

STATE OF TENNESSEE – THE TENNESSEE PLAN

OTHER POST-EMPLOYMENT BENEFITS

ACTUARIAL REPORT AS OF JULY 1, 2013 FOR FISCAL YEAR

ENDING JUNE 30, 2014



July 12, 2014

Mr. Ike Boone
Financial Oversight Coordinator
F&A Division of Accounts
State of Tennessee
14th Floor, William Snodgrass Tower
312 Rosa L. Parks Ave.
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 State of Tennessee to perform Actuarial Valuations of Other Post-Employment Benefits (OPEB) provided through the State's group insurance plans. We are pleased to present herein the results of the valuation of benefits provided to retirees covered under the Tennessee Plan (the Medicare Supplement).

The Valuation was performed as of July 1, 2013 with results applicable to the fiscal year ending June 30, 2014 and covers direct premium subsidy offered to State retirees, retired teachers and retirees from certain local entities subsidizing retiree coverage. This Report presents the cost and liability attributed to employees and retirees of the State government and institutions of higher education as well as local governments.

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 State of Tennessee 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 the 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

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 through the Tennessee Plan. The Substantive Plan provisions for the OPEBs provided through the Tennessee Plan 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 the State had been recorded as an expense only after employees retire, and then only one year at a time as the subsidy is 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 subsidizing governmental entity during an employee’s working life, rather than waiting until the employee’s service to the 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 Tennessee Plan. In general, State retirees receive premium subsidies from the State; Local Government Agency retirees may be eligible for subsidies from their employers and Local Education Agency retirees may be receiving subsidies from both the State and the employer. More details can be found the section titled “Summary of the Substantive Plan Provisions”.

IMPLICIT RATE SUBSIDY

The Tennessee Plan is a supplemental plan covering Medicare eligible retirees of the State, local Tennessee governments and local education employers. Premium rates for the Tennessee Plan are developed based on claims and other costs incurred by the covered Medicare eligible retirees without blending with experience of active employees or non-Medicare retirees. Consequently, the gross premiums are deemed to be not implicitly subsidized by the employer. Furthermore, the direct subsidy provided is a flat dollar subsidy unrelated to the expected claims or gross premiums charged. No implicit subsidies are provided.

FUNDED AND UNFUNDED PLANS

Currently, the State’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 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 State'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 on the valuation date with provisions for changes through the end of the reporting year and on the pattern of sharing of costs between the employer and plan members to that point. Projection 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 in the future. 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. For consistency with the prior valuations, 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 as they apply to the State's liability for providing OPEB to State retirees and retired teachers. Amounts illustrated below exclude liability assumed by local employers. Figures applicable to local employers are summarized in the body of the report and presented in more detail in the appendices.

	As of	July 1, 2013	July 1, 2011 ¹	July 1, 2011 ¹
Actuarial Accrued Liability	\$	291,367,170	\$ 383,814,000	\$ 383,814,000
Actuarial Value of Assets		-	-	-
Unfunded Actuarial Accrued Liability		291,367,170	383,814,000	383,814,000
	For FYE	June 30, 2014	June 30, 2013	June 30, 2012
Annual Required Contribution		20,588,360	28,943,000	28,495,000
Per Covered Active Employee		186	263	259
As % of Expected Payroll		0.6%	N/A	N/A
Annual OPEB Cost		20,698,867	28,724,000	28,322,000
Employer Contribution Toward the OPEB Cost		(11,688,244)	(10,599,000)	(9,841,000)
Addition to Net OPEB Obligation		TBD	18,125,000	18,481,000
Net OPEB Obligation		TBD	107,205,000	89,080,000

¹ As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

ACCRUED LIABILITY AND ANNUAL OPEB COST

The Unfunded Actuarial Accrued Liability represents an actuarial measurement of the funding 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 State's annual financial statement and State's CAFR.

The Annual OPEB Cost is the amount that is expensed for the year. Since the State's OPEB plan is currently unfunded, the offset to that expense comes from actual subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the Employer Contribution and equals the total premium subsidies paid by the State on behalf of the covered.

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 State's annual financial statement. It flows right to the balance sheet, and 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.

- *Changes in projected cost of the benefits:* Results of the prior valuations for the Tennessee Plan reflected projected increases in the State subsidy amount. However, since these amounts cannot be

increased without the legislative approval and because there is no recent history of increases, results presented herein have been developed assuming no future escalation of the benefit. This change had a significant decreasing effect on the accounting expense and the liability determined in this valuation.

- *Changes in covered population:* The number of retirees eligible for the State benefits included in the Valuation increased from 35,495 as of 7/1/2011 to 37,824 as of 7/1/2013. At the same time, the number of active employees included in the State subsidy valuation increased from 110,160 to 110,422. The combined population changes had an increasing 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. Combined impact of these changes is not clear without further analysis.
- *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.

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 plan's accounting liabilities and on the plan's accounting expense.

SECTION B

SUMMARY OF ACTUARIAL VALUATION RESULTS

ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013

State Subsidies

	State Retirees' Portion of Medicare Subsidy	Teachers' (State Portion) Medicare Subsidy	Total State Costs
Number of Participants Covered			
Active Participants	69,517	40,905	110,422
Retired Participants	22,299	15,525	37,824
Total Participants	91,816	81,804	148,246
Expected Payroll of Active Participants	\$ 3,228,485,148	N/A	3,228,485,148
Actuarial Present Value of Benefits			
Active Participants	102,887,008	75,627,096	178,514,104
Retired Participants	86,098,155	89,102,085	175,200,240
Total Actuarial Present Value of Benefits	188,985,163	164,729,181	353,714,344
Actuarial Accrued Liability (Projected Unit Credit Actuarial Cost Method)			
Active Participants	67,952,169	48,214,761	116,166,930
Retired Participants	86,098,155	89,102,085	175,200,240
Total Actuarial Accrued Liability	154,050,324	137,316,846	291,367,170
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability	154,050,324	137,316,846	291,367,170
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)			
Normal Cost	3,647,999	2,589,799	6,237,798
Amortization of UAAL	7,732,961	6,617,602	14,350,563
Annual Required Contribution for FYE 6/30/14	\$ 11,380,960	\$ 9,207,400	\$ 20,588,360
Per Active Participant	\$ 164	\$ 225	\$ 186
As % of Expected Payroll	0.4%	N/A	0.6%
Annual OPEB Cost for FYE 6/30/14			
ARC	11,380,960	9,207,400	20,588,360
Interest on NOO	2,595,640	1,692,560	4,288,200
Adjustment to ARC	(2,528,750)	(1,648,943)	(4,177,693)
Total Annual OPEB Cost for FYE 6/30/14	\$ 11,447,850	\$ 9,251,017	\$ 20,698,867

¹ As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

UAAL Amoritzation Period and Payments for State Employees' Portion of Medicare Subsidy				
Date Established	Original UAAL Amount	Remaining UAAL Amount	Years Remaining	Amortization Payment
July 1, 2007*	\$ 200,079,000	\$ 197,119,680	24	\$ 9,339,419
July 1, 2009*	8,847,000	8,759,510	26	386,665
July 1, 2011*	11,151,000	11,083,220	28	458,512
July 1, 2013	(62,912,086)	(62,912,086)	30	(2,451,634)
Total		154,050,324		7,732,961

UAAL Amoritzation Period and Payments for Teachers' (State Portion) Medicare Subsidy				
Date Established	Original UAAL Amount	Remaining UAAL Amount	Years Remaining	Amortization Payment
July 1, 2007*	\$ 140,464,000	\$ 138,386,310	24	\$ 6,556,665
July 1, 2009*	17,864,000	17,687,310	26	780,759
July 1, 2011*	4,658,000	4,629,690	28	191,530
July 1, 2013	(23,386,464)	(23,386,464)	30	(911,352)
Total		137,316,846		6,617,602

* As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

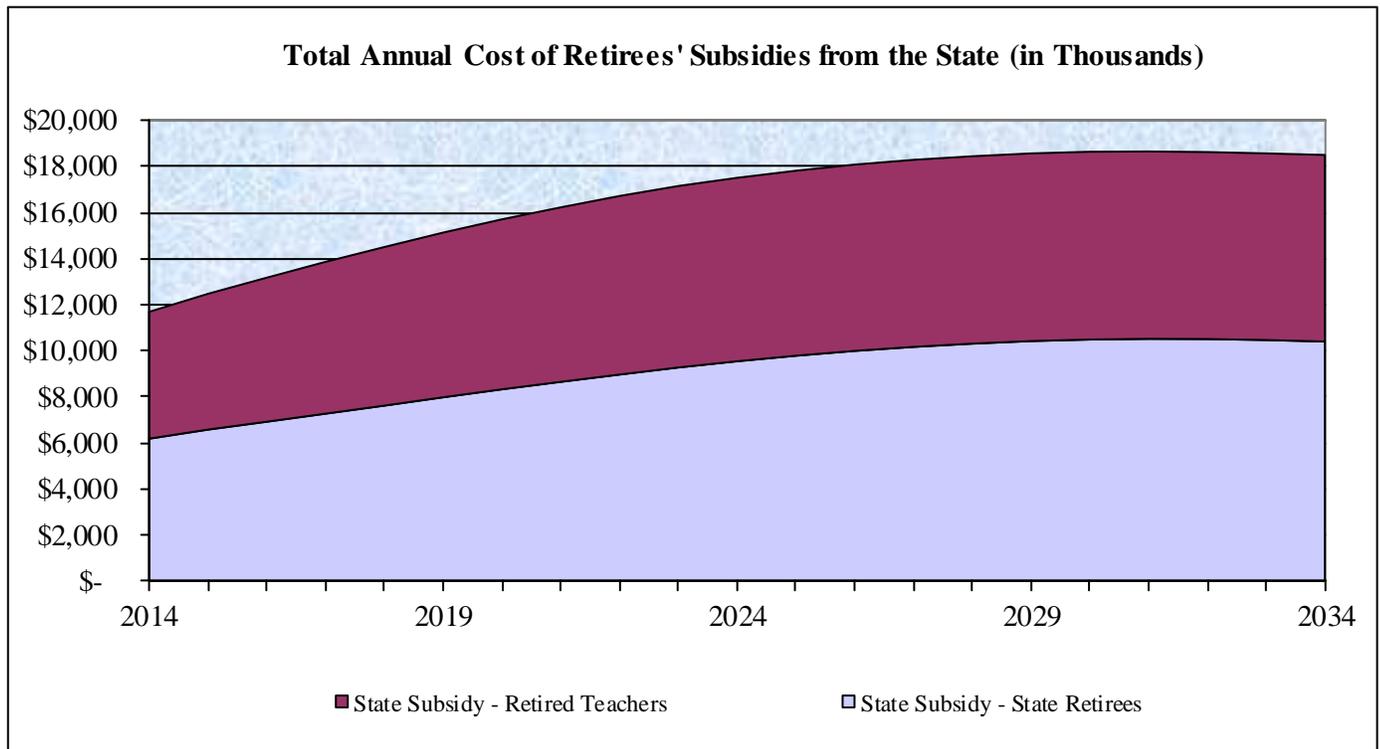
ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013
Local Education and Local Government Subsidies

	Local Education Employers	Local Government Employers	Local Education and Government Employers
Number of Participants Covered			
Active Participants	11,976	9,592	21,568
Inactive Participants	3,244	171	3,415
Total Participants	15,220	9,763	24,983
Actuarial Present Value of Benefits			
Active Participants	138,087,294	11,844,891	149,932,185
Retired Participants	50,298,113	706,169	51,004,282
Total Actuarial Present Value of Benefits	188,385,407	12,551,060	200,936,467
Actuarial Accrued Liability (Projected Unit Credit Actuarial Cost Method)			
Active Participants	75,094,669	7,585,500	82,680,169
Retired Participants	50,298,113	706,169	51,004,282
Total Actuarial Accrued Liability	125,392,782	8,291,669	133,684,451
Actuarial Value of Assets	-	-	-
Unfunded Actuarial Accrued Liability	125,392,782	8,291,669	133,684,451
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)			
Normal Cost	6,184,426	452,443	6,636,869
Amortization of UAAL	4,372,542	262,927	4,635,470
Annual Required Contribution for FYE 6/30/14	\$ 10,556,968	\$ 715,370	\$ 11,272,339
Per Active Participant	\$ 882	\$ 75	\$ 523

TWENTY-YEAR PROJECTION OF UNFUNDED CASH FLOW

The table and graph below illustrate, based on a closed group projection, how the cost of the benefits is distributed between the Employer and the retirees.

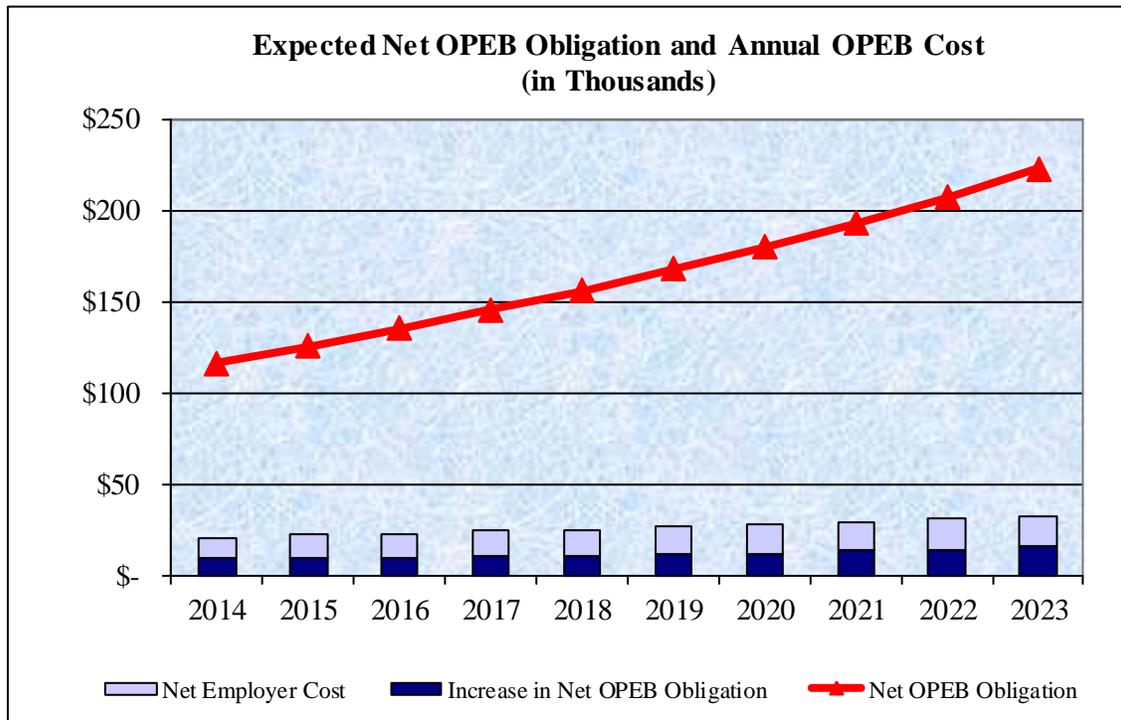
Fiscal Year Ending on 6/30	State Employees' Portion of Medicare Subsidy	Teachers' (State Portion) Medicare Subsidy	Total State Subsidy Expected
2014	\$ 6,180,612	\$ 5,507,632	\$ 11,688,244
2019	7,977,265	7,152,216	15,129,481
2024	9,541,747	7,966,251	17,507,998
2029	10,418,839	8,149,241	18,568,080
2034	10,398,800	8,102,998	18,501,798



TEN-YEAR PROJECTION OF NET OPEB OBLIGATION

All results presented in this Report assume no advance-funding of the OPEB Plan. It is also assumed that the current design of the Plan will continue without change. The graphics and tables below illustrate, based on simulated open group projection, how the Net OPEB Obligation and the Annual OPEB Cost for the State are expected to grow over the next 10 years assuming no advance-funding (i.e., no change in operation). The Net OPEB Obligation will be presented as a liability in the Statement of Net Assets.

Fiscal Year Ending on 6/30	Total Annual OPEB Cost at Fiscal Year End	Current Total State Subsidy	Annual Increase in Net OPEB Obligation	Net OPEB Obligation at Fiscal Year End
2014	\$ 20,698,867	\$ 11,688,244	\$ 9,010,623	\$ 116,215,623
2015	21,952,003	12,471,527	9,480,476	125,696,099
2016	22,772,389	13,171,809	9,600,580	135,296,679
2017	24,153,599	13,858,596	10,295,003	145,591,682
2018	25,089,628	14,502,388	10,587,240	156,178,922
2019	26,633,429	15,129,481	11,503,948	167,682,870
2020	27,721,829	15,705,086	12,016,743	179,699,613
2021	29,473,467	16,225,864	13,247,603	192,947,216
2022	30,768,046	16,718,179	14,049,867	206,997,083
2023	32,793,748	17,152,417	15,641,331	222,638,414



**AGE/SERVICE DISTRIBUTION FOR FUTURE MEDICARE
SUPPLEMENT PLAN PARTICIPANTS: CURRENT STATE
EMPLOYEES AND RETIREES**

Age Group	Years of Service to Valuation Date - Active State Employees							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30&Up	
0 - 14	-	-	-	-	-	-	-	-
15 - 19	24	-	-	-	-	-	-	24
20 - 24	1,213	9	-	-	-	-	-	1,222
25 - 29	3,414	665	21	-	-	-	-	4,100
30 - 34	3,229	2,253	601	24	-	-	-	6,107
35 - 39	2,549	2,267	1,724	435	11	-	-	6,986
40 - 44	2,271	2,343	1,847	1,297	357	25	-	8,140
45 - 49	1,878	2,032	1,699	1,263	1,106	689	46	8,713
50 - 54	1,666	1,975	1,831	1,410	1,234	1,665	708	10,489
55 - 59	1,389	1,789	1,607	1,398	1,350	1,516	1,699	10,748
60 - 64	846	1,356	1,207	1,014	996	1,089	1,654	8,162
65 - 69	249	547	556	445	465	432	842	3,536
70 - 99	61	135	167	159	167	160	441	1,290
Total	18,789	15,371	11,260	7,445	5,686	5,576	5,390	69,517

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

Age Group	State Retirees Retirees in Tennessee Plan			Age Group	State Retirees not yet in Tennessee Plan		
	Male	Female	Total		Male	Female	Total
0 - 44	1	3	4	0 - 44	27	34	61
45 - 49	1	-	1	45 - 49	45	69	114
50 - 54	4	3	7	50 - 54	299	478	777
55 - 59	9	14	23	55 - 59	858	1,308	2,166
60 - 64	71	103	174	60 - 64	1,934	2,770	4,704
65 - 69	1,754	2,139	3,893	65 - 69	-	-	-
70 - 74	1,802	1,942	3,744	70 - 74	-	-	-
75 - 79	1,361	1,460	2,821	75 - 79	-	-	-
80 - 84	892	1,195	2,087	80 - 84	-	-	-
85 - 89	481	778	1,259	85 - 89	-	-	-
90 - 94	124	270	394	90 - 94	-	-	-
95 - +	18	52	70	95 - +	-	-	-
Total	6,518	7,959	14,477	Total	3,163	4,659	7,822

**AGE/SERVICE DISTRIBUTION FOR FUTURE MEDICARE
SUPPLEMENT PLAN PARTICIPANTS: CURRENT LOCAL
GOVERNMENT EMPLOYEES AND RETIREES**

Age Group	Years of Service to Valuation Date - Active Local Government Employees							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30&Up	
0 - 14	-	-	-	-	-	-	-	-
15 - 19	7	-	-	-	-	-	-	7
20 - 24	247	8	-	-	-	-	-	255
25 - 29	448	179	4	-	-	-	-	631
30 - 34	304	326	144	4	-	-	-	778
35 - 39	290	284	279	101	2	-	-	956
40 - 44	342	335	292	246	93	4	-	1,312
45 - 49	333	356	253	222	173	105	-	1,442
50 - 54	268	323	273	234	166	153	54	1,471
55 - 59	215	217	229	230	168	126	105	1,290
60 - 64	129	149	132	136	127	90	99	862
65 - 69	64	70	73	49	37	32	47	372
70 - 99	21	42	45	32	32	20	24	216
Total	2,668	2,289	1,724	1,254	798	530	329	9,592

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

Age Group	Local Government Retirees in Tennessee Plan			Age Group	Local Government not yet in Tennessee Plan		
	Male	Female	Total		Male	Female	Total
0 - 44	-	-	-	0 - 44	-	-	-
45 - 49	-	-	-	45 - 49	-	-	-
50 - 54	-	-	-	50 - 54	2	-	2
55 - 59	-	-	-	55 - 59	7	5	12
60 - 64	2	-	2	60 - 64	15	9	24
65 - 69	28	8	36	65 - 69	-	-	-
70 - 74	11	17	28	70 - 74	-	-	-
75 - 79	9	12	21	75 - 79	-	-	-
80 - 84	10	18	28	80 - 84	-	-	-
85 - 89	7	8	15	85 - 89	-	-	-
90 - 94	-	3	3	90 - 94	-	-	-
95 - +	-	-	-	95 - +	-	-	-
Total	67	66	133	Total	24	14	38

**AGE/SERVICE DISTRIBUTION FOR FUTURE MEDICARE
SUPPLEMENT PLAN PARTICIPANTS: CURRENT LOCAL
EDUCATION EMPLOYEES AND RETIREES**

Following schedules include employees and retirees eligible for either State subsidy, local subsidy or both.

Age Group	Years of Service to Valuation Date - Active Local Education Employees							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30&Up	
0 - 14	-	-	-	-	-	-	-	-
15 - 19	-	-	-	-	-	-	-	-
20 - 24	813	1	-	-	-	-	-	814
25 - 29	3,628	1,041	-	-	-	-	-	4,669
30 - 34	1,637	3,400	698	2	-	-	-	5,737
35 - 39	1,081	1,645	2,732	646	1	-	-	6,105
40 - 44	960	1,379	1,494	2,281	611	2	-	6,727
45 - 49	650	1,012	993	1,044	1,576	371	2	5,648
50 - 54	450	711	856	809	852	1,253	326	5,257
55 - 59	335	551	608	762	776	716	1,288	5,036
60 - 64	194	351	359	456	614	408	1,043	3,425
65 - 69	95	125	163	135	179	140	300	1,137
70 - 99	23	38	44	32	62	35	91	325
Total	9,866	10,254	7,947	6,167	4,671	2,925	3,050	44,880

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

Age Group	Local Education Retirees in Tennessee Plan			Age Group	Local Education Retirees not yet in Tennessee Plan		
	Male	Female	Total		Male	Female	Total
0 - 44	2	-	2	0 - 44	3	9	12
45 - 49	1	2	3	45 - 49	8	15	23
50 - 54	-	2	2	50 - 54	34	150	184
55 - 59	1	16	17	55 - 59	282	1,106	1,388
60 - 64	54	140	194	60 - 64	1,006	3,139	4,145
65 - 69	1,120	2,685	3,805	65 - 69	-	-	-
70 - 74	713	1,834	2,547	70 - 74	-	-	-
75 - 79	470	1,246	1,716	75 - 79	-	-	-
80 - 84	398	1,060	1,458	80 - 84	-	-	-
85 - 89	181	618	799	85 - 89	-	-	-
90 - 94	41	238	279	90 - 94	-	-	-
95 - +	10	102	112	95 - +	-	-	-
Total	2,991	7,943	10,934	Total	1,333	4,419	5,752

SECTION C
ACTUARIAL ASSUMPTIONS AND METHODS

METHODS AND DEMOGRAPHIC/ECONOMIC ASSUMPTIONS

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 Cost Method (PUC). Under this method, the total expected benefit is allocated pro rata to all years of expected employment (divided into equal units) for each participant individually. The present value of the benefits allocated to the valuation year constitutes the Normal Cost, while present value of all such allocations to the past years of employment constitutes to the Actuarial Accrued Liability for active employees.

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. 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 State 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 generally 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 in 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 on age.

% Separating Within Next Year - Group I - Teachers										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	18.0%	18.0%	18.0%	18.0%	18.0%	18.4%	19.7%	22.1%	25.5%	28.0%
1	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	14.2%	16.8%	21.6%	23.5%
2	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
3	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
4	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
5	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
6	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
7	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
8	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
9	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
10 or more	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	--
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	18.0%	18.0%	18.0%	18.0%	18.0%	18.4%	19.7%	22.1%	25.5%	28.0%
1	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%	14.2%	16.8%	21.6%	23.5%
2	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
3	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
4	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
5	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
6	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
7	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
8	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
9	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--
10 or more	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	--

% Separating Within Next Year - Group I - General Employees										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	30.0%	25.4%	23.0%	20.8%	18.6%	16.5%	14.8%	15.3%	17.9%	24.0%
1	24.6%	21.4%	18.6%	16.1%	13.8%	12.0%	11.1%	11.6%	14.4%	20.5%
2	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
3	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
4	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
5	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
6	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
7	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
8	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
9	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
10 or more	17.8%	14.4%	9.6%	5.2%	2.6%	1.8%	2.2%	2.6%	4.3%	--
Female										
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	30.0%	25.4%	23.0%	20.8%	18.6%	16.5%	14.8%	15.3%	17.9%	24.0%
1	24.6%	21.4%	18.6%	16.1%	13.8%	12.0%	11.1%	11.6%	14.4%	20.5%
2	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
3	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
4	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
5	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
6	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
7	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
8	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
9	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--
10 or more	18.3%	14.8%	10.3%	6.3%	3.4%	2.2%	2.3%	3.4%	4.9%	--

% Separating Within Next Year - Group I - Political Subdivision										
Years of Service	Male									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	26.2%	23.0%	21.8%	20.7%	19.2%	17.7%	17.0%	17.4%	20.4%	26.3%
1	21.8%	19.1%	17.9%	17.0%	15.9%	14.1%	13.0%	13.0%	14.9%	19.1%
2	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
3	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
4	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
5	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
6	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
7	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
8	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
9	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
10 or more	13.7%	10.3%	7.4%	5.1%	3.5%	2.8%	2.8%	3.6%	4.6%	--
Years of Service	Female									
	Attained Age									
	20	25	30	35	40	45	50	55	60	65
0	26.2%	23.0%	21.8%	20.7%	19.2%	17.7%	17.0%	17.4%	20.4%	26.3%
1	21.8%	19.1%	17.9%	17.0%	15.9%	14.1%	13.0%	13.0%	14.9%	19.1%
2	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
3	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
4	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
5	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
6	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
7	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
8	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
9	19.6%	15.1%	11.1%	7.7%	5.4%	4.1%	3.8%	4.3%	5.3%	--
10 or more	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	Group I - Teachers		Group I - General Employees	
	Male	Female	Male	Female
20	0.01%	0.01%	0.06%	0.03%
25	0.01%	0.01%	0.06%	0.03%
30	0.01%	0.01%	0.07%	0.04%
35	0.03%	0.03%	0.11%	0.06%
40	0.08%	0.08%	0.16%	0.14%
45	0.14%	0.14%	0.22%	0.24%
50	0.17%	0.17%	0.27%	0.33%
55	0.17%	0.17%	0.27%	0.38%
60	--	--	--	--
65	--	--	--	--

% Becoming Disabled Within Next Year		
Sample Ages	Group I - Political Subdivision	
	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	Group I					
	Teachers		State		Political Subdivision	
	Male	Female	Male	Female	Male	Female
50	6.5%	6.5%	6.0%	7.5%	9.0%	8.0%
55	10.0%	10.0%	6.5%	7.5%	9.0%	8.0%
60	15.0%	17.0%	8.5%	9.0%	10.5%	11.0%
65	35.0%	37.5%	22.0%	22.0%	24.0%	22.0%
70	16.0%	34.0%	15.5%	17.0%	18.0%	19.0%
75	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Additional increments for retirees who have 15 or more years of service at retirement on or after age 60					
Teachers		State		Political Subdivision	
Male	Female	Male	Female	Male	Female
8.0%	8.0%	2.0%	2.0%	2.0%	2.0%

Additional increments for retirees in the year in which they are first eligible for unreduced retirement prior to age 60					
Teachers		State		Political Subdivision	
Male	Female	Male	Female	Male	Female
12.5%	12.5%	7.5%	7.5%	7.5%	7.5%

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 becoming eligible. Acceptance rates presented below result are from an analysis of the choice pattern exhibited by employees retiring in recent years.

Tennessee Plan Coverage Acceptance for Post-65 Elections		
Subsidy Level	Last OPEB Valuation	Recommended for this OPEB Valuation
Full Premium Paid by the Employer	100%	100%
\$50.00	75%	65%
\$37.50	60%	55%
\$25.00	50%	40%
None	25%	25%
Acceptance decrease due to diminishing value of the subsidy	0.50%	0.50%
Minimum Ultimate Acceptance Rate	25.00%	25.00%

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. However, for the purpose of this Valuation we have only included the direct premium subsidy provided by employers and retiree contributions are not relevant to the OPEB calculations.

Health Care Cost Trend Rates: With exception of three school districts, premium subsidies provided by the State and local governments are assumed to remain unchanged for the entire projection. Subsidies provided by Kingsport County Schools, Carter County Schools, and Sullivan County Schools are expected to grow with the total premiums charged by the Tennessee Plan. These premiums are expected to increase 2% for 2014 plan year, 6% for the following year and grade down to the ultimate level of 4.2% over a period of 40 years according to the SOA model developed by professor Getzen.

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 inflation 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.

Based on the assumptions used for this Valuation, premiums required to be paid are projected to remain below the taxable threshold for at least 80 years. As such, the Tennessee Plan is not expected to be materially affected by implementation of the Excise Tax on High-Cost Employer Health Plans in the foreseeable future.

Medicare Payment Reforms: The health care reform legislation includes a variety of Medicare payment reforms and limits intending to reduce the overall cost of Medicare to the federal government. These reforms also serve to restrain the growth in costs that are paid by Medicare supplement arrangements such as the Tennessee Plan. However, since the State obligation is limited to providing a flat premium subsidy, these efforts will have no effect on the results of this valuation.

Implementation of the new requirements: We have not identified any specific provision of health care reform that would need to be implemented and 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

Decrement Timing:	Decrements of all types are assumed to occur at the middle of the year.
Eligibility Testing:	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.
Decrement Relativity:	Decrement rates are treated as absolute rates of decrement.
Adjustments:	None.
Decrement Operation:	All decrements operate simultaneously. Disability and termination rates cease upon eligibility for normal or early retirement

DEFINITIONS OF TECHNICAL TERMS

Actuarial Accrued Liability:	Actuarial Accrued Liability is the actuarial present value of projected future benefits that are attributable to an employees' service to date. Sometimes it's expressed as the difference between the actuarial present value of all future benefit payments and the actuarial present value of future normal costs.
Actuarial Assumptions:	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.
Actuarial Cost Method:	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".
Actuarial Present Value:	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."
Amortization:	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.
Annual Required Contribution (ARC):	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.
Normal Cost:	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."
Unfunded Actuarial Accrued Liability (UAAL):	UAAL is the difference between actuarial accrued liability and the actuarial value of plan assets.

SECTION D

SUMMARY OF SUBSTANTIVE PLAN PROVISIONS

THE TENNESSEE PLAN
(MEDICARE SUPPLEMENT)
SUMMARY OF SUBSTANTIVE PLAN PROVISIONS
AS OF JULY 1, 2013 AND THROUGH THE FYE JUNE 30, 2014

ELIGIBILITY FOR RETIREMENT

All retirees of the State of Tennessee, Local Education Agencies, and participating Local Government Agencies who satisfy the Disability, Vested Termination, Early or Normal Retirement provisions of the Tennessee Consolidated Retirement System (TCRS) may be eligible for the post-employment benefits under the State Group Insurance Medicare Supplement Program (The Tennessee Plan) upon attaining Medicare-eligibility. Any employee, with exception of state judges, first hired on or after July 1, 1976 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.
DISABILITY RETIREMENT	5 years of creditable service regardless of age.
EARLY RETIREMENT	Earlier of (i) age 55 with 10 years of creditable service, or (ii) Any age with 25 years of service.
NORMAL RETIREMENT	Earlier of (i) Age 60 with 5 years of creditable service (ii) Any age with 30 years of creditable service.

All retirees of the State of Tennessee's Higher Education institutions who participated in an optional retirement plan, instead of TCRS, may also be eligible for the post-employment benefits under The Tennessee Plan upon attaining Medicare-eligibility.

No other postemployment benefits are available to employees retiring with less than 10 years of service.

The Tennessee Plan coverage may commence upon the retiree's attainment of Medicare eligibility (age 65), even if the former employee chooses not to enroll in pre-65 retiree health coverage under the State program.

OTHER POST-EMPLOYMENT BENEFITS- FOR MEDICARE SUPPLEMENT UNDER "THE TENNESSEE PLAN"

Certain Other Post-Employment Benefits (OPEB) are available to all employees retiring from the State under the provisions of Disability, Early or Normal Retirement, as described above (except some grandfathered employees and retirees). The OPEB benefits include lifetime access to coverage for the retiree and spouse eligible for Medicare Part A under the Medicare Supplement (The Tennessee Plan), State provided subsidy for retiree premiums, as well as additional subsidies for retiree premiums provided by some local government or education employers.

HEALTH-RELATED BENEFITS

Medicare-eligible retirees may choose to participate in the State-sponsored Medicare Supplement plan, called “The Tennessee Plan”. Spouses of retirees may be covered at the retiree’s option upon reaching Medicare eligibility. Beginning July 1, 2015 only spouses of covered retirees will be offered coverage under the plan. Retirees and their dependents eligible for the Medicare benefits are required to enroll for Parts A and B under Medicare.

SURVIVORSHIP BENEFITS

The surviving spouse of a retiree is eligible to continue coverage under The Tennessee Plan subject to payments of the applicable premiums at the unsubsidized rate.

PREMIUM SUBSIDY PROVIDED BY THE STATE TO RETIREES PARTICIPATING IN THE TENNESSEE PLAN

State retirees and retired teachers covered under the Tennessee Plan are eligible for a premium subsidy from the State. The amount of subsidy depends on the service at the time of retirement as illustrated below:

Monthly State Contributions For State Retirees and Retired Teachers	
Service at Retirement	State Contribution
30+ years of service	\$50.00
20-29 years of service	\$37.50
15-19 years of service	\$25.00
Less than 15 years of service	\$0.00
Education Support Staff	\$0.00
Dependents (Spouse)	\$0.00

There are no provisions for automatic escalation of the amounts illustrated above and they may not be increased without legislative approval. Consequently, this benefit is considered a flat dollar subsidy for the purpose of this valuation.

PREMIUM SUBSIDY PROVIDED BY EMPLOYERS TO RETIREES PARTICIPATING IN THE TENNESSEE PLAN

Some local education employers offer premium subsidies in addition to amounts contributed by the State. Specific employers, eligibility and subsidy amounts are listed in the following table:

Local Education Employers providing subsidy in addition to the State				
Local Education Agency	30+ Y.O.S.	20-29 Y.O.S.	<20 Y.O.S.	Support Staff
Bells City Board of Education	\$50.00	\$37.50	\$25.00	Same as teachers
Carter County Schools	Difference between the full premium and the State Subsidy			
Clay County Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Clinton Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Greenville City Schools ¹	\$50.00	\$37.50	\$25.00	Same as teachers
Hamblen County Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Hawkins County Schools	\$50.00	\$37.50	\$25.00	\$100.00
Hickman County Schools ²	\$69.85	\$44.45	\$25.40	Same as teachers

Local Education Employers providing subsidy in addition to the State (continued)				
Local Education Agency	30+ Y.O.S.	20-29 Y.O.S.	<20 Y.O.S.	Support Staff
Humboldt City Schools ³	\$50.00	\$37.50	\$25.00	Same as teachers
Jackson County BOE	\$50.00	\$37.50	\$25.00	Same as teachers
Kingsport County Schools	Difference between the full premium and the State Subsidy			
Monroe County BOE	\$50.00	\$37.50	\$25.00	Same as teachers
Morristown Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Overton County Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Scott County Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Sevier County Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Sullivan County BOE	Difference between the full premium and the State Subsidy			
Sumner County BOE	\$50.00	\$37.50	\$25.00	Same as teachers
Tri County Vocational School	\$50.00	\$37.50	\$25.00	Same as teachers
Union County Schools	\$50.00	\$37.50	\$25.00	Same as teachers
Williamson County Schools	\$50.00	\$37.50	\$25.00	Same as teachers

1. *Requires instructional staff to be age 60 or older*
2. *Employees are directly reimbursed monthly amounts on the state Medicare plan. Checks are written to the employees once a year*
3. *For Humboldt City Schools subsidy amounts are based on the following service ranges: 20+ Y.O.S., 10-19 Y.O.S. and 5-9 Y.O.S.*

Retirees of other local governmental employers are not eligible for any premium subsidy from the State. However, certain local employers subsidize retiree premiums with amounts matching those provided by the State to similarly situated State retirees. Such employers are listed in the table below:

Local Government Employers providing subsidy	
Association of County Mayors	Middle Tennessee UT District
Bells, City Of	Mid-W Community Service Agency
Bloomington Utility	Milan, City of
Bolivar	Monroe County
Buffalo River Regional Library	Monroe County Highway
Caney Fork Regional Library	Natural Gas Acquisition Co Clarksville
City of Humboldt	Nolichucky Regional Library
City of Lakewood	Norris
Clarksville Gas Water Sewer	Norris Fire and Police
Clarksville General Fund	Obion River Regional Library
Clarksville Public Safety	Overton County
Clarksville Transportation	Overton County Highway Department
Clinton, Town of	Overton County Nursing Home
Clinton Fire and Police	Overton County 911
Clinton Housing Authority	Scott County
Forked Deer Regional Lib	Scott County Ambulance Service
Ft Loudon Regional Lib	Sevier Count
Goodlettsville Board Members	Sevier County Fee Officers
Goodlettsville, City of	Sevier County Highway

Local Government Employers providing subsidy (continued)	
Greeneville Fire and Police	Sevier County Lib
Greeneville Water Commission	Stoned River Regional Library
Greeneville, Town of	Sumner County
Hamblen Co Courthouse	Sumner County Highway
Hamblen County Highway Department.	Tennessee Co Commissioners Association
Hamblen County Board Members	Tennessee CSA
Hamblen County Garbage Collectors	Tennessee Education Association
Hamblen County Highway Commission	TN Co Hwy Officials Association
Hamblen County Public Safety	TN Co Service Association
Hartsville/Trousdale County Government	TN Secondary Schools Athletic Association
Humboldt Utilities- Electric Co	TN State Employees Assn.
Humboldt Utilities- Gas and Water	Union County EMS
Jefferson City	Union County General Fund
Jefferson City Public Safety	Union County Officials
Kingston Spring	Washington County- Johnson City 911
Linebaugh Public Library	White House, City of
Madison Suburban Utility District	

FUNDING VEHICLE

There is no separate trust through which benefits for retirees are funded. No assets are currently accumulated or earmarked for this purposes. 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 State, which reserves the right (subject to State Statute and any collective bargaining agreements) to change or terminate benefits and to change contributions required from retirees in the future as circumstances change.

SECTION E

GASB DISCLOSURES
(STATE OBLIGATION)

**Required Actuarial Information
(State Obligation for State Retirees)
(GASB STATEMENT NO. 45)**

Employer FYE June 30	2014	2013 ¹	2012 ¹
Normal Cost (service cost for one year)	\$ 3,647,999	\$ 6,053,000	\$ 6,053,000
Amortization of Unfunded Actuarial Accrued Liability	7,732,961	10,686,000	10,431,000
Annual Required Contribution (ARC)	11,380,960	16,739,000	16,484,000
Net OPEB Obligation (NOO) at beginning of the year	64,891,000	53,825,000	41,977,000
Annual Required Contribution (ARC)	11,380,960	16,739,000	16,484,000
Interest on NOO	2,595,640	2,153,000	1,679,000
Adjustment to ARC	(2,528,750)	(2,285,000)	(1,782,000)
Annual OPEB Cost (Expense)	11,447,850	16,607,000	16,381,000
Employer Contributions Made	TBD	(5,541,000)	(4,533,000)
Increase (decrease) in NOO	TBD	11,066,000	11,848,000
NOO at end of year	TBD	64,891,000	53,825,000

Schedule of Funding Progress (State Employees)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
7/1/2009 ¹	\$0	\$209,622,000	\$209,622,000	0.00%	\$1,560,085,000	13.44%
7/1/2011 ¹	\$0	\$220,509,000	\$220,509,000	0.00%	\$3,058,492,000	7.21%
7/1/2013	\$0	\$154,050,324	\$154,050,324	0.00%	\$3,228,485,148	4.77%

Schedule of Employer Contributions (State Obligation for State Retirees)

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012 ¹	\$16,381,000	\$4,533,000	28%	\$53,825,000
6/30/2013 ¹	\$16,607,000	\$5,541,000	33%	\$64,891,000
6/30/2014	\$11,447,850	TBD	TBD	TBD

¹ As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

**Required Actuarial Information
(State Obligation for Local Education Employees)
(GASB STATEMENT NO. 45)**

Employer FYE June 30	2014	2013 ¹	2012 ¹
Normal Cost (service cost for one year)	\$ 2,589,799	\$ 4,299,000	\$ 4,299,000
Amortization of Unfunded Actuarial Accrued Liability	6,617,602	7,905,000	7,712,000
Annual Required Contribution (ARC)	9,207,400	12,204,000	12,011,000
Net OPEB Obligation (NOO) at beginning of the year	42,314,000	35,255,000	28,622,000
Annual Required Contribution (ARC)	9,207,400	12,204,000	12,011,000
Interest on NOO	1,692,560	1,410,000	1,145,000
Adjustment to ARC	(1,648,943)	(1,497,000)	(1,215,000)
Annual OPEB Cost (Expense)	9,251,017	12,117,000	11,941,000
Employer Contributions Made	TBD	(5,058,000)	(5,308,000)
Increase (decrease) in NOO	TBD	7,059,000	6,633,000
Estimated NOO at end of year	TBD	42,314,000	35,255,000

Schedule of Funding Progress (Local Education Employees)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
7/1/2009 ¹	\$0	\$158,789,000	\$158,789,000	0.00%	N/A	N/A
7/1/2011 ¹	\$0	\$163,305,000	\$163,305,000	0.00%	N/A	N/A
7/1/2013	\$0	\$137,316,846	\$137,316,846	0.00%	N/A	N/A

Schedule of Employer Contributions (State Obligation for Education Employees)

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012 ¹	\$11,941,000	\$5,308,000	44%	\$35,255,000
6/30/2013 ¹	\$12,117,000	\$5,058,000	42%	\$42,314,000
6/30/2014	\$9,251,017	TBD	TBD	TBD

¹ As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

**Required Actuarial Information
(GASB STATEMENTS NO. 43 & 45)**

Reporting Year	2014	2013	2012
Contribution rate	TBD	N/A	N/A
Actuarial valuation date	07/01/2013	07/01/2011	07/01/2011
Annual OPEB cost	\$20,698,867	\$28,724,000	\$28,322,000
Employer Contributions made	\$11,688,244	\$10,599,000	\$9,841,000
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % closed	Level % closed	Level % closed
Single equivalent amortization period	22 years	25 years	26 years
Asset valuation method	Unfunded	Unfunded	Unfunded
Actuarial assumptions:			
Investment rate of return *	4.00%	4.00%	4.00%
Projected salary increases *	not applicable with PUC	not applicable with PUC	not applicable with PUC
Payroll growth assumptions	3.0%	2.5%	2.5%
Initial Per Capita Cost trend rate**	2.0% / N/A	6.25%	6.25%
Second Year Per Capita Cost trend rate**	6.0% / N/A	6.50%	6.50%
Ultimate Per Capita Cost trend rate**	4.2% / N/A	5.00%	5.00%
Years to Ultimate rate**	30	6	6
* Includes general price inflation at	2.5%	3.0%	3.0%
** Applies to the gross premiums charged by the Tennessee Plan. However, subsidy provided by the State and local employers (with exception of School Districts of Kingstone, Carter and Sullivan Counties) bears no relation to that premium and, consequently, trend rates are not applicable to benefits provided by the majority of the employers.			

Historical results as reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

DISCLOSURES FOR FISCAL YEAR ENDING 6/30/2015

GASB allows for performing actuarial valuations biennially with results applicable to two reporting years (per paragraph 12 of GASB Statement 45). However, a new fully compliant valuation would need to be performed if significant changes have occurred since the previous valuation that affect the valuation results, including significant changes in benefit provisions, the size or composition of the membership, or other factors that impact long-term actuarial assumptions through the reporting date. Refer also to Q&A 8.17.5 of the 2012-2013 Comprehensive Implementation Guide. In the absence of such changes, following disclosures can be used in your 2014/2015 fiscal year reporting.

Required Actuarial Information (State Obligation for State Retirees) (GASB STATEMENT NO. 45)			
Employer FYE June 30	2015	2014	2013 ¹
Normal Cost (service cost for one year)	\$ 3,793,919	\$ 3,647,999	\$ 6,053,000
Amortization of Unfunded Actuarial Accrued Liability	7,964,950	7,732,961	10,686,000
Annual Required Contribution (ARC)	11,758,869	11,380,960	16,739,000
Net OPEB Obligation (NOO) at beginning of the year	TBD	64,891,000	53,825,000
Annual Required Contribution (ARC)	11,758,869	11,380,960	16,739,000
Interest on NOO	TBD	2,595,640	2,153,000
Adjustment to ARC	TBD	(2,528,750)	(2,285,000)
Annual OPEB Cost (Expense)	TBD	11,447,850	16,607,000
Employer Contributions Made	TBD	TBD	(5,541,000)
Increase (decrease) in NOO	TBD	TBD	11,066,000
NOO at end of year	TBD	TBD	64,891,000

Schedule of Employer Contributions (State Obligation for State Retirees)

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Estimated Net OPEB Obligation
6/30/2013 ¹	\$16,607,000	\$5,541,000	33%	\$64,891,000
6/30/2014	\$11,447,850	TBD	TBD	TBD
6/30/2015	TBD	TBD	TBD	TBD

¹ As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

**Required Actuarial Information
(State Obligation for Local Education Employees)
(GASB STATEMENT NO. 45)**

Employer FYE June 30	2015	2014	2013 ¹
Normal Cost (service cost for one year)	\$ 2,693,391	\$ 2,589,799	\$ 4,299,000
Amortization of Unfunded Actuarial Accrued Liability	6,816,130	6,617,602	7,905,000
Annual Required Contribution (ARC)	9,509,521	9,207,400	12,204,000
Net OPEB Obligation (NOO) at beginning of the year	TBD	42,314,000	35,255,000
Annual Required Contribution (ARC)	9,509,521	9,207,400	12,204,000
Interest on NOO	TBD	1,692,560	1,410,000
Adjustment to ARC	TBD	(1,648,943)	(1,497,000)
Annual OPEB Cost (Expense)	TBD	9,251,017	12,117,000
Employer Contributions Made	TBD	TBD	(5,058,000)
Increase (decrease) in NOO	TBD	TBD	7,059,000
NOO at end of year	TBD	TBD	42,314,000

Schedule of Employer Contributions (State Obligation for Education Employees)

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	Percentage of <u>Annual OPEB Cost Contributed</u>	<u>Estimated Net OPEB Obligation</u>
6/30/2013 ¹	\$12,117,000	\$5,058,000	42%	\$42,314,000
6/30/2014	\$9,251,017	TBD	TBD	TBD
6/30/2015	TBD	TBD	TBD	TBD

¹ As reflected in prior Actuarial Valuation Reports and the State's Comprehensive Annual Financial Reports.

APPENDIX
RESULTS BY EMPLOYER

Appendix

Results by Employer (Dollars in Thousands)

State Subsidy for State Employees

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Austin Peay State University	113	895	517	704	43	104	108
Capitol Print Shop	0	0	0	0	0	0	0
Chattanooga State Technical Community College	76	608	298	510	31	71	74
Cleveland State Community College	65	199	317	143	9	32	33
Columbia State Community College	64	243	287	233	13	39	41
Division of Accounts	22	123	86	136	7	18	19
Dyersburg State Community College	30	219	149	168	10	26	27
East Tennessee State University	319	2253	1430	1881	112	278	288
Edison	8	97	25	60	4	8	8
Governor's Books from Birth	0	4	0	0	0	0	0
GS Central Stores	0	0	0	0	0	0	0
GS Food Services	0	0	0	0	0	0	0
GS Printing	6	48	21	55	3	6	7
GS Purchasing	14	61	43	26	2	6	6
GS Records Management	0	0	0	0	0	0	0
GS Warehousing and Distribution	11	26	38	17	1	4	4
Human Resources	24	98	111	95	5	15	16
Jackson State Community College	55	245	268	253	14	40	41
Middle Tennessee State University	314	2176	1376	2002	117	286	296
Motlow State Community College	63	207	313	211	11	38	39
Motor Vehicle Management	5	25	23	36	2	5	5
Nashville State Technical Community College	54	376	258	307	19	47	49
Northeast State Technical Community College	24	367	131	269	17	37	39
Office of Information Resources	63	302	251	324	18	47	48
Pellissippi State Technical Community College	38	504	179	493	28	62	64
Postal Service	15	41	58	41	2	7	8
Records Management	0	6	0	5	0	1	1
Roane State Community College	70	349	286	371	20	54	55
Southwest State Community College	174	562	865	599	31	104	108
State of Tennessee	15336	40293	56864	40427	2124	7008	7239
Tennessee Board of Regents Central Office	21	121	92	114	6	17	17
Tennessee Foreign Language Institute	0	14	0	4	0	1	1
Tennessee State University	160	1216	752	1062	60	151	156
Tennessee Technological University	291	1025	1311	1108	57	179	184
TN Housing Development Agency	29	216	107	156	11	24	25
TN Student Assistance Corporation	10	48	29	45	3	6	6
TN Technical Center at Athens	8	23	36	19	1	4	4
TN Technical Center at Chattanooga	4	50	19	47	3	6	6
TN Technical Center at Covington	2	17	10	18	1	2	3
TN Technical Center at Crossville	11	31	64	27	2	6	6
TN Technical Center at Crump	6	21	33	27	1	4	4
TN Technical Center at Dickson	8	45	43	26	2	6	6
TN Technical Center at Elizabethton	3	32	14	28	2	4	4
TN Technical Center at Harriman	4	21	19	12	1	2	3

Appendix

Results by Employer (Dollars in Thousands)

State Subsidy for State Employees (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
TN Technical Center at Hartsville	3	31	16	33	2	4	4
TN Technical Center at Hohenwald	8	29	44	22	2	5	5
TN Technical Center at Jacksboro	11	17	65	22	1	6	6
TN Technical Center at Jackson	7	49	33	51	3	7	7
TN Technical Center at Knoxville	16	46	71	28	2	7	7
TN Technical Center at Livingston	8	26	37	34	2	5	5
TN Technical Center at McKenzie	5	19	24	22	1	3	4
TN Technical Center at McMinnville	10	20	45	21	1	4	5
TN Technical Center at Memphis	10	61	33	60	3	8	8
TN Technical Center at Morristown	14	48	61	66	3	10	10
TN Technical Center at Murfreesboro	7	37	34	31	2	5	5
TN Technical Center at Nashville	4	61	13	39	3	5	6
TN Technical Center at Newbern	7	20	37	14	1	4	4
TN Technical Center at Oneida	10	23	44	20	1	5	5
TN Technical Center at Paris	5	31	23	34	2	5	5
TN Technical Center at Pulaski	3	28	10	27	1	3	3
TN Technical Center at Ripley	4	18	23	18	1	3	3
TN Technical Center at Shelbyville	9	30	33	40	2	6	6
TN Technical Center at Whiteville	3	18	12	17	1	2	2
TRICOR	33	110	139	84	5	16	17
Univ of Tennessee System	3977	12209	15882	12163	645	2053	2121
University of Memphis	468	2549	1957	2236	126	336	348
Volunteer State Community College	65	403	300	385	22	56	58
Walters State Community College	92	427	438	427	23	67	69
Total	22,299	69,517	86,098	67,952	3,648	11,381	11,759

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.

Appendix

Results by Employer (Dollars in Thousands)

State Subsidy for Local Education Employees

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Athens City	81	111	447	133	7	35	36
Alamo City Bd Ed	9	31	55	42	2	7	7
Alcoa City Schools	18	138	91	194	9	23	24
Anderson County Schools	170	588	929	569	32	105	108
Bedford County Schools	105	621	614	727	36	101	104
Bellscity Bd of Education	8	35	46	47	3	7	7
Benton County Schools	61	189	372	255	12	43	44
Bledsoe County Schools	41	154	235	191	10	30	32
Bradford Special School District	20	45	127	40	2	10	11
Bradley County BOE	241	706	1427	665	38	139	143
Bristol	122	302	706	298	17	65	67
Campbell County Schools	214	381	1148	557	26	108	111
Cannon County Schools	31	181	190	209	11	30	31
Carroll County Schools	6	19	23	25	1	4	4
Carter	208	440	1310	850	46	151	156
Cheatham	84	478	486	418	26	70	72
Chester County Schools	38	168	215	200	10	30	31
City of Dayton Schools	22	56	135	58	3	13	13
Clay County Schools	54	81	364	118	6	29	30
Cleveland City	146	411	857	429	23	85	88
Clinton Schools	36	80	223	109	5	21	22
Cocke County Schools	120	348	668	411	21	73	75
Coffee County Schools	129	343	720	346	20	71	73
Covington City	1	0	4	0	0	0	0
Crockett County Schools	35	121	205	94	6	20	21
Cumberland BOE	141	511	787	608	31	98	101
Decatur County Schools	35	129	202	172	8	26	27
Dekalb County Schools	69	227	410	230	13	44	45
Dickson Co Board of Education	172	647	983	713	39	121	125
Dyer County BOE	83	248	520	248	13	50	52
Dyersburg City	139	222	833	298	14	69	71
Elizabethton	73	202	381	197	11	39	40
Etowah City Bd of Ed	6	28	30	20	1	4	4
Fayette County Schools	65	316	358	266	17	47	48
Fayetteville Schools	21	106	121	132	6	18	19
Fentress	95	166	579	211	10	48	50
Franklin County Schools	127	421	728	529	26	87	90
Franklin Special	119	368	614	436	24	74	77
Gestalt Community Schools	0	12	0	6	1	1	1
Gibson County Bd of Ed	72	315	388	218	15	44	46
Giles County Schools	159	350	903	459	23	88	91
Grainger County Schools	83	249	464	296	15	52	53
Greene County Schools	229	501	1360	500	28	118	122
Greeneville	130	226	775	340	18	71	74
Grundy County Schools	63	166	333	215	11	37	38
HR Bruce Sp Sch	23	51	140	65	3	13	13
Hamblen County Schools	354	725	2240	863	50	199	206
Hancock County Schools	26	105	149	149	7	21	22
Hardeman County Schools	110	319	597	351	19	65	67
Hardin County Schools	115	281	663	431	19	72	74

Appendix

Results by Employer (Dollars in Thousands)

State Subsidy for Local Education Employees (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Hawkins County Schools	190	603	1249	777	44	141	146
Haywood County Schools	98	271	560	278	15	55	57
Henderson County Schools	87	253	530	295	15	55	57
Henry County BOE	111	235	636	227	13	55	57
Hickman County Schools	58	253	334	445	26	63	65
Houston County Schools	18	121	109	166	8	21	22
Humboldt	70	108	453	146	7	36	37
Humphreys Co BOE	65	228	391	299	15	48	49
Huntingdon Sp Sch	41	72	259	93	5	22	22
Jackson County Schools	30	125	200	225	10	31	32
Jackson-Madison County BOE	422	1006	2384	1240	64	239	246
Jefferson County Schools	149	530	858	543	31	99	102
Johnson County Board of Education	116	162	626	193	10	50	51
Johnson County BOE	0	20	0	14	1	2	2
Kingsport	320	537	1931	870	53	188	194
Knox County Schools	1161	4460	6387	4038	239	742	766
Lake County Schools	28	86	153	113	5	18	19
Lauderdale County Schools	89	324	503	372	19	61	63
Lawrence County Schools	204	513	1212	589	31	117	121
LEAD Public Schools	0	10	0	0	0	0	0
Lebanon SSD	64	229	361	200	12	39	41
Lenoir City	46	157	242	162	9	28	29
Lewis County Schools	35	147	202	162	9	26	27
Lexington City Schools	34	93	214	89	5	20	20
Lincoln County Schools	86	306	494	365	18	60	62
Loudon	103	384	574	361	21	66	68
Macon BOE	58	272	333	335	16	49	50
Manchester Schools	37	114	235	126	7	24	25
Marion County Schools	99	307	569	380	19	64	66
Marshall	113	401	682	437	23	77	79
Maury Co BOE	287	863	1577	988	53	176	182
McKenzie Special School District	43	101	237	114	6	23	24
McMinn Count Bd of Ed	166	388	933	457	24	91	94
McNairy County School System	98	394	543	511	25	76	78
Meigs County Board of Education	28	126	173	131	7	22	23
Milan SSD	75	163	414	155	9	36	37
Monroe	114	398	693	602	31	94	97
Moore	29	70	160	85	4	16	16
Morgan County Schools	47	247	236	301	15	41	43
Morristown Schools	1	0	4	0	0	0	0
MS Sullivan Co Supp Staff	0	0	0	0	0	0	0
Murfreesboro City Schools	129	547	717	514	31	90	93
Newport City Schools	18	64	116	87	4	14	14
Oak Ridge Schools	157	412	856	545	27	95	98
Obion County Schools	117	269	688	412	18	71	73
Oneida Spec Sch	33	102	199	153	7	24	25
Overton County Schools	107	235	718	322	17	68	70

Appendix

Results by Employer (Dollars in Thousands)

State Subsidy for Local Education Employees (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Paris Special School District	40	121	215	129	7	24	24
Perry County Schools	20	87	122	116	6	17	18
Pickett County Schools	19	65	117	105	4	15	16
Polk Co BOE	71	177	426	167	10	39	40
Putnam County Schools	232	697	1334	829	43	148	153
Rhea County Schools	72	303	410	366	18	56	58
Richard Hardy Memorial School	0	27	0	35	2	4	4
Roane County Schools	191	501	1092	633	32	115	118
Robertson County Schools	192	873	1096	850	48	142	146
Rogersville City Schools	11	73	62	87	5	12	12
S. Carroll Co Sp Dist-Non	7	26	45	47	2	6	7
Scott BOE	69	252	457	382	20	60	62
Sequatchie County Schools	32	161	178	157	9	25	26
Sevier	201	988	1241	1588	80	217	224
Smith County Schools	64	251	363	306	15	47	49
Stewart County Schools (BOE)	37	178	213	270	12	35	36
Sullivan	312	811	2092	1488	83	255	264
Sumner	463	2039	2988	2448	147	409	423
Sweetwater Schools	26	107	114	137	7	19	20
Teachers - Unallocated	2346	0	12375	0	0	596	614
Tipton	125	905	735	963	53	135	139
Trenton Spec Sch	56	113	327	133	7	29	30
Tri Co Voc S Te	2	0	8	0	0	0	0
Trousdale County Schools	20	97	126	102	5	16	17
Tulahoma	144	248	795	327	17	71	73
Unicoi	85	184	463	201	10	42	44
Union City Bd of Ed	65	119	399	147	7	34	35
Union County	38	276	224	389	21	51	52
Van Buren	22	75	123	88	5	15	15
Warren County Schools	156	426	906	579	27	99	102
Washington County Schools	203	574	1128	655	33	119	123
Wayne	69	167	428	221	10	42	43
Weakley County Schools	119	0	673	0	0	32	33
West Carroll Sp Sch	21	66	132	108	4	16	17
White County Schools	101	294	584	308	17	60	62
Williamson County Schools	4	0	13	0	0	1	1
Total	15,525	40,905	89,102	48,215	2,590	9,207	9,510

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.

Appendix

Results by Employer (Dollars in Thousands)

Local Education

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Bells City Bd of Education	8	53	46	64	4	8	8
Carter	215	794	5350	16117	1361	1363	1418
Clay County Schools	54	83	364	122	6	25	26
Clinton Schools	38	132	223	161	8	23	24
Cumberland County Schools	0	1	0	3	0	0	0
Greenville City Schools	130	226	775	340	18	61	63
Hamblen County Schools	363	1133	2240	1196	72	222	229
Hawkins County Schools	193	1024	1256	1152	67	171	177
Hickman County Schools	61	448	440	864	59	110	114
Humboldt	72	108	453	144	7	30	31
Jackson County Schools	32	149	203	267	12	30	31
Kingsport	347	935	8474	17179	1652	2805	2906
Monroe County Board of Education	123	646	701	868	47	108	112
Morristown Schools	1	0	4	0	0	0	0
MS Loc Ed Sup Direct Pay	2	0	0	0	0	0	0
Overton County Schools	109	361	718	460	25	71	74
Polk Co BOE	53	0	1103	0	0	43	44
Scott County Schools	72	425	457	562	30	70	72
Sevier	218	1701	1236	2278	121	273	282
Sullivan	612	1287	18584	25939	2216	4073	4218
Sumner County Board of Education	493	2064	7446	6879	452	1010	1045
Teacher-Retiree	8	0	0	0	0	0	0
Union County	40	406	224	499	28	59	61
Total	3,244	11,976	50,298	75,095	6,184	10,557	10,936

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.

Appendix

Results by Employer (Dollars in Thousands)

Local Government

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Bells	1	22	3	27	1	3	3
Bloomingtondale Utility	0	12	0	12	1	1	1
Bolivar	3	93	19	116	5	7	7
City of Lakewood	0	4	0	5	0	0	0
Clarksville General Fund	3	1119	11	915	53	89	92
Clinton	1	117	4	109	6	7	8
Clinton Housing Authority	0	3	0	4	0	0	0
Giles County	9	0	22	0	0	1	1
Goodlettsville, City of	0	131	0	120	7	11	12
Greeneville	14	231	77	252	13	23	24
Greeneville Fire and Police	9	0	51	0	0	2	2
Greeneville Water Comm	1	0	5	0	0	0	0
Hamblen Co Courthouse	7	267	29	232	13	26	27
Hamblen County Board Members	1	0	1	0	0	0	0
Hamblen County Highway Dept	1	0	3	0	0	0	0
Hartsville/Trousdale County Govt	8	112	39	98	5	7	8
Humboldt Utilities - Elec. Co.	1	0	2	0	0	10	11
Humboldt Utilities - Gas and Water	2	0	9	0	0	0	0
Humboldt, City of	9	152	55	161	8	11	11
Jefferson City	1	98	3	95	5	12	12
Kingston Springs, Town of	0	25	0	12	1	1	1
Linebaugh Pub Lib	0	33	0	35	2	3	3
Middle Tenn UT Dist	0	114	0	142	7	12	13
Mid-W Community Serv Agency	0	75	0	25	2	3	4
Milan, City of	0	95	0	76	5	8	8
Monroe County	8	261	33	182	11	25	26
Norris	1	21	3	22	1	5	5
Overton County	8	297	35	216	13	18	19
Overton County 911	0	11	0	6	0	1	1
Overton County Highway Department	0	30	0	23	1	2	2
Overton County Nursing Home	0	167	0	163	9	15	16
Portland, City of	13	136	40	104	6	8	8
Scott Co General Fund	8	204	28	124	8	13	14
Scott County Ambulance Service	1	0	5	0	0	0	0
Sevier County General Fund	7	691	22	635	35	55	57
Sumner County	20	2145	56	1489	96	116	120
Sumner County Highway	5	0	8	0	0	0	0
Tennessee CSA	0	173	0	194	11	18	19
Tennessee Education Association	23	61	117	58	3	9	10
TN County Commissioners Assn.	0	1	0	1	0	6	7
TN County Highway Officials	0	1	0	4	0	6	6
TN County Services Association	1	2	6	1	0	6	6
TN Sec Sch Ath Assn	2	16	7	26	1	2	3
TN State Employees Association	2	23	8	34	1	27	28
Union County General Fund	0	105	0	58	4	4	5
Washington County- Johnson City 911	0	45	0	38	2	4	4
White House, City of	0	103	0	57	4	6	7
Williamson County	0	2366	0	1687	109	125	130
Woodbury, Town of	1	30	4	26	1	2	2
Total	171	9,592	706	7,586	452	715	741

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 for each participant and allocated to associated employers. Amortization of UAAL developed for each employer individually. 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). 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.