

**THE STATE OF TENNESSEE –
LOCAL EDUCATION EMPLOYEE GROUP PLAN**

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



July 31, 2014

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

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

Dear Mr. Boone:

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

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

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 the 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

TABLE OF CONTENTS

<u>SECTION</u>	<u>TITLE</u>	<u>PAGE</u>
A	EXECUTIVE SUMMARY	A-1
B	SUMMARY OF ACTUARIAL VALUATION RESULTS	
	1. SUMMARY OF ACTUARIAL VALUATION RESULTS	B-1
	2. AGE AND SERVICE TABLES	B-4
C	DEVELOPMENT OF INITIAL PER CAPITA COSTS	C-1
D	ACTUARIAL ASSUMPTIONS AND METHODS	
	1. METHODS AND DEMOGRAPHIC/ECONOMIC ASSUMPTIONS	D-1
	2. HEALTH COVERAGE ASSUMPTIONS	D-4
	3. MISCELLANEOUS AND TECHNICAL ASSUMPTIONS	D-8
	4. DEFINITION OF TECHNICAL TERMS	D-9
E	SUMMARY OF SUBSTANTIVE PLAN PROVISIONS	E-1
F	GASB DISCLOSURES	F-1
APPENDIX	RESULTS BY EMPLOYER	G-1

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 Local Education Employee Group Plan. The Substantive Plan provisions for the OPEBs provided through the Local Education Employee Group 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 and Local Education employers 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 Local Education Employee Group Plan. In general, retired teachers receive premium subsidies from the State. In addition, Local Education Agency retirees may be receiving subsidies from the employer. More details can be found in the section titled “Summary of the Substantive Plan Provisions.”

IMPLICIT RATE SUBSIDY

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

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

GASB No. 45 calls this the “implicit rate subsidy” and it is not an insignificant amount. A group of 62-year-old retirees or dependents can easily cost over 50% more than the employer is collecting from them for coverage.

The governmental entity, therefore, has assumed an obligation to pay for that implicit subsidy for the covered lifetimes of the current retirees and their dependents, as well for the covered lifetimes of the current employees after they retire.

Measuring the current year's implicit subsidy (and direct subsidy), projecting them for decades into the future and making an allocation of that cost to different years, is the purpose of this Actuarial Valuation and Report. The implicit subsidy is attributable as an obligation of the Local Education employers due to their participation on the Local Education Employee Group Plan.

FUNDED AND UNFUNDED PLANS

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

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

ACTUARIAL ASSUMPTIONS

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

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

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

ACTUARIAL COST METHODS

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

SUMMARY

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

	As of	July 1, 2013	July 1, 2011 ¹
Actuarial Accrued Liability (State and Local)	\$	931,590,467	\$ 1,016,531,000
Actuarial Value of Assets		-	-
Unfunded Actuarial Accrued Liability		931,590,467	1,016,531,000
	For FYE	June 30, 2014	June 30, 2012
Annual Required Contribution (State and Local)		101,099,088	107,180,000
Per Covered Active Employee		1,564	1,698

¹As reflected in prior actuarial reports.

ACCRUED LIABILITY AND ANNUAL OPEB COST

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

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

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

CHANGES IN COSTS AND LIABILITIES

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

- *Initial cost of coverage:* The average cost of coverage decreased since the prior valuation was performed. It was previously assumed that the 60 year old retiree, for example, would incur an average of \$9,739 in claims and other costs for the fiscal year 2011/2012. In this Actuarial Valuation it is assumed for the calendar year 2013, that a 60-year old male participant would incur \$8,901 on average and a female would incur \$8,373. This is much lower than projected cost of \$11,096 based on assumptions used in the prior valuation. This had a major decreasing effect on the costs and liabilities.
- *Changes in Retiree Premiums:* The average gross premium rate increased from \$480 per month as of 1/1/2011 to \$525 for the year beginning 1/1/2013. Although this increase was slower than projected, it had an effect of narrowing the gap between costs and gross premiums which further decreased the OPEB costs and liabilities. This effect was limited by direct premium subsidies provided by the State and local employers. Premium increases had an increasing impact on liabilities arising from the direct premium subsidies but the overall impact was a decrease.
- *Changes in covered population:* Number of retirees with medical coverage currently included in the valuation increased from 5,838 as of 7/1/2011 to 6,009 as of 7/1/2013. At the same time, the number of active employees with medical coverage increased from 63,110 to 64,646. The combined population changes had an increasing effect on the costs and liabilities.
- *Medical trend assumption:* The assumed trend of Medical/Rx cost increases has been revised. In the previous valuation, the trend rates for costs and premiums were assumed to be 8.25% for the year beginning 1/1/2014 (over 2013) and decreasing each year thereafter to the ultimate value of 5.0%. The trend rate for the cost of benefits and premiums charged to retirees has been revised to be based on the forecasting model built and published (December 2007) in *Modeling Long-Term Health Care Cost Trends* sponsored by the Society of Actuaries and authored by Prof. Thomas E. Getzen. Under this model, assumed trend rates decline over a 30-year period from 7.5% assumed for 2014 to the ultimate level of 4.2%. This had a decreasing effect on the costs and liabilities.
- *Demographic assumptions:* Demographic assumptions have been revised to reflect changes made by the Tennessee Consolidated Retirement System for its July 1, 2013 actuarial valuation. These assumptions include rates of disability, retirement and termination for all other reasons as well as mortality rate as applicable to disability retirees. In addition, the assumed post-retirement mortality rates have been revised to be taken from the customized TCRS mortality table developed in the recent experience study but with generational mortality improvements from 2010 base year using the Society of Actuaries' Scale BB. The pre-retirement mortality rates are taken from the RP-2000 mortality tables with generational improvements from 2000 base year using the same Scale BB.
- *Economic assumptions:* Based on recent forecasts by various sources, the assumed rate of general inflation is set at 2.5% (down from what was presumed to be 3% in the previous Actuarial Valuation). This change had no direct impact on the results presented herein. The assumed payroll growth rate has also been changed from 2.5% to 3%. This change was made for consistency with other economic assumptions (inflation of 2.5% and assumed discount rate of 4%) and it had no effect on the actuarial

liability but decreased the accounting expense due to the steeper amortization pattern which starts out lower.

- *Reflecting provisions of the Affordable Care Act:* The cost trend rate was increased for the years 2025 and later by 0.50% to reflect an expected impact of the Excise Tax on High-Cost Employer Health Plans. Additional details can be found on pages B-3 and D-6. This change had an increasing effect on the costs and liabilities.

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

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

SECTION B

SUMMARY OF ACTUARIAL VALUATION RESULTS

ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013

	Total Medical/Rx Costs	Retirees' Medical/Rx Premiums	Local Subsidy	State Subsidy	Net Employer Costs
Number of Participants Covered					
Active Participants					64,646
Retired Participants					6,009
Total Participants					70,655
Actuarial Present Value of Benefits					
Active Participants	2,025,857,161	(1,434,898,251)	459,113,244	479,123,712	1,529,195,866
Retired Participants	279,290,463	(189,693,189)	53,316,166	71,335,745	214,249,185
Total Actuarial Present Value of Benefits	2,305,147,624	(1,624,591,440)	512,429,410	550,459,457	1,743,445,051
Actuarial Accrued Liability (Projected Unit Cost Actuarial Method)					
Active Participants	941,207,222	(661,686,036)	214,358,757	223,461,339	717,341,282
Retired Participants	279,290,463	(189,693,189)	53,316,166	71,335,745	214,249,185
Total Actuarial Accrued Liability	1,220,497,685	(851,379,225)	267,674,923	294,797,084	931,590,467
Actuarial Value of Assets	-	-	-	-	-
Unfunded Actuarial Accrued Liability	1,220,497,685	(851,379,225)	267,674,923	294,797,084	931,590,467
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)					
Normal Cost	76,272,378	(54,160,905)	17,727,786	16,929,665	56,768,924
Amortization of UAAL	54,910,674	(38,303,888)	14,298,104	13,425,274	44,330,164
Annual Required Contribution for FYE 6/30/14	\$ 131,183,052	\$ (92,464,794)	\$ 32,025,891	\$ 30,354,939	\$ 101,099,088
Per Active Participant	\$ 2,029	\$ (1,430)	\$ 495	\$ 470	\$ 1,564

UAAL Amortization Period and Payments (All A subsidy)

Date Established	Original UAAL Amount	Remaining UAAL Amount	Years Remaining	Amortization Payment
July 1, 2007 ¹	\$ 931,589,000	\$ 917,809,042	24	\$ 43,485,271
July 1, 2009 ¹	48,311,000	47,946,428	26	2,116,466
July 1, 2010 ¹	(17,035,000)	(16,930,771)	27	(723,020)
July 1, 2011 ¹	51,571,000	51,256,875	28	2,120,491
July 1, 2013	(68,491,107)	(68,491,107)	30	(2,669,044)
Total		931,590,467		44,330,164

¹As reflected in prior actuarial reports.

ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013

	Local Subsidy			State Direct Subsidy	Total Employer/State Costs
	Implicit Subsidy	Direct Premium Subsidy	Total Local Subsidy		
Number of Participants Covered					
Active Participants					64,646
Retired Participants					6,009
Total Participants					70,655
Actuarial Present Value of Benefits					
Active Participants	590,958,910	459,113,244	1,050,072,154	479,123,712	1,529,195,866
Retired Participants	89,597,274	53,316,166	142,913,440	71,335,745	214,249,185
Total Actuarial Present Value of Benefits	680,556,184	512,429,410	1,192,985,594	550,459,457	1,743,445,051
Actuarial Accrued Liability (Projected Unit Cost Actuarial Method)					
Active Participants	279,521,186	214,358,757	493,879,943	223,461,339	717,341,282
Retired Participants	89,597,274	53,316,166	142,913,440	71,335,745	214,249,185
Total Actuarial Accrued Liability	369,118,460	267,674,923	636,793,383	294,797,084	931,590,467
Actuarial Value of Assets	-	-	-	-	-
Unfunded Actuarial Accrued Liability	369,118,460	267,674,923	636,793,383	294,797,084	931,590,467
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)					
Normal Cost	22,111,473	17,727,786	39,839,259	16,929,665	56,768,924
Amortization of UAAL	16,606,786	14,298,104	30,904,890	13,425,274	44,330,164
Annual Required Contribution for FYE 6/30/14	\$ 38,718,258	\$ 32,025,891	\$ 70,744,149	\$ 30,354,939	\$ 101,099,088
Per Active Participant	\$ 599	\$ 495	\$ 1,094	\$ 470	\$ 1,564
Annual OPEB Cost for FYE 6/30/14					
ARC				30,354,939	
Interest on NOO				1,828,600	
Adjustment to ARC				(1,781,477)	
Total Annual OPEB Cost for FYE 6/30/14				30,402,062	

UAAL Amortization Period and Payments - State Subsidy				
Date Established	Original UAAL Amount	Remaining UAAL Amount	Years Remaining	Amortization Payment
July 1, 2007 ¹	\$ 252,546,000	\$ 248,810,492	24	\$ 11,788,500
July 1, 2009 ¹	(12,541,000)	(12,445,657)	26	(549,380)
July 1, 2010 ¹	(25,664,000)	(25,507,364)	27	(1,089,278)
July 1, 2011 ¹	1,833,000	1,821,360	28	75,349
July 1, 2013	82,118,252	82,118,252	30	3,200,083
Total		294,797,084		13,425,274

¹As reflected in prior actuarial reports.

EFFECT OF THE EXCISE TAX ON HIGH COST HEALTH PLANS

Results presented above reflect the estimated impact of the excise tax on high cost (Cadillac) health plans. As provided by the Patient Protection and Affordable Care Act of 2010, provisions of the law pertaining to the tax will first take effect in 2018. The excise tax will be 40% of costs above a threshold. Under our valuation assumptions, we anticipate that the Plan will be subject to the excise tax as soon as it becomes effective in 2018. Additional details can be found on page D-7. The following table illustrates an estimated impact of the tax:

ACTUARIAL VALUATION RESULTS AS OF JULY 1, 2013		
	Results Reflecting Expected Impact of Excise Tax	Original Results (Without Provisions for Excise Tax)
Number of Participants Covered		
Active Participants	64,646	64,646
Retired Participants and Surviving Spouses	6,009	6,009
Total Participants	70,655	70,655
Actuarial Present Value of Benefits		
Active Participants	1,529,195,866	1,460,467,942
Retired Participants	214,249,185	214,249,185
Total Actuarial Present Value of Benefits	1,743,445,051	1,674,717,127
Actuarial Accrued Liability (Projected Unit Credit Actuarial Cost Method)		
Active Participants	717,341,282	698,085,271
Retired Participants	214,249,185	214,249,185
Total Actuarial Accrued Liability	931,590,467	912,334,456
Actuarial Value of Assets	-	-
Unfunded Actuarial Accrued Liability (PUC)	931,590,467	912,334,456
Annual Required Contribution of the Employer (ARC) for YE 6/30/14 (Projected Unit Credit Actuarial Cost Method)		
Normal Cost	56,768,924	53,254,693
Amortization of UAAL	44,330,164	43,594,345
Annual Required Contribution for FYE 6/30/14	\$ 101,099,088	\$ 96,849,038

AGE/SERVICE DISTRIBUTION FOR PLAN PARTICIPANTS

Age Group	Years of Service to Valuation Date - Active Employees							Total
	0-5	6-9	10-14	15-19	20-24	25-29	30&Up	
0 - 14	-	-	-	-	-	-	-	-
15 - 19	3	-	-	-	-	-	-	3
20 - 24	1,099	1	-	-	-	-	-	1,100
25 - 29	4,313	1,167	1	-	-	-	-	5,481
30 - 34	2,333	3,740	778	3	-	-	-	6,854
35 - 39	1,942	2,145	2,985	703	2	-	-	7,777
40 - 44	1,922	2,114	1,869	2,518	671	4	-	9,098
45 - 49	1,608	1,838	1,564	1,398	1,736	414	4	8,562
50 - 54	1,234	1,457	1,492	1,366	1,111	1,399	370	8,429
55 - 59	947	1,174	1,142	1,299	1,193	948	1,449	8,152
60 - 64	650	779	713	793	935	661	1,240	5,771
65 - 69	273	369	355	303	340	261	455	2,356
70 - 74	95	168	163	138	187	99	213	1,063
75 - 99	-	-	-	-	-	-	-	-
Total	16,419	14,952	11,062	8,521	6,175	3,786	3,731	64,646

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

Age Group	Retirees		
	Male	Female	Total
0 - 44	4	9	13
45 - 49	8	15	23
50 - 54	34	156	190
55 - 59	284	1,129	1,413
60 - 64	1,061	3,217	4,278
65 - 69	35	19	54
70 - 74	4	2	6
75 - 79	4	5	9
80 - 84	4	6	10
85 - 89	-	4	4
90 - 94	1	7	8
95 - +	-	1	1
Total	1,439	4,570	6,009

SECTION C

DEVELOPMENT OF INITIAL PER CAPITA COSTS

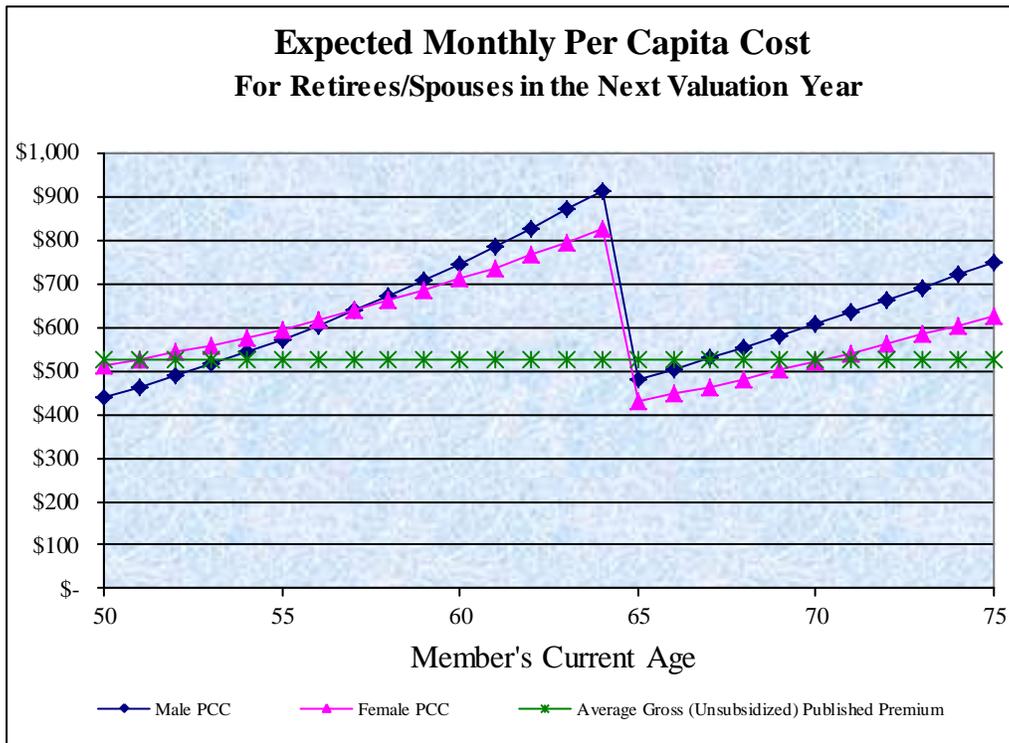
DEVELOPMENT OF INITIAL PER CAPITA COSTS

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

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

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

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



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

Medical/Rx Cost Increase By Age					
Sample Ages	Male	Female	Sample Ages	Male	Female
30	4.10%	2.92%	65	4.98%	3.94%
35	4.68%	0.57%	70	4.50%	3.88%
40	5.10%	0.19%	75	3.88%	3.61%
45	5.38%	1.90%	80	3.10%	3.12%
50	5.50%	2.82%	85	2.17%	2.41%
55	5.48%	3.41%	90	1.10%	1.49%
60	5.30%	3.78%	95	0.00%	0.35%

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

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

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

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

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

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

SECTION D
ACTUARIAL ASSUMPTIONS AND METHODS

ACTUARIAL ASSUMPTIONS AND METHODS

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 with the total value of the benefit, to which each participant is expected to become entitled, is broken down into units, each associated with a year of past or future credited service.

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

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

Price Inflation: Long term general price inflation is assumed to be 2.5% per year.

Tennessee Consolidated Retirement System: Unless noted otherwise, demographic assumptions employed in this Actuarial Valuation were basically the same as those employed in the July 1, 2013 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS) and applicable to Group I employees. These demographic assumptions were developed by TCRS from an Actuarial Experience Study (undertaken on behalf of TCRS), and are 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 sex distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load.

Rates of Termination from Active Employment:

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

% Separating Within Next Year										
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%	0.0%
3	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
4	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
5	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
6	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
7	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
8	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
9	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
10 or more	10.0%	8.5%	6.0%	3.6%	2.0%	1.5%	2.0%	3.1%	4.7%	0.0%
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%	0.0%
3	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
4	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
5	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
6	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
7	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
8	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
9	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%
10 or more	10.5%	10.0%	7.6%	4.6%	2.3%	1.1%	1.6%	3.8%	5.0%	0.0%

Rates of Disability:

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

% Becoming Disabled Within Next Year		
Sample Ages	Male	Female
20	0.01%	0.01%
25	0.01%	0.01%
30	0.01%	0.01%
35	0.03%	0.03%
40	0.08%	0.08%
45	0.14%	0.14%
50	0.17%	0.17%
55	0.17%	0.17%
60	0.00%	0.00%

Rates of Retirement:

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

Unreduced Retirement Annual Rates		
Sample Ages	Male	Female
50	6.5%	6.5%
55	10.0%	10.0%
60	15.0%	17.0%
65	35.0%	37.5%
70	16.0%	34.0%
75	100.0%	100.0%

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

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

HEALTH COVERAGE ASSUMPTIONS

Coverage Acceptance Rates:

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

Coverage Acceptance for Pre-65 Elections		
Subsidy Level (State and Local combined)	Total Acceptance Rate	Percentage of Retirees Electing Dual Coverage
90%+	100%	47%
85%	91%	45%
80%	88%	44%
75%	85%	42%
70%	82%	40%
65%	79%	38%
60%	75%	36%
55%	71%	34%
50%	67%	32%
45%	63%	29%
40%	59%	27%
35%	54%	24%
30%	49%	20%
25%	43%	20%
20%	36%	20%
15%	27%	20%
10% or less	25%	20%

Future participation:

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

Expenses:

Expenses are included in the Per Capita Costs.

Expected Retiree Contributions:

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

Average Premium (as of Valuation Date)	
Retiree	\$ 525.00
Spouse	\$ 499.00

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

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

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

Annual Increase Rates					
Year of Increase	Medical/Rx	Contribution	Year of Increase	Medical/Rx	Contribution
2014	7.50%	7.50%	2022	5.81%	5.81%
2015	7.00%	7.00%	2023	5.76%	5.76%
2016	6.50%	6.50%	2024	5.72%	5.72%
2017	6.10%	6.10%	2025	5.67%	5.67%
2018	6.03%	6.03%	2026	5.63%	5.63%
2019	5.97%	5.97%
2020	5.92%	5.92%	4044	4.19%	4.19%
2021	5.86%	5.86%	Ultimate	4.19%	4.19%

CONSIDERATION OF HEALTH CARE REFORM

Summary of Selected Provisions and their effects

Excise Tax on High-Cost Employer Health Plans (aka Cadillac Tax) Effective 1/1/2018 The “Cadillac” tax is a 40% excise tax paid by the coverage provider (employer and/or insurer) on the value of health plan costs in excess of certain thresholds. The thresholds for active employees and Medicare eligible retirees are \$10,200 for single coverage or \$27,500 for family coverage in 2018. Respective thresholds for retirees not eligible for Medicare are \$11,850 and \$30,950 for year 2018. Many plans are below the thresholds today, but are likely to exceed them in the next decade. The thresholds will be indexed at CPI-U, which is lower than the 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.

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

Based on the assumptions used for this Valuation, premiums applicable to retirees are projected to become subject to excise tax in 2025. Although the amount of tax initially assessed on the health insurance premiums is not expected to be significant, it will increase over time. We are modeling the impact of the tax by adding 0.50% to the assumed medical trend rates for the 2025 plan year and all subsequent years.

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

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

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

administrator facilitate the payment on behalf of the plan. This is deemed to be included in the initial per capita trend with no further adjustments.

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

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 is 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 E

SUMMARY OF SUBSTANTIVE PLAN PROVISIONS

**LOCAL EDUCATION EMPLOYEE GROUP
INSURANCE PLAN
SUMMARY OF SUBSTANTIVE PLAN PROVISIONS
AS OF JULY 1, 2013**

ELIGIBILITY FOR RETIREMENT

All retirees of participating Local Education Agencies retired upon satisfying the Disability, or Early or Normal Retirement provisions of the Tennessee Consolidated Retirement System (TCRS) may be eligible for certain post-employment benefits under the Local Education Employee Group Plan. Any employee becoming a member of TCRS on or after July 1, 1976 and through June 30, 2014 enters TCRS *Group I* regardless of employment classification. The following outlines 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. However, no other postemployment benefits are available under the Local Education Plan to employees not meeting criteria described below.
25-YEAR RETIREMENT	Reduced pension benefit upon completion of 25 years of service at any age
EARLY RETIREMENT	Age 55 and vested.
SERVICE RETIREMENT	Earlier of (i) Age 60 and vested, or (ii) Any age with 30 years of creditable service.

ELIGIBILITY FOR RETIREE INSURANCE COVERAGE

TCRS PARTICIPANTS	10 years employment with the employer and 3 continuous years of insurance coverage in the plan immediately prior to final termination for retirement, or 20 or more years employment with the employer and 1 year insurance coverage in the plan immediately prior to final termination for retirement If the individual is retiring through TCRS, they must be receiving a monthly retirement benefit to continue coverage as a retiree. TCRS participants who choose a lump-sum retirement benefit are not eligible to continue insurance at retirement.
OTHER PARTICIPANTS	For employees who elected to participate in a retirement program sponsored by a participating local education agency (other than TCRS), the following rules apply: Age 55 with at least 10 but less than 20 total years of employment with the employer and 3 continuous years of insurance coverage in the plan immediately prior to final termination for retirement, or

Age 55 and 20 or more years of employment with the employer and 1 year of insurance coverage in the plan immediately prior to final termination for retirement, or

25 years of employment with the employer and 1 year of insurance coverage in the plan immediately prior to final termination for retirement

Eligible school board members must be enrolled in the plan for at least one full year immediately prior to retirement, AND must be age 55 with at least 20 years of service as a member of the same school board from which they retire or 30 years of service as a member of the same school board from which they retire at any age

DISABLED RETIREES

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

Individuals eligible to combine creditable state service with creditable local education service will be classified as a retiree under the plan from which employment was terminated immediately preceding retirement. For example, if an individual worked for a participating local education agency for 10 years, then worked for a state agency for 10 years and then retires, that individual will be considered a state retiree with 20 years of service for insurance purposes.

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

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

HEALTH-RELATED BENEFITS

Eligible retirees may choose among the same Medical Plan options available for similarly situated active employees of the employer. Dependents of retirees who continue to meet eligibility requirements may be covered at the retiree's option the same as dependents of active employees, provided those dependents were already enrolled in the Plan when the retiree's active coverage was terminated or they become eligible based on a special enrollment provision. Prescription Drug coverage is automatically extended to retirees and their dependents who continue coverage under any one of the Medical Plan options. Covered retirees and their dependents are subject to the same Medical and Prescription benefits as are active employees. Totally and permanently disabled pre-65 retirees may continue medical coverage. Disabled retirees under age 65 who are eligible for Medicare must maintain at least Part B coverage. Retirees and their dependents that are age-eligible for Medicare benefits are not eligible to remain in the Local Education Employee Group Insurance Plan may apply for the Medicare Supplement plan (The Tennessee Plan). Retirees not eligible for Medicare benefits are allowed to remain on the core Local Education Plan, with the plan as a primary payor. If the retiree later becomes eligible for Medicare Part A by virtue of a spouse's eligibility, the coverage will be terminated.

DENTAL, VISION AND LONG TERM CARE BENEFITS

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

SURVIVORSHIP BENEFITS

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

RETIREE CONTRIBUTIONS FOR MEDICAL/PRESCRIPTION COVERAGE

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

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

Gross Premium Rates Applicable to Retirees of Local Education Agencies as of January 1, 2013				
	East and Middle Tennessee		West Tennessee	
	BCBST	CIGNA	BCBST	CIGNA
PARTNERSHIP PPO				
Retiree Only	\$512.04	\$532.04	\$532.04	\$512.04
Retiree + Child(ren)	\$844.87	\$884.87	\$884.87	\$844.87
Retiree + Spouse	\$998.48	\$1,038.48	\$1,038.48	\$998.48
Retiree + Spouse + Child(ren)	\$1,331.30	\$1,371.30	\$1,371.30	\$1,331.30
Spouse Only	\$486.44	\$526.44	\$526.44	\$486.44
Child(ren) Only	\$332.83	\$372.83	\$372.83	\$332.83
Spouse + Child(ren)	\$819.26	\$859.26	\$859.26	\$819.26
STANDARD PPO				
Retiree Only	\$537.04	\$557.04	\$557.04	\$537.04
Retiree + Child(ren)	\$869.87	\$909.87	\$909.87	\$869.87
Retiree + Spouse	\$1,048.48	\$1,088.48	\$1,088.48	\$1,048.48
Retiree + Spouse + Child(ren)	\$1,381.30	\$1,421.30	\$1,421.30	\$1,381.30
Spouse Only	\$511.44	\$551.44	\$551.44	\$511.44
Child(ren) Only	\$332.83	\$372.83	\$372.83	\$332.83
Spouse + Child(ren)	\$844.26	\$884.26	\$884.26	\$844.26

STATE-PROVIDED SUBSIDY FOR MEDICAL/PRESCRIPTION COVERAGE

For Instructional Staff (teachers), the premiums are reduced according to time of creditable service at retirement. This subsidy is paid for by the State of Tennessee and is calculated based on premiums applicable to the lowest cost carrier in the Partnership Plan.

Teachers Monthly Premium Contribution	
30+ years of service	55%
20-29 years of service	65%
15-19 years of service	75%
Support Staff	100%

EMPLOYER-PROVIDED SUBSIDY FOR MEDICAL/PRESCRIPTION COVERAGE

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

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Alcoa City Schools	Instructional Staff- 30 + Yrs or Age 60	\$281.62	\$342.46	\$306.62	\$340.72	\$301.62	\$382.46	\$326.62	\$380.72
Alcoa City Schools	Support Staff- 30 + Yrs or Age 61	\$512.04	\$791.78	\$537.04	\$790.04	\$532.04	\$831.78	\$557.04	\$830.04
Athens City Schools	Instructional Staff - 30 + Yrs, 5Years w/ ACS rest teaching or admin for education, for up to 5 years or until Medicare Eligible	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67
Athens City Schools	Instructional Staff - 25-29 Yrs, 5Years w/ ACS rest teaching or admin for education, for up to 5 years or until Medicare Eligible	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34
Athens City Schools	Support Staff - 30 + Yrs, 30 Years w/ ACS, for up to 5 years or until Medicare Eligible	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67
Athens City Schools	Support Staff - 25-29 Yrs, 25 Years w/ ACS, for up to 5 years or until Medicare Eligible	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34	\$83.34

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Bradley County BOE	30+	\$281.62	\$281.62	\$281.62	\$281.62	\$301.62	\$301.62	\$301.62	\$301.62
Bradley County BOE	20-29	\$281.62	\$281.62	\$281.62	\$281.62	\$301.62	\$301.62	\$301.62	\$301.62
Bradley County BOE	<20	\$281.62	\$281.62	\$281.62	\$281.62	\$301.62	\$301.62	\$301.62	\$301.62
Bradley County BOE (support)	30+	\$512.04	\$512.04	\$512.04	\$512.04	\$532.04	\$532.04	\$532.04	\$532.04
Bradley County BOE (support)	20-29	\$460.83	\$460.83	\$460.83	\$460.83	\$480.83	\$480.83	\$480.83	\$480.83
Bradley County BOE (support)	<20	\$409.63	\$409.63	\$409.63	\$409.63	\$429.63	\$429.63	\$429.63	\$429.63
Bristol TN City Schools	Instructional Staff- 30 + Yrs, 8 continuous years must be w/ BTCS and disabled;	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Bristol TN City Schools	Instructional Staff- Age 60 w/ 8 continuous years of service w/ BTCS, and disabled	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Bristol TN City Schools	Support Staff- 30 + Yrs, 8 continuous years must be w/ BTCS and disabled;	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Bristol TN City Schools	Support Staff- Age 60 w/ 8 continuous years of service w/ BTCS, and disabled	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Campbell County Schools	30+	\$281.62	\$384.03	\$306.62	\$402.78	\$301.62	\$399.03	\$326.62	\$417.78
Campbell County Schools	20-29	\$332.83	\$384.03	\$357.83	\$402.78	\$352.83	\$399.03	\$377.83	\$417.78
Carter County Schools	30+	\$281.62	\$367.94	\$281.62	\$367.94	\$281.62	\$367.94	\$281.62	\$367.94
Carter County Schools	20-29	\$332.83	\$434.84	\$332.83	\$434.84	\$332.83	\$434.84	\$332.83	\$434.84
Carter County Schools	<20	\$384.03	\$501.74	\$384.03	\$501.74	\$384.03	\$501.74	\$384.03	\$501.74
Carter County Schools	Support	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04
Cheatham County Schools	30+	\$281.62	\$549.16	\$306.62	\$599.16	\$301.62	\$589.16	\$326.62	\$639.16
Cheatham County Schools	20-29	\$332.83	\$649.01	\$357.83	\$699.01	\$352.83	\$689.01	\$377.83	\$739.01
Cleveland City Schools	Instructional Staff - 30 + Yrs & Age 55	\$230.42	\$230.42	\$226.06	\$226.06	\$248.42	\$248.42	\$243.06	\$243.06
Cleveland City Schools	Instructional Staff - 20-29 Yrs, Age 55	\$281.63	\$281.63	\$277.27	\$277.27	\$299.63	\$299.63	\$294.27	\$294.27
Cleveland City Schools	Instructional Staff -15-20 Yrs, Age 55	\$332.83	\$332.83	\$328.47	\$328.47	\$350.83	\$350.83	\$345.47	\$345.47
Cleveland City Schools	Support Staff - 15 + Yrs, Age 55	\$460.84	\$460.84	\$456.48	\$456.48	\$478.84	\$478.84	\$473.48	\$473.48
Coke County Schools	30+	\$275.69	\$275.69	\$275.69	\$275.69	\$275.69	\$275.69	\$275.69	\$275.69
Coke County Schools	Support	\$501.26	\$501.26	\$501.26	\$501.26	\$501.26	\$501.26	\$501.26	\$501.26
Coffee County Schools	All levels	\$281.62	\$281.62	\$295.37	\$295.37	\$292.62	\$292.62	\$306.37	\$306.37
Cumberland County Schools	30+	\$281.62	\$512.04	\$281.62	\$512.04	\$301.62	\$532.04	\$301.62	\$532.04
Cumberland County Schools	20-29	\$230.42	\$449.45	\$230.42	\$449.45	\$239.42	\$467.10	\$239.42	\$467.10
Cumberland County Schools	Support	\$512.04	\$512.04	\$512.04	\$512.04	\$532.04	\$532.04	\$532.04	\$532.04
Dickson County BOE	30+	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02
Dickson County BOE	20-29	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02
Dickson County BOE	<20	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Dyer County BOE	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Dyer County BOE	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Dyer County BOE	Support	\$353.07	\$353.07	\$346.06	\$346.06	\$342.84	\$342.84	\$358.95	\$358.95
Dyersburg City Schools	Instructional Staff - 30 + Yrs, 30 years w/ TCRS and 20 of those w/ Dyersburg City Schools	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Dyersburg City Schools	Support Staff - 30 + Yrs, all w/ Dyersburg City Schools	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Elizabethton City Schools	Instructional Staff - 30 + Yrs	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Elizabethton City Schools	Instructional Staff - 20-29 Yrs	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Elizabethton City Schools	Instructional Staff - <20 Yrs	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Elizabethton City Schools	Support Staff - 10 + Yrs and Age 55	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Fentress County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Franklin Co Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Franklin Co Schools	20-29	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Franklin Co Schools	260 Day Employees 20 YOS (age 60+)	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Franklin Co Schools	180 Day Employees 25 YOS (age 62+)	\$460.84	\$460.84	\$483.34	\$483.34	\$478.84	\$478.84	\$501.34	\$501.34
Franklin Special School District	Instructional Staff - 30 + Yrs & Age 65	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Franklin Special School District	Instructional Staff - 20-29 Yrs & Age 65	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Franklin Special School District	Instructional Staff - <20 Yrs & Age 65	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Franklin Special School District	Support Staff - 10 + Yrs & Age 65	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Gibson County School District	Instructional Staff - 25+ Yrs	\$92.16	\$92.16	\$96.66	\$96.66	\$95.76	\$95.76	\$100.26	\$100.26
Gibson County School District	Instructional Staff - 21 Yrs	\$77.42	\$77.42	\$81.20	\$81.20	\$80.44	\$80.44	\$81.20	\$81.20
Gibson County School District	Instructional Staff - 17 Yrs	\$62.67	\$62.67	\$65.73	\$65.73	\$65.12	\$65.12	\$68.18	\$68.18
Gibson County School District	Instructional Staff - 14Yrs	\$51.61	\$51.61	\$54.13	\$54.13	\$53.62	\$53.62	\$56.14	\$56.14
Gibson County School District	Instructional Staff - 13Yrs	\$47.92	\$47.92	\$50.26	\$50.26	\$49.79	\$49.79	\$52.13	\$52.13
Gibson County School District	Instructional Staff - 12Yrs	\$44.24	\$44.24	\$46.40	\$46.40	\$45.96	\$45.96	\$48.12	\$48.12
Gibson County School District	Instructional Staff - 10Yrs	\$34.13	\$34.13	\$38.66	\$38.66	\$38.30	\$38.30	\$40.10	\$40.10
Giles County Schools	Teachers and Support Age 60 with 25 yrs or age 53 with 30 years	\$264.00	\$264.00	\$264.00	\$264.00	\$264.00	\$264.00	\$264.00	\$264.00
Grainger County Schools	All levels	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00	\$255.00

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Greene County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Greene County Schools	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$326.62	\$326.62
Greene County Schools	Support	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04
Greenville City Schools	Instructional Staff - 30 + Yrs & Age 60	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62
Greenville City Schools	Instructional Staff - 20-29 Yrs & Age 60	\$332.83	\$332.83	\$332.83	\$332.83	\$332.83	\$332.83	\$332.83	\$332.83
Greenville City Schools	Instructional Staff - <20 Yrs & Age 60	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03
Greenville City Schools	Support Staff - 30 + Yrs & Age 60	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04
Hamblen County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Hamblen County Schools	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Hamblen County Schools	<20	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Hamblen County Schools	Support	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Hardin County Schools	30+	\$281.62	\$281.62	\$282.90	\$282.90	\$301.62	\$301.62	\$326.62	\$326.62
Hardin County Schools	Support	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Hawkins County Schools	30+	\$158.73	\$309.53	\$177.73	\$347.53	\$173.93	\$339.93	\$192.93	\$377.93
Hawkins County Schools	20-29	\$209.94	\$409.38	\$228.94	\$447.38	\$225.14	\$439.78	\$244.14	\$477.78
Hawkins County Schools	<20	\$261.14	\$509.23	\$280.14	\$547.23	\$276.34	\$539.62	\$295.34	\$577.62
Hawkins County Schools	Support	\$389.15	\$758.84	\$408.15	\$796.84	\$404.35	\$789.24	\$423.35	\$827.24
Hickman County Schools	30+	\$257.90	\$274.31	\$271.65	\$289.31	\$263.40	\$280.31	\$277.15	\$295.31
Hickman County Schools	25-29	\$211.01	\$228.59	\$222.26	\$241.09	\$215.51	\$233.59	\$226.76	\$246.09
Hickman County Schools	<25	\$164.12	\$137.15	\$172.87	\$144.65	\$167.62	\$140.15	\$176.37	\$147.65
Henry County BOE	30+	\$281.62	\$0.00	\$306.62	\$0.00	\$301.62	\$0.00	\$326.62	\$0.00
Henry County BOE	25-29	\$332.83	\$0.00	\$357.83	\$0.00	\$352.83	\$0.00	\$377.83	\$0.00
Henry County BOE	<25	\$384.03	\$0.00	\$409.03	\$0.00	\$404.03	\$0.00	\$429.03	\$0.00
Humboldt City Schools	Instructional Staff- 20+ Yrs	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04
Humboldt City Schools	Instructional Staff- 10-19 Yrs	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02
Humboldt City Schools	Instructional Staff- 5-9 Yrs	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01
Humboldt City Schools	Support Staff- 20+ Yrs	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04
Humboldt City Schools	Support Staff- 10-19 Yrs	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02	\$256.02
Humboldt City Schools	Support Staff- 5-9 Yrs	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01	\$128.01
Henry County BOE	30+	\$281.62	\$0.00	\$306.62	\$0.00	\$301.62	\$0.00	\$326.62	\$0.00
Henry County BOE	25-29	\$332.83	\$0.00	\$357.83	\$0.00	\$352.83	\$0.00	\$377.83	\$0.00
Henry County BOE	<25	\$384.03	\$0.00	\$409.03	\$0.00	\$404.03	\$0.00	\$429.03	\$0.00

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Humphreys County Schools	30+	\$281.62	\$549.16	\$306.62	\$599.16	\$301.62	\$589.16	\$326.62	\$639.16
Humphreys County Schools	20-29	\$332.83	\$649.01	\$357.83	\$699.01	\$352.83	\$689.01	\$377.83	\$739.01
Humphreys County Schools	<20	\$384.03	\$748.86	\$409.03	\$798.86	\$404.03	\$788.86	\$429.03	\$838.86
Jackson-Madison County BOE	30+	\$92.17	\$124.81	\$107.92	\$153.56	\$104.77	\$147.81	\$120.52	\$176.56
Jackson-Madison County BOE	20-29	\$143.38	\$224.66	\$159.13	\$253.41	\$155.98	\$247.66	\$171.73	\$276.41
Jackson-Madison County BOE	<20	\$194.58	\$324.51	\$210.33	\$353.26	\$207.18	\$347.51	\$222.93	\$376.26
Jackson-Madison County BOE	Support	\$322.59	\$574.13	\$338.34	\$602.88	\$335.19	\$597.13	\$350.94	\$625.88
Jefferson County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Jefferson County Schools	25-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Jefferson County Schools	20-24	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Jefferson County Schools	<20	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Jefferson County Schools	Support	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Johnson County Board of Education	30+	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62	\$281.62
Johnson County Board of Education	25-29	\$253.46	\$253.46	\$253.46	\$253.46	\$253.46	\$253.46	\$253.46	\$253.46
Johnson County Board of Education	20-24	\$202.76	\$202.76	\$202.76	\$202.76	\$202.76	\$202.76	\$202.76	\$202.76
Johnson County Board of Education	Support 30+	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04	\$512.04
Johnson County Board of Education	Support 20-29	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03	\$384.03
Johnson County Board of Education	Support 20 -24	\$307.22	\$307.22	\$307.22	\$307.22	\$307.22	\$307.22	\$307.22	\$307.22
Kingsport City Schools	Instructional Staff - 30 Yrs, 10 Yrs w/ KCS	\$208.17	\$405.94	\$208.17	\$405.94	\$208.17	\$405.94	\$208.17	\$405.94
Kingsport City Schools	Instructional Staff - 20-29 Yrs, 10 Yrs w/ KCS	\$246.02	\$479.75	\$246.02	\$479.75	\$246.02	\$479.75	\$246.02	\$479.75
Kingsport City Schools	Instructional Staff - <20 Yrs, 10 Yrs w/ KCS	\$283.88	\$553.56	\$283.88	\$553.56	\$283.88	\$553.56	\$283.88	\$553.56
Kingsport City Schools	Support Staff - 10 Yrs, 1 year of prior coverage	\$378.50	\$738.07	\$378.50	\$738.07	\$378.50	\$738.07	\$378.50	\$738.07
Lake County Schools	All non-support	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00
Lake County Schools	Support	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00
Lauderdale County Schools	All levels	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Lawrence County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Lawrence County Schools	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Lawrence County Schools	<20	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Lawrence County Schools	Support	\$460.84	\$460.84	\$483.34	\$483.34	\$478.84	\$478.84	\$501.34	\$501.34

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Lebanon Special School District	Instructional Staff - 25 Yrs & Age 53	\$297.39	\$297.39	\$311.14	\$311.14	\$308.39	\$308.39	\$322.14	\$322.14
Lebanon Special School District	Support Staff - 25 Yrs & Age 53	\$459.60	\$459.60	\$480.85	\$480.85	\$476.60	\$476.60	\$497.85	\$497.85
Lenoir City Schools	Instructional Staff - Eligible for TCRS Retirement, Until age 65 or Medicare Eligible	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Loudon County Schools	30+	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Macon County Schools	Non-support 30+	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00
Manchester City Schools	Instructional Staff - 30 + Yrs, 10 w/ MCS; Until age 65 or Medicare Eligible	\$154.89	\$154.89	\$168.64	\$168.64	\$165.89	\$165.89	\$179.64	\$179.64
Manchester City Schools	Instructional Staff -20-29 Yrs, 10 w/ MCS; Age 62; Until age 65 or Medicare Eligible	\$183.06	\$183.06	\$196.81	\$196.81	\$194.06	\$194.06	\$207.81	\$207.81
Manchester City Schools	Instructional Staff -10-19 Yrs, 10 w/ MCS; Age 62; Until age 65 or Medicare Eligible	\$211.22	\$211.22	\$224.97	\$224.97	\$222.22	\$222.22	\$235.97	\$235.97
Manchester City Schools	Support Staff -25 Yrs, 10 w/ MCS;Age 62; Until age 65 or Medicare Eligible	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Marshall County Schools	30+	\$194.57	\$194.57	\$211.85	\$211.85	\$208.39	\$208.39	\$225.66	\$225.66
Marshall County Schools	20-29	\$229.96	\$229.96	\$247.23	\$247.23	\$243.77	\$243.77	\$261.05	\$261.05
Marshall County Schools	<20	\$265.33	\$265.33	\$282.60	\$282.60	\$279.15	\$279.15	\$296.42	\$296.42
Marshall County Schools	Support	\$424.99	\$424.99	\$445.74	\$445.74	\$441.59	\$441.59	\$462.34	\$462.34
Maury County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Maury County Schools	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Maury County Schools	<20	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Maury County Schools	Support	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
McMinn County Center for Educational Excellence	Instructional Staff 30+ (\$2000 Annually/ 5yrs or \$10,000 Lump Sum)	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum
McMinn County Center for Educational Excellence	Support Staff 30+ (\$2000 Annually/ 5yrs or \$10,000 Lump Sum)	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum
McNairy County Schools	30+	\$42.24	\$82.37	\$45.99	\$89.87	\$45.24	\$88.37	\$48.99	\$95.87
McNairy County Schools	20-29	\$43.27	\$84.37	\$46.52	\$90.87	\$45.87	\$89.57	\$49.12	\$96.07
McNairy County Schools	10-19	\$42.24	\$82.37	\$44.99	\$87.87	\$44.44	\$86.77	\$47.19	\$92.27
Milan Special School District	Instructional and Support Staff 10+ (Entity pays proportion of retiree's premium. This portion is 100% for employees with 30+. The percentage is reduced 3% for each year of service less 30+)	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Lebanon Special School District	Instructional Staff - 25 Yrs & Age 53	\$297.39	\$297.39	\$311.14	\$311.14	\$308.39	\$308.39	\$322.14	\$322.14
Lebanon Special School District	Support Staff - 25 Yrs & Age 53	\$459.60	\$459.60	\$480.85	\$480.85	\$476.60	\$476.60	\$497.85	\$497.85
Lenoir City Schools	Instructional Staff - Eligible for TCRS Retirement, Until age 65 or Medicare Eligible	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00
Loudon County Schools	30+	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00
Macon County Schools	Non-support 30+	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00	\$120.00
Manchester City Schools	Instructional Staff - 30 + Yrs, 10 w/ MCS; Until age 65 or Medicare Eligible	\$154.89	\$154.89	\$168.64	\$168.64	\$165.89	\$165.89	\$179.64	\$179.64
Manchester City Schools	Instructional Staff -20-29 Yrs, 10 w/ MCS; Age 62; Until age 65 or Medicare Eligible	\$183.06	\$183.06	\$196.81	\$196.81	\$194.06	\$194.06	\$207.81	\$207.81
Manchester City Schools	Instructional Staff -10-19 Yrs, 10 w/ MCS; Age 62; Until age 65 or Medicare Eligible	\$211.22	\$211.22	\$224.97	\$224.97	\$222.22	\$222.22	\$235.97	\$235.97
Manchester City Schools	Support Staff -25 Yrs, 10 w/ MCS;Age 62; Until age 65 or Medicare Eligible	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Marshall County Schools	30+	\$194.57	\$194.57	\$211.85	\$211.85	\$208.39	\$208.39	\$225.66	\$225.66
Marshall County Schools	20-29	\$229.96	\$229.96	\$247.23	\$247.23	\$243.77	\$243.77	\$261.05	\$261.05
Marshall County Schools	<20	\$265.33	\$265.33	\$282.60	\$282.60	\$279.15	\$279.15	\$296.42	\$296.42
Marshall County Schools	Support	\$424.99	\$424.99	\$445.74	\$445.74	\$441.59	\$441.59	\$462.34	\$462.34
Maury County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Maury County Schools	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Maury County Schools	<20	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Maury County Schools	Support	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
McMinn County Center for Educational Excellence	Instructional Staff 30+ (\$2000 Annually/ 5yrs or \$10,000 Lump Sum)	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum
McMinn County Center for Educational Excellence	Support Staff 30+ (\$2000 Annually/ 5yrs or \$10,000 Lump Sum)	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum	Annually or Lump Sum
McNairy County Schools	30+	\$42.24	\$82.37	\$45.99	\$89.87	\$45.24	\$88.37	\$48.99	\$95.87
McNairy County Schools	20-29	\$43.27	\$84.37	\$46.52	\$90.87	\$45.87	\$89.57	\$49.12	\$96.07
McNairy County Schools	10-19	\$42.24	\$82.37	\$44.99	\$87.87	\$44.44	\$86.77	\$47.19	\$92.27
Milan Special School District	Instructional and Support Staff 10+ (Entity pays proportion of retiree's premium. This portion is 100% for employees with 30+. The percentage is reduced 3% for each year of service less 30+)	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based	Formula Based

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse						
Monroe County BOE	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Monroe County BOE	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Moore County Schools	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Moore County Schools	Support 30+	\$281.62	\$281.62	\$295.37	\$295.37	\$292.62	\$292.62	\$306.37	\$306.37
Oak Ridge Schools	Instructional Staff- Age 60, Until reach age of 65 Reimbursement for health insurance premiums is offered by ORS.	281.62 Reimbursement	281.62 Reimbursement	306.62 Reimbursement	306.62 Reimbursement	301.62 Reimbursement	301.62 Reimbursement	326.62 Reimbursement	326.62 Reimbursement
Oak Ridge Schools	Instructional Staff- 25 Yrs and 10 of those w/ ORS, Age 55, for up to 5 years offerer Reimbursement for health insurance premiums is offered by ORS.	332.83 Reimbursement	332.83 Reimbursement	357.83 Reimbursement	357.83 Reimbursement	352.83 Reimbursement	352.83 Reimbursement	377.83 Reimbursement	377.83 Reimbursement
Overton County Schools	All levels	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00
Polk Co BOE	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Polk Co BOE	25-29	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Roane County Schools	30+	\$179.21	\$349.47	\$179.21	\$349.47	\$186.21	\$363.47	\$186.21	\$363.47
Roane County Schools	Support	\$409.63	\$798.78	\$409.63	\$798.78	\$425.63	\$830.78	\$425.63	\$830.78
Robertson County Schools	30+	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45
Robertson County Schools	25-29	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45
Robertson County Schools	20-24	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35	\$0.35
Robertson County Schools	15-19	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Robertson County Schools	10-14	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20	\$0.20
Scott County Schools	30+	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42
Scott County Schools	20-29	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42
Scott County Schools	<20	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42	\$230.42
Sevier County Schools	30+	\$281.62	\$435.24	\$306.62	\$456.49	\$301.62	\$452.24	\$326.62	\$473.49
Sevier County Schools	20-29	\$332.83	\$435.24	\$357.83	\$456.49	\$352.83	\$452.24	\$377.83	\$473.49
Sevier County Schools	<20	\$384.03	\$435.24	\$409.03	\$456.49	\$404.03	\$452.24	\$429.03	\$473.49
Sevier County Schools	Support	\$435.24	\$435.24	\$456.49	\$456.49	\$452.24	\$452.24	\$473.49	\$473.49
Sullivan County BOE	30+	\$281.62	\$281.62	\$306.62	\$306.62	\$301.62	\$301.62	\$326.62	\$326.62
Sullivan County BOE	20-29	\$332.83	\$332.83	\$357.83	\$357.83	\$352.83	\$352.83	\$377.83	\$377.83
Sullivan County BOE	<20	\$384.03	\$384.03	\$409.03	\$409.03	\$404.03	\$404.03	\$429.03	\$429.03
Sullivan County BOE	Support	\$512.04	\$512.04	\$537.04	\$537.04	\$532.04	\$532.04	\$557.04	\$557.04
Sumner County BOE	30+	\$180.53	\$352.03	\$198.03	\$387.03	\$187.53	\$366.03	\$205.03	\$401.03
Sumner County BOE	20-29	\$213.35	\$416.03	\$230.85	\$451.03	\$220.35	\$430.03	\$237.85	\$465.03
Tipton County Schools	20+ (incl support)	\$78.00	\$130.00	\$78.00	\$130.00	\$78.00	\$130.00	\$78.00	\$130.00
Trenton Special School District	30 + Yrs	\$166.62	\$166.62	\$180.37	\$180.37	\$177.62	\$177.62	\$191.37	\$191.37
Trenton Special School District	Instructional Staff <30 Yrs, and Age 52, Pays % of Retire's Premium Based on Formula (Years of Service TSSD Divided by 30 Times Individual Premium Minus Maximum State Protion Equals Amount Paid by TSSD	Formula Based							

Employer Provided Subsidy (continued)

L.E.A.	Service Requirement	PPO Partnership Low		PPO Standard Low Cost		PPO Partnership High		PPO Standard High Cost	
		Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse	Retiree Only	Retiree + Spouse
Tulahoma City Schools	Instructional Staff - 30 + Yrs	\$281.62	\$439.33	\$306.62	\$479.33	\$301.62	\$471.33	\$326.62	\$511.33
Tulahoma City Schools	Instructional Staff - 20-29 Yrs, Age 60, 10 years of service TCS	\$332.83	\$519.21	\$357.83	\$559.21	\$352.83	\$551.21	\$377.83	\$591.21
Tulahoma City Schools	Instructional Staff - <20 Yrs, Age 60, 10 years of service TCS	\$384.03	\$599.09	\$409.03	\$639.09	\$404.03	\$631.09	\$429.03	\$671.09
Tulahoma City Schools	Support Staff - 10 + Yrs and Age 60	\$512.04	\$798.78	\$537.04	\$838.78	\$532.04	\$830.78	\$557.04	\$870.78
Unicoi County Schools	All levels	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Union County Schools	25+	\$83.33	\$104.17	\$83.33	\$104.17	\$83.33	\$104.17	\$83.33	\$104.17
Van Buren County Schools	30+	\$281.62	\$549.16	\$295.37	\$576.66	\$292.62	\$571.16	\$306.37	\$598.66
Van Buren County Schools	20-29	\$253.46	\$494.24	\$265.83	\$518.99	\$263.36	\$514.04	\$275.73	\$538.79
Van Buren County Schools	<20	\$225.30	\$439.33	\$236.30	\$461.33	\$234.10	\$456.93	\$245.10	\$478.93
Washington County Schools	Instructional Staff - 10 + Yrs, 5 year on insurance plan	\$160.92	\$251.92	\$160.92	\$251.92	\$160.92	\$251.92	\$160.92	\$251.92
Wayne County Schools	30+	\$281.62	\$549.16	\$306.62	\$599.16	\$301.62	\$589.16	\$326.62	\$639.16
Wayne County Schools	20-29	\$332.83	\$649.01	\$357.83	\$699.01	\$352.83	\$689.01	\$377.83	\$739.01

COBRA BENEFITS

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

FUNDING VEHICLE

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

TERMINATION AND AMENDMENT

The post-employment benefits are extended to retirees and continued at the discretion of the employer, 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 F
GASB DISCLOSURES

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

Employer FYE June 30	2014	2013 ¹	2012 ¹
Normal Cost (service cost for one year)	\$ 16,929,665	\$ 13,348,000	\$ 13,348,000
Amortization of Unfunded Actuarial Accrued Liability	13,425,274	10,724,000	10,458,000
Interest on Normal Cost and Amortization	-	-	-
Annual Required Contribution (ARC)	30,354,939	24,072,000	23,806,000
Net OPEB Obligation (NOO) at beginning of the year	45,715,000	39,688,000	33,195,000
Annual Required Contribution (ARC)	30,354,939	24,072,000	23,806,000
Interest on NOO	1,828,600	1,587,000	1,328,000
Adjustment to ARC	(1,781,477)	(1,685,000)	(1,409,000)
Annual OPEB Cost (Expense)	30,402,062	23,974,000	23,725,000
Employer Contributions Made	TBD	(17,947,000)	(17,232,000)
Increase (decrease) in NOO	TBD	6,027,000	6,493,000
NOO at end of year	TBD	45,715,000	39,688,000

Schedule of Funding Progress - State Obligation

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
7/1/2010 ¹	\$0	\$215,202,000	\$215,202,000	0.00%	N/A	N/A
7/1/2011 ¹	\$0	\$216,600,000	\$216,600,000	0.00%	N/A	N/A
7/1/2013	\$0	\$294,797,084	\$294,797,084	0.00%	\$2,017,253,511	14.61%

Schedule of Employer Contributions - State Obligation

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012 ¹	\$23,725,000	\$17,232,000	72.63%	\$39,688,000
6/30/2013 ¹	\$23,974,000	\$17,947,000	74.86%	\$45,715,000
6/30/2014	\$30,402,062	TBD	TBD	TBD

¹As reflected in prior actuarial reports and the State's Comprehensive Annual Financial Reports.

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

Reporting Year	2014	2013	2012
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % closed	Level % closed	Level % closed
Asset valuation method	Unfunded	Unfunded	Unfunded
Actuarial assumptions:			
Investment rate of return *	4.00%	4.00%	4.00%
Projected salary increases *	N/A	N/A	N/A
Payroll growth assumptions	3.0%	2.50%	2.50%
Initial Per Capita Cost trend rate	7.5%	9.25%	9.25%
Second Year Per Capita Cost trend rate	7.0%	8.75%	8.75%
Third Year Per Capita Cost trend rate	6.5%	8.25%	8.25%
Ultimate Per Capita Cost trend rate	4.7%**	5.00%	5.00%
Years to Ultimate rate	30	9	9
* Includes general price inflation at	2.5%	3.0%	3.0%
** Includes an additional 0.50% trend representing our estimate of the ultimate effect of the Federal Excise Tax.			

DISCLOSURES FOR FISCAL YEAR ENDING 6/30/2015

GASB allows for performing actuarial valuation 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 2011-2012 Comprehensive Implementation Guide. In the absence of such changes, following disclosures can be used in your 2014/2015 fiscal year reporting.

Required Actuarial Information (GASB STATEMENT NO. 45) State Obligation			
Employer FYE June 30	2015	2014	2013 ¹
Normal Cost (service cost for one year)	\$ 17,606,852	\$ 16,929,665	\$ 13,348,000
Amortization of Unfunded Actuarial Accrued Liability	13,828,032	13,425,274	10,724,000
Interest on Normal Cost and Amortization	-	-	-
Annual Required Contribution (ARC)	31,434,884	30,354,939	24,072,000
Net OPEB Obligation (NOO) at beginning of the year	TBD	45,715,000	39,688,000
Annual Required Contribution (ARC)	31,434,884	30,354,939	24,072,000
Interest on NOO	TBD	1,828,600	1,587,000
Adjustment to ARC	TBD	(1,781,477)	(1,685,000)
Annual OPEB Cost (Expense)	31,434,884	30,402,062	23,974,000
Employer Contributions Made	TBD	TBD	(17,947,000)
Increase (decrease) in NOO	TBD	TBD	6,027,000
NOO at end of year	TBD	TBD	45,715,000

Schedule of Funding Progress - State Obligation

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
7/1/2010 ¹	\$0	\$215,202,000	\$215,202,000	0.00%	N/A	N/A
7/1/2011 ¹	\$0	\$216,600,000	\$216,600,000	0.00%	N/A	N/A
7/1/2013	\$0	\$294,797,084	\$294,797,084	0.00%	\$2,017,253,511	14.61%

Schedule of Employer Contributions - State Obligation

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013 ¹	\$23,974,000	\$17,947,000	74.86%	\$45,715,000
6/30/2014	\$30,402,062	TBD	TBD	TBD
6/30/2015	TBD	TBD	TBD	TBD

¹As reflected in prior actuarial reports and the State's Comprehensive Annual Financial Reports.

APPENDIX
RESULTS BY EMPLOYER

Appendix

Results By Employer (Dollars in Thousands)

State Direct Subsidy

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Alamo City Bd Ed	3	21	90	94	7	15	15
Alcoa City Sch	-	121	-	1,112	72	120	125
Anderson County Schools	61	394	666	1,653	142	243	252
Athens City Schools	20	102	261	566	44	81	84
Bedford County Schools	24	501	300	2,355	187	301	312
Bells City Bd of Education	1	22	13	120	9	14	15
Benton County Schools	16	176	123	895	64	108	112
Bledsoe County Schools	15	111	259	545	39	73	76
Bradford Special School District	6	38	66	152	14	23	23
Bradley CountyBd of Ed	103	656	999	5,693	464	759	787
Bristol City Schools	62	292	629	1,763	138	243	252
Campbell County Schools	84	327	1,357	3,151	200	404	418
Cannon County Schools	7	122	95	627	47	78	81
Carroll County Schools	-	15	-	60	5	7	8
Carter County Schools	95	410	1,495	4,177	288	541	560
Cheatham County Schools	48	403	556	2,988	263	424	440
Chester County Schools	15	132	169	658	50	85	88
City Dayton Sch	4	53	64	211	18	29	30
Clay County Schools	20	64	362	415	29	62	64
Cleveland City Schools	49	329	504	1,934	162	275	285
Clinton Schools	18	53	272	224	20	40	41
Cocke County Schools	61	306	817	2,325	159	294	304
Coffee County Schools	61	332	695	2,777	226	373	386
Covington City Schools	-	-	-	-	-	-	-
Crockett County Schools	8	87	110	461	37	61	64
Cumberland County Schools	68	461	1,014	3,951	288	509	527
Decatur County Schools	14	78	165	618	37	70	72
Dekalb County Schools	20	186	286	972	73	126	131
Dickson Co.Bd of Ed	75	599	807	5,087	361	605	627
Dir Pay TE Ret Med	-	-	-	-	-	-	-
Dyer County Schools	39	195	412	1,783	142	242	251
Dyersburg City Schools	54	190	684	1,536	94	194	201
Elizabethton City Schools	28	182	307	1,472	124	202	210
Etowah City Bd of Ed	2	27	6	79	9	12	13
Fayette County Schools	17	226	156	746	71	110	114
Fayetteville Schools	5	79	71	335	28	45	46
Fentress County Schools	37	156	483	1,266	84	165	170
Franklin County Schools	43	376	502	3,069	225	374	388
Franklin Special School District	58	339	658	1,685	132	238	246
Gestalt Community Schools	-	6	-	22	2	3	3
Gibson County Bd of Ed	32	178	420	943	88	143	148
Giles County Schools	49	288	812	2,384	148	294	304
GRAD Restart Academies, Inc.	-	-	-	-	-	-	-
Grainger County Schools	44	205	630	2,387	156	295	306
Greene County Schools	106	456	1,652	3,832	306	548	567

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 Direct Subsidy (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Greenville City Schools	45	217	610	1,518	105	200	207
Grundy County Schools	23	129	351	673	48	92	96
H R Bruce Sp Sch	11	35	131	197	12	25	26
Hamblen County Schools	144	693	2,612	6,026	497	866	897
Hancock County Schools	8	48	100	322	17	35	37
Hardeman County Schools	41	286	665	1,555	107	202	209
Hardin County Schools	49	260	700	2,287	139	271	281
Harriman School	-	-	-	-	-	-	-
Hawkins County Schools	91	456	1,413	3,399	276	497	514
Haywood County Schools	26	203	309	858	67	117	122
Henderson County Schools	26	213	340	1,259	85	153	159
Henry CountyBd of Ed	41	205	492	1,522	132	225	233
Hickman County Schools	21	141	183	1,119	83	137	142
Hollow Rock-Bruceton Spec Sch Dist	-	-	-	-	-	-	-
Houston County Schools	6	70	82	287	21	37	39
Humboldt	20	88	304	426	50	87	90
Humphreys County Schools	20	182	230	1,915	134	235	243
Huntingdon Sp Sch	16	52	230	326	22	45	46
Jackson County Schools	10	82	96	416	28	58	60
Jackson-Madison County Bd of Ed	186	699	2,795	4,450	332	657	680
Jefferson County Schools	57	476	763	4,077	319	533	552
Johnson CountyBd of Ed	34	154	489	1,546	100	180	186
Johnson County BOE	-	19	-	104	8	12	12
Kingsport	93	389	1,319	3,005	237	441	456
KIPP Memphis Collegiate Schools	-	-	-	-	-	-	-
Knox County Schools	401	3,174	4,958	12,347	1,062	1,759	1,823
Lake County Schools	3	79	12	613	46	75	78
Lauderdale County Schools	27	299	399	1,706	138	233	242
Lawrence County Schools	81	476	1,155	4,504	326	583	604
LEAD Public Schools	-	7	-	6	2	3	3
Lebanon Special School District	22	153	475	1,125	82	155	160
Lenoir City	18	129	375	783	63	114	118
Lewis County Schools	11	88	126	509	33	60	62
Lexington City Schools	14	78	178	349	31	52	54
Lincoln County Schools	27	216	385	1,071	80	142	147
Little Tn Vly Ed	-	-	-	-	-	-	-
Loudon County Schools	47	350	655	1,946	153	269	279
Macon County Schools	28	200	315	1,465	99	181	187
Manchester Schools	10	108	217	669	50	86	89
Marion County Schools	26	273	349	1,302	96	166	172
Marshall County Schools	35	321	403	2,509	187	321	332
Maury County Schools	110	834	1,443	6,701	521	883	915
McKenzie Special School District	6	74	63	487	33	56	58
McMinn County Center for Educational Excellence	55	384	616	541	55	103	107
McNairy County School System	26	276	224	1,630	119	200	207

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 Direct Subsidy (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Meigs CountyBd of Ed	8	99	93	593	43	73	76
Milan Special School District	28	98	334	974	70	130	135
Monroe CountyBd of Ed	44	363	443	3,577	247	428	444
Moore County Schools	11	64	156	538	37	68	71
Morgan County Schools	19	228	194	1,139	82	138	143
Morristown Schools	-	-	-	-	-	-	-
MS Loc Ed Sup Direct Pay	-	-	-	-	-	-	-
MS Sullivan Co Supp Staf	-	-	-	-	-	-	-
Murfreesboro City Schools	50	469	500	2,256	180	292	302
Newport City Sc	6	61	66	402	24	43	44
Oak Ridge Schools	34	319	432	2,374	162	280	290
Obion County Schools	34	224	344	1,179	82	150	155
Oneida Spec Sch	4	62	33	466	27	48	49
Overton County Schools	36	213	537	1,674	124	224	232
Paris Special School District	17	95	181	412	35	61	63
Perry County Schools	9	58	106	365	24	45	46
Pickett County Schools	7	43	90	339	19	37	39
Polk CountyBd of Ed	22	161	256	1,217	94	161	167
Putnam County Schools	68	650	1,021	3,251	249	430	445
Rhea County Schools	20	277	153	1,253	99	159	164
Richard Hardy Memorial School	-	9	-	39	2	4	4
Roane County Schools	69	428	914	3,532	220	424	439
Robertson County Schools	98	753	1,893	5,726	468	809	838
Rogersville City Schools	8	43	109	247	16	31	32
S. Carroll Co Sp Dist-Non	1	21	4	146	8	14	15
Scott County Schools	30	195	316	1,652	119	208	216
Sequatchie County Schools	7	117	118	501	43	70	73
Sevier County Schools	107	845	1,469	8,164	574	1,014	1,050
Smith County Schools	28	243	495	1,315	94	171	177
Stewart County Schools (BOE)	15	133	187	740	49	88	91
Sullivan CountyBd of Ed	231	726	3,318	6,556	483	956	990
Sumner CountyBd of Ed	218	1,595	3,474	10,604	892	1,561	1,617
Sweetwater Sch	10	96	107	571	37	65	68
Teacher-Retiree	346	-	3,087	-	-	515	530
Tipton County Schools	46	628	814	3,545	288	489	507
Trenton Spec Sch	19	85	194	659	47	82	85
Tri Co Voc S Te	-	-	-	-	-	-	-
Tri County Vocational School	-	-	-	-	-	-	-
Trousdale County Schools	10	77	123	367	31	52	54
Tullahoma	51	246	455	1,756	120	223	231
Unicoi County Schools	30	176	359	1,077	85	146	151
Union City Bd of Ed	18	98	240	419	35	61	63
Union County Schools	19	169	250	1,083	79	140	145
Van Buren County Schools	6	37	77	481	28	55	57
W Carroll Sp Sch	6	51	87	280	20	34	36

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 Direct Subsidy (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Warren County Schools	47	297	624	1,502	105	200	207
Washington Bd of Ed	71	501	722	3,042	256	416	431
Wayne County Schools	19	117	298	1,552	93	185	191
Weakley County Schools	32	-	485	-	-	21	22
White County Schools	38	238	648	1,226	96	176	182
Williamson County Schools	-	-	-	-	-	-	-
Total	5,384	33,318	71,336	223,461	16,930	30,355	31,435

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

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

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

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

Appendix

Results By Employer (Dollars in Thousands)

Local Employer Liability

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Alamo City Bd Ed	3	51	82	108	8	16	17
Alcoa City Sch	25	198	813	2,764	190	344	357
Anderson County Schools	61	989	841	2,042	175	315	326
Athens City Schools	21	216	381	917	72	137	141
Bedford County Schools	25	937	399	2,459	195	329	341
Bells City Bd of Education	1	53	14	129	9	15	16
Benton County Schools	16	347	151	1,086	82	141	146
Bledsoe County Schools	15	289	290	627	46	88	92
Bradford Special School District	6	65	73	171	15	25	26
Bradley CountyBd of Ed	106	1,017	2,587	15,021	1,313	2,118	2,195
Bristol City Schools	64	395	1,155	2,980	228	428	443
Campbell County Schools	85	475	3,132	7,160	459	955	988
Cannon County Schools	7	319	104	708	54	95	98
Carroll County Schools	-	37	-	89	7	11	11
Carter County Schools	98	795	3,457	14,593	1,159	2,008	2,080
Cheatham County Schools	51	698	1,460	8,070	715	1,171	1,213
Chester County Schools	16	219	217	677	51	93	96
City Dayton Sch	4	87	81	260	23	37	38
Clay County Schools	20	83	386	388	27	63	65
Cleveland City Schools	49	601	1,075	4,788	407	700	725
Clinton Schools	18	132	305	240	22	44	46
Cocke County Schools	62	669	1,732	5,937	385	748	774
Coffee County Schools	62	607	1,686	7,344	648	1,054	1,092
Covington City Schools	-	-	-	-	-	-	0
Crockett County Schools	8	187	144	497	41	72	74
Cumberland County Schools	70	919	2,402	13,121	1,119	1,819	1,884
Decatur County Schools	14	192	187	597	35	71	74
Dekalb County Schools	21	379	350	1,071	79	145	151
Dickson Co.Bd of Ed	79	981	1,715	12,181	920	1,505	1,559
Dir Pay TE Ret Med	81	-	1,081	-	-	42	43
Dyer County Schools	41	439	983	4,630	394	674	698
Dyersburg City Schools	54	328	1,482	2,933	178	386	400
Elizabethton City Schools	40	317	1,257	4,385	397	664	688
Etowah City Bd of Ed	2	52	10	116	12	18	18
Fayette County Schools	17	546	175	935	88	141	146
Fayetteville Schools	5	179	81	379	33	53	54
Fentress County Schools	38	214	1,076	2,531	158	340	352
Franklin County Schools	45	776	1,137	7,958	587	996	1,031
Franklin Special School District	73	628	2,311	5,630	492	878	910
Gestalt Community Schools	-	20	-	24	3	4	4
Gibson County Bd of Ed	43	536	1,178	1,259	118	217	225
Giles County Schools	52	562	1,625	4,732	294	628	650
GRAD Restart Academies, Inc.	-	-	-	-	-	-	0
Grainger County Schools	45	446	1,264	4,665	313	614	635
Greene County Schools	108	846	3,549	10,534	901	1,563	1,619

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 Employer Liability (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Greenville City Schools	49	361	1,381	2,506	180	387	401
Grundy County Schools	23	284	379	737	52	104	108
H R Bruce Sp Sch	11	67	148	217	13	29	30
Hamblen County Schools	151	1,131	5,567	18,219	1,683	2,753	2,853
Hancock County Schools	8	187	121	338	17	39	41
Hardeman County Schools	41	406	719	1,621	115	223	231
Hardin County Schools	49	472	1,520	6,502	458	844	874
Harriman School	-	-	-	-	-	-	0
Hawkins County Schools	94	1,022	2,917	10,013	914	1,569	1,626
Haywood County Schools	26	419	347	956	76	137	142
Henderson County Schools	26	345	380	1,312	90	168	174
Henry CountyBd of Ed	41	368	1,057	3,806	345	578	599
Hickman County Schools	21	445	405	2,244	166	280	290
Hollow Rock-Bruceton Spec Sch Dist	-	-	-	-	-	-	0
Houston County Schools	6	127	91	318	23	43	45
Humboldt	21	205	798	1,652	192	320	332
Humphreys County Schools	21	381	619	5,704	441	744	771
Huntingdon Sp Sch	16	100	247	330	22	46	47
Jackson County Schools	11	149	126	469	31	61	63
Jackson-Madison County Bd of Ed	203	1,819	4,758	10,721	851	1,616	1,672
Jefferson County Schools	60	861	1,804	12,989	1,188	1,883	1,951
Johnson CountyBd of Ed	45	340	1,161	3,887	283	479	497
Johnson County BOE	-	21	-	99	8	11	12
Kingsport	106	935	3,520	9,690	845	1,502	1,555
KIPP Memphis Collegiate Schools	-	-	-	-	-	-	0
Knox County Schools	445	6,719	6,213	14,537	1,287	2,159	2,236
Lake County Schools	4	104	38	1,219	95	157	163
Lauderdale County Schools	27	478	595	2,760	231	399	413
Lawrence County Schools	81	923	2,440	13,475	1,103	1,864	1,931
LEAD Public Schools	-	25	-	8	5	5	5
Lebanon Special School District	23	379	862	3,041	219	405	419
Lenoir City	19	257	622	1,297	107	198	205
Lewis County Schools	11	173	154	565	37	71	73
Lexington City Schools	14	133	228	365	31	56	58
Lincoln County Schools	27	532	409	1,174	91	166	172
Little Tn Vly Ed	-	6	-	3	0	0	0
Loudon County Schools	48	549	1,047	3,027	233	429	444
Macon County Schools	30	484	551	1,963	129	258	267
Manchester Schools	10	205	307	1,093	85	144	149
Marion County Schools	27	505	459	1,537	120	212	219
Marshall County Schools	38	692	825	6,362	563	927	960
Maury County Schools	111	1,483	3,682	21,403	2,024	3,177	3,293
McKenzie Special School District	6	149	87	474	31	57	59
McMinn County Center for Educational Excellence	55	667	810	818	79	154	159
McNairy County School System	26	618	338	2,094	158	273	282

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 Employer Liability (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Meigs CountyBd of Ed	9	201	127	620	45	81	84
Milan Special School District	32	271	1,150	3,296	256	472	488
Monroe CountyBd of Ed	47	646	1,163	8,380	611	1,072	1,110
Moore County Schools	12	115	330	1,022	69	134	138
Morgan County Schools	20	262	260	1,205	87	154	159
Morristown Schools	-	-	-	-	-	-	0
MS Loc Ed Sup Direct Pay	1	-	10	-	-	0	0
MS Sullivan Co Supp Staf	-	-	-	-	-	0	0
Murfreesboro City Schools	56	924	725	2,518	214	371	384
Newport City Sc	6	96	75	412	27	47	49
Oak Ridge Schools	42	605	1,246	4,968	343	620	642
Obion County Schools	34	415	425	1,310	93	178	184
Oneida Spec Sch	5	202	63	511	31	57	59
Overton County Schools	36	361	986	3,403	261	472	489
Paris Special School District	18	203	218	450	37	69	72
Perry County Schools	9	131	126	401	27	52	54
Pickett County Schools	7	99	111	334	18	40	41
Polk CountyBd of Ed	22	273	539	2,645	210	369	382
Putnam County Schools	69	1,178	1,196	3,769	296	525	543
Rhea County Schools	21	496	199	1,488	120	198	205
Richard Hardy Memorial School	-	27	-	44	2	5	5
Roane County Schools	71	810	1,872	9,353	634	1,184	1,225
Robertson County Schools	99	1,341	4,017	13,235	1,078	1,879	1,946
Rogersville City Schools	8	81	120	250	17	33	34
S. Carroll Co Sp Dist-Non	1	48	5	147	8	14	15
Scott County Schools	30	425	568	3,281	239	427	442
Sequatchie County Schools	7	317	141	590	51	87	91
Sevier County Schools	111	1,701	3,605	26,202	2,042	3,446	3,570
Smith County Schools	28	357	520	1,369	97	184	190
Stewart County Schools (BOE)	15	178	201	754	51	95	98
Sullivan CountyBd of Ed	332	1,284	11,015	21,780	1,660	3,244	3,357
Sumner CountyBd of Ed	222	2,050	7,160	20,470	1,746	3,186	3,299
Sweetwater Sch	11	174	160	636	44	84	87
Teacher-Retiree	520	-	5,711	-	-	1,010	1,040
Tipton County Schools	48	1,384	1,122	5,454	438	779	806
Trenton Spec Sch	19	178	453	1,192	89	158	164
Tri Co Voc S Te	-	-	-	-	-	-	0
Tri County Vocational School	-	-	-	-	-	-	0
Trousdale County Schools	10	135	161	377	30	56	58
Tullahoma	54	415	1,287	5,334	411	726	752
Unicoi County Schools	30	290	601	1,708	144	252	261
Union City Bd of Ed	20	185	323	493	42	76	78
Union County Schools	20	411	378	1,610	120	220	227
Van Buren County Schools	6	119	180	1,092	65	131	136
W Carroll Sp Sch	6	112	76	305	21	37	39

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 Employer Liability (continued)

Employer	Count		Actuarial Liability		Normal Cost	ARC	Roll-Forward ARC
	Inactive	Active	Inactive	Active			
Warren County Schools	50	566	740	1,625	115	234	242
Washington Bd of Ed	72	1,043	1,372	5,791	495	827	857
Wayne County Schools	20	208	741	3,880	239	472	489
Weakley County Schools	32	559	560	626	48	107	110
White County Schools	39	415	717	1,268	97	188	195
Williamson County Schools	-	-	-	-	-	-	0
Total	6,009	64,643	142,913	493,879	39,839	70,744	73,265

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