

OTHER POST-EMPLOYMENT BENEFITS TRUST FUND

BOARD OF TRUSTEES MEETING REPORT

MONDAY, JUNE 8, 2015

Trustees Present: Board of Aldermen Appointee Ruthanne Fuller, Citizen Appointee Sarah Ecker, Comptroller David Wilkinson, Chief of Staff/Chief Financial Officer Maureen Lemieux

City staff present: Treasurer and Custodian of the OPEB Trust Fund James Reardon and Benefit Manager Pamela Furfure

The Other Post-Employment Benefits (OPEB) Board of Trustees received information from the Human Resources Benefit Manager including the attached chart of retiree health insurance rates for the different plans that the City of Newton offers. The City offers health insurance to all retirees and their spouses; however, the rates vary depending on when they enrolled, at what age they retire, and what plan they chose. Anyone that retired before April 1, 2012 as well as those retirees not on Medicare are part of the Legacy Plan and are grandfathered into that plan. If a person retired or enrolled after April 1, 2012, they are on the Advantage Plan, which is the same plan that all active City employees are on.

When retirees turn 65, they are required to go onto Medicare Parts A & B and a supplemental plan with the City. (Note: Since retirees from the City who are eligible for Medicare must enroll in the program, the City becomes the second payer.) There are approximately 100 employees that started with the City prior to March 31, 1986, that have not paid into Medicare while working for the City and have not earned the 40 quarters needed to be eligible for Medicare. The City keeps track of these employees as they could go on to work somewhere else after retirement from the City and earn the 40 quarters and become eligible for Medicare. Anyone hired after March 31, 1986 pays into Medicare and the City contributes its share to Medicare. Any retiree that does not elect health care coverage for either himself or herself or a spouse has the opportunity to enroll during a qualifying event at a date subsequent to retirement. In addition, if a retiree were to pass away, the City covers the health insurance of the spouse until death. If a retiree or spouse does not receive a pension, that person pays the monthly health insurance premium by cash or check instead of through a deduction from the pension payment.

Medicare Part B is cost effective for the City, as the City is then only responsible for 20% of retirees' health insurance through the supplemental plans it offers. Medicare requires retirees to pay a premium each month for Medicare Part B to cover outpatient medical insurance. The retirees and their spouses out of pocket expenses are about \$105 per person per month for Medicare. The City provides a reimbursement of \$925 for out of pocket expenses to retirees and spouses enrolled in Medicare Part B. When the reimbursements began, it was for the purpose of enticing people to enroll in Medicare Part B. At that point, retirees were not required to enroll in Medicare Part B and the reimbursement was an incentive. (Note: Both the Commonwealth and the City of Newton only officially required people age 65 and older to go on Medicare if they were eligible starting in 2009.) This flat reimbursement amount of \$925 per subscriber does not increase when the Medicare Part B premium increases, as the City has frozen the refund at \$925 per subscriber.. Every June 30, the City sends out the Medicare Part B reimbursement of \$925 to

each retiree and each spouse enrolled in Medicare Part B. The City continues to offer this incentive but other communities have discontinued the reimbursement.

There are two statutes that govern the city's ability to contribute to retiree healthcare. The first statute allows the city to contribute to the cost of retiree health care and just about all communities including Newton have accepted that law. If a city accepts the law, it must contribute 50% of the cost. (Note: The City of Newton pays 80 %.) The second statute would require the City to contribute more than 50% of the cost but, at this point, no one can find a record of the City accepting the statute. The Law Department concluded that the statute was never accepted and that a former Mayor set the City contribution level at 80% for retiree healthcare out of a sense of equity. Retiree healthcare is not subject to collective bargaining and a Mayor could unilaterally change the percentage of the City contribution.

Medicare Part B covers 80% of medical expenses; however, there are caps associated on length of hospital stays. (Note: Since Medicare Part B does not pay all of a covered person's medical costs, many retirees buy supplemental healthcare insurance.) There are three supplemental plans that the City offers that will cover the portion of the claim that Medicare does not cover. (Note: The City of Newton also pays 80% of any supplemental healthcare insurance. State law does not require any contribution by a municipality for supplemental insurance.) If Medicare does not cover a service, neither will the supplemental insurance plan. Most retirees are on the Medicare complement plan, which is the self-insured plan with the City. (Note: The City of Newton is a single-employer health insurance plan. In other words, the City has our own health insurance plans. In contrast, other cities and towns have joined a cost-sharing multiple-employer plan that the Commonwealth of Massachusetts offers called the Group Insurance Commission (GIC).)

The payment the City makes annually for Medicare Part B is reflected in all the numbers related to OPEB. When the actuary looks at the number, all current practices are supposed to be factored into the OPEB liability equation for purposes of projecting the value of the liabilities. However, the pay-as-you go amount for the Medicare Part B payments was not included in last year's figure. The City was perpetually adjusting the pay-as-you go amount included in the report for financial reporting purposes; grossing it up to the number, the City is actually spending. It was not until this year that the City talked with the actuary about why the number was different and it was that the Medicare Part B numbers were included in the pay-as-you go amount. The actuary includes them when he values the liabilities but does not include them in the note disclosure, which resulted in under reporting by three or four million dollars. One of the things that the City is learning is to build checks and balances into the numbers that go to actuary.

The actuary report has been used to come up with required financial reporting requirements. The report has not received the attention that it needs to historically but will have it going forward. The City needs to discuss whether the actuary should correct past OPEB reports. At the very least, the trend history will reflect the pay-as-you-go data moving forward.

It is important to see how much higher the City contribution is if a retiree is not eligible for Medicare and also to determine what the costs are that the City is volunteering to pay on the supplemental insurance above the required 50% contribution. Comptroller David Wilkinson

stated that the Trustees would be able to look at some of that information when they receive the actuarial report. All of the participation numbers for each plan are identified in the report.

The next item on the agenda was an update from Chief of Staff Maureen Lemieux on the City's plans for beginning actuarial funding of the City's (OPEB) obligations. Comptroller David Wilkinson spoke with Ms. Lemieux and confirmed that she is comfortable discussing the City's OPEB funding plan with the actuary and incorporating it into this year's actuarial report. Mr. Wilkinson spoke with the actuary and the actuary feels that it makes sense to complete the actuarial valuation report on OPEB. The City would then do a separate letter of agreement with the actuary for development of an actuarial analysis of the City's OPEB funding plan. The agreement with the actuary would also include budgeting for the actuarial company to meet with City officials, as the actuarial analysis of the funding plan needs to be developed carefully.

The trustees were supportive of that plan for the actuary's analysis of the City's funding plan but want the actuary and the City to deliver the analysis of the funding plan at the same time as the actuarial report. It would make sense to have the actuary present the report to the trustees and get direction on the funding plan. The funding plan would then be turned around within a matter of weeks. It is important to have Maureen Lemieux at the meeting with the actuary to articulate her vision of the funding plan in order for the actuary to have the assumptions to build into an analysis. The trustees need clarity on what Ms. Lemieux's plan is for OPEB funding between now and 2030 to understand what the gap is in 2030 when the City completes its pension funding and expects to direct those funds to OPEB liabilities. The current funding plan calls for at least a 3% annual contribution for new employees' salaries to the OPEB Trust Fund; however, Ms. Lemieux believes that the 3.25% contribution could increase over time. If that is the case, the actuary should be aware that there is an escalation in the funding plan. [Note: To cover fully the anticipated cost of retiree health care insurance, 12% of salaries/wages should be set aside each year in the OPEB Trust Fund for *all* employees.]

It is important that the mortality assumptions and other assumptions used for the pension funding plan be consistent with those used in the OPEB funding plan. The actuary should also document the source and the basis for the assumptions for the medical expenses. The City of Boston uses the attached charts for projecting different percentages of annual contributions to the OPEB fund. It would be useful to include similar charts in Newton's OPEB actuarial report. It was pointed out that the charts can only be developed after a funding schedule is completed, which is why it is important to understand the Chief of Staff's funding plan and understand them for the next 15 years.

Chief of Staff Maureen Lemieux joined the discussion and explained that funding of OPEB has increased to 3.25% of salaries as of July 1, 2015 for new employees. Ms. Lemieux will provide the actuary with the assumptions she uses for funding OPEB in the next three to four weeks. She has been working with the School Department on the assumptions. The School Department experiences more turnovers in employees; therefore, it is affecting their budget faster than the municipal budget. The declining rate of increase in the number of new employees that contribute to OPEB must also be factored into the assumptions. As future turnover occurs, the number of new employees replacing people who already contribute to OPEB will increase. The School Department may be able to handle a .5% increase at some points in the next fifteen years but it will become harder to increase the contribution in the future. Ms. Lemieux has not

given any indication to the School Department that the increases in contribution will not continue. She would like to develop some type of model that provides some fairly accurate assumptions that factor in these types of variables.

The future OPEB funding schedule analysis by the actuary will be complete by mid-September. The data for the valuation and funding schedule will be available the second week of July. Ms. Lemieux does not want to overstate the numbers. It would be better to adjust the numbers upward for next year's actuarial report and funding schedule.

The trustees moved to the next item on the agenda: the plans for the June 30, 2015 actuarial valuation of the OPEB plan liabilities and assets. The City should be receiving a data request from the actuary in the next few days. The City will not provide the data until all of the retiree health reimbursements for Fiscal Year 2015 are completed and accounted. The data should be available by mid-July. There was some concern with faulty data that was provided to the actuary 18 months ago that resulted in a \$50 million change. The Medicare retirees with life insurance through the City were double counted, inflating the OPEB liability by \$50 million. In addition, when the actuary included the pay-as-you-go amount in the report, he only reported the contribution towards retiree healthcare and not the Medicare Part B reimbursement. These mistakes only effect the reporting, not the liability number of \$554,000,000. David Wilkinson has corrected past Comprehensive Annual Financial Reports.

The actuarial valuation will include benefit payment projections this year. The funding projections will be combined with the benefits. The actuary should also incorporate charts similar to those provided in the City of Boston OPEB actuarial report and possibly provide the back exhibit information in a similar fashion as Pages 35 and 36 (attached) provided in the Boston report. David Wilkinson and Ald. Fuller will look at the Boston report to see if there are any other changes that should be incorporated into Newton's actuarial report.

The Board of Trustees discussed scheduling a mid-year investment review meeting with Commonwealth of Massachusetts PRIM Board staff. It is important that the Board commit to meeting with both a representative of the Pension Reserves Investment Management Board (PRIM) and the actuary once a year. The Board needs to set up a meeting with Paul Tedisco from PRIM to talk about performance of the OPEB Trust Fund through June 30, 2015. It would be helpful to have Mr. Tedisco look at the funding schedule at the meeting.

The Board tentatively scheduled a meeting for August 11, 2015. The hope is to have a draft of the valuation report, a presentation from Paul Tedisco on the OPEB Trust Fund, and a draft funding schedule. [Note: Subsequent to this meeting, the next meeting of the OPEB Trust Fund was scheduled for September 22, 2015.]

The meeting adjourned at 11:20 AM.

**Retiree/Spouse Health Insurance Rates for Retirees UNDER AGE 65 and/or
NOT eligible for Medicare A & B
Effective July 1, 2015**

PLAN	Retired/Enrolled before 4/1/12	Retired/Enrolled after 4/1/12
Individual:	LEGACY Retiree/City	ADVANTAGE Retiree/City
Harvard Pilgrim	\$138.34 / \$553.36	\$119.51 / \$478.04
Tufts EPO	\$150.93 / \$603.72	\$136.89 / \$547.56
Tufts POS	\$223.43 / \$893.72	\$211.26 / \$845.04
Family:		
Harvard Pilgrim	\$375.72 / \$1502.88	\$339.58 / \$1358.32
Tufts EPO	\$413.33 / \$1653.32	\$375.75 / \$1503.00
Tufts POS	\$541.46 / \$2165.84	\$511.95 / \$2047.80

**Retiree/Spouse Health Insurance Rates for Retirees OVER AGE 65 with
Medicare A & B
Effective January 1, 2015**

PLAN	MONTHLY RATE Retiree/City
Medicare HMO Blue	\$53.29 / \$213.16
Tufts Medicare Complement Plan	\$91.77 / \$367.08
Tufts Medicare Preferred	\$52.40 / \$209.60

Current Medicare Monthly Rate:

Part A (Hospital Coverage) – Free
Part B (Medical Coverage) – \$104.90/month

SECTION 2: Valuation Results for the City of Boston June 30, 2013 Measurement Under GASB 43 and 45

PROJECTION OF ARC

30 Years Open (7.50% discount rate)

Total City (Boston Public Schools and All Other City Departments)

Fiscal Year Ended June 30	Projected Benefit (1)	Normal Cost (2)	Amortization of UAL (3)	ARC (3) + (2)	Additional Funding (5)	Assets at End of Year (6)	AAL at End of Year (7)	UAL at End of Year (7) - (6) (8)
2014	\$113,638,696	\$53,335,825	\$100,133,033	\$153,468,858	\$40,000,000	\$262,909,371	\$2,362,200,913	\$2,099,291,542
2015	122,057,607	56,002,616	102,384,264	158,386,880	40,000,000	325,627,574	2,468,356,866	2,142,729,292
2016	130,234,440	58,802,747	104,502,760	163,305,507	40,000,000	393,049,642	2,576,694,561	2,183,644,919
2017	138,894,654	61,742,884	106,498,251	168,241,135	40,000,000	465,528,365	2,687,008,501	2,221,480,136
2018	147,477,515	64,830,029	108,343,507	173,173,536	40,000,000	543,442,993	2,799,688,091	2,256,245,098
2019	156,640,282	68,071,530	110,039,024	178,110,554	40,000,000	627,201,217	2,914,453,289	2,287,252,072
2020	165,865,357	71,475,107	111,551,261	183,026,368	40,000,000	717,241,308	3,031,567,767	2,314,326,458
2021	174,703,140	75,048,862	112,871,703	187,920,565	40,000,000	814,034,407	3,151,807,000	2,337,772,594
2022	183,937,312	78,801,305	114,015,191	192,816,496	40,000,000	918,086,987	3,275,171,318	2,357,084,331
2023	193,360,886	82,741,370	114,957,041	197,698,411	40,000,000	1,029,943,511	3,401,893,187	2,371,949,676
2024	202,674,722	86,878,439	115,682,037	202,560,476	40,000,000	1,150,189,274	3,532,554,172	2,382,364,897
2025	212,808,458	91,222,361	116,432,500	207,412,357	40,000,000	1,279,453,470	3,666,790,680	2,387,337,210
2026	223,448,881	95,783,479	116,374,462	212,215,979	40,000,000	1,418,412,480	3,804,559,674	2,386,147,193
2027	234,621,325	100,572,653	116,374,462	216,947,115	40,000,000	1,567,793,416	3,945,799,326	2,378,005,910
2028	246,352,391	105,601,285	115,977,404	221,578,689	40,000,000	1,728,377,923	4,090,426,837	2,362,048,914
2029	258,670,011	110,881,350	115,199,168	226,080,518	40,000,000	1,901,006,267	4,238,336,039	2,337,329,772
2030	271,603,511	116,425,417	113,993,594	230,419,011	40,000,000	2,086,581,737	4,389,394,790	2,302,813,053
2031	285,183,687	122,246,688	112,310,184	234,556,872	40,000,000	2,286,075,367	4,543,442,125	2,257,366,758
2032	299,442,871	128,359,022	110,093,729	238,452,751	40,000,000	2,500,531,020	4,700,285,147	2,199,754,127
2033	314,415,015	134,776,973	107,283,911	242,060,884	40,000,000	2,731,070,846	4,859,695,638	2,128,624,792
2034	330,135,766	141,515,822	103,814,872	245,330,694	40,000,000	2,978,901,160	5,021,406,372	2,042,505,212
2035	346,642,554	148,591,613	99,614,745	248,206,358	40,000,000	3,245,318,746	5,185,107,089	1,939,788,342
2036	363,974,682	156,021,194	94,605,155	250,626,349	40,000,000	3,531,717,652	5,350,440,121	1,818,722,468
2037	382,173,416	163,822,254	88,700,667	253,522,921	40,000,000	3,839,596,476	5,516,995,631	1,677,399,154
2038	401,282,086	172,013,366	81,808,207	257,821,573	40,000,000	4,170,566,212	5,684,306,429	1,513,740,216
2039	421,346,191	180,614,035	73,826,419	254,440,454	40,000,000	4,526,358,678	5,851,842,343	1,325,483,665
2040	442,413,500	189,644,736	64,644,984	254,289,720	40,000,000	4,908,835,579	6,019,004,097	1,110,168,518
2041	464,534,175	199,126,973	54,143,879	253,270,852	40,000,000	5,319,998,247	6,185,116,662	865,118,414
2042	487,760,884	209,083,322	42,192,573	251,275,895	40,000,000	5,761,998,116	6,349,422,032	587,423,916
2043	512,148,928	219,537,488	28,649,172	248,186,660	40,000,000	6,237,147,975	6,511,071,385	273,923,411

Notes: Assumes payment at the beginning of the fiscal year.
Amortization payments calculated to increase 4.5% per year.

SECTION 2: Valuation Results for the City of Boston June 30, 2013 Measurement Under GASB 43 and 45

PROJECTION OF ARC CONTINUED
30 Years Open (5.75% discount rate)
Public Health Commission

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost	(3) Amortization of UAL	(4) ARC (3) + (2)	(5) Additional Funding	(6) Assets at End of Year	(7) AAL at End of Year	(8) UAL at End of Year
2014	\$1,695,421	\$5,815,241	\$3,513,803	\$9,329,044	\$2,250,000	\$8,021,603	\$104,186,993	\$96,165,390
2015	2,009,766	6,106,003	3,788,603	9,894,606	2,250,000	11,041,973	114,509,516	103,467,543
2016	2,428,729	6,411,303	4,076,284	10,487,587	2,250,000	14,288,871	125,305,385	111,016,514
2017	2,903,103	6,731,868	4,373,689	11,105,557	2,250,000	17,779,286	136,559,364	118,780,078
2018	3,410,537	7,068,462	4,679,548	11,748,010	2,250,000	21,531,483	148,279,783	126,748,300
2019	3,978,429	7,421,885	4,993,470	12,415,355	2,250,000	25,565,094	160,447,325	134,882,231
2020	4,489,200	7,792,979	5,313,920	13,106,899	2,250,000	29,901,226	173,166,792	143,265,567
2021	5,056,024	8,182,628	5,644,196	13,826,824	2,250,000	34,562,568	186,430,267	151,867,699
2022	5,647,254	8,591,759	5,983,092	14,574,851	2,250,000	39,573,510	200,263,822	160,690,311
2023	6,214,622	9,021,347	6,330,675	15,352,022	2,250,000	44,960,274	214,747,104	169,786,830
2024	6,840,623	9,472,415	6,689,048	16,161,463	2,250,000	50,751,044	229,878,182	179,127,138
2025	7,182,654	9,946,036	7,057,026	17,003,062	2,250,000	56,976,123	246,018,453	189,042,331
2026	7,541,787	10,443,337	7,447,652	17,890,989	2,250,000	63,668,082	263,232,904	199,564,822
2027	7,918,876	10,965,504	7,862,204	18,827,708	2,250,000	70,861,938	281,590,605	210,728,667
2028	8,314,820	11,513,779	8,302,023	19,815,802	2,250,000	78,595,333	301,164,964	222,569,631
2029	8,730,561	12,089,468	8,768,518	20,857,986	2,250,000	86,908,733	322,033,994	235,125,261
2030	9,167,089	12,693,942	9,263,169	21,957,111	2,250,000	95,845,638	344,280,596	248,434,958
2031	9,625,444	13,328,639	9,787,528	23,116,167	2,250,000	105,452,811	367,992,859	262,540,048
2032	10,106,716	13,995,071	10,343,222	24,338,293	2,250,000	115,780,522	393,264,384	277,483,862
2033	10,612,051	14,694,824	10,931,960	25,626,784	2,250,000	126,882,811	420,194,619	293,311,808
2034	11,142,654	15,429,566	11,555,529	26,985,095	2,250,000	138,817,772	448,889,218	310,071,446
2035	11,699,787	16,201,044	12,215,805	28,416,849	2,250,000	151,647,855	479,460,428	327,812,573
2036	12,284,776	17,011,096	12,914,747	29,925,843	2,250,000	165,440,194	512,027,486	346,587,292
2037	12,899,015	17,861,651	13,654,410	31,516,061	2,250,000	180,266,958	546,717,054	366,450,095
2038	13,543,966	18,754,733	14,436,940	33,191,673	2,250,000	196,205,730	583,663,671	387,457,941
2039	14,221,164	19,692,470	15,264,580	34,957,050	2,250,000	213,339,910	623,010,239	409,670,328
2040	14,932,222	20,677,094	16,139,676	36,816,770	2,250,000	231,759,153	664,908,529	433,149,376
2041	15,678,833	21,710,948	17,064,674	38,775,622	2,250,000	251,559,840	709,519,731	457,959,891
2042	16,462,775	22,796,496	18,042,127	40,838,623	2,250,000	272,845,578	757,015,025	484,169,447
2043	17,285,914	23,936,320	19,074,698	43,011,018	2,250,000	295,727,746	807,576,194	511,848,448

Notes: Assumes payment at the beginning of the fiscal year.
Amortization payments calculated to increase 4.5% per year.

SECTION 2: Valuation Results for the City of Boston June 30, 2013 Measurement Under GASB 43 and 45

PROJECTION OF ARC CONTINUED

30 Years Open (7.50% discount rate for City and 5.75% discount rate of Public Health Commission)
All Departments Including Public Health Commission

Fiscal Year Ended June 30	(1) Projected Benefit Payments	(2) Normal Cost of UAL	(3) Amortization of UAL	(4) ARC (3) + (2)	(5) Additional Funding	(6) End of Year Assets at	(7) AAL at End of Year	(8) UAL at End of Year
2014	\$115,334,117	\$59,151,066	\$103,646,836	\$162,797,902	\$42,250,000	\$270,930,974	\$2,466,387,906	\$2,195,456,932
2015	124,067,373	62,108,619	106,172,867	168,281,486	42,250,000	336,669,547	2,582,866,382	2,246,196,835
2016	132,663,169	65,214,050	108,579,044	173,793,094	42,250,000	407,338,513	2,701,999,946	2,294,661,433
2017	141,797,757	68,474,753	110,871,940	179,346,693	42,250,000	483,307,652	2,823,567,865	2,340,260,214
2018	150,888,052	71,898,490	113,023,055	184,921,545	42,250,000	564,974,475	2,947,967,874	2,382,993,398
2019	160,618,711	75,493,415	115,032,494	190,525,909	42,250,000	652,766,311	3,074,900,614	2,422,134,303
2020	170,354,557	79,268,086	116,865,181	196,133,267	42,250,000	747,142,534	3,204,734,559	2,457,592,025
2021	179,759,164	83,231,490	118,515,899	201,747,389	42,250,000	848,596,974	3,338,237,267	2,489,640,293
2022	189,584,566	87,393,064	119,998,283	207,391,347	42,250,000	957,660,498	3,475,435,140	2,517,774,642
2023	199,575,508	91,762,718	121,287,716	213,050,434	42,250,000	1,074,903,785	3,616,640,291	2,541,736,506
2024	209,515,345	96,350,854	122,371,085	218,721,939	42,250,000	1,200,940,319	3,762,432,354	2,561,492,035
2025	219,991,112	101,168,396	123,247,022	224,415,418	42,250,000	1,336,429,593	3,912,789,133	2,576,379,541
2026	230,990,668	106,226,816	123,880,152	230,106,968	42,250,000	1,482,080,562	4,067,792,578	2,588,712,015
2027	242,540,201	111,538,157	124,236,666	235,774,823	42,250,000	1,638,655,354	4,227,389,931	2,588,734,577
2028	254,667,211	117,115,065	124,279,427	241,394,492	42,250,000	1,806,973,256	4,391,591,801	2,584,618,545
2029	267,400,572	122,970,818	123,967,686	246,938,504	42,250,000	1,987,915,000	4,560,370,033	2,572,455,033
2030	280,770,600	129,119,359	123,256,763	252,376,122	42,250,000	2,182,427,375	4,733,675,386	2,551,248,011
2031	294,809,131	135,575,327	122,097,712	257,673,039	42,250,000	2,391,528,178	4,911,434,985	2,519,906,806
2032	309,549,587	142,354,093	120,436,951	262,791,104	42,250,000	2,616,311,541	5,093,549,531	2,477,237,990
2033	325,027,066	149,471,798	118,215,871	267,687,669	42,250,000	2,857,953,657	5,279,890,257	2,421,936,600
2034	341,278,420	156,945,388	115,370,401	272,315,789	42,250,000	3,117,718,931	5,470,295,590	2,352,576,659
2035	358,342,341	164,792,657	111,830,550	276,623,207	42,250,000	3,396,966,601	5,664,567,516	2,267,600,915
2036	376,259,458	173,032,290	107,519,902	280,552,192	42,250,000	3,697,157,846	5,862,467,606	2,165,309,760
2037	395,072,431	181,683,904	102,355,077	284,038,981	42,250,000	4,019,863,435	6,063,712,684	2,043,849,249
2038	414,826,052	190,768,100	96,245,147	287,913,247	42,250,000	4,366,771,942	6,267,970,100	1,901,198,157
2039	435,567,355	200,306,505	89,090,999	289,397,504	42,250,000	4,739,698,588	6,474,852,581	1,735,153,993
2040	457,345,722	210,321,830	80,784,660	291,106,490	42,250,000	5,140,594,732	6,683,912,626	1,543,317,894
2041	480,213,009	220,837,921	71,208,553	292,046,474	42,250,000	5,571,558,087	6,894,636,393	1,323,078,306
2042	504,223,659	231,879,817	60,234,700	292,114,517	42,250,000	6,034,843,694	7,106,437,057	1,071,593,363
2043	529,434,842	243,473,808	47,723,870	291,197,678	42,250,000	6,532,875,721	7,318,647,580	785,771,859

Notes: Assumes payment at the beginning of the fiscal year.
Amortization payments calculated to increase 4.5% per year.

SECTION 4: Supporting Information for the City of Boston June 30, 2013 Measurement Under GASB 43 and 45

Retiree Contributions: Premium rates and retiree contributions as of July 1, 2013 are summarized below:

	Subscribers		Retirees 65 and over		Monthly Premium (Effective 7/1/2013)	City cost (\$)	Retiree cost (\$)	Retiree cost (%)
	Active	Retiree	Total	over				
Non-Medicare Actives and Retirees								
Harvard Pilgrim HMO								
Individual	4,730	1,065	5,795	394	\$683.11	\$563.57	\$119.54	17.50%
Family	6,670	976	7,646	215	\$1,837.45	\$1,515.90	\$321.55	17.50%
Neighborhood Health Plan HMO								
Individual	832	80	912	42	\$599.13	\$494.28	\$104.85	17.50%
Family	924	58	982	17	\$1,587.70	\$1,309.85	\$277.85	17.50%
BMC Advantage HMO								
Individual	56	0	56	0	\$683.11	\$563.57	\$119.54	17.50%
Family	12	2	14	0	\$1,837.45	\$1,515.90	\$321.55	17.50%
BCBS Blue Choice POS								
Individual	334	136	470	74	\$777.28	\$563.53	\$213.75	27.50%
Family	295	89	384	31	\$2,005.38	\$1,453.90	\$551.48	27.50%
Harvard Pilgrim POS								
Individual	612	116	728	41	\$728.45	\$564.55	\$163.90	22.50%
Family	542	78	620	17	\$1,959.49	\$1,518.60	\$440.89	22.50%
BCBS Blue Care Elect Preferred PPO								
Individual	183	666	849	440	\$1,080.99	\$783.72	\$297.27	27.50%
Family	154	150	304	44	\$2,507.90	\$1,818.23	\$689.67	27.50%
Non-Medicare Total	15,344	3,416	18,760	1,315				

SECTION 4: Supporting Information for the City of Boston June 30, 2013 Measurement Under GASB 43 and 45

			Monthly Premium (Effective 7/1/2013)	City cost (\$)	Retiree cost (\$)	Retiree cost (%)	
Medicare*							
BOBS Master Medical Part A&B Carveout	1	2,451	2,452	\$436.32	\$327.24	\$109.08	25.0%
Medicare Supplement Plans							
BOBS Managed Blue for Seniors	0	238	238	\$352.83	\$317.55	\$35.28	10.0%
Tufts Medicare Preferred Supplement**	0	814	814	\$352.00	\$316.80	\$35.20	10.0%
Harvard Pilgrim Medicare Enhance**	1	2,071	2,072	\$378.62	\$340.76	\$37.86	10.0%
Medicare Advantage Plans							
Medicare HMO Blue**	0	38	38	\$237.97	\$214.17	\$23.80	10.0%
Tufts Medicare Preferred HMO**	0	146	146	\$252.00	\$226.80	\$25.20	10.0%
Total***	15,346	9,174					

* Effective July 1, 2015, retirees will pay an additional 1% of the premium cost for all Medicare plans.

** Monthly premium rate is effective January 1, 2014.

*** In addition, there are 5,749 spouses of retirees covered under and individual or family policy.

Plan Changes

Since the Prior Valuation:

None

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