	12	12
Henderson County Government	0	72	0	25	2	4	4
Henderson County Highway	0	26	0	25	2	4	4
Henry County Highway Department	0	46	0	52	4	7	7
Hickman County	0	0	0	0	0	0	0
Hickman County Highway	0	0	0	0	0	0	0
Highland Rim Economic Corp	0	54	0	31	5	6	6
Hixson Util Dst	0	26	0	33	2	4	4
Hohenwald Housing Authority	0	7	0	13	1	1	1
Homeplace, Inc	0	0	0	0	0	0	0
Homesafe Of Sumner, Wilson,	0	14	0	3	1	1	1
Hope Of East Tennessee	0	11	0	3	1	1	1
Humboldt Housing Auth	0	5	0	7	0	1	1
Humboldt Utilities- Elec Co	0	0	0	0	0	0	0
Humboldt Utilities- Gas and Water	0	0	0	0	0	0	0
Humphreys County	0	81	0	73	7	11	12
Humphrey'S County 911	0	11	0	6	1	1	1
Humphrey'S County Highway	0	34	0	37	3	5	5
Impact Center, Inc.	0	64	0	35	5	7	7
Industrial Dev Brd of Blount Co, Alcoa, & Maryville	0	16	0	3	2	2	2
Jackson Alcohol/Drug	0	36	0	16	3	3	4
Jackson Ctr. Ind. Living	0	7	0	5	1	1	1
James Developmental Ctr	0	23	0	14	2	3	3
Jefferson City	0	0	0	0	0	0	0
Jefferson City Housing	0	7	0	13	1	1	1
Jefferson City Public Safety	0	0	0	0	0	0	0
Jefferson Co. 911	0	15	0	9	1	1	2
Jefferson County	4	427	50	445	43	68	71
Johnson County	2	133	220	684	98	141	146
Jubilee Community Arts	0	1	0	3	0	0	0
Kings Daughter Day Home	0	10	0	1	0	0	0
Kingsport Housing Auth	0	0	0	0	0	0	0
Kingston Spring	0	25	0	26	3	4	4
Knoxville/Knox Cac	0	340	0	288	32	44	46
Lauderdale County Loc Gov	0	0	0	0	0	0	0
Lawrence County 911	1	16	51	218	16	30	31
Lawrence County Government	1	226	3	207	20	31	32
Lawrenceburg Housing Authority	1	11	8	19	1	4	4

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Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Lewis Co Highway Dept	0	20	0	76	5	8	8
Lewisburg Housing Authority	0	8	0	13	1	2	2
Lexington Electric System	4	50	33	100	6	54	56
Lincoln Co. Government	1	169	1	122	12	19	20
Linebaugh Pub Lib	0	0	0	0	0	0	0
Loc Gov Ret In	15	0	80	0	0	3	3
Loudon County Economic Dev. Agency	0	1	0	0	0	0	0
Madison Suburban Utility District	1	0	21	0	0	2	2
MadIson Util Dist	0	45	0	62	4	6	6
Manchester Housing	0	6	0	7	1	1	1
Marion Co 911	0	1	0	3	0	0	0
Marion Co. Hwy.	0	23	0	42	3	5	6
Marion County Government	1	142	5	86	8	14	14
Marion Natural Gas	0	20	0	29	2	3	3
Mckenzie City Loc Gov	0	49	0	67	6	8	9
McNairy Co Dev	0	70	0	39	5	6	7
McNairy Co. Highway Dept.	0	28	0	32	4	5	6
M-Cumb Comm Act	0	204	0	120	12	18	18
M-East Comm Act	0	73	0	23	5	6	6
Memphis Area Association of Governments	0	4	0	0	0	0	0
Memphis Area LE	0	39	0	33	3	4	4
Memphis Liv Ctr	0	9	0	4	1	1	1
Memphis-Shelby Cha	0	0	0	0	0	0	0
Mental Hlt-Nash	0	15	0	5	1	1	1
Meritan, Inc	0	107	0	8	10	10	10
Mid Cumber Cha	0	0	0	0	0	0	0
Mid-Cumb Hra	0	227	0	83	15	19	20
Middle Tenn UT Dist	0	0	0	0	0	0	0
Midtown Utility	0	8	0	9	1	1	1
Mid-W Community Serv Agency	0	76	0	48	7	9	9
Milan Public Utilities	0	0	0	0	0	0	0
Milan, City of	0	0	0	0	0	0	0
Ministerial Assn Temp Shelter	0	0	0	0	0	0	0
Minor Hill Water Utility Dist	0	3	0	4	1	1	1
Monroe County	0	0	0	0	0	0	0
Monroe County Highway	0	0	0	0	0	0	0
MS Crockett Pud	0	0	0	0	0	0	0
Mt Carmel Hawk	0	2	0	2	0	0	0
Murfreesboro Electric Department	4	81	96	1,641	124	225	233
My Friend's House Family and Children Services, Inc.	0	5	0	0	0	0	0
N.Utility Of Dec/Ben Co	0	0	0	0	0	0	0
NAMI Davidson County	0	2	0	0	0	0	0
Nami Tennessee	0	7	0	4	1	1	1
Nashville Cares1	0	70	0	39	7	9	9
Nashville Cares2	0	8	0	3	1	1	1

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Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Nat'L Assn. Of Social Workers	0	2	0	2	0	0	0
Nat'L Hlthcare For Homeless	0	17	0	4	1	1	1
Natural Gas Acquisition Co Clarksville	0	0	0	0	0	0	0
Ne Henry Utility	0	6	0	6	0	1	1
New Directions	0	0	0	0	0	0	0
New Horizons Corp	0	155	0	43	8	10	11
New Market Utility	0	0	0	0	0	0	0
Nolichucky Reg Lib	0	0	0	0	0	0	0
Non-TCRS Retire MS	1	0	6	0	0	0	0
Non-TCRS Retirees	5	0	60	0	0	2	2
Norris	0	0	0	0	0	0	0
Norris Fire and Police	0	0	0	0	0	0	0
North Utility District of Rhea County	0	0	0	0	0	0	0
North Utility District of Rhea County	0	0	0	0	0	0	0
Northeast Comm Svs. Agency	0	0	0	0	0	0	0
Northwest Comm Health Agency	0	0	0	0	0	0	0
Northwest Safeline	0	3	0	1	0	0	0
Northwest TN Head Start	0	206	0	92	11	16	16
Nw Dyersburg Util	0	2	0	2	0	0	0
Nw TN Econ Dev	0	20	0	25	2	3	3
Oak Hill, City of	0	4	0	3	1	1	1
Oak Ridge Housing Authority	0	8	0	5	1	1	1
Obion River Reg Lib	0	0	0	0	0	0	0
Old Hickory Utl Dist.	0	0	0	0	0	0	0
Old Knoxville Hwy Water Dist	0	8	0	5	1	1	1
Orange Grove Center, Inc	0	0	0	0	0	0	0
Overton County	1	296	13	259	26	42	43
Overton County 911	0	7	0	11	1	1	1
Overton County Highway Department	0	30	0	25	3	4	4
Overton County Nursing Home	0	168	0	84	9	12	13
Pathfinders	0	0	0	0	0	0	0
Perry Co. Hwy.	0	15	0	25	2	3	3
Perry County Officials	0	40	0	11	1	2	2
PerryCounty Medical CenterInc.	0	26	0	12	3	3	3
Prevent Child Abuse TN	0	35	0	2	2	2	2
ProfessionalCareServicesWestTN	0	0	0	0	0	0	0
Progress Inc.	0	143	0	24	9	10	11
Project Return	0	4	0	0	0	0	0
Putnam CoRuralHealthClinic	0	0	0	0	0	0	0
Rape/Sex Ab Ctr	0	21	0	10	1	2	2
Red River Reg Lib	0	0	0	0	0	0	0
Reelfoot Lake Regional Utility	0	2	0	5	0	0	0
Renewal House	0	21	0	7	2	2	2
Rhea County Government	4	170	25	182	18	28	29
Rhea Nursing Home	1	158	2	119	14	18	19

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## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Riceville Utility District	0	4	0	3	0	0	0
Ripley Gas/Water	0	0	0	0	0	1	1
Roane Co 911	0	16	0	16	2	2	2
Roane County	9	267	351	3,297	368	551	571
Rockwood, City of	0	0	0	0	0	0	0
Rose Center & Council For Arts	0	0	0	0	0	0	0
Rutherford Adult Ctr	0	93	0	41	6	8	8
Samaritan Recovery	0	21	0	15	2	3	3
Savannah City Loc Gov	1	54	7	95	7	13	14
Savannah Parks	0	4	0	4	0	1	1
Savannah, City of- Emerg	0	28	0	89	6	10	10
Scott County	0	0	0	0	0	0	0
Scott County Ambulance Service	0	0	0	0	0	0	0
Scott County Road Dept	0	0	0	0	0	0	0
Se Regional Cha	0	0	0	0	0	0	0
Second South Cheatham Util.	0	8	0	17	1	2	2
Senior Citizens Inc	0	44	0	26	3	4	4
Sequatchie Co. Hwy Dept.	0	21	0	28	2	3	3
Sequatchie County Government	0	76	0	33	3	5	5
Sequatchie Val. Pl. Dev.	0	51	0	28	3	4	4
Serentiy Recoveries	0	15	0	13	2	2	3
Sertoma Center	0	136	0	31	7	8	9
Sevier County	0	0	0	0	0	0	0
Sevier County Fee Officers	0	0	0	0	0	0	0
Sevier County Highway	0	0	0	0	0	0	0
Sevier County Lib	0	0	0	0	0	0	0
Sexual Assault Crisis Ctr	0	10	0	1	1	1	1
Shelby County 911	0	6	0	8	1	1	1
Shelby Residential & Voc. Svs	0	990	0	190	34	43	45
Shelter, Inc	0	0	0	0	0	0	0
Smith County	2	134	6	59	7	11	11
Smith County Highway Department	0	20	0	25	2	4	4
Smithville Electric	0	13	0	16	1	2	2
Soddy-Daisy Falling Water Dist	0	0	0	0	0	0	0
South Cent TN Dev Dist	0	39	0	32	4	5	5
South Central Comm Health Agen	0	0	0	0	0	0	0
South Central Human Resource Agency	0	0	0	0	0	0	0
South Ctr TN Wkforce Board	0	40	0	51	4	6	6
South Giles Utility District	0	0	0	0	0	0	0
Southeast Mental Health Ctr	0	273	0	69	20	23	24
Southwest Comm Health Agency	0	0	0	0	0	0	0
Sparta Electric&WaterSystem	0	0	0	0	0	0	0
Spectrum Support	0	0	0	0	0	0	0
St. Joseph, City	0	3	0	3	0	0	0
Statewide Indep. Living Council	0	2	0	1	0	0	0

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Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Stewart Co. Government	0	87	0	67	8	12	12
Stewart Co. Hwy.	0	26	0	44	3	5	5
Stoned River Reg Lib	0	0	0	0	0	0	0
Street Works, Inc.	0	0	0	0	0	0	0
Sullivan Co 911	0	5	0	5	0	1	1
Sumner County	0	6	0	10	1	1	1
Sumner County CASA, Inc	0	1	0	0	0	0	0
Sumner County Highway	0	0	0	0	0	0	0
Surgoinsville Utility District	0	4	0	6	1	1	1
SW TN Development District	0	32	0	17	2	3	3
T.E.A.M., Inc.	0	56	0	31	4	6	6
Tarp, Inc.	0	5	0	4	1	1	1
Team Evaluation	0	14	0	6	1	1	1
Tenn Assn Of Utility Districts	0	15	0	26	2	3	3
Tenn. Assoc of Rescue Squads	0	3	0	2	0	0	0
Tennessee CSA	0	1	0	1	0	0	0
Tennessee Education Association	17	61	541	1,192	86	154	159
Tennessee State Veterans Home Board Executive/Murfreesboro home	0	203	0	69	18	21	22
Tennessee State Veterans Home Board Humboldt	0	188	0	67	15	19	19
Tennessee State Veterans Home Board Knoxville	0	188	0	54	14	17	17
Tennessee Tomorrow Inc.	0	0	0	0	0	0	0
The Development Corp of Knox County	0	3	0	0	0	0	0
The Jason Foundation	0	11	0	5	1	1	1
The Rochelle Ct	0	24	0	6	2	2	2
Tipton Co 911	0	13	0	9	1	2	2
Tipton County	5	212	170	3,320	339	522	541
TN A Co Executives	0	2	0	1	0	0	0
TN A&D Assoc	0	6	0	3	0	1	1
TN Alliance for Legal Services	0	5	0	0	0	0	0
TN Arts Center For Cannon Cty	0	0	0	0	0	0	0
TN As Assessing	0	1	0	1	0	0	0
TN Assn Of Craft Artists	0	3	0	1	0	0	0
TN Bus Enterprises	0	109	0	142	8	14	15
TN Center For Nursing	0	0	0	0	0	0	0
TN Ch/Childrens Advocacy Ctr.	0	3	0	1	0	0	0
TN Co Hwy Officials Asn	0	1	0	0	0	0	0
TN Co Serv Assn	0	2	0	2	0	0	0
TN County Commissioners Assn.	0	1	0	3	0	0	0
TN Health Care Ca	0	0	0	0	0	0	0
TN Hist Society	0	1	0	0	0	0	0
TN Mental Health C.A.	0	30	0	9	3	4	4
TN Municipal Bond Fund	0	3	0	4	0	0	0
TN Municipal League	0	10	0	8	1	1	1
TN Organization Of Sch Sup.	0	1	0	2	0	0	0
TN Primary Care Association	0	14	0	5	1	2	2

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Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
TN School Board Assn	0	6	0	85	7	10	11
TN Sec Sch Ath Assn	0	16	0	25	1	4	4
TN Sports Hall of Fame	0	2	0	0	0	0	0
TN State Employees Assn.	1	23	4	343	22	38	40
TN State Museum	0	2	0	2	0	0	0
TN Technology Development	0	8	0	2	1	1	1
TN Voices For Children	0	70	0	10	3	3	3
Town Of Alamo	0	0	0	0	0	0	0
Town Of Atoka	0	33	0	27	3	4	5
Town Of Atwood	0	0	0	0	0	0	0
Town Of Bruceto	0	11	0	21	1	2	2
Town Of Burns	0	5	0	2	0	0	0
Town Of Carthage	0	38	0	53	5	7	7
Town Of Caryville	0	11	0	11	1	2	2
Town of Centerville	0	0	0	0	0	0	0
Town of Clinton	0	0	0	0	0	0	0
Town Of Coopertown	0	7	0	3	0	1	1
Town Of Decaturville	0	0	0	0	0	0	0
Town Of Dover	0	20	0	22	2	3	3
Town Of Gordonsville	0	12	0	11	1	2	2
Town Of Huntingdon	0	52	0	76	5	9	9
Town Of Jacksboro	0	21	0	22	2	3	3
Town Of Jasper	0	35	0	53	4	6	6
Town Of Kimball	0	20	0	25	2	3	3
Town Of Linden	0	15	0	16	1	2	2
Town of Mason	0	0	0	0	0	0	0
Town Of Monteagle	0	23	0	25	2	4	4
Town Of Mosheim	0	8	0	6	1	1	1
Town of Nolensville	0	20	0	11	2	3	3
Town Of Pegram	0	4	0	6	0	1	1
Town Of Petersburg	0	4	0	1	0	1	1
Town Of Pleasant View	0	7	0	9	1	1	1
Town Of Powell'S Crossroad	0	0	0	0	0	0	0
Town Of Rossville	0	0	0	0	0	0	0
Town of Rutherford	0	0	0	0	0	0	0
Town Of Scotts Hill	0	9	0	8	1	1	1
Town of Selmer	0	0	0	0	0	0	0
Town of Selmer Retirees	0	0	0	0	0	0	0
Town Of Spring City	0	0	0	0	0	0	0
Town Of Unicoi	0	6	0	1	0	0	1
Town Of Wartrace	0	5	0	3	1	1	1
Town Of Westmoreland	0	19	0	20	3	4	4
Town Of Whiteville	0	0	0	0	0	0	0
Trac, Inc	0	0	0	0	0	0	0
Tracy City Utility	0	10	0	4	1	1	1

Amounts in the "Roll-Forward ARC" column are developed by increasing the Normal Cost with interest and increasing the amortization payment with the assumed payroll growth rate.

Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

## Appendix

### Results by Employer (Dollars in Thousands)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Tri-Cities/Sullivan Utility Di	0	11	0	15	1	2	2
Troy, Town Of	0	7	0	7	1	1	1
Tuckaleechee Utility District	0	4	0	1	0	0	0
Tulahoma Housing Authority	0	11	0	16	1	2	2
Tulahoma Utilities Board	2	80	7	124	10	17	18
Union City Electric System	0	0	0	0	0	2	2
Union County EMS	0	0	0	0	0	0	0
Union County General Fund	0	0	0	0	0	0	0
Union County Highway Department	0	0	0	0	0	0	0
Union County Officials	0	0	0	0	0	0	0
United Cerebral Palsy Center	0	0	0	0	0	0	0
Upper Cumb Cha	0	0	0	0	0	0	0
Upper Cumb Dev Dist	0	63	0	27	4	5	5
Upper Cumberland Reg Lib	0	0	0	0	0	0	0
Upper East TN Had	0	208	0	158	15	22	23
Urban Housing Solutions	0	38	0	11	3	3	3
Vision Coordination	0	5	0	1	0	0	0
Vital Center, Inc	0	0	0	0	0	0	0
Volunteer Ctr Of Memphis	0	5	0	3	0	0	0
W&M Resource Rape Asst Prog	0	0	0	0	0	0	0
Walden, City Of	0	2	0	2	0	0	0
Warren County	0	246	0	180	19	29	30
Washington County- Johnson City 911	0	0	0	0	0	0	0
Wdvx- Cumberland Comm Corp	0	5	0	7	1	1	1
Weakley Co 911	0	1	0	1	0	0	0
Weakley Co Mun. Electric Sys	0	0	0	0	0	0	0
Weakley County	0	267	0	228	22	34	36
Webb Creek Utility	0	0	0	0	0	0	0
West Cumberland Utility	0	0	0	0	0	0	0
West Overton Utility	0	4	0	7	0	1	1
West Tenn Legal Services, Inc.	0	28	0	33	2	4	4
West TN Forensic SVS Inc.	0	3	0	1	0	0	0
West TN Regional Art Center	0	1	0	2	0	0	0
West Warren-Viola Utility	0	0	0	0	0	0	0
White House, City of	0	0	0	0	0	0	0
Whitehaven SW Mental Health	0	0	0	0	0	0	0
Whitwell City	0	11	0	9	1	1	1
Williamson Co Child Adv Ctr	0	3	0	1	0	0	0
Williamson County	0	0	0	0	0	0	0
Wilson County MS	0	0	0	0	0	0	0
Winchester City	0	0	0	0	0	0	0
Woodbury	0	0	0	0	0	0	0
Woodbury Housing Authority	0	1	0	2	0	0	0
Workforce Solutions	0	15	0	21	1	2	2
Youth Emergency Shelter	0	0	0	0	0	0	0
<b>Total</b>	<b>158</b>	<b>17,688</b>	<b>4,760</b>	<b>33,880</b>	<b>3,300</b>	<b>5,335</b>	<b>5,528</b>

Note: Totals above may differ from other totals in the Report due to rounding.

Amounts in the “Roll-Forward ARC” column are developed by increasing the Normal Cost with interest and increasing the amortization payment with the assumed payroll growth rate.

Under the current assumptions, 30-year amortization factor used in calculating the adjustment to ARC is 25.66.

Actuarial liability, benefit payments and normal cost results are calculated directly by individual. Unfunded Actuarial Accrued Liability is amortized for each employer separately recognizing any outstanding amortization bases for such employers resulting from prior valuations. The actuarial assumptions outlined in the Report were selected for use for measurement of the obligation for the plan as a whole, rather than based on experience for any individual employer. Thus, the results shown could be different than a calculation of the actuarial liability performed separately for a particular employer or component.

Results by employer, as reflects on these pages, are based on data provided by State representatives (including indicators as to what employer the employees and retirees are associated with as of June 30, 2013 and levels of direct subsidies provided). We did not audit or validate this census data. Furthermore, while the actuarial assumptions and methods employed are reasonable for the group as a whole, they may not be reasonable for any individual employer.

**Required Actuarial Information  
(GASB STATEMENT NO. 45)**

<b>Reporting Year</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % closed	Level % closed	Level % closed
Asset valuation method	Unfunded	Unfunded	Unfunded
Actuarial assumptions:			
Investment rate of return *	4.00%	4.00%	4.00%
Projected salary increases *	N/A	N/A	N/A
Payroll growth assumptions	3.0%	2.5%	2.5%
Initial Per Capita Cost trend rate	7.5%	9.25%	9.25%
Second Year Per Capita Cost trend rate	7.0%	8.75%	8.75%
Third Year Per Capita Cost trend rate	6.5%	8.25%	8.25%
Ultimate Per Capita Cost trend rate	4.7%**	5.00%	5.00%
Years to Ultimate rate	30	9	9
* Includes general price inflation at	2.5%	3.0%	3.0%
** Includes an additional 0.50% trend representing our estimate of the ultimate effect of the Federal Excise Tax.			

*Note: Historical results as reflected in prior Actuarial Valuation.*