



# **Bay County Retiree Health Care Plan**

December 31, 2021 Actuarial Valuation

**Board of Trustees Meeting – May 9, 2023**



# Agenda

**1** Actuarial Valuation Process

**2** Highlights of the 2021 Bay County VEBA Actuarial Valuation

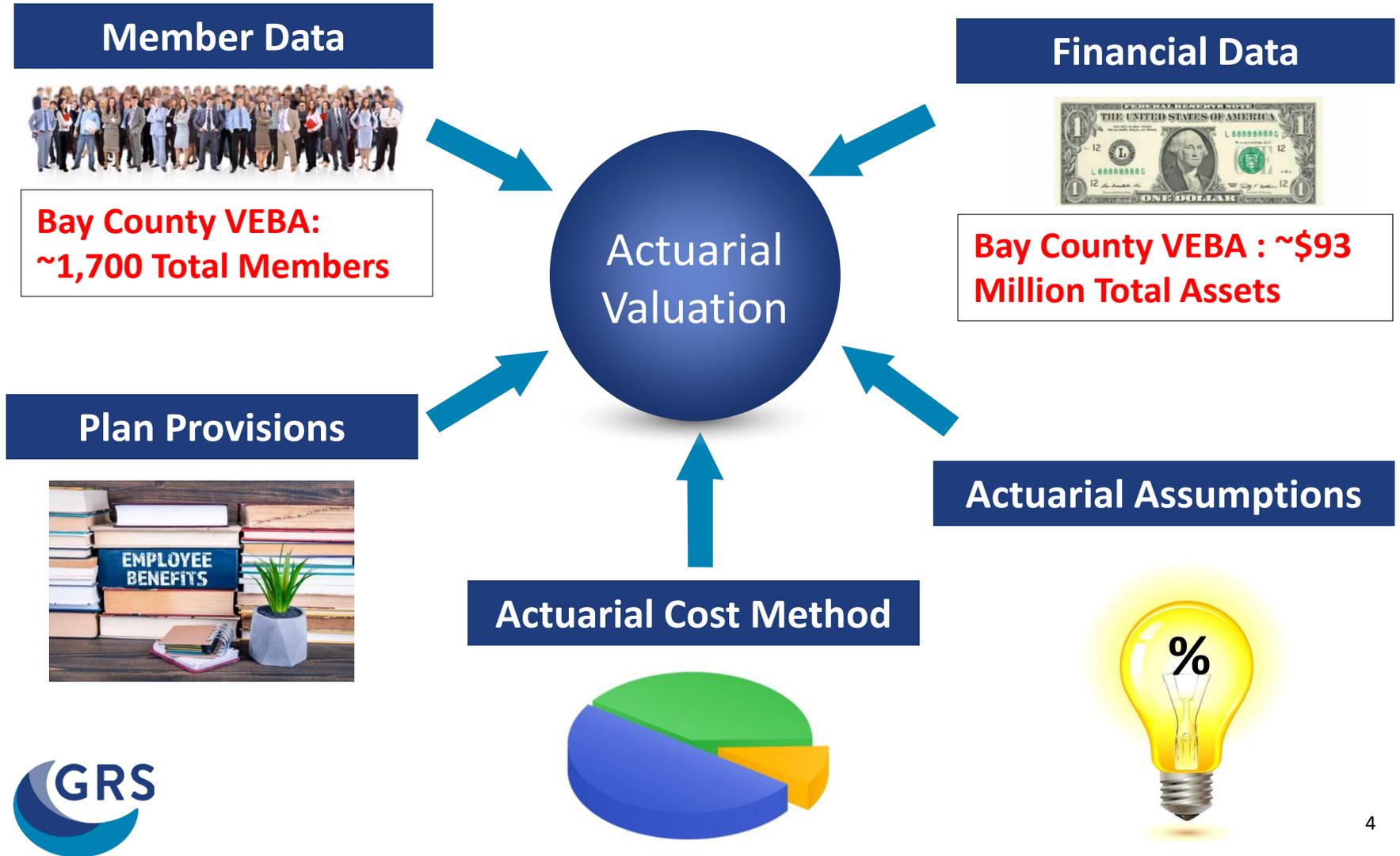
**3** Looking Ahead





# Actuarial Valuation Process

# Actuarial Valuation Process



# Actuarial Valuation Process

## Present Value of Future Benefits

- Present Value (PV) of all Future Benefits payable to current participants (active, retired, terminated vested)

## Actuarial Accrued Liability

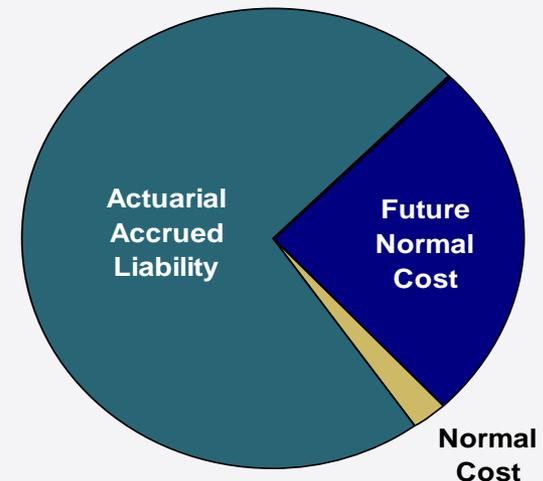
- Portion of PV of Future Benefits allocated to prior years

## Normal Cost

- Portion of PV of Future Benefits allocated to current year

## Future Normal Costs

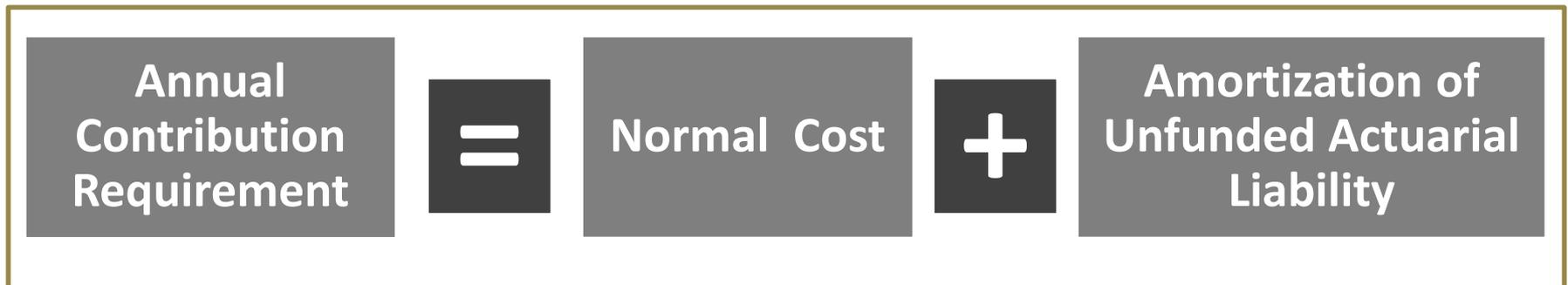
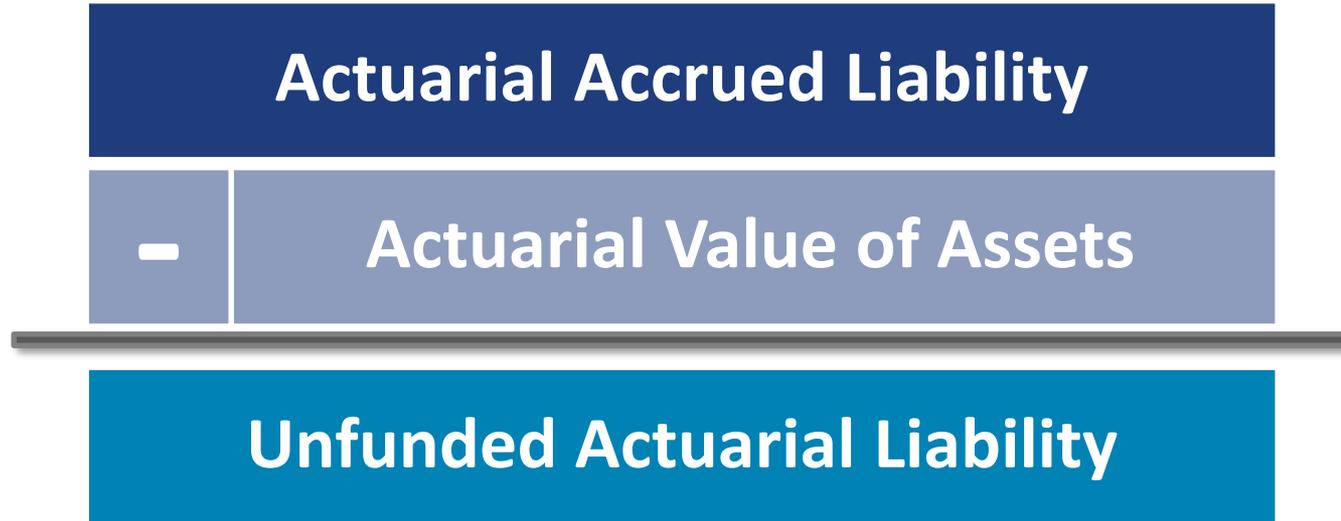
- Portion of PV of Future Benefits allocated to future years



Present Value of Future Benefits

# Actuarial Valuation Process

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# Highlights of the 2021 Bay County VEBA Actuarial Valuation

# Highlights of the 2021 Bay County VEBA Actuarial Valuation

The aggregate experience during 2021 was more favorable than assumed



Changes to the Actuarial Contribution varied by group due to:

- Favorable investment performance
- Favorable pre-65 claims and premium experience for General County, Medical Care Facility, Sheriff's Department and Road Commission
- Favorable post-65 claims and premium experience for all groups
- A benefit change: General County members retiring after January 1, 2023 are no longer eligible for life insurance in retirement
- An assumption change: An adjustment to the BABH retiree benefit election assumption to better reflect actual Plan experience

# Valuation Comments

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- Amortization Periods/Methods

Group	Period (Years)	Method
General/Sheriff	18	Level Dollar
DWS	18	Level % of Payroll
Library	18	Level Dollar
Medical Care Facility	16	Level Dollar
Road Commission	8	Level Dollar
BABH	14	Level % of Payroll

# Valuation Results – Retiree Health

## Actuarially Computed Employer Contributions

Fiscal Year	2023	2024	2025
Valuation Date	12/31/2019	12/31/2021	12/31/2021
General County	\$1,720,420	\$398,442	\$368,229
DWS	432,680	207,524	214,269
Library	0	0	0
Medical Care Facility	1,903,381	0	0
Sheriff's Department	549,944	203,374	194,084
Road Commission	2,928,053	2,348,529	2,331,864
<b>Total</b>	<b>\$7,534,478</b>	<b>\$3,157,869</b>	<b>\$3,108,446</b>
BABH	\$ 0	\$ 0	\$ 0

Actuarially Computed Employer Contributions have decreased for all groups.

# Results of the 2021 Valuation – Retiree Health Benefits

	General County	DWS	Library	Medical Care Facility	Sheriff's Department	Road Commission	Total	BABH
Actuarial Accrued Liability	\$ 23,141,997	\$ 9,131,207	\$ 2,060,116	\$ 14,628,868	\$ 7,897,504	\$ 15,216,041	\$ 72,075,733	\$ 7,545,806
Actuarial Value of Assets	22,477,663	9,787,627	3,453,896	19,532,784	7,068,264	3,872,775	66,193,009	26,464,691
Unfunded Actuarial Accrued Liability	664,334	(656,420)	(1,393,780)	(4,903,916)	829,240	11,343,266	5,882,724	(18,918,885)
Funded Ratio	97.1%	107.2%	167.7%	133.5%	89.5%	25.5%	91.8%	350.7%
Fiscal Year 1/1/2024 - 12/31/2024								
Normal Cost	\$ 325,358	\$ 265,011	\$ 68,617	\$ 123,992	\$ 112,148	\$ 246,386	\$ 1,141,512	\$ 204,321
Amortization Payment	<u>73,084</u>	<u>(57,487)</u>	<u>(153,331)</u>	<u>(574,458)</u>	<u>91,226</u>	<u>2,102,143</u>	<u>1,481,177</u>	<u>(1,996,970)</u>
Total	398,442	207,524	-	-	203,374	2,348,529	3,157,869	-
Data								
Actives*	322	58	40	204	37	57	718	233
Covered Retirees^	241	40	18	194	59	88	640	81
Inactive, Nonretired Individuals	0	0	0	0	0	0	0	0

\* Excludes part-time employees and employees not eligible for health care or life insurance coverage in retirement.

^ Includes retired members that only receive life insurance coverage.





# LOOKING AHEAD



# Looking Ahead

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- Today's presentation related to December 31, 2021 VEBA valuations
  - Subsequently, asset markets fell during 2022
  - Recent claims experience gains cannot be expected to persist in perpetuity
  - Assumptions to be updated with Experience Study
- December 31, 2023 valuation results will be markedly different

# Looking Ahead - (Concluded)

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- VEBA valuations required once every 2 years
  - Essentially 7 separate valuations due to distinct benefit provisions requiring distinct premiums
- Received final data for 2021 VEBA valuations in March 2023
- GASB valuations are produced each year
  - Use asset figures updated annually
  - Roll liabilities forward with standard techniques for non-valuation years
  - Include information needed for Public Act 202



# THANK YOU

**QUESTIONS**

# Disclaimers

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- This presentation is intended to be used in conjunction with the actuarial valuation reports issued on February 20, 2023 and April 14, 2023. This presentation should not be relied on for any purpose other than the purpose described in the valuation reports.
- 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 (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- James D. Anderson and Stephanie Sullivan are independent of the plan sponsor, are Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

