

Key Benefit Concepts, LLC

City of West Allis



Accounting and Sample Funding Report of
Liabilities for Participants' Post Employment
Benefits as of January 1, 2012

Thru End of the Year December 31, 2012

May 2013



BBB Rating: A+

This report, its text, charts, content and
formatting are subject to copyright
protection and are the exclusive property
of Key Benefit Concepts, LLC.



Table of Contents

Background and Certification	Page 2
Introduction	Page 3
City OPEB	Page 3
Amortization Method	Page 5
City's OPEB Liability	Page 5
Discussion of Valuation Methods and Assumptions	Page 6
OPEB Tables	
OPEB Technical Appendix	

Background and Certification

The Government Accounting Standards Board (GASB) considers other post employment benefits, like pension benefits, as part of the compensation employees earn each year although they are not received until after employment ends. GASB has finalized Statement No. 43 (Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans) and Statement No. 45 (Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions). These Statements establish standards for the measurement, recognition, and display of Other Post Employment Benefits (OPEB) expense/expenditures and related liabilities.

Key Benefit Concepts, LLC (KBC) is an independent actuarial and employee benefits consulting firm providing actuarial services to clients who sponsor qualified retirement and other post-employment benefits. We maintain no relationships with any client that might impair the objectivity of our work. This valuation and report were prepared by KBC based upon:

- Our understanding of GASB's current Statements
- The Summary of Benefits and Eligibility determined by the bargaining and other City agreements, as outlined herein
- The accuracy and completeness of information and data as provided by the City.

The calculations of cost and liabilities illustrated were determined according to generally accepted actuarial principles and standards. Specific assumptions and actuarial methodology for the study are defined within the report. Given that actual experience may vary from the actuarial assumptions projected, developing liabilities and costs may differ from those estimated in this report. Furthermore, in the event of any inaccuracies in the information or data provided, upon which these calculations were based, revisions may be needed.

This report was prepared solely for the purposes of providing information required by GASB for the entity's financial reporting. KBC assumes neither responsibility nor any liability for use of this report for any other purposes.

This valuation is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest.

Ted W. Windsor is an actuary meeting the qualifications of the American Academy of Actuaries required to provide the actuarial opinion detailed in this report.



Ted W. Windsor, ASA, EA, MAAA

May 29, 2013

Introduction

The actuarial present value of the other post employment benefit (OPEB) liabilities is the value of all benefits estimated to be payable to plan members discounted at the assumed discount interest rate back to the valuation date. The actuarial present value is comprised of:

- Benefits employees have already earned, and
- Benefits expected to be earned by employees in the future.

Presented in this report are the results of our study of the post employment benefits and the associated liabilities and costs. The study includes the following:

- Actuarial Accrued Liability (AAL): The portion of the actuarial present value of benefits allocated to all periods prior to the valuation date of January 1, 2012 also known as the accrued benefit.
- Normal Cost (NC): The portion of the actuarial present value of benefits allocated to the valuation year (i.e. the additional benefits to be earned from January 1, 2012 through December 31, 2012).
- Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets. This amount may also be negative indicating the presence of a surplus of actuarial assets over actuarial accrued liabilities
- Annual Required Contribution (ARC): The employer's annual contribution comprised of the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the valuation year.

City OPEB

For City of West Allis (the "City"), the other post employment benefit liability consists of several interdependent pieces arising from the rules of the plan. The amount paid by the City for continued medical care, for all classifications that are entitled to a benefit, is briefly outlined below. A full description of the eligibilities and benefits for all eligible classifications can be found in the OPEB Technical Appendix.

All City Employees: A minimum of 10 years of service and at least age 50 for Protective Services and age 55 for Non-Protective Services; the City will contribute 95% of the retiree's medical premium amount during their first year of retirement. Thereafter, the retiree will be responsible for any premium increases (in addition to the 5% of premium paid in the first year) until age 65, at which time, the City will contribute 50% of the medical premiums. The City will continue its contributions until such time that the retiree ceases to pay their portion of the premiums or until their death.

Note: Police hired after April 1, 2008 as well as Fire Staff hired after February 1, 2009 are required to have 15 years of service upon their retirement. AFSME and Non-Represented hired after April 1, 2008; Alderman hired after April 15, 2008 as well as Nurses and Engineers hired after March 1, 2012 are all required to have 15 years of service upon their retirement and the City's premium contributions will cease entirely upon Medicare-eligibility as well.

In a standard OPEB valuation, the GASB guidelines require that the OPEB to be based upon the *value* of the health care benefit. Thus, when the benefits are insured, the value above the premium cost of benefits must be determined. This applies to all classifications and arises from the value of benefits in excess of the payments made by the City during the guaranteed period. This amount is determined and incorporated in the determined liability of the medical care benefit.

Additionally, since GASB guidelines require the OPEB to be based upon the *value* of the medical care benefit, when an individual self-pays 100% of the premium cost, the valuation also includes the difference between the premium cost and the value cost of the benefit. This is known as the Implicit Rate Subsidy.

Implicit Rate Subsidy exists when an employer's retirees and current employees are covered together as a group wherein the premium rate or premium equivalent rate paid by the retirees may be lower than they would be if the retirees were rated separately. The final GASB Statements declare that even if the retirees pay 100% of the premium, without a contribution from the employer, the employer is required to treat the implicit rate subsidy as an OPEB liability. This is a reversal of GASB's initial opinion.

As used above, *value* refers to the cost to the plan for providing coverage, which is greater than the aggregate premium charged for older participants. *Amount* refers to the dollar amount of premiums paid from the escrow account.

All City employees may choose to remain on the group medical plan, upon their retirement, provided that they pay their required portion of premiums. Therefore, it was assumed that 15% of future retirees (current actives) would choose to no longer participate in the City's group medical plan upon reaching Medicare-eligibility. Note that when an individual becomes Medicare-eligible, their premium rates are adjusted to represent the expected cost of coverage (i.e. no implicit rate subsidy is incurred).

Amortization Method

The current guidelines allow two amortization methods:

Level Dollar Amortization Method – The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principle (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of the payroll over time.

Level Percent Amortization Method – Amortization payments are calculated so that they increase at a constant percentage over a given number of years. The dollar amount of the payments generally will increase over time due to inflation; however the percentage increases in these payments can be expected to remain level.

Note: The OPEB Tables are based upon a 28-year amortization period which is listed as the remaining period on the City's audited financials for the year ending December 31, 2011.

City's OPEB Liability

Based upon actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the City, the post employment medical care liabilities as of January 1, 2012 are as follows:

Other Post Employment Liability		
	Level \$ Amortization	Level % Amortization
1 Normal Cost with interest to end of year	\$ 3,699,298	\$ 3,699,298
2 Unfunded Actuarial Accrued Liability (UAAL)	\$ 139,828,532	\$ 139,828,532
3 28-yr. Amortization of UAAL	\$ 8,941,773	\$ 6,349,494
4 Annual Required Contribution (ARC)	\$ 12,641,071	\$ 10,048,793

Detailed calculations for the above results can be found in the OPEB Tables C and D.

Discussion of Valuation Methods and Assumptions

The valuation was based upon the data provided by the City. In performing this study, we utilized the medical and prescription drug claims as well as the premium equivalent rate history of the City's self-funded medical plan and projected a stream of expected premium equivalent rates for each year in the future based on the data as of January 1, 2012. For those individuals covered under the City's medical plan, the first year (calendar year 2012) trends and expected future costs were derived from historical premium equivalent rates as well as claims history for actives and retirees.

Trend and retirement age are the most sensitive assumptions. Changes in these assumptions have the largest impact on the amount of liabilities. All of the demographic assumptions used for this report (i.e. other than trend, salary, payroll growth, expected discount rate, percent electing coverage and percent electing family coverage) are approximately the same as those used in the December 31, 2011 Wisconsin Retirement System's (WRS) annual report. The assumptions are shown in the OPEB Technical Appendix.

This is a subsequent valuation of the City's post-employment liabilities. Although the City has reserved a fund balance of approximately \$8 million as of January 1, 2012; these funds are not placed in an irrevocable trust per GASB requirements, as such, cannot be used to offset the City's actuarial accrued liability.

A discount rate of 4.56% (as the expected yield on general assets) was used in this valuation in calculating the post-employment liabilities. According to the Treasury and PBGC Interest Rates report, this rate is equal to the composite corporate bond rate in January 2012. It was assumed that the City would continue to fund its retiree benefits out of its general fund assets on a pay-as-you-go basis.

OPEB Tables

OPEB Table A

City of West Allis
Active Employees as of January 1, 2012

Age	Years of Service in the City of West Allis									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 or more		
Under 20	-	-	-	-	-	-	-	-	-	-
20 - 24	18	-	-	-	-	-	-	-	-	18
25 - 29	30	7	-	-	-	-	-	-	-	37
30 - 34	22	26	5	-	-	-	-	-	-	53
35 - 39	13	12	27	8	-	-	-	-	-	60
40 - 44	7	8	13	20	9	-	-	-	-	57
45 - 49	6	7	7	26	30	12	-	-	-	88
50 - 54	10	4	12	13	34	17	12	-	-	102
55 - 59	6	2	11	6	11	7	4	1	-	48
60 - 64	1	2	1	4	4	4	-	1	-	17
65 and over	-	-	-	1	1	1	2	1	-	6
Total	113	68	76	78	89	41	18	3	3	486

Averages:**Age: 43.9****Service: 13.6**

OPEB Table B

City of West Allis
Members by Medical Coverage as of January 1, 2012

Medical Plan Enrollment

	Actives				Retirees			
	Single	Couple	Family	Total	Single	Couple	Family	Total
Police	30	17	68	115	29	55	26	110
Fire	17	11	64	92	38	57	20	115
Elected	4	4	5	13	4	3	-	7
Engineers	1	4	4	9	3	5	-	8
Nurses	2	1	2	5	-	-	-	-
Non-Represented	7	21	35	63	46	61	8	115
AFSCME	47	55	87	189	102	73	21	196
Totals	108	113	265	486	222	254	75	551

Notes:

- 1- Active plan participants listed under 'Family' were assumed to have 'Couple' coverage upon their retirement.
2- It was assumed that 15% of future retirees (current actives) that are currently enrolled in the medical plan would choose to no longer participate in the City's group medical plan upon reaching Medicare-eligibility.

OPEB Table C

City of West Allis

Determination of Normal Cost, Actuarial Accrued Liability and Unfunded Actuarial Accrued Liability (UAAL) as of 1/1/2012

Total Incurred OPEB Liability

	Police	Fire	Elected	Engineers	Nurses	Non-Represented	AFSCME	Total
1. Normal cost as of 1/1/2012								
a. Future retiree value of OPEB benefits	\$1,220,939	\$988,209	\$56,991	\$67,706	\$30,679	\$445,332	\$1,114,771	\$3,924,627
b. Portion of fully self-paid premiums	168,441	124,911	2,211	3,646	1,609	21,989	63,853	386,660
c. Total normal cost [#1a - #1b]	1,052,498	863,298	54,780	64,060	29,070	423,343	1,050,918	3,537,967
2. Actuarial accrued liability as of 1/1/2012								
a. Retiree value of OPEB benefits	29,682,432	23,356,303	287,911	764,552	0	15,795,581	25,755,287	95,642,066
b. Portion of fully self-paid premiums	4,638,052	3,108,194	0	0	0	959,130	1,708,917	10,414,293
c. Future retiree value of OPEB benefits	13,575,405	16,033,052	1,336,686	736,806	749,175	8,089,436	19,687,636	60,208,196
d. Portion of fully self-paid premiums	1,855,160	2,066,207	33,969	40,332	43,856	432,333	1,135,580	5,607,437
e. Total actuarial accrued liability [(#2a - #2b) + (#2c - #2d)]	36,764,625	34,214,954	1,590,628	1,461,026	705,319	22,493,554	42,598,426	139,828,532
3. Actuarial value of assets	0	0	0	0	0	0	0	0
4. Unfunded actuarial accrued liability [#2e - #3]	\$36,764,625	\$34,214,954	\$1,590,628	\$1,461,026	\$705,319	\$22,493,554	\$42,598,426	\$139,828,532

OPEB Table D - Level % Amortization

City of West Allis
 Determination of 2012 Calendar Year Annual Required Contribution (ARC)

Total Incurred OPEB Liability

	Police	Fire	Elected	Engineers	Nurses	Non-Represented	AFSCME	Total
1. Normal cost								
a. Beginning of year	\$1,052,498	\$863,298	\$54,780	\$64,060	\$29,070	\$423,343	\$1,050,918	\$3,537,967
b. With interest to end of year	1,100,492	902,664	57,278	66,981	30,396	442,647	1,098,840	3,699,298
2. Expected payroll for 2012 calendar year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	36,764,625	34,214,954	1,590,628	1,461,026	705,319	22,493,554	42,598,426	139,828,532
4. 28 year amortization of UAAL as a level percent method								
a. Dollars	1,669,450	1,553,672	72,229	66,344	32,028	1,021,413	1,934,358	6,349,494
b. Percent of payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5. Annual required contribution (ARC)								
a. Normal cost	1,100,492	902,664	57,278	66,981	30,396	442,647	1,098,840	3,699,298
b. Amortization	1,669,450	1,553,672	72,229	66,344	32,028	1,021,413	1,934,358	6,349,494
c. Total contribution [a + b]	\$2,769,942	\$2,456,336	\$129,507	\$133,325	\$62,424	\$1,464,061	\$3,033,198	\$10,048,793

OPEB Table D - Level \$ Amortization

City of West Allis

Determination of 2012 Calendar Year Annual Required Contribution (ARC)

Total Incurred OPEB Liability

	Police	Fire	Elected	Engineers	Nurses	Non-Represented	AFSCME	Total
1. Normal cost								
a. Beginning of year	\$1,052,498	\$863,298	\$54,780	\$64,060	\$29,070	\$423,343	\$1,050,918	\$3,537,967
b. With interest to end of year	1,100,492	902,664	57,278	66,981	30,396	442,647	1,098,840	3,699,298
2. Expected payroll for 2012 calendar year	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
3. Unfunded actuarial accrued liability (UAAL)	36,764,625	34,214,954	1,590,628	1,461,026	705,319	22,493,554	42,598,426	139,828,532
4. 28 year amortization of UAAL as a level dollar method								
a. Dollars	2,351,029	2,187,982	101,718	93,430	45,104	1,438,421	2,724,090	8,941,773
b. Percent of payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
5. Annual required contribution (ARC)								
a. Normal cost	1,100,492	902,664	57,278	66,981	30,396	442,647	1,098,840	3,699,298
b. Amortization	2,351,029	2,187,982	101,718	93,430	45,104	1,438,421	2,724,090	8,941,773
c. Total contribution [a + b]	\$3,451,521	\$3,090,647	\$158,996	\$160,411	\$75,499	\$1,881,068	\$3,822,929	\$12,641,071

OPEB Table E - Level % Amortization

City of West Allis

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending December 31, 2012

	<u>Total</u>
Annual required contribution (ARC)	\$10,048,793
Interest on net OPEB obligation	1,115,833
Adjustment to annual required contribution	(1,111,163)
Annual OPEB cost (expense)	\$10,053,463
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$24,470,016
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$9,593,483	38.93%	\$18,970,825
12/31/2011	\$9,564,714	42.51%	\$24,470,016
12/31/2012	\$10,053,463	TBD	TBD

OPEB Table E - Level \$ Amortization

City of West Allis

Annual OPEB Cost and Net OPEB Obligation for the Fiscal Year Ending December 31, 2012

	<u>Total</u>
Annual required contribution (ARC)	\$12,641,071
Interest on net OPEB obligation	1,115,833
Adjustment to annual required contribution	(1,564,812)
Annual OPEB cost (expense)	\$12,192,092
Contributions made	TBD
Change in net OPEB obligation	TBD
Net OPEB obligation - beginning of year	\$24,470,016
Net OPEB obligation - end of year	TBD

History of OPEB Cost, Percentage Of Annual Contribution and Net OPEB Obligation

Valuation Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$9,593,483	38.93%	\$18,970,825
12/31/2011	\$9,564,714	42.51%	\$24,470,016
12/31/2012	\$12,192,092	TBD	TBD

OPEB Table F
 City of West Allis
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a) / c)
1/1/2008	\$0	\$128,614,356	\$128,614,356	0.00%	\$34,036,048	377.88%
1/1/2010	\$0	\$122,041,691	\$122,041,691	0.00%	\$35,910,808	339.85%
1/1/2012	\$0	\$139,828,532	\$139,828,532	0.00%	TBD	TBD

OPEB Table G
City of West Allis
Significant Methods and Assumptions

Actuarial valuation date	1/1/2012
Actuarial cost method	Unit credit
Amortization method	28 year open level dollar & level percent
Remaining amortization period	28 years
Asset valuation method	Market value
Actuarial Assumptions	
Investment rate of return *	4.56%
Level percent increases (for level percent amortization only)	3.00%
Medical care trend*	10.00% decreasing by 1.00% per year down to 5.00%

* Implicit in this rate is an assumed rate of inflation of 4.00%

OPEB Table H - Level % Amortization
City of West Allis
Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities								
Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
12/31/2011	\$9,519,392	673,582	(628,260)	30.20	\$9,564,714	(4,065,523)	5,499,191	\$24,470,016
12/31/2012	\$10,048,793	1,115,833	(1,111,163)	22.02	\$10,053,463	TBD	TBD	TBD

OPEB Table H - Level \$ Amortization
 City of West Allis
 Historical Development of Annual Net OPEB Obligation

Total Incurred OPEB Liabilities

Valuation Year Ending	ARC	Interest on Net OPEB Obligation	ARC Adjustment	Amort. Factor	OPEB Cost	Contribution	Change in Net OPEB Obligation	Net OPEB Obligation Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
12/31/2011	\$9,519,392	673,582	(628,260)	30.20	\$9,564,714	(4,065,523)	5,499,191	\$24,470,016
12/31/2012	\$12,641,071	1,115,833	(1,564,812)	15.64	\$12,192,092	TBD	TBD	TBD

OPEB Technical Appendix

City of West Allis

Post Employment Benefit Summary

***AFSCME: Local 80 Public Works & Clerical Union,
Non-Represented & Department Head (Includes City Attorney)***

Hired Prior to April 1, 2008	
Eligibility	OPEB
Eligible under WRS with a minimum of 10 years of continuous service with the City	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After April 1, 2008	
Eligibility	OPEB
Eligible under WRS with a minimum of 15 years of continuous service with the City	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

Alderman & Municipal Judge

Hired Prior to April 15, 2008	
Eligibility	OPEB
Eligible under WRS with a minimum of 10 years of continuous service with the City & completed a minimum of 2 four-year terms	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After April 15, 2008	
Eligibility	OPEB
Eligible under WRS with a minimum of 15 years of continuous service with the City & completed a minimum of 2 four-year terms	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

West Allis Federation of Nurses

Hired Prior to March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p>Hired On or After July 1, 2008:</p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

Engineering Technician & Aides Association

Hired Prior to March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p>Hired On or After August 1, 2008:</p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
Hired On or After March 1, 2012	
Eligibility	OPEB
<p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions will cease upon Medicare-eligibility, the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

West Allis Professional Police Association

Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p>Hired On or After April 1, 2008:</p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>

West Allis Professional Fire Fighter's Union

Eligibility	OPEB
<p>Eligible under WRS with a minimum of 10 years of continuous service with the City</p> <p>Hired On or After February 1, 2009:</p> <p>Eligible under WRS with a minimum of 15 years of continuous service with the City</p>	<p><u>Medical Insurance:</u> The City will continue its contributions towards an eligible retiree's medical premiums at the same contribution amount as was made at the time of their retirement. Thereafter, the retiree will be responsible for any and all increases in premium costs (in addition to their initial required premium share). The City's contributions (frozen amount) will continue in this manner until Medicare-eligibility.</p> <p>Upon reaching Medicare-eligibility, the City's contributions will be adjusted to 50% of the City's Medicare supplemental plans.</p> <p>This coverage will continue until the retiree stops paying his/her portion of the premiums or upon death of the retiree.</p>
<p>Notes:</p> <ul style="list-style-type: none"> • <i>Effective March 1, 2013, the City's contributions will cease upon an individual's (i.e. the retiree, spouse and/or dependent) eligibility for other health insurance. If the individual is the retiree, then coverage with the City for all members (i.e. the retiree, spouse and/or dependent) would cease</i> • <i>Upon loss of other insurance coverage, the individual (i.e. the retiree, spouse and/or dependent) may be eligible to re-enroll in the City's coverage provided they meet the eligibility requirements.</i> 	

OPEB Actuarial Assumptions

1. Actuarial Valuation Date	January 1, 2012																																										
2. Actuarial Cost Method	<u>Unit Credit</u> : The calculation of retirement plan benefits is based upon the accumulation of “benefit units” earned from such things as salary and/or service years. A Plan’s normal cost is determined by the present value of benefits allocated to the valuation year. A Plan’s accrued liability is the present value of benefits allocated to all periods prior to the valuation year.																																										
3. Interest Rate	Discount rate for valuing liabilities – 4.56% Interest rate on plan assets – 4.56% Implicit in these rates is a 4.00% assumed rate of inflation																																										
4. Level Percent Increase	3.00% – Used only for with the level percent amortization of Unfunded Actuarial Accrued Liability																																										
5. Amortization Method	28 year open level percent & level dollar method																																										
6. Remaining Amortization Period	28 years																																										
7. Asset Valuation Method	Market Value																																										
8. Mortality Rates	Active participant mortality rates at sample ages: <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.000233</td><td>0.000077</td></tr> <tr><td>25</td><td>0.000303</td><td>0.000085</td></tr> <tr><td>30</td><td>0.000368</td><td>0.000115</td></tr> <tr><td>35</td><td>0.000391</td><td>0.000203</td></tr> <tr><td>40</td><td>0.000492</td><td>0.000285</td></tr> <tr><td>45</td><td>0.000725</td><td>0.000446</td></tr> <tr><td>50</td><td>0.001184</td><td>0.000614</td></tr> <tr><td>55</td><td>0.002085</td><td>0.001281</td></tr> <tr><td>60</td><td>0.003038</td><td>0.002174</td></tr> <tr><td>65</td><td>0.004660</td><td>0.003325</td></tr> <tr><td>70</td><td>0.008171</td><td>0.005327</td></tr> <tr><td>75</td><td>0.015030</td><td>0.009751</td></tr> <tr><td>80</td><td>0.027138</td><td>0.016934</td></tr> </tbody> </table> <p><i>Adjusted by Projection Scale AA for Mortality Improvement</i></p>	<u>Age</u>	<u>Male</u>	<u>Female</u>	20	0.000233	0.000077	25	0.000303	0.000085	30	0.000368	0.000115	35	0.000391	0.000203	40	0.000492	0.000285	45	0.000725	0.000446	50	0.001184	0.000614	55	0.002085	0.001281	60	0.003038	0.002174	65	0.004660	0.003325	70	0.008171	0.005327	75	0.015030	0.009751	80	0.027138	0.016934
<u>Age</u>	<u>Male</u>	<u>Female</u>																																									
20	0.000233	0.000077																																									
25	0.000303	0.000085																																									
30	0.000368	0.000115																																									
35	0.000391	0.000203																																									
40	0.000492	0.000285																																									
45	0.000725	0.000446																																									
50	0.001184	0.000614																																									
55	0.002085	0.001281																																									
60	0.003038	0.002174																																									
65	0.004660	0.003325																																									
70	0.008171	0.005327																																									
75	0.015030	0.009751																																									
80	0.027138	0.016934																																									

9. Retirement	<p>Active participant retirement rates at sample ages:</p> <p>General Pattern</p> <table border="1"> <thead> <tr> <th rowspan="2"><u>Age</u></th> <th colspan="2"><i>Normal</i></th> <th colspan="2"><i>Early</i></th> </tr> <tr> <th><u>Male</u></th> <th><u>Female</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr> <td>55</td> <td></td> <td></td> <td>8.0%</td> <td>6.0%</td> </tr> <tr> <td>56</td> <td></td> <td></td> <td>8.0</td> <td>6.0</td> </tr> <tr> <td>57</td> <td>24.0%</td> <td>19.0%</td> <td>4.5</td> <td>4.5</td> </tr> <tr> <td>58</td> <td>24.0</td> <td>19.0</td> <td>5.0</td> <td>5.5</td> </tr> <tr> <td>59</td> <td>24.0</td> <td>19.0</td> <td>5.5</td> <td>5.5</td> </tr> <tr> <td>60</td> <td>24.0</td> <td>19.0</td> <td>8.0</td> <td>8.0</td> </tr> <tr> <td>61</td> <td>20.0</td> <td>19.0</td> <td>8.0</td> <td>8.0</td> </tr> <tr> <td>62</td> <td>33.0</td> <td>29.0</td> <td>17.0</td> <td>16.0</td> </tr> <tr> <td>63</td> <td>33.0</td> <td>29.0</td> <td>17.0</td> <td>16.0</td> </tr> <tr> <td>64</td> <td>24.0</td> <td>25.0</td> <td>17.0</td> <td>16.0</td> </tr> <tr> <td>65</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> <td>100.0</td> </tr> </tbody> </table> <p>Protective Pattern</p> <table border="1"> <thead> <tr> <th><u>Age</u></th> <th><i>Normal & Early</i> <u>Male & Female</u></th> </tr> </thead> <tbody> <tr> <td>50</td> <td>8.0%</td> </tr> <tr> <td>51</td> <td>8.0</td> </tr> <tr> <td>52</td> <td>9.0</td> </tr> <tr> <td>53</td> <td>28.0</td> </tr> <tr> <td>54</td> <td>20.0</td> </tr> <tr> <td>55</td> <td>17.0</td> </tr> <tr> <td>56</td> <td>17.0</td> </tr> <tr> <td>57</td> <td>17.0</td> </tr> <tr> <td>58</td> <td>17.0</td> </tr> <tr> <td>59</td> <td>17.0</td> </tr> <tr> <td>60</td> <td>17.0</td> </tr> <tr> <td>61</td> <td>20.0</td> </tr> <tr> <td>62</td> <td>20.0</td> </tr> <tr> <td>63</td> <td>30.0</td> </tr> <tr> <td>64</td> <td>18.0</td> </tr> <tr> <td>65</td> <td>100.0</td> </tr> </tbody> </table>	<u>Age</u>	<i>Normal</i>		<i>Early</i>		<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	55			8.0%	6.0%	56			8.0	6.0	57	24.0%	19.0%	4.5	4.5	58	24.0	19.0	5.0	5.5	59	24.0	19.0	5.5	5.5	60	24.0	19.0	8.0	8.0	61	20.0	19.0	8.0	8.0	62	33.0	29.0	17.0	16.0	63	33.0	29.0	17.0	16.0	64	24.0	25.0	17.0	16.0	65	100.0	100.0	100.0	100.0	<u>Age</u>	<i>Normal & Early</i> <u>Male & Female</u>	50	8.0%	51	8.0	52	9.0	53	28.0	54	20.0	55	17.0	56	17.0	57	17.0	58	17.0	59	17.0	60	17.0	61	20.0	62	20.0	63	30.0	64	18.0	65	100.0
<u>Age</u>	<i>Normal</i>		<i>Early</i>																																																																																																
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>																																																																																															
55			8.0%	6.0%																																																																																															
56			8.0	6.0																																																																																															
57	24.0%	19.0%	4.5	4.5																																																																																															
58	24.0	19.0	5.0	5.5																																																																																															
59	24.0	19.0	5.5	5.5																																																																																															
60	24.0	19.0	8.0	8.0																																																																																															
61	20.0	19.0	8.0	8.0																																																																																															
62	33.0	29.0	17.0	16.0																																																																																															
63	33.0	29.0	17.0	16.0																																																																																															
64	24.0	25.0	17.0	16.0																																																																																															
65	100.0	100.0	100.0	100.0																																																																																															
<u>Age</u>	<i>Normal & Early</i> <u>Male & Female</u>																																																																																																		
50	8.0%																																																																																																		
51	8.0																																																																																																		
52	9.0																																																																																																		
53	28.0																																																																																																		
54	20.0																																																																																																		
55	17.0																																																																																																		
56	17.0																																																																																																		
57	17.0																																																																																																		
58	17.0																																																																																																		
59	17.0																																																																																																		
60	17.0																																																																																																		
61	20.0																																																																																																		
62	20.0																																																																																																		
63	30.0																																																																																																		
64	18.0																																																																																																		
65	100.0																																																																																																		

10. Separation Rates	Select and ultimate termination rates at sample ages and years of service are shown below:			
	<i>Other</i>			
	<u>Age</u>	<u>Service</u>	<u>Male</u>	<u>Female</u>
		0	21.0%	20.0%
		1	13.0	14.0
		2	9.0	10.0
		3	7.0	8.2
		4	5.8	7.2
		5	4.7	6.2
		6	4.3	5.3
		7	4.0	4.7
		8	3.5	4.4
		9	3.0	4.0
	25	10 & over	3.0	4.0
	30		3.0	3.7
	35		2.5	3.2
	40		1.9	2.6
	45		1.5	2.1
	50		1.3	1.8
	55		1.2	1.7
	60		1.2	1.7
	<i>Protective</i>			
	<u>Age</u>	<u>Service</u>	<u>Male & Female</u>	
		0	13.0%	
		1	7.0	
		2	4.6	
		3	4.1	
		4	3.2	
		5	3.0	
		6	2.7	
		7	2.5	
		8	2.3	
		9	1.9	
	25	10 & over	1.9	
	30		1.9	
	35		1.7	
	40		1.3	
	45		1.1	
	50		1.0	
	55		1.0	
	60		1.0	

11. Disablement Rates	Active participant disablement rates at sample ages: <table border="1" data-bbox="722 262 1356 661"> <thead> <tr> <th></th> <th><i>Protective</i></th> <th colspan="2"><i>General</i></th> </tr> <tr> <th><u>Age</u></th> <th><u>Male & Female</u></th> <th><u>Male</u></th> <th><u>Female</u></th> </tr> </thead> <tbody> <tr><td>20</td><td>0.02%</td><td>0.01%</td><td>0.01%</td></tr> <tr><td>25</td><td>0.02</td><td>0.01</td><td>0.01</td></tr> <tr><td>30</td><td>0.02</td><td>0.01</td><td>0.03</td></tr> <tr><td>35</td><td>0.03</td><td>0.01</td><td>0.04</td></tr> <tr><td>40</td><td>0.04</td><td>0.04</td><td>0.06</td></tr> <tr><td>45</td><td>0.06</td><td>0.08</td><td>0.09</td></tr> <tr><td>50</td><td>0.09</td><td>0.18</td><td>0.14</td></tr> <tr><td>55</td><td>1.47</td><td>0.34</td><td>0.25</td></tr> <tr><td>60</td><td>2.48</td><td>0.60</td><td>0.35</td></tr> </tbody> </table>					<i>Protective</i>	<i>General</i>		<u>Age</u>	<u>Male & Female</u>	<u>Male</u>	<u>Female</u>	20	0.02%	0.01%	0.01%	25	0.02	0.01	0.01	30	0.02	0.01	0.03	35	0.03	0.01	0.04	40	0.04	0.04	0.06	45	0.06	0.08	0.09	50	0.09	0.18	0.14	55	1.47	0.34	0.25	60	2.48	0.60	0.35
	<i>Protective</i>	<i>General</i>																																														
<u>Age</u>	<u>Male & Female</u>	<u>Male</u>	<u>Female</u>																																													
20	0.02%	0.01%	0.01%																																													
25	0.02	0.01	0.01																																													
30	0.02	0.01	0.03																																													
35	0.03	0.01	0.04																																													
40	0.04	0.04	0.06																																													
45	0.06	0.08	0.09																																													
50	0.09	0.18	0.14																																													
55	1.47	0.34	0.25																																													
60	2.48	0.60	0.35																																													
12. Medical Trends (Annual Increases)	<table border="1" data-bbox="803 703 868 955"> <thead> <tr><th><u>Year</u></th></tr> </thead> <tbody> <tr><td>1</td></tr> <tr><td>2</td></tr> <tr><td>3</td></tr> <tr><td>4</td></tr> <tr><td>5</td></tr> <tr><td>6 & beyond</td></tr> </tbody> </table>	<u>Year</u>	1	2	3	4	5	6 & beyond	<table border="1" data-bbox="1153 703 1347 955"> <thead> <tr><th><u>Medical Trend</u></th></tr> </thead> <tbody> <tr><td>10.0%</td></tr> <tr><td>9.0</td></tr> <tr><td>8.0</td></tr> <tr><td>7.0</td></tr> <tr><td>6.0</td></tr> <tr><td>5.0</td></tr> </tbody> </table>	<u>Medical Trend</u>	10.0%	9.0	8.0	7.0	6.0	5.0																																
<u>Year</u>																																																
1																																																
2																																																
3																																																
4																																																
5																																																
6 & beyond																																																
<u>Medical Trend</u>																																																
10.0%																																																
9.0																																																
8.0																																																
7.0																																																
6.0																																																
5.0																																																
13. Age Related Health Care Cost	Health care costs are assumed to increase at 2.5% per year of age separate from trend due to increased cost of older participants.																																															
14. Percent with Coverage at Retirement	100% of active participants currently electing coverage and eligible for a City-provided post-employment benefit upon their retirement																																															
15. Spouses' Age	Males are assumed to be three years older than their spouses																																															