CITY OF YPSILANTI

ACCOUNTING FOR POST EMPLOYMENT BENEFIT PLANS UNDER GASB #45

AS OF DECEMBER 31, 2010 FOR FISCAL YEAR ENDING JUNE 30, 2011

JULY 2011

Table of Contents

SECTION ONE: EXECUTIVE SUMMARY

Background

The City of Ypsilanti sponsors life insurance and health benefit plans for retired former employees. The City subsidizes a portion of the cost of coverage for eligible retired employees and their dependents. The Government Accounting Standards Board released GASB45 which details how governmental employers account for post retirement benefits other than pension plans.

Actuarial Methods and Assumptions

Liabilities and costs were developed under the entry age normal cost method. Two significant assumptions affecting the measurement of obligations are: the interest rate (the discount rate), and the trend rate (the rate of increase in health care costs). A discount rate of 8%/year was combined with a moderate assumed level of medical cost inflation. Assumptions for termination of employment, retirement, plan participation and death were also utilized. Benefit provisions in effect on December 31, 2010 were employed in the calculations.

The Actuarial Accrued Liability (AAL) and the Annual Required Contribution (ARC) were developed. The AAL is the portion of the total present value of plan benefits which is allocated to prior periods. The Normal Cost represents the portion of benefit costs assigned to the current year. The Unfunded Accrued Liability (UAL) is the AAL less assets accumulated for retiree benefits. The UAL may be amortized over 30 years. The ARC is the sum of the Normal Cost for the year, plus the amortization of the UAL.

Results

Results were prepared for pre and post age 65 categories, active and retired and for public safety and other employees. Liabilities and costs were determined using a discount rate of 8% combined with moderate rates of health care cost increases (9% graded down to 5% in 2015 and later). The discount scenario recognizes the funded nature of the program.

The cash outlay is the minimum employer contribution for the program. The current expected annual pay-as-you-go cost is $606,914 (10.5% of payroll). The ARC, in the attached exhibit, is $989,774 (17.2% of payroll).

Annual Required Contribution
Summary for Fiscal Year Ending
June 30, 2011

Discount Rate: 8.00%

Health Care Trend Rates 9% in 2011 to 5% in 2015 and later

	MERS	Police	Fire	Total
1. Accrued Liability	$ 3,780,349	$ 4,841,437	$ 3,500,036	$12,121,822
2. Actuarial Value of Assets	$ 948,588	$ 1,336,059	$ 735,351	$ 3,019,998
3. Unfunded Liability (1) - (2)	$ 2,831,761	$ 3,505,378	$ 2,764,685	$ 9,101,824
4. Normal Cost	$ 73,242	$ 106,489	$ 61,439	$ 241,170
5. Amortization Payment (30 Years)	$ 232,906	$ 288,309	$ 227,389	$ 748,604
6. Interest on (4) and (5)	$ 0	$ 0	$ 0	$ 0
7. Annual Required Contribution (4) + (5) + (6)	$ 306,148	$ 394,798	$ 288,828	$ 989,774
8. Valuation Payroll	$ 1,852,597	$ 2,398,996	$ 1,516,078	$ 5,767,671
UAAL% of Payroll	152.9%	146.1%	182.4%	157.8%
ARC % of Payroll	16.5%	16.5%	19.1%	17.2%
Pay as you go % of Payroll	11.1%	9.5%	10.5%	10.5%

SECTION TWO: BACKGROUND

Retiree Medical Plan

The City sponsors life insurance and health benefit plans for employees and retired former employees. The provisions of the programs are summarized in the appendices of this study, but in general, the City subsidizes a portion of the cost for hospital and medical coverage for eligible retired employees and their dependents. The subsidy is an implied age related cost differential based upon the expected higher cost of coverage for retired employees versus the average cost for the entire group.

Funding Versus Accounting

Accounting standards affect the definition, measurement and allocation of liabilities and expenses that are published by employers in their annual financial statements. The accounting statements require employers to accrue costs on their books, but do not require employers to make contributions.

Nonetheless, accounting liabilities under GASB standards are impacted by the level of employer funding. In general, pre-funded programs earn investment income on accumulated assets which pay as you go programs do not. The investment income from pre-funded plans lowers the amount of contributions required from the employer and is reflected and anticipated in the accounting liabilities via the assumed rate of return (discount rate).

Funding Patterns

An employee hired at age 20 will not begin to receive retiree health benefits for decades, although the employee earns these benefits during his working years, before retirement. An employer with young employees and no retirees has no cash disbursements for retiree health benefits for many years, although the obligation for these benefits begins to accumulate with the first employee. Putting more money aside than will be paid out currently in anticipation of payouts in the future is called *pre-funding* an obligation. Whereas making payments only as each benefit amount comes due is called *pay-as-you-go* or *terminal* funding.

Systematic prefunding patterns for retirement benefits are developed according to various actuarial methodologies, which can call for increasing, decreasing or level patterns of annual contributions depending upon the demographics of the group and the financial considerations of an employer.

Actuarial Funding Method and Assumptions

The Annual Required Contribution (ARC) can be determined under any of six acceptable actuarial methods defined under the GASB standards. For this report, liabilities and annual costs were developed under the most common actuarial methodology – *the entry age normal method.* This method is currently used for many governmental pension plans and is a fairly stable method that is consistent with level percentage of payroll funding.

The actuarial assumptions were selected to be consistent with assumptions disclosed in the pension plan valuations of similarly situated governmental employers. Two of the most significant assumptions affecting the measurement of retiree medical obligations are economic assumptions: the interest rate (also called discount rate), and the trend rate (the annual rate of increases in future health care costs). Two other very important assumptions are non economic and both of which greatly affect the magnitude of retiree liabilities - the assumption regarding the ages at which employees will retire and commence benefits under the program, and the assumed level of participation (percentage of retirees electing to take coverage) in the plan. A description of each of the assumptions used is provided in Section Four of this report.

Substantive Plan (Benefit Plan Provisions)

Under GASB, the benefit program to be valued is referred to as the *Substantive Plan*, which may or may not be set forth in a written document, but which includes the benefits which are understood by the employer, employees and other participants to be provided for under the program.

The City's retiree medical plan provides continuation of employer subsidized health coverage (for the retiree and their dependents, if any) upon the retirement from the City after meeting the age and service requirements for retirement.

Data

The calculations in this report are based upon data submitted by City for active and retired employees and their dependents.

Claims Costs

The costs of the benefit programs measured were based upon the premium rates and costs in effect at December 31, 2010.

GASB Statement Valuation Components

The Statement requires several measurements. An **Actuarial Accrued Liability** (AAL) must be calculated and an **Annual Required Contribution** (ARC) must be developed. The Actuarial Accrued Liability is the portion of the total actuarial present value of plan benefits which is allocated (based upon the Actuarial Cost Method) to prior periods and not to be provided for by future **Normal Costs**. The Normal Cost represents the portion of benefit costs assigned to the current year.

The Annual Required Contribution

The Normal Cost represents the value of benefits under the Actuarial Cost Method being allocated to the valuation year. In addition to the Normal Cost, the current value of benefits attributable to accruals in prior years, the Unfunded Liability (UAL), must also be reflected. The Unfunded Actuarial Liability is the Actuarial Accrued Liability less any assets accumulated under a dedicated trust or fund for payment of the retiree health plan benefit liabilities. Under the GASB rules, the Unfunded Actuarial Liability costs may be amortized (spread) over a period of years not to exceed 30 years.

The Annual Required Contribution (ARC) is the sum of the Normal Cost for the valuation year, plus the Amortization Payment Cost of the Unfunded Accrued Liability.

Accounting Valuation

An accounting valuation is determined for the sole purpose of meeting Plan and employer financial accounting requirements as prescribed under GASB Statements and may not be appropriate for the determination of the contribution level or the Plans' funding requirements for other purposes.

Actuarial Certification

This is to certify that MWM Consulting Group has prepared an Actuarial Valuation of the Plan as of December 31, 2010 for the primary purpose of providing financial accounting information required for compliance with GASB Statement No. 45. The results of this valuation have been prepared in conformance with our understanding of the relevant provisions of the GASB Statements Nos. 43 and 45.

The information and valuation results shown in this report are prepared with reliance upon information and data provided to us, which we believe to the best of our knowledge to be complete and accurate and include:

- Employee census data submitted by the City. This data was not audited by us but appears to be consistent with prior information, and sufficient and reliable for purposes of this report.

- Financial and insurance data submitted by the City

- Statutory code provisions and Plan summaries as supplied by the City

Actuarial valuations involve calculations that require assumptions about future events. We believe the assumptions and methods used are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. Results shown in this report could be materially different from the actual outcome if actual plan experience differs from the assumptions used.

In our opinion, all methods, assumptions and calculations are in accordance with requirements of GASB Statements Nos. 43 and 45 and the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices. The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the City and MWM Consulting Group that impacts our objectivity.

MWM CONSULTING GROUP

7/11/2011

Bernard E. Hartt, F.S.A.
Principal and Consulting Actuary
MWM Consulting Group

Date

SECTION THREE:
RESULTS AND ANALYSIS

Liabilities are summarized by participant status (active-fully eligible, active not yet eligible, retired) and certificated/non-certificated categories.

Closed Group Valuation

This valuation has been prepared on a closed group valuation basis, meaning only the existing population has been considered.

Substantive Plan

The current plan of benefits valued was a continuation of coverage of the employee group health care plan. Retirees contribute the premium or monthly claims cost amounts applicable for active employees. The value of the subsidy for each participant is based upon the difference between the actuarially adjusted age related costs and the retiree contribution.

Actuarial Cost Method

The Annual Required Contribution (ARC) and actuarial accrued liabilities were developed under the Entry Age Normal method.

Annual Required Contributions

The ARC for the 2011 fiscal year is $989,774 (17.2% of payroll). The ARC can be compared with the related actual cash outlay on a pay as you go basis. For the 2011 fiscal year, the annual expected pay-as-you-go cost is approximately $606,904 (10.5% of payroll) versus the ARC amount of 17.2% of payroll.

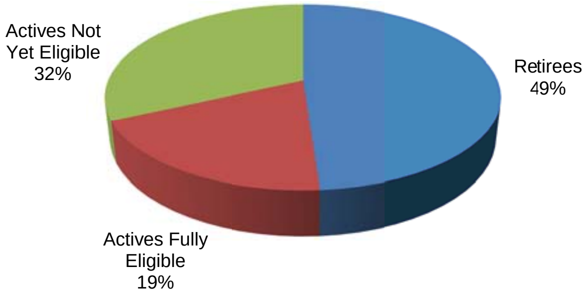
Exhibits

Exhibits 1, 2 and 3 display liability amounts and selected valuation results including the Annual Required Contribution amounts.

Exhibit 1

Present Value of Future Benefits
as of December 31, 2010 for
Fiscal Year Ending June 30, 2011

By Employee Status	
Retirees	$ 6,737,627
Actives Fully Eligible	2,649,452
Actives Not Yet Eligible	4,398,095
Total	**$13,785,174**



By Category	
MERS	$ 4,349,662
Police	5,566,945
Fire	3,868,567
Total	**$13,785,174**

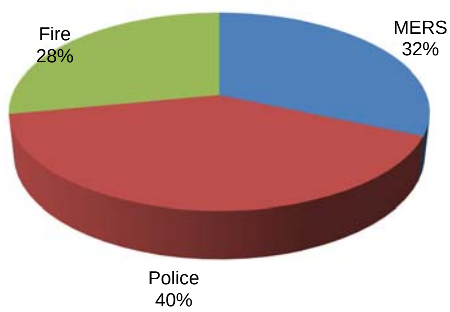
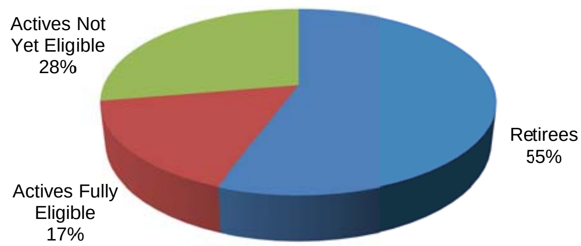


Exhibit 2

Actuarial Accrued Liability (AAL) as of December 31, 2010 for Fiscal Year Ending June 30, 2011

By Employee Status	
Retirees	$ 6,737,627
Actives Fully Eligible	2,024,132
Actives Not Yet Eligible	3,360,063
Total	**$ 12,121,822**



By Category	
MERS	$ 3,780,349
Police	4,841,437
Fire	3,500,036
Total	**$ 12,121,822**

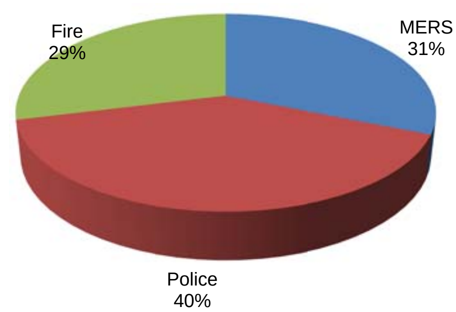


Exhibit 3

Annual Required Contribution
Summary as of December 31, 2010 for
Fiscal Year Ending June 30, 2011

Discount Rate: 8.00%

Health Care Trend Rates 9% in 2011 to 5% in 2015 and later

	MERS	Police	Fire	Total
1. Accrued Liability	$ 3,780,349	$ 4,841,437	$ 3,500,036	$12,121,822
2. Actuarial Value of Assets	$ 948,588	$ 1,336,059	$ 735,351	$ 3,019,998
3. Unfunded Liability (1) - (2)	$ 2,831,761	$ 3,505,378	$ 2,764,685	$ 9,101,824
4. Normal Cost	$ 73,242	$ 106,489	$ 61,439	$ 241,170
5. Amortization Payment (30 Years)	$ 232,906	$ 288,309	$ 227,389	$ 748,604
6. Interest on (4) and (5)	$ 0	$ 0	$ 0	$ 0
7. Annual Required Contribution (4) + (5) + (6)	$ 306,148	$ 394,798	$ 288,828	$ 989,774
8. Valuation Payroll	$ 1,852,597	$ 2,398,996	$ 1,516,078	$ 5,767,671
UAAL% of Payroll	152.9%	146.1%	182.4%	157.8%
ARC % of Payroll	16.5%	16.5%	19.1%	17.2%
Pay as you go % of Payroll	11.1%	9.5%	10.5%	10.5%

SECTION FOUR:
ANNUAL REPORTING UNDER GASB 45

Annual OPEB COST

The GASB 45 Annual OPEB Cost has these three components:

1) **The Annual Required Contribution Amount is the sum of a, b, and c.**

   a) **Normal Cost** is the portion of the Actuarial Present Value of benefits allocated to the valuation year according to the actuarial cost method.
   b) **Amortization of the Unfunded Actuarial Accrued Liability** is the amount to be amortized over thirty years, of the excess of the Actuarial Accrued Liability over the fair value of assets, both measured at the valuation date.
   c) **Amortization of Gains or Losses** in subsequent years, of the unfunded actuarial accrued liability which may be amortized separately or as part of the annual amortization of the unfunded actuarial accrued liability.

2) **The ARC Adjustment Amount**, an amount which is added / subtracted from the ARC to adjust the annual cost for amounts already accrued and reflected in the beginning of year Net OPEB Obligation.

3) **Interest** for the year at the valuation discount rate on the beginning of year Net OPEB Obligation.

Net OPEB Obligation
The Net OPEB Obligation is accrued on the financial statement as the amount of accumulated OPEB costs which remain unfunded as of the reporting date. For the first reporting period, the OPEB Cost is the ARC, and the year end Net OPEB liability is the OPEB Cost less employer contributions. Exhibits on the following pages illustrate:

Exhibit 4	Components of Net Annual Obligation and Expense
Exhibit 5	Schedule of Contributions, OPEB Costs and Obligations
Exhibit 6	Schedule of Funded Status and Funding Progress
Exhibit 7	Required Supplementary Information

Plan Description

The City provides the continuation of health care benefits and life insurance to employees, who retire from the City. Employees who terminate after reaching retirement eligibility in the plan are eligible to elect to continue their health care coverage by paying the monthly premium rate. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the City and is the basis for the OPEB obligation accounted for under GASB 45.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution. The ARC (Annual Required Contribution) represents the normal cost each year and an amount to amortize the unfunded actuarial liability over thirty years.

Exhibit 4 Components of Net OPEB Obligation and Expense

The following table shows the annual OPEB costs for the year, the amount contributed to the plan and changes in the net OPEB obligation. The *Net OPEB Obligation* is the amount entered as of year end as the net liability for other post employment benefits.

Item	Amount as of 6/30/2011			
	MERS	Police	Fire	Total
a. Annual Required Contribution	$ 306,148	$ 394,798	$ 288,828	$ 989,774
b. Interest on net OPEB obligation:	(10,195)	(9,679)	(5,327)	(25,202)
c. Adjustment to annual required contribution	10,482	9,951	5,477	25,910
d. Annual OPEB cost (expense) (a + b + c)	$ 306,435	$ 395,070	$ 288,978	$ 990,482
e. Contributions made	(205,957)	(234,717)	(166,230)	(606,904)
f. Increase in net OPEB obligation	100,478	160,353	122,748	383,578
g. Net OPEB obligation – beginning of year	(127,442)	(120,990)	(66,593)	(315,024)
h. Net OPEB obligation – end of year (f + g)	**$ (26,964)**	**$ 39,363**	**$ 56,155**	**$ 68,554**

Exhibit 5 Schedule of Contributions, OPEB Costs and Net Obligations

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	$ 990,482	61%	$ 68,554
6/30/10	$ 1,193,651	102%	$ (315,024)
6/30/09	$ 1,192,998	124%	$ (290,487)

Funded Status and Funding Progress

As of December 31, 2010, the actuarial accrued liability for benefits was $12,121,822 and the actuarial value of assets was $3,019,998. The covered payroll was approximately $5,767,671, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 157.8%.

Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended June 30, 2011, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5% after five years. Rates include a 2.5% general inflation assumption. The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

Exhibit 6 Schedule of Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011:

	MERS	Police	Fire	Total
1. Actuarial Accrued Liability (AAL)	$3,780,349	$4,841,437	$ 3,500,036	$12,121,822
2. Actuarial Value of Assets	948,588	1,336,059	735,351	3,019,998
3. Unfunded Actuarial Accrued Liability (UAAL)	$2,831,761	$3,505,378	$ 2,764,685	$ 9,101,824
4. Funded Ratio (2) / (1)	25.1%	27.6%	21.0%	24.9%
5. Covered Payroll (Active Plan Members)	$1,852,597	$2,398,996	$ 1,516,078	$ 5,767,671
6. UAAL as a Percentage of Covered Payroll (3) / (5)	152.9%	146.1%	182.4%	157.8%

Exhibit 7 Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll
6/30/11	$3,019,998	$12,121,822	$9,101,824	24.9%	$5,767,671
6/30/09	$1,414,918	$12,430,962	$11,016,044	11.4%	$6,028,949

SECTION FIVE:
SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Actuarial Cost Method

The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.

To the extent that current assets and future Normal Costs do no support participants' expected future benefits, an Unfunded Actuarial Accrued Liability ("UAAL") develops. The UAAL is generally amortized over a defined period of time.

Asset Valuation Method

Assets are valued at fair market value as of the valuation date

Discount (Interest) Rate

A discount rate of 8% was used.

Salary Progression: 3.0% per year

Claim Costs

Medical
The following monthly costs for medical and prescription drug benefits were used for all plans:

For those not eligible for Medicare: $637.00
For those eligible for Medicare: $412.00

The medical cost rates are distributed for age and sex at retirement.

Dental
The monthly per member dental cost is $30.00.

Vision
The monthly per member dental cost is $5.00.

Mortality

Probabilities of death for participants were according to the 1994 Group Annuity Mortality Table for Males and Females.

Retirement Rates

Representative Retirement Rates

Service	Police	Fire
20	50%	60%
21	15%	40%
22	15%	40%
23	15%	50%
24	15%	50%
25	15%	50%
26	15%	50%
27	15%	50%
28	15%	50%
29	15%	50%
30	100%	100%

MERS

Age	F(50)	F(55)	F(N)	Without F(50) or F(55) or F(N)
40				22%
41				22%
42				22%
43				22%
44				22%
45				22%
46				22%
47				22%
48				22%
49				22%
50	22%			22%
51	22%			22%
52	22%			22%
53	22%			22%
54	24%			24%
55	18%	18%		18%
56	14%	15%		14%
57	16%	10%		16%
58	18%	15%		18%
59	18%	20%		18%
60	20%	20%	20%	20%
61	24%	24%	24%	24%
62	24%	24%	24%	24%
63	24%	24%	24%	24%
64	27%	27%	27%	27%
65	30%	30%	30%	30%
66	30%	30%	30%	30%
67	30%	30%	30%	30%
68	30%	30%	30%	30%
69	30%	30%	30%	30%
70 and above	100%	100%	100%	100%

Withdrawal
Representative Withdrawal Rates

Age	Service	MERS	Police	Fire
ALL	0	18.00%	15.00%	8.00%
	1	18.00%	13.00%	6.00%
	2	16.00%	10.00%	5.00%
	3	12.00%	7.00%	4.00%
	4	10.00%	5.00%	3.00%
20	5 & over	9.00%		
30		9.00%	5.46%	2.50%
40		5.00%	1.30%	0.60%
50		4.00%	0.65%	0.50%
60		3.00%	0.65%	0.50%

Participation

90% of Employees and 30% of spouses were assumed to participate in the plan for all employee groups. Previously waived participants are assumed to become eligible at retirement.

Spouse Information

70% of employees were assumed to have spouses. Females were assumed to be 3 years younger than males.

Health Care Cost Inflation Rates

Period	Rates
2011	9.0%
2012	8.0%
2013	7.0%
2014	6.0%
2015 and after	5.0%

SECTION SIX:
PARTICIPANT DATA

Summary as of December 31, 2010

	MERS	Police/Fire	Total
Active Participants (includes current employees with waivers)	43	51	94
Deferred Vested Participants	1	1	2
Retired Participants	39	87	126
Total	83	139	222

AGE AND SERVICE DISTRIBUTION AS OF DECEMBER 31, 2010

MERS

Male Active Employee Participants

Age Group	Service 0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29	2									2
30 - 34			1							1
35 - 39	2	2	1							5
40 - 44	3	2	1							6
45 - 49	1	1								2
50 - 54		1		1	3					5
55 - 59		1	1							2
60 - 64										0
65 & Over										0
Total	8	7	4	1	3	0	0	0	0	23

Average Age: 43.59 years
Average Length of Service: 9.01 years

Female Active Employee Participants

Age Group	Service 0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29		1								1
30 - 34	2		1							3
35 - 39	2	1								3
40 - 44	1	1		2						4
45 - 49		1			1					2
50 - 54			1							1
55 – 59		1	2							3
60 – 64		1						1		2
65 & Over				1						1
Total	5	6	4	3	1	0	0	1	0	20

Average Age: 47.04 years
Average Length of Service: 10.92 years

AGE AND SERVICE DISTRIBUTION AS OF DECEMBER 31, 2010

POLICE & FIRE

Male Active Employee Participants

Age Group	Service 0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29	7	1								8
30 - 34	2	2								4
35 - 39			5	1						6
40 - 44			4	4						8
45 - 49			1	6	4					11
50 - 54				1	4	1				6
55 - 59			1							1
60 - 64						1				1
65 & Over										0
Total	9	3	11	12	8	2	0	0	0	45

Average Age: 41.45 years
Average Length of Service: 14.55 years

Female Active Employee Participants

Age Group	Service 0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 20										0
20 - 24										0
25 - 29		2								2
30 - 34										0
35 - 39										0
40 - 44		1			2					3
45 - 49				1						1
50 - 54										0
55 – 59										0
60 – 64										0
65 & Over										0
Total	0	3	0	1	2	0	0	0	0	6

Average Age: 39.16 years
Average Length of Service: 13.63 years

SECTION SEVEN: SUMMARY OF PRINCIPAL PLAN PROVISIONS

Eligibility

AFSCME Members:
Retiree must be age 50 and receiving a MERS pension.

POAM Members:
Employee may retire after completing 20 years of service regardless of age.

COAM Members:
Employees retiring with 20 years of service have their health insurance through Blue Cross / Blue Shield maintained by the City of Ypsilanti.

IAFF Members:
Employee may retire after completing 20 years of service regardless of age.

Non-Union Employees:
Employee may retire after age 50 under the MERS pension program

Benefit Amount

Retirees and their dependents may elect coverage under the City's health program for current active employees. Certain retirees have grandfathered benefit plans. The City pays a portion of the cost of coverage.

Health Care

Retiree Benefits

Service	AFSCME	POAM	COAM	IAFF	Non-Union
Under 10	0%	0%	0%	0%	0%
10 - 15	50%	50%	0%	50%	50%
15 - 20	100%	100%	0%	100%	100%
20 or more	100%	100%	100%	100%	100%

Spouse Benefits

City Contribution	$175*	$150	$400	$400*	$150

* 20 Years only

Dental & Vision Coverage

City pays 100% of retiree dental and vision coverages

Life Insurance Coverage

City pays for $1,000 of life insurance coverage for retirees. Retirees may elect an additional $4,000 of coverage by paying $.33 per month per $1,000 of coverage.

Retiree Opt-Out

Retirees electing to opt-out of the health care plan are eligible to receive the following amounts in any year they receive coverage from another source.

Single coverage	$ 2,000
Two-Person coverage	$ 4,000
Family coverage	$ 5,000

The opt-out benefits are not considered under GASB Statement No. 45 and are not included in this valuation. They may be required to be accounted for under GASB Statement No. 26.