



Fulton County, GA

Department of Purchasing & Contract Compliance

Cecil S. Moore, CPPO, CPPB, CPSM, C.P.M., A.P.P
Director

ADDENDUM NO. 1
Request for Proposal – 11RFP80986C-MT
GASB 43 & 45 Actuarial Services
Fulton County, Georgia

November 2, 2011

Dear Vendors:

This addendum is in reference to the 11RFP80986C-MT
GASB 43 & 45 Actuarial Services

1) In the County's 2010 CAFR, you have benefits for County employees, plus the County shows FASB-type information (not GASB) for the Hospital Authority (Grady Hospital). Please confirm if the FASB information, listed in the 2010 CAFR for the hospital, is not within the scope of this RFP.

Response: The information for the Hospital is not within the scope of this agreement. That is done by actuaries working for the Fulton DeKalb Hospital Authority

2) Please provide a copy of the last GASB 43 & 45 actuarial report.

Response: See Exhibit 1

3) AON was awarded the work in 2009; please confirm if AONs fee was \$30,000 per study, or \$30,000 for the whole contract (effectively \$15,000 per study).

Response: It was \$30,000 for the study.

4) Why is the work going out to bid? Is the incumbent allowed to bid on this project?

Response: It is out to bid as we need to obtain the services to comply with GASB regulations. The incumbent, AonHewitt, can bid on this project.

5) Is the County considering any plan changes as a result of the economy, budget issues or other reasons?

Response: We recently moved the employee/employer share of health care premiums from an 80/20 plan to a 78/22% plan. Future years could see similar plan changes for health care.

For additional information regarding this addendum contact Malcolm Tyson, Assistant Purchasing Agent at (404) 612-5811 or e-mail at malcolm.tyson@fultoncountyga.gov.



Department of Purchasing & Contract Compliance

Cecil S. Moore, CPPO, CPPB, CPSM, C.P.M., A.P.P
Director

Fulton County, GA

The undersigned propose acknowledges receipt of this addendum by returning one (1) copy with their bid. Failure to return a signed copy of this addendum with your bid may render your bid to be non-responsive.

Except as provided herein, all terms and conditions in the bid referenced above remain unchanged and in full force and effect.

Sincerely,

Malcolm Tyson
Assistant Purchasing Agent

ACKNOWLEDGEMENT OF ADDENDUM

COMPANY NAME: _____

SIGNATURE: _____

TITLE: _____

DATE: _____



October 26, 2010

Mr. Ray H. Turner
Financial Systems Administrator
Fulton County Department of Finance
141 Pryor Street, Suite 7001
Atlanta, Georgia 30303

Dear Ray:

We respectfully present in this report the results of our actuarial valuation of the County's postretirement medical and life insurance programs as of January 1, 2009. This report's principal purpose is to provide information regarding:

- the financial statement implications of applying GASB Statement Nos. 43 and 45,
- the magnitude of the program's total liability,
- the program's Annual Required Contribution and Annual OPEB Cost amounts, and
- the impact of advance funding

It is important to note that the County's true liability for its postretirement medical program depends greatly upon future experience and is very difficult to predict accurately. For example, the liability is based upon factors such as future medical inflation, the actual incidence of claims and the actual retirement and termination patterns of participants. Due to the uncertainty of these events, Part II of this report analyzes the sensitivity of the results to variations in future plan experience.

For your convenience, we have summarized the highlights and essential results of the valuation in the Parts I and II of this report. The Table of Contents following this letter outlines the text and tables included in this report.

Respectfully submitted,

Aon Hewitt

A handwritten signature in black ink, appearing to read "J. Paciero".

Jeffrey S. Paciero, F.S.A.
Vice President

Fulton County, Georgia
Actuarial Valuation of the
Other Postemployment Benefits
as of January 1, 2009

October 26, 2010

Fulton County Other Postemployment Benefits

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**Fulton County
Other Postemployment Benefits**

Part I. Summary of Results

A. Key Actuarial Results

		Medical Benefits	Vision Benefits	Life Insurance	Total
1.	Annual Required Contribution ¹ for the Year Ending 12/31/09	\$53,864,529	\$674,229	\$1,102,666	\$55,641,424
2.	Total OPEB Obligation ¹ (Past Service Liability) as of 1/1/09				
	a. Active Employees	\$474,687,489	\$6,350,807	\$7,143,539	\$488,181,835
	b. Inactive Employees	\$432,881,911	\$5,164,772	\$13,490,437	\$451,537,120
	c. Total	\$907,569,400	\$11,515,579	\$20,633,976	\$939,718,955
3.	Total Present Value of Benefits as of 1/1/09				
	a. Active Employees	\$625,281,942	\$8,128,126	\$9,188,891	\$642,598,959
	b. Inactive Employees	\$432,881,911	\$5,164,772	\$13,490,437	\$451,537,120
	c. Total	\$1,058,163,853	\$13,292,898	\$22,679,328	\$1,094,136,079
4.	Expected Benefit Payments for the Year Ending 12/31/09				
	a. Active Employees	\$1,643,894	\$35,546	\$19,313	\$1,698,753
	b. Inactive Employees	\$19,362,422	\$337,388	\$694,616	\$20,394,426
	c. Total	\$21,006,316	\$372,934	\$713,929	\$22,093,179
5.	Plan Assets as of 1/1/09	\$0	\$0	\$0	\$0
6.	Net OPEB Obligation				
	a. Net Obligation as of 12/31/07	\$55,901,256	\$0	\$752,744	\$56,654,000
	b. Annual OPEB Cost ²				
	1. Annual Required Contribution	\$67,117,830	\$0	\$1,167,170	\$68,285,000
	2. Interest on OPEB Obligation	\$0	\$0	\$0	\$0
	3. Adjustment to ARC	\$0	\$0	\$0	\$0
	4. Annual OPEB Cost	\$67,117,830	\$0	\$1,167,170	\$68,285,000
	c. Employer Contributions	\$12,210,837	\$0	\$451,163	\$12,662,000
	d. Net Obligation as of 12/31/08 (a) + (b) - (c)	\$110,808,249	\$0	\$1,468,751	\$112,277,000

Fulton County Other Postemployment Benefits

- ¹ The Annual Required Contribution and Total OPEB Obligation amounts are determined under the Attained Age Normal funding method. This is the method that produced the lowest, total Annual Required Contribution for the plans. Further details of the Annual Required Contribution and Obligations under the Attained Age Normal cost method are shown in Part V.
- ² Per Fulton County.

Fulton County Other Postemployment Benefits

B. Valuation Data

		Total
1.	Number of Active Employees as of 1/1/09	
	a. Male	1,914
	b. Female	2,776
	c. Total	4,690
2.	Number of Retirees with Current Health Coverage as of 1/1/09	
	a. Pre-65	1,433
	b. Post-65	1,082
	c. Total	2,515
3.	Number of Retirees with Current Life Insurance Coverage as of 1/1/09	
	a. Pre-65	1,433
	b. Post-65	1,082
	c. Total	2,515
4.	Number of Retirees with Current Vision Coverage as of 1/1/09	
	a. Pre-65	1,201
	b. Post-65	915
	c. Total	2,116

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Part II. Actuarial Commentary

A. Compliance with GASB Statement Nos. 43 and 45

GASB Statement Nos. 43 and 45 initially apply in fiscal years beginning after December 15, 2007 and December 15, 2008, respectively. For the County, this means that GASB Statement No. 43 will initially apply for the fiscal year beginning January 1, 2006, and GASB Statement No. 45 will initially apply for the fiscal year beginning January 1, 2007. Voluntary, earlier adoption is encouraged.

Statement No. 43 governs accounting by the postretirement medical plans themselves. Statement No. 45 governs the accounting for these plans on the County's financial statements. Generally, the GASB statements require:

1. **Statement No. 43:** Statement No. 43 requires that financial statements prepared for postretirement medical plans measure liabilities on an actuarial basis and that detailed information be reported on both assets and liabilities.
2. **Statement No. 45:** Statement No. 45 requires that the County's financial statements:
 - a. reflect an actuarially computed expense amount each year, rather than an expense that is based on pay-as-you-go accounting, and
 - b. contain detailed disclosures regarding the County's postretirement medical plan's assets and liabilities.

B. Expense for the Fiscal Year Ending December 31, 2009

This report is based on employee data as of January 1, 2009. It contains a calculation of the County's GASB Statement No. 45 expense for postretirement medical, vision, and life insurance benefits for the fiscal year ending December 31, 2009.

For the fiscal year ending December 31, 2009, the County's expense for postretirement medical, vision, and life insurance benefits on a pay-as-you go and on a GASB Statement No. 45 basis is as follows:

Plan	Expense for the Fiscal Year Ending 12/31/09	
	Pay-As-You-Go	GASB Stmt No. 45
Life Insurance	\$713,929	\$1,105,547
Vision Benefits	\$372,934	\$674,229
Medical Benefits	\$21,006,316	\$54,082,004
Total	\$22,093,179	\$55,861,780

The GASB Stmt No. 45 expense shown above is based on the Attained Age Normal funding method which produces the lowest annual expense for 2009. Other funding methods are permitted under the statement and have been analyzed, but not included in this report.

A 30 year amortization of the unfunded OPEB liability was used for purposes of the expense calculation.

As shown in the above table, the County's expense for postretirement medical, vision and life insurance benefits is significantly greater under GASB Statement No. 45 than under the current pay-as-you-go accounting. This is because GASB Statement No. 45 generally requires that the expense of a person's postretirement benefits be accrued over the person's active working lifetime, rather than as he or she receives the benefits. Conversely, under pay-as-you-go accounting, no expense is recorded on a participant's behalf until that person starts to receive benefits.

Fulton County Other Postemployment Benefits

GASB Statement No. 45 allows the actuarially determined expense amount to be based on data collected as of a date that is up to two years earlier than the beginning of the fiscal year for which the expense is determined. Census data as of January 1, 2009 was used for purposes of this valuation.

C. Sensitivity Analysis

The County's true liability for postretirement medical benefits depends greatly upon future economic and demographic factors that are difficult to predict accurately. The calculations in this report are based on the actuarial assumptions that are outlined in Part IV. These assumptions are hereafter referred to as the current assumptions. Different assumptions could yield significantly different results. For example, the effect of a 1% increase or decrease in the rate of medical trend is illustrated in the following table:

	Estimated Effect of a 1% Increase or Decrease in the Medical Trend Rate on:		
	Total Present Value of Medical Benefits	Total Medical OPEB Obligation	Medical Annual Required Contribution
Current Assumptions	\$1,058,163,853	\$907,569,400	\$53,864,529
1% Increase in Medical Trend	\$1,264,234,492 + 19.5%	\$1,068,402,559 + 17.7%	\$65,149,935 + 21.0%
1% Decrease in Medical Trend	\$895,295,260 - 15.4%	\$778,437,760 - 14.2%	\$45,484,537 - 15.6%

	Estimated Effect of a 1% Increase or Decrease in the Vision Trend Rate on:		
	Total Present Value of Vision Benefits	Total Vision OPEB Obligation	Vision Annual Required Contribution
Current Assumptions	\$13,292,898	\$11,515,579	\$674,229
1% Increase in Vision Trend	\$15,603,810 + 17.4%	\$13,335,143 + 15.8%	\$800,553 + 18.7%
1% Decrease in Vision Trend	\$11,433,560 - 14.0%	\$10,029,986 - 12.9%	\$579,295 - 14.1%

In addition to medical trend, the County's GASB Statement No. 45 expense is also highly dependent on assumed rates of employee turnover and retirement.

D. Medicare Prescription Drug, Improvement and Modernization Act of 2003

No plan changes, governmental subsidies, or reduced plan costs are anticipated from the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) for the purposes of this report as required by GASB. Generally, the MMA provides alternative ways for employers to reduce the cost of their postretirement prescription drug costs for retirees over age 65.

Fulton County Other Postemployment Benefits

E. Alternative Funding Methods

Part V of this report illustrates the calculation of the Annual Required Contribution amounts under the Attained Age Normal funding method as allowed by GASB Statement No. 45. The County is assumed to select the method that produces the lowest Annual Required Contribution amount, which is the Attained Age Normal method. Since the ultimate expense of the plan will be the same, regardless of the funding method chosen, a method that minimizes current expense should be expected to result in greater expense amounts at some point in the future.

**Fulton County
Other Postemployment Benefits**

Part III. Actuarial Certification

We have made an actuarial valuation of the County's postretirement medical, vision, and life insurance benefit programs as of January 1, 2009. The employee data and the financial and claims information used in this valuation were submitted to us by the plan sponsor, or at the plan sponsor's direction. The demographic data was collected as of the valuation date. We did not audit any of the submitted data. On the basis of our review of the data, however, we believe that the information is sufficiently complete and reliable for the purposes of this valuation.

In our opinion, the assumptions and methodology underlying this valuation are consistent with the criteria outlined under GASB Statement Nos. 43 and 45 and conform to the Actuarial Standard of Practice No. 6, Measuring Retiree Group Benefit Obligations.

This report is intended for the sole use of Fulton County. It is intended only to provide a 2009 fiscal year expense and liability amounts for GASB Statement Nos. 43 and 45, and it may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other than the intended purposes puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including Fulton County, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Hewitt.

We have no relationship with the County or any of the postretirement benefit programs that may impair or appear to impair the objectivity of our work.

Aon Hewitt



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**Fulton County
Other Postemployment Benefits**

Part IV. Valuation Methods and Assumptions

A. Valuation Methods

The calculations are performed in accordance with the methodology set forth in GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

All of the calculations in this report assume that the plan will continue without change except that retiree cost-sharing provisions, including contributions, are assumed to increase over time at the same rate as the total plan cost. This assumption does not necessarily imply that there is an obligation to do so.

B. Valuation of Assets

As of January 1, 2009, there are no assets set aside for these benefits. This plan is funded on a pay-as-you-go basis.

C. Employees Included in the Calculations

All active employees are included in the calculations.

D. Actuarial Assumptions

1. Discount Rate: 4.4%¹

2. Medical Trend Rate:

Year	Annual Rate
2009	9.0%
2010	8.0%
2011	7.0%
2012	6.5%
2013	6.0%
2014	5.5%
2015	5.0%
2016 Thereafter	5.0%

3. Vision Trend Rate: 3% all years

4. Salary Increases: 4% all years

¹ Part VIII illustrates the effect on the liability and expense of funding the plan in advance. A discount rate of 8.2% was used for such illustrations.

Fulton County Other Postemployment Benefits

4. Beginning Medical Claim Level per Person (used for the 12-month period beginning on the valuation date)

Age	HMO	PPO/Medicare Indemnity	Future Retirees
35	\$3,046	\$4,721	\$3,218
40	\$3,600	\$5,580	\$3,803
45	\$4,276	\$6,628	\$4,517
50	\$5,177	\$8,025	\$5,469
55	\$6,299	\$9,764	\$6,654
60	\$7,812	\$12,109	\$8,252
65	\$5,331	\$3,191	\$4,553
70	\$6,181	\$3,699	\$5,278
75	\$6,824	\$4,084	\$5,828
80	\$7,172	\$4,292	\$6,125
85	\$7,172	\$4,292	\$6,125
90	\$7,172	\$4,292	\$6,125

5. Mortality

Healthy Lives: 1994 Group Annuity Reserve Table Set Forward 2 Years
 Disabled Lives: 1994 Group Annuity Reserve Table Set Forward 5 Years

Age	Healthy Lives		Disabled Lives	
	Male	Female	Male	Female
20	0.06%	0.03%	0.07%	0.03%
30	0.09%	0.04%	0.09%	0.05%
40	0.13%	0.09%	0.17%	0.10%
50	0.35%	0.19%	0.48%	0.25%
60	1.09%	0.63%	1.56%	0.93%
70	3.06%	1.77%	4.00%	2.44%
80	8.12%	5.29%	10.46%	7.28%
90	19.60%	15.27%	25.12%	20.02%

6. Termination

Age	Non-Public Safety		Public Safety	
	Male	Female	Male	Female
22	9.94%	9.94%	3.10%	3.10%
27	9.67%	9.67%	2.65%	2.65%
32	9.30%	9.30%	2.00%	2.00%
37	8.71%	8.71%	1.38%	1.38%
42	7.75%	7.75%	0.79%	0.79%
47	6.35%	6.35%	0.32%	0.32%
52	4.23%	4.23%	0.00%	0.00%
57	1.55%	1.55%	0.00%	0.00%

Termination rates are 0% upon retirement eligibility.

Fulton County Other Postemployment Benefits

7. Disability Rates

Age	Non-Public Safety		Public Safety	
	Male	Female	Male	Female
22	0.03%	0.03%	0.04%	0.04%
27	0.03%	0.03%	0.16%	0.16%
32	0.04%	0.04%	0.29%	0.29%
37	0.06%	0.06%	0.42%	0.42%
42	0.08%	0.08%	0.52%	0.52%
47	0.14%	0.14%	0.75%	0.75%
52	0.23%	0.23%	1.15%	1.15%
57	0.38%	0.38%	1.40%	1.40%

8. Retirement Rates

All Employees: Upon early retirement eligibility and prior to unreduced retirement eligibility, employees are assumed to retire at rates set forth in paragraph 6, termination rates.

All Employees: 50% per year at all ages upon eligibility for unreduced retirement.

Public Safety: 100% at age 65.

Non-Public Safety: 100% age 70.

9. Percentage of Eligible Employees Who Elect Life Insurance

- Option A: 100%
- Option B: 0%

10. Percentage of Eligible Employees Who Elect Postretirement Health Care Coverage 90%

11. Percentage of Future Retirees with Postretirement Health Care Coverage Who Elect Spouse Coverage 75% if male participant
50% if female participant

12. Expenses Included in claims cost

13. Percentage of Disabilities in Line of Duty 60%

Fulton County Other Postemployment Benefits

E. Other Considerations

1. There are no significant liabilities for this plan other than for benefits.
2. Although we believe these to be accurate and complete as of the valuation date, employee data supplied to us by the Employer has not been audited by us.
3. All male (female) employees who are either known to be, or assumed to be, married and for whom we have no spouse information are assumed to have a spouse who is four years younger (older) than the retiree.
4. All retirees who have coverage other than single are assumed to have spousal coverage according to the preceding paragraph. No dependent coverage was measured for purposes of this valuation.
5. Annual Required Contribution amounts were calculated under the Attained Age Normal funding method permitted under GASB Statement No. 45.
6. Under the Attained Age Normal method, the present value of future normal costs are spread over a participant's future earnings (rather than service) from the valuation date to the participant's expected termination of employment.
7. The Accrued Liability is spread on a level percentage of payroll assuming an underlying payroll inflation rate of 3%.
8. In accordance with paragraph 37 of GASB Statement No. 45, the County's net OPEB obligation is assumed to be set to \$0 at the time GASB Statement No. 45 is first applied.
9. Where applicable, entry age is set equal to the participant's age at hire.

Fulton County Other Postemployment Benefits

Part V. GASB Statement Nos. 43 and 45 Actuarial Information

The substantive plan that is the basis for this accounting is the plan described in Part VI together with the assumptions described in Part IV.

		Medical Benefits	Vision Benefits	Life Insurance	Total
1.	Total present value of benefits as of 1/1/09				
	a. Active Employees	\$625,281,942	\$8,128,126	\$9,188,891	\$642,598,959
	b. Inactive Employees	\$432,881,911	\$5,164,772	\$13,490,437	\$451,537,120
	c. Total	\$1,058,163,853	\$13,292,898	\$22,679,328	\$1,094,136,079
2.	Total OPEB obligation (past service liability) as of 1/1/09				
	a. Active Employees	\$474,687,489	\$6,350,807	\$7,143,539	\$488,181,835
	b. Inactive Employees	\$432,881,911	\$5,164,772	\$13,490,437	\$451,537,120
	c. Total	\$907,569,400	\$11,515,579	\$20,633,976	\$939,718,955
3.	Plan assets as of 1/1/09	\$0	\$0	\$0	\$0
4.	Present value of future salaries as of 1/1/09	\$1,769,831,488	\$1,769,831,488	\$1,769,831,488	\$1,769,831,488
5.	Current year total salary	\$214,742,576	\$214,742,576	\$214,742,576	\$214,742,576
6.	Amortization ¹ of unfunded OPEB obligation as of 1/1/09, with interest to 12/31/09	\$38,151,839	\$484,085	\$867,398	\$39,503,322
7.	Normal cost of benefits as of 1/1/09, with interest to 12/31/09	\$15,712,690	\$190,144	\$235,268	\$16,138,102
8.	Annual Required Contribution for benefits for the year ending 12/31/09 [(6) + (7)]	\$53,864,529	\$674,229	\$1,102,666	\$55,641,424
9.	Net OPEB Obligation				
	a. Net Obligation as of 12/31/07	\$55,901,256	\$0	\$752,744	\$56,654,000
	b. Annual OPEB Cost ²				
	1. Annual Required Contribution	\$67,117,830	\$0	\$1,167,170	\$68,285,000
	2. Interest on OPEB Obligation	\$0	\$0	\$0	\$0
	3. Adjustment to ARC	\$0	\$0	\$0	\$0
	4. Annual OPEB Cost	\$67,117,830	\$0	\$1,167,170	\$68,285,000
	c. Employer Contributions	\$12,210,837	\$0	\$451,163	\$12,662,000
	d. Net Obligation as of 12/31/08 (a) + (b) - (c)	\$110,808,249	\$0	\$1,468,751	\$112,277,000

¹ 30-year amortization of the unfunded OPEB liability was used.

² Per Fulton County

Fulton County Other Postemployment Benefits

Part VI. Summary of Current Plan Provisions

Medical and Vision Benefits Eligibility

Defined benefit plan participants and grandfathered employees (i.e., defined contribution plan participants who transferred from the defined benefit plan prior to 2004) who retire from active service are eligible to receive continued healthcare, provided that they satisfy one of the following requirements:

- qualify for unreduced retirement
 - leave employment after age 65 with 10 years of service.
 - leave employment after age 60 with at least 15 years of service.
 - leave employment after 10 years of employment upon which the sum of age and years of service equals or exceeds 79 (80 for grandfathered employees).
- leave employment upon disability in line of duty for peace officers.
- leave employment upon disability after 10 years of service.
- leave employment after 15 years of service.

All other employees who retire from active service are eligible to receive continued healthcare, provided that they satisfy one of the following requirements:

- qualify for unreduced retirement
 - leave employment after age 65 with 10 years of service.
 - leave employment after age 60 with at least 15 years of service.
 - leave employment after 10 years of employment upon which the sum of age and years of service equals or exceeds 80.
- leave employment upon disability after 10 years of service.

Life Insurance Eligibility

Employees who retire (as defined above) from active service on or after December 1, 1988 and who were at least age 55 on December 1, 1988 are eligible for life insurance under the following two options:

- Option A – provides a life insurance benefit of \$10,000
- Option B – provides a life insurance benefit, no less than \$6,000, equal to the lesser of (1) 40% of the life insurance benefit in effect prior to retirement as an active employee and (2) \$50,000

Employees who retire (as defined above) from active service on or after December 1, 1988 and who were under age 55 on December 1, 1988 are eligible for life insurance under the following option:

- Option A – provides a life insurance benefit of \$10,000

Those retirees who were insured under the Prior Plan on June 30, 1997, the life insurance benefit is equal to the amount of life insurance in effect under the Prior Plan on June 30, 1997.

Fulton County Other Postemployment Benefits

Monthly Retiree Contributions for Medical Benefits

Single Coverage

Plan	Year of Retirement			
	Prior to 2005	2005	2006	After 2006
PPO	\$172.15	\$189.36	\$197.97	\$215.18
PPO Plus Pre 65	\$179.14	N/A	N/A	N/A
HMO Pre 65	\$49.40	\$74.10	\$83.98	\$98.80
Medicare Indemnity	\$73.65	\$81.01	\$84.69	\$92.06
PPO Plus	\$36.82	N/A	N/A	N/A
HMO	\$57.12	\$85.68	\$97.11	\$114.24

Single Plus One Coverage

Plan	Year of Retirement			
	Prior to 2005	2005	2006	After 2006
PPO	\$317.73	\$349.50	\$365.39	\$397.16
PPO Plus Pre 65	\$312.31	N/A	N/A	N/A
HMO Pre 65	\$94.44	\$141.65	\$160.54	\$188.87
Medicare Indemnity	\$188.87	\$207.54	\$216.97	\$235.84
PPO Plus	\$94.34	N/A	N/A	N/A
HMO	\$107.90	\$161.85	\$183.43	\$215.80

Retiree Contributions for Life Insurance

No retiree contributions are required for life insurance unless the retiree elects Option B. Retirees electing Option B pay a premium as reported on the submitted data.

Fulton County Other Postemployment Benefits

Medical Benefit Plan Provisions

Deductible (Single/Family)	
HMO	None
PPO	\$200 / \$400
Medicare Indemnity	\$100 / \$200
Out-of-Pocket Limit including deductible (single/family)	
HMO	None
PPO	\$1,500 / \$3,000
Medicare Indemnity	None
Prescription Drug Benefits	
Retail Pharmacy	
Generic Copay	\$7
Preferred Brand Copay	\$20
Nonpreferred Brand Copay	\$35
Self-Administered Injectable Product	\$50
Mail Order Pharmacy	
Generic Copay	\$15
Preferred Brand Copay	\$40
Nonpreferred Brand Copay	\$75
Self-Administered Injectable Product	\$100
Lifetime Maximum	
HMO	None
PPO	\$1,000,000
Medicare Indemnity	\$1,000,000

Surviving Spouses

If a retiree dies with spousal and/or dependent coverage in force, the coverage will cease on the earliest of the following dates:

- 90 days after the retiree's death,
- failure to make required contributions, or
- loss of dependent eligibility

Fulton County Other Postemployment Benefits

Part VII. Demographic Information

A. Age/Service Distribution of Active Employees

Age	Completed Years of Employment									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 20	0	0	0	0	0	0	0	0	0	0
20-24	43	5	0	0	0	0	0	0	0	48
25-29	160	57	8	0	0	0	0	0	0	225
30-34	197	153	49	3	0	0	0	0	0	402
35-39	181	227	195	39	6	0	0	0	0	648
40-44	153	182	219	177	68	3	0	0	0	802
45-49	116	171	178	184	179	19	1	0	0	848
50-54	111	154	134	157	155	40	9	0	0	760
55-59	73	107	127	120	92	38	24	4	0	585
60-64	32	66	67	52	37	18	9	5	0	286
65-69	10	14	17	11	8	5	2	0	0	67
70+	0	3	5	2	6	0	2	1	0	19
Total	1,076	1,139	999	745	551	123	47	10	0	4,690

Fulton County Other Postemployment Benefits

B. Summary Statistics as of January 1, 2009

	Number of Participants Costed	Average Attained Age	Average Past Service	Average Salary (\$)
1. Active employees				
i. Male	1,914	45.86	11.95	48,762
ii. Female	2,776	45.48	11.25	43,951
iii. Total	4,690	45.63	11.54	45,915
2. Disabled retirees with health coverage				
i. Pre 65	52	54.84	N/A	N/A
ii. Post 65	22	76.09	N/A	N/A
iii. Total	74	61.16	N/A	N/A
3. Non-disabled retirees with health coverage				
i. Pre 65	1,381	56.58	N/A	N/A
ii. Post 65	1,060	74.09	N/A	N/A
iii. Total	2,441	64.18	N/A	N/A
4. Disabled retirees with life insurance coverage				
i. Pre 65	52	54.84	N/A	N/A
ii. Post 65	22	76.09	N/A	N/A
iii. Total	74	61.16	N/A	N/A
5. Non-disabled retirees with life insurance coverage				
i. Pre 65	1,381	56.58	N/A	N/A
ii. Post 65	1,060	74.09	N/A	N/A
iii. Total	2,441	64.18	N/A	N/A

Fulton County Other Postemployment Benefits

	Number of Participants Costed	Average Attained Age	Average Past Service	Average Salary (\$)
6. Disabled retirees with vision insurance				
i. Pre 65	48	55.01	N/A	N/A
ii. Post 65	20	75.17	N/A	N/A
iii. Total	68	60.94		
7. Non-disabled retirees with vision insurance				
i. Pre 65	1,153	56.78	N/A	N/A
ii. Post 65	895	74.09	N/A	N/A
iii. Total	2,048	64.34	N/A	N/A

Fulton County Other Postemployment Benefits

Part VIII. Impact of Advance Funding

A. Summary of Projected Annual Required Contribution, Expense, and Asset Amounts

1. Overview

This part of the report illustrates the impact that advance funding has on the annual required contribution and expense amounts for each of the three plans. Generally, advance funding is expected to reduce these amounts slightly in the first year GASB Statement No. 45 applies and for the foreseeable future. The following table compares the total projected expense amount for each of the next ten years, with and without advance funding, assuming GASB Statement No. 45 is initially applied during the fiscal year ending December 31, 2007. The reduction in expense caused by advance funding increases each year. This is because plan assets will accumulate under the advance funding scenario, and the expected return on those assets will reduce the GASB Statement No. 45 expense. It is important to note, however, that the cost of devoting County assets to these plans should be considered in the decision of whether to advance fund.

Projected Total GASB Statement No. 45 Expense, With and Without Advance Funding

Year Ending 12/31/	Without Advance Funding	With Advance Funding	Expected Reduction from Advance Funding	
			Dollar Amount	Percentage
2009	\$61,175,671	\$48,249,463	(\$12,926,208)	21.1%
2010	64,202,842	48,823,896	(15,378,946)	24.0%
2011	67,115,605	49,444,897	(17,670,708)	26.3%
2012	70,237,254	50,142,048	(20,095,206)	28.6%
2013	73,499,439	50,921,647	(22,577,792)	30.7%
2014	77,024,819	51,745,630	(25,279,189)	32.8%
2015	80,704,632	52,667,920	(28,036,712)	34.7%
2016	84,322,230	53,611,234	(30,710,996)	36.4%
2017	87,960,919	54,636,585	(33,324,334)	37.9%
2018	91,648,927	55,736,766	(35,912,161)	39.2%

The following tables (labeled (2) – (5)) show additional details of the projected annual required contribution and expense amounts for each of the three plans.

Fulton County Other Postemployment Benefits

2. Medical Benefits

Year Ending 12/31/	Annual Required Contribution		Financial Statement Expense		Asset Value at Beginning of Year	
	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding
2009	\$59,258,834	\$45,068,907	\$59,287,540	\$46,689,566	\$0	\$0
2010	62,216,873	45,524,821	62,255,347	47,250,073	0	24,679,271
2011	65,065,950	46,033,967	65,113,917	47,856,099	0	47,828,764
2012	68,121,610	46,624,572	68,178,984	48,536,587	0	70,228,565
2013	71,317,446	47,302,314	71,384,282	49,297,851	0	92,233,011
2014	74,774,047	48,029,688	74,850,388	50,102,945	0	113,709,468
2015	78,384,639	48,858,753	78,470,513	51,004,429	0	134,325,738
2016	81,936,910	49,713,393	82,032,447	51,926,632	0	154,350,706
2017	85,513,068	50,653,280	85,618,310	52,929,623	0	173,472,623
2018	89,139,851	51,670,355	89,254,940	54,005,703	0	192,070,256

3. Life Insurance

Year Ending 12/31/	Annual Required Contribution		Financial Statement Expense		Asset Value at Beginning of Year	
	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding
2009	\$1,160,459	\$936,401	\$1,160,839	\$957,883	\$0	\$0
2010	1,192,314	942,269	1,192,806	965,137	0	214,576
2011	1,221,009	948,718	1,221,610	972,870	0	409,016
2012	1,250,258	956,078	1,250,967	981,422	0	592,104
2013	1,279,184	964,308	1,279,999	990,759	0	765,359
2014	1,308,630	972,810	1,309,550	1,000,291	0	928,343
2015	1,337,957	982,275	1,338,981	1,010,716	0	1,079,633
2016	1,365,006	991,941	1,366,135	1,021,278	0	1,221,279
2017	1,390,451	1,002,185	1,391,681	1,032,358	0	1,349,287
2018	1,415,125	1,013,381	1,416,455	1,044,336	0	1,464,526

Fulton County Other Postemployment Benefits

4. Vision Benefits

Year Ending 9/30/	Annual Required Contribution		Financial Statement Expense		Asset Value at Beginning of Year	
	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding
2009	\$727,292	\$602,014	\$727,292	\$602,014	\$0	\$0
2010	754,598	608,686	754,687	608,686	0	211,435
2011	779,904	615,930	780,078	615,930	0	400,074
2012	807,046	624,039	807,303	624,039	0	580,227
2013	834,818	633,037	835,156	633,037	0	750,134
2014	864,462	642,393	864,880	642,393	0	904,741
2015	894,644	652,776	895,139	652,776	0	1,040,499
2016	923,078	663,324	923,647	663,324	0	1,158,411
2017	950,288	674,603	950,927	674,603	0	1,251,619
2018	976,825	686,726	977,531	686,726	0	1,323,275

5. Total

Year Ending 12/31/	Annual Required Contribution		Financial Statement Expense		Asset Value at Beginning of Year	
	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding	Pay-As-You-Go	Advance Funding
2009	\$61,146,585	\$46,607,322	\$61,175,671	\$48,249,463	\$0	\$0
2010	64,163,786	47,075,776	64,202,842	48,823,896	0	25,105,282
2011	67,066,863	47,598,613	67,115,605	49,444,897	0	48,637,854
2012	70,178,914	48,204,689	70,237,254	50,142,048	0	71,400,895
2013	73,431,450	48,899,659	73,499,439	50,921,647	0	93,748,503
2014	76,947,140	49,644,891	77,024,819	51,745,630	0	115,542,551
2015	80,617,239	50,493,803	80,704,632	52,667,920	0	136,445,870
2016	84,224,996	51,368,659	84,322,230	53,611,234	0	156,730,396
2017	87,853,808	52,330,069	87,960,919	54,636,585	0	176,073,530
2018	91,531,802	53,370,463	91,648,927	55,736,766	0	194,858,060

Fulton County Other Postemployment Benefits

B. Projected Benefit Payments

The following table shows projected benefit payments from each of the plans during the projection period. In the absence of GASB Statement No. 45, assuming the County continued to expense these benefits on a pay-as-you-go basis, these are the amounts that the County would have been projected to expense.

Year Ending 12/31/	Medical Benefits	Vision	Life Insurance	Total
2009	\$21,159,832	\$375,488	\$714,586	\$22,249,906
2010	25,114,857	420,484	757,833	26,293,174
2011	28,243,101	450,477	791,509	29,485,087
2012	31,043,187	482,325	823,616	32,349,128
2013	34,017,269	519,078	856,125	35,392,472
2014	37,311,228	558,381	889,379	38,758,988
2015	40,371,546	596,221	920,599	41,888,366
2016	43,704,873	639,406	955,030	45,299,310
2017	46,680,546	678,317	988,048	48,346,911
2018	50,126,397	717,075	1,023,463	51,866,935

C. Key Assumptions Underlying Projections

1. Assets that are used to prefund the post-retirement benefit are expected to return 8.2% per year. This accounts for the entire difference in the expense amount during the first year of the projection period.
2. The population of active employees is assumed to remain stable during the projection period. Therefore, the total number of participants (active plus inactive) increases over time due to future retirements.
3. No material, future experience gains or losses are assumed to occur.
4. Under the Pay-As-You-Go option, the employer is assumed to pay benefits when due. Under the Advance Funding option, the employer is assumed to contribute the Annual Required Contribution amount to the trust fund each year.

Fulton County Other Postemployment Benefits

D. Ideas to Minimize the Financial Impact of GASB Statement Nos. 43 and 45

Some ideas that could help the County minimize the impact of GASB Statement Nos. 43 and 45 are listed below. There are many variations for each idea listed. The magnitude of each possible change can vary greatly, based on the extent of the change. Ideas include:

1. Reduce plan benefits
2. Increase the required level of contributions from retirees
 - a. For all retirees, or prospective retirees only
 - b. Charge higher contributions to employees who retire with shorter lengths of service
 - c. Charge higher contributions to employees who retire at younger ages
 - d. Charge higher contributions for retiree's prior to age 65 based on expected claims for retirees only (i.e., do not reflect expected claim experience of active employees when setting retiree rates)
3. Change the eligibility requirements to receive benefits
 - a. Require all employees to retire at or after age 55 to receive benefits
 - b. Increase the required length of service
 - c. Require the sum of an employee's age and length of service at retirement to equal or exceed a designated total in all situations
 - d. Disregard years of service prior to a certain age in determining eligibility
4. Change the format of retiree contributions to be the full age-adjusted cost of benefits, minus a fixed subsidy from the County
5. Adopt a policy to contribute an amount equal to the Annual Required Contribution each year.

Fulton County Other Postemployment Benefits

Part IX. Glossary of Postretirement Welfare Benefit Terms

This Glossary contains definitions and examples of a number of terms frequently used when discussing postretirement welfare benefits. It is intended to assist people currently unfamiliar with GASB 45 accounting rules and does not represent a complete or exhaustive description of the topic.

Actuarial Present Value

The value of a series of expected future payments, projected based on a number of actuarial assumptions, and discounted back to the valuation date.

Example: A \$100 payment which has a 25% chance of occurring one year from now would have an actuarial present value of $(\$100)(.25) \div 1.08 = \23.15 , assuming an 8% discount rate.

Actuarial Accrued Liability

That portion, as determined by a particular actuarial cost method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation.

Unfunded Actuarial Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the actuarial cost method.

Annual Required Contribution

The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

The components of the annual required contribution generally include:

- Normal Cost

- Amortization of Unfunded Actuarial Liability

Annual OPEB Cost

An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan. The components of the annual OPEB cost generally include:

- Annual Required Contribution

- Interest on the Net OPEB Obligation

- Adjustment to the Annual Required Contribution

Interest on the Net OPEB Obligation

A component of annual OPEB cost which equals the discount rate times the net OPEB obligation

Fulton County Other Postemployment Benefits

Adjustment to the Annual Required Contribution

A level dollar or level percentage of projected payroll amortization of the annual required contribution using the same amortization method and period as the Amortization of Unfunded Actuarial Liability.

Net OPEB Obligation

The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Amortization of Unfunded Actuarial Liability

A level dollar or level percentage of projected payroll amortization of unfunded actuarial liability. The maximum amortization period is 30 years. The minimum amortization period for a significant decrease in unfunded actuarial liability due to changes in actuarial methods is 10 years.