

TriMet Other Postemployment Benefit Plan

**GASB 74/75 Report
as of January 1, 2019**

Produced by Cheiron

May 2019

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**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN
GASB 74/75 REPORTING FOR JANUARY 1, 2019 MEASUREMENT DATE**

SECTION I – EXECUTIVE SUMMARY

The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75 for the Other Postemployment Benefits Plan provided by the Tri-County Metropolitan Transportation District of Oregon. This information includes:

- Determination of the discount rate as of January 1, 2018 and January 1, 2019;
- Sensitivity of the Net OPEB liability to changes in discount rates and health care cost trend rates;
- Note disclosures and required supplementary information under GASB 74 for the Plan; and,
- Note disclosures and required supplementary information under GASB 75 for the employer.

Highlights

The Other Postemployment Benefit Plan (OPEB Plan) provided by the Tri-County Metropolitan Transportation District of Oregon (TriMet) is currently funded on a pay-as-you-go basis, but there is an OPEB trust with a small amount of assets. As a result, this report contains disclosures required by GASB 74 as well as GASB 75. The measurement date is January 1, 2019, which is used for the Plan's GASB 74 reporting and for TriMet's GASB 75 reporting as of June 30, 2019. Measurements are based on the Total OPEB Liability and the fair value of assets as of January 1, 2019.

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SECTION I – EXECUTIVE SUMMARY

Table I-1 below summarizes the January 1, 2019 and January 1, 2018 actuarial valuation results.

Table I-1 Summary of Key Valuation Results		
Valuation Date	GASB 75	
	01/01/2019	01/01/2018
Discount Rate	4.10%	3.44%
Total OPEB Liability		
<u>Union</u>		
Active	\$ 312,490,445	\$ 351,923,546
Inactive	325,247,444	336,062,365
Total Union	\$ 637,737,889	\$ 687,985,911
<u>Non-Union</u>		
Active	\$ 44,020,349	\$ 52,030,263
Inactive	43,677,668	46,525,236
Total Non-Union	\$ 87,698,017	\$ 98,555,499
Total	\$ 725,435,906	\$ 786,541,410
Market Value of Assets	411,117	403,340
Net OPEB Liability	\$ 725,024,789	\$ 786,138,070

The Total OPEB Liability decreased from \$786.5 million to \$725.4 million. The expected liability for this year reflecting an additional year of service and interest offset by the benefits paid was \$824.2 million. The lower actual liability represents a gain of \$98.8 million, which is attributable to a \$6.8 million decrease due to demographic changes, \$25.7 million decrease due to healthcare gains, and a \$66.3 million decrease due to the higher discount rate.

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Table I-2 below provides a summary of the key GASB 75 results during this measurement period. Contributions between the measurement date of January 1, 2019 and the fiscal year end are reported as a deferred outflow of resources.

Table I-2				
Summary of Key Results				
Reporting Date	6/30/2019		6/30/2018	
Measurement Date	1/1/2019		1/1/2018	
Net OPEB Liability	\$	725,024,789	\$	786,138,070
Deferred Outflows		1,943,679		2,332,415
Deferred Inflows		<u>84,720,015</u>		<u>1,531</u>
Net Impact on Statement of Net Position	\$	807,801,125	\$	783,807,186
Contributions Subsequent to Measurement Date				
Explicit Subsidy				
Union	\$	<i>10,104,041</i>	\$	9,081,030
Non-Union		<i>1,107,502</i>		1,021,916
Implicit Subsidy				
Union		833,464		1,601,118
Non-Union		<u>200,586</u>		<u>192,504</u>
Total	\$	12,245,593	\$	11,896,568
OPEB Expense (\$ Amount)	\$	47,016,013	\$	63,138,424
OPEB Expense (% of Payroll)		21.44%		31.80%

At the June 30, 2019 reporting date, TriMet will report a Net OPEB Liability (NOL) of \$725,024,789, deferred outflows of resources of \$1,943,679, and deferred inflows of resources of \$84,720,014 related to the Plan. Consequently, the net impact on TriMet's statement of net position due to the Plan would be \$807,801,124 [$\$807,801,124 = \$725,024,789 - \$1,943,679 + \$84,720,014$]. In addition, any contributions between the measurement date and the reporting date are reported as deferred outflows of resources to offset the cash outflows reported. We estimate explicit subsidy payments of \$11.2 million and implicit subsidy payments of \$1.0 million between January 1, 2019 and June 30, 2019. The estimated explicit subsidy payments should be replaced with actual amounts when those amounts are known after the fiscal year end.

The NOL decreased approximately \$61.11 million during the measurement period. The change in NOL due to actuarial gains and losses as well as assumption changes is recognized over the average remaining service life, determined at the beginning of each measurement period, which is seven years as of both the current and prior measurement period for the Plan. The change in

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SECTION I – EXECUTIVE SUMMARY

NOL due to investment gains and losses is recognized in OPEB expense over five years, beginning in the year of occurrence. Unrecognized amounts are reported as deferred outflows of resources and deferred inflows of resources.

For the reporting year ending June 30, 2019, the annual OPEB expense is \$47,016,013 or 21.44% of covered-employee payroll. This amount reflects TriMet's contributions to the Plan during the measurement period, \$23,022,075, plus the change in the net impact on TriMet's statement of net position [$\$47,016,013 = \$23,022,075 + \$807,801,124 - \$783,807,186$]. Volatility in OPEB expense from year to year is to be expected. A breakdown of the components of the net OPEB expense is shown in section V of this report.

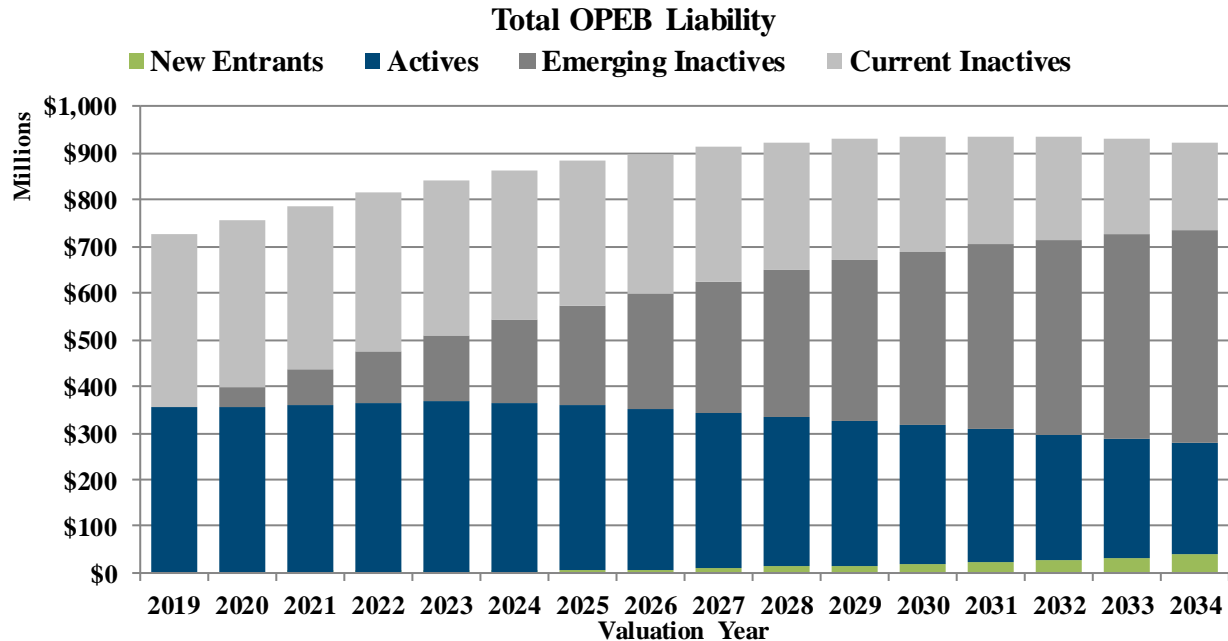
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SECTION I – EXECUTIVE SUMMARY

The chart below shows the projection of the Total OPEB Liability (TOL) for the combination of union and non-union members assuming the discount rate remains constant and all other assumptions are met. Each year, the TOL increases with interest and the accrual of additional benefits and decreases for the benefits that are paid.

The small green bars on the bottom represent the projected liability for new hires after the valuation date. Because new hires earn benefits under Tier 3, the liability for these members is much lower than for Tiers 1 and 2. The dark blue bars represent the liability for current active members while they remain active employees, and the dark gray bars represent the liability for current active members as they retire. The light gray bars represent the liability for participants currently receiving benefits.

The Total OPEB Liability is projected to grow until 2030, when it is expected to start declining as Tier 3 becomes the dominant Tier of benefits.



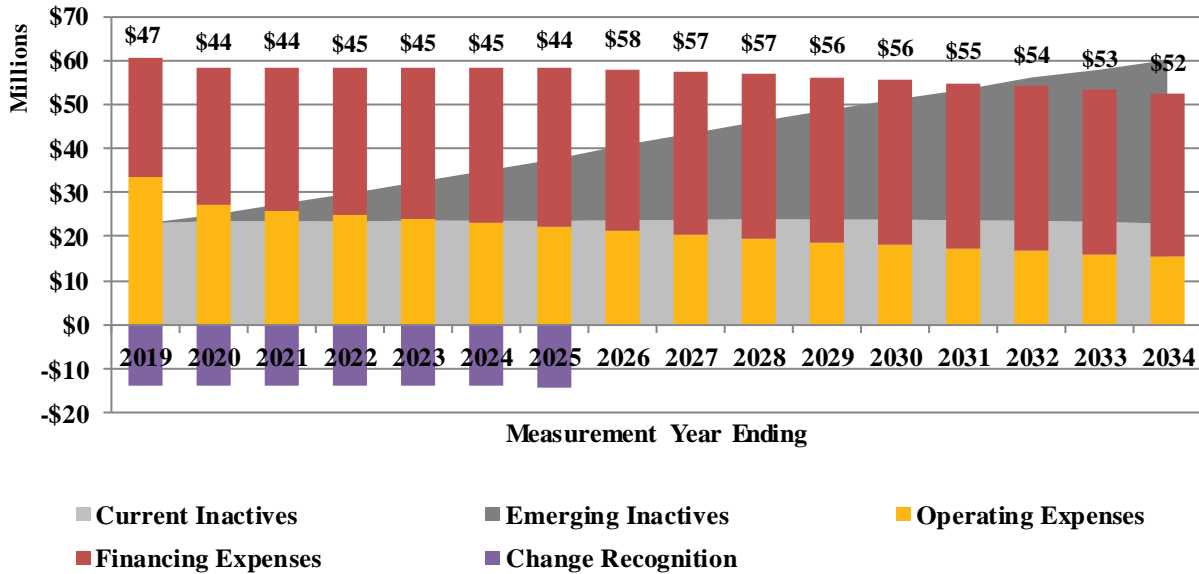
The chart on the following page shows a projection of benefit payments and OPEB expense for the next 15 years assuming the discount rate remains constant, all assumptions are met, and contributions are equal to the benefit payments each year.

The light gray area in the background represents projected benefit payments for participants currently receiving benefits. The dark gray area in the background represents projected benefit payments for participants who are currently active employees. Benefit payments (also TriMet contributions) are expected to grow significantly as current employees retire increasing from under \$23 million in 2018 to almost \$60 million by the end of the projection period.

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SECTION I – EXECUTIVE SUMMARY

Benefit Payments/Contributions and OPEB Expense



The annual OPEB expense under GASB 75 is shown by its key components assuming there are no changes in discount rate and all assumptions are met. The gold bars represent the operating expenses of the OPEB Plan. These expenses are primarily due to the benefits for active employees attributed to additional years of service. As Tier 2 employees retire and are replaced with Tier 3 employees, the operating expenses of the OPEB plan are expected to decline over the projection period from approximately \$34 million to approximately \$15 million.

The red bars represent the financing expenses of the OPEB Plan, which are largely interest on the TOL. If the OPEB Plan were prefunded, the interest costs would be offset by the expected return on assets. Assuming the discount rate remains at 4.10% and all other assumptions are met, the financing expense is expected to increase over the projection period from approximately \$27 million to approximately \$37 million.

Assumption changes and experience gains and losses are also recognized over time as a component of OPEB expense. These amounts, represented by the purple bars, provide a significant credit for the next seven years due to the change in discount rate and healthcare costs. As experience emerges, these changes are likely to be the most volatile component of OPEB expense.

The numbers at the top of the stacked bars represent the annual OPEB expense projected for each year. Over the period, the OPEB expense is expected to decrease from about \$47 million to about \$44 million over the next seven years as the assumption changes and experience gains are recognized. Once those gains are fully recognized, OPEB expense is expected to be \$58 million and then decline gradually to about \$52 million by 2034.

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SECTION II – CERTIFICATION

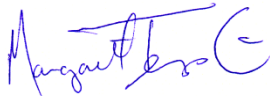
The purpose of this report is to provide accounting and financial disclosure information under Governmental Accounting Standards Board (GASB) Statement Nos. 74 and 75 for the Other Postemployment Benefits (OPEB) Plan provided by the Tri-County Metropolitan Transportation District of Oregon (TriMet). This report is for the use of TriMet and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

In preparing our report, we relied on information (some oral and some written) supplied by TriMet. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements 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; and, changes in plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This report was prepared for TriMet for the purposes described herein and for the use by the auditors in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



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SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total OPEB Liability as of January 1, 2018 was 3.44%. The discount rate used to measure the Total OPEB Liability as of January 1, 2019 was 4.10%. Additional information about these rates are provided in Appendix B.

In developing the projection of cash flows used to determine the discount rate, we assumed that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rate used at the January 1, 2018 and 2019 measurement dates is equal to the yield on the Bond Buyer 20-Bond GO Index as of December 29, 2017 and December 28, 2018, respectively.

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SECTION III – DETERMINATION OF DISCOUNT RATE

Table III-1 below summarizes the total expected net benefit payments for the next 30 years.

Table III-1					
Expected Net Benefit Payments - Total					
Measurement Year					
Ending December 31	Implicit Medical	Explicit Medical	Retiree Life Insurance	Total	
2019	\$ 2,686,406	\$ 21,841,942	\$ 462,388	\$ 24,990,736	
2020	3,055,436	23,926,427	493,439	27,475,302	
2021	3,299,468	26,002,623	525,297	29,827,388	
2022	3,759,256	28,110,398	556,647	32,426,301	
2023	4,146,113	30,249,200	589,962	34,985,275	
2024	4,412,171	32,505,728	624,047	37,541,946	
2025	5,004,765	35,071,995	660,939	40,737,699	
2026	5,321,826	37,381,960	697,467	43,401,253	
2027	5,665,837	39,723,369	733,528	46,122,734	
2028	5,995,783	41,917,745	769,547	48,683,075	
2029	6,275,465	44,014,707	804,340	51,094,512	
2030	6,533,546	45,933,187	837,337	53,304,070	
2031	7,184,789	48,001,192	867,669	56,053,650	
2032	7,338,127	49,544,886	895,348	57,778,361	
2033	7,847,375	51,156,055	920,243	59,923,673	
2034	7,603,318	51,809,929	942,128	60,355,375	
2035	7,779,425	52,321,955	960,930	61,062,310	
2036	7,546,109	52,669,905	976,279	61,192,293	
2037	7,813,194	53,065,252	987,933	61,866,379	
2038	7,712,646	53,026,821	995,634	61,735,101	
2039	7,528,664	52,914,181	999,446	61,442,291	
2040	7,863,324	52,839,604	999,006	61,701,934	
2041	7,492,275	52,089,878	994,455	60,576,608	
2042	7,355,017	51,511,917	985,957	59,852,891	
2043	7,304,886	50,823,289	973,723	59,101,898	
2044	7,035,643	49,858,058	957,982	57,851,683	
2045	6,977,233	48,982,322	938,945	56,898,500	
2046	6,812,977	47,926,307	917,150	55,656,434	
2047	6,886,660	46,960,851	893,032	54,740,543	
2048	6,713,281	45,807,566	866,822	53,387,669	

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SECTION III – DETERMINATION OF DISCOUNT RATE

Table III-2 below summarizes the Union expected net benefit payments for the next 30 years.

Table III-2 Expected Net Benefit Payments - Union					
Measurement Year Ending December 31	Implicit Medical	Explicit Medical	Retiree Life Insurance	Total	
2019	\$ 2,187,704	\$ 19,688,141	\$ 430,916	\$	22,306,761
2020	2,571,781	21,599,067	459,047		24,629,895
2021	2,853,619	23,515,163	487,856		26,856,638
2022	3,293,711	25,468,651	516,198		29,278,560
2023	3,621,503	27,420,116	546,399		31,588,018
2024	3,851,738	29,478,750	577,241		33,907,729
2025	4,382,718	31,843,714	610,790		36,837,222
2026	4,607,028	33,919,432	643,787		39,170,247
2027	4,922,337	36,053,077	676,243		41,651,657
2028	5,148,647	38,023,025	708,487		43,880,159
2029	5,411,827	39,950,479	739,437		46,101,743
2030	5,626,322	41,682,221	768,585		48,077,128
2031	6,192,781	43,539,900	795,036		50,527,717
2032	6,336,900	44,917,666	818,859		52,073,425
2033	6,802,303	46,367,213	839,925		54,009,441
2034	6,490,674	46,866,277	858,069		54,215,020
2035	6,712,495	47,279,802	873,197		54,865,494
2036	6,421,683	47,476,750	885,018		54,783,451
2037	6,652,763	47,772,823	893,238		55,318,824
2038	6,556,474	47,662,916	897,689		55,117,079
2039	6,379,212	47,481,593	898,476		54,759,281
2040	6,633,847	47,333,604	895,305		54,862,756
2041	6,287,986	46,582,316	888,434		53,758,736
2042	6,156,512	46,020,347	878,115		53,054,974
2043	6,082,682	45,320,220	864,632		52,267,534
2044	5,774,752	44,388,938	848,358		51,012,048
2045	5,744,020	43,602,425	829,593		50,176,038
2046	5,646,830	42,656,670	808,806		49,112,306
2047	5,732,056	41,797,836	786,344		48,316,236
2048	5,641,111	40,795,204	762,530		47,198,845

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SECTION III – DETERMINATION OF DISCOUNT RATE

Table III-3 below shows the Non-Union expected net benefit payments for the next 30 years.

Table III-3					
Expected Net Benefit Payments - Non Union					
Measurement Year					
Ending December 31	Implicit Medical	Explicit Medical	Retiree Life Insurance		Total
2019	\$ 498,702	\$ 2,153,801	\$ 31,472	\$	2,683,975
2020	483,655	2,327,360	34,392		2,845,407
2021	445,849	2,487,460	37,441		2,970,750
2022	465,545	2,641,747	40,449		3,147,741
2023	524,610	2,829,084	43,563		3,397,257
2024	560,433	3,026,978	46,806		3,634,217
2025	622,047	3,228,281	50,149		3,900,477
2026	714,798	3,462,528	53,680		4,231,006
2027	743,500	3,670,292	57,285		4,471,077
2028	847,136	3,894,720	61,060		4,802,916
2029	863,638	4,064,228	64,903		4,992,769
2030	907,224	4,250,966	68,752		5,226,942
2031	992,008	4,461,292	72,633		5,525,933
2032	1,001,227	4,627,220	76,489		5,704,936
2033	1,045,072	4,788,842	80,318		5,914,232
2034	1,112,644	4,943,652	84,059		6,140,355
2035	1,066,930	5,042,153	87,733		6,196,816
2036	1,124,426	5,193,155	91,261		6,408,842
2037	1,160,431	5,292,429	94,695		6,547,555
2038	1,156,172	5,363,905	97,945		6,618,022
2039	1,149,452	5,432,588	100,970		6,683,010
2040	1,229,477	5,506,000	103,701		6,839,178
2041	1,204,289	5,507,562	106,021		6,817,872
2042	1,198,505	5,491,570	107,842		6,797,917
2043	1,222,204	5,503,069	109,091		6,834,364
2044	1,260,891	5,469,120	109,624		6,839,635
2045	1,233,213	5,379,897	109,352		6,722,462
2046	1,166,147	5,269,637	108,344		6,544,128
2047	1,154,604	5,163,015	106,688		6,424,307
2048	1,072,170	5,012,362	104,292		6,188,824

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SECTION IV – GASB 74 REPORTING INFORMATION

Note Disclosures

The tables below show the changes in the Total OPEB Liability (TOL), the Plan fiduciary net position (i.e., fair value of Plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on January 1, 2019.

Table IV - 1 Change in Net OPEB Liability					
	Increase (Decrease)			Plan Fiduciary Net Position	Net OPEB Liability
	Total OPEB Liability		Total		
	Union	Non Union			
Balances at 1/1/2018	\$ 687,985,911	\$ 98,555,499	\$ 786,541,410	\$ 403,340	\$ 786,138,070
Changes for the year:					
Service cost BOY	31,158,823	2,353,239	33,512,062		33,512,062
Interest	23,849,120	3,386,807	27,235,927		27,235,927
Changes of benefits	0	0	0		0
Differences between expected and actual experience	(27,975,820)	(4,527,500)	(32,503,320)		(32,503,320)
Changes of assumptions	(56,816,689)	(9,511,410)	(66,328,099)		(66,328,099)
Contributions - employer				23,022,074	(23,022,074)
Contributions - member				0	0
Net investment income				7,777	(7,777)
Benefit payments					0
Explicit subsidy	(18,522,826)	(2,096,890)	(20,619,716)	(20,619,716)	
Implicit subsidy	(1,940,630)	(461,728)	(2,402,358)	(2,402,358)	
Administrative expense				0	0
Net changes	<u>(50,248,022)</u>	<u>(10,857,482)</u>	<u>(61,105,504)</u>	<u>7,777</u>	<u>(61,113,281)</u>
Balances at 1/1/2019	<u>\$ 637,737,889</u>	<u>\$ 87,698,017</u>	<u>\$ 725,435,906</u>	<u>\$ 411,117</u>	<u>\$ 725,024,789</u>

During the measurement year, the NOL decreased by approximately \$61.11 million. The service cost and interest cost increased the NOL by approximately \$60.75 million while contributions plus investment gains decreased the NOL by approximately \$23.03 million.

There were no changes in benefits during the year. There were changes in assumptions during the measurement year, which decreased the TOL by approximately \$66.3 million. There was a liability gain during the year due to experience (primarily health claims experience), which decreased the TOL by approximately \$32.5 million.

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SECTION IV – GASB 74 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

Table IV - 2			
Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 3.10%	Discount Rate 4.10%	1% Increase 5.10%
Total OPEB Liability	\$ 826,062,873	\$ 725,435,906	\$ 641,792,119
Plan Fiduciary Net Position	<u>411,117</u>	<u>411,117</u>	<u>411,117</u>
Net OPEB Liability	<u>\$ 825,651,756</u>	<u>\$ 725,024,789</u>	<u>\$ 641,381,002</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.1%	0.1%

A one percent decrease in the discount rate increases the TOL by approximately 14% and increases the NOL by approximately 14%. A one percent increase in the discount rate decreases the TOL by approximately 12% and decreases the NOL by approximately 12%.

Changes in the healthcare trends also affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

Table IV - 3			
Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 634,347,035	\$ 725,435,906	\$ 837,284,374
Plan Fiduciary Net Position	<u>411,117</u>	<u>411,117</u>	<u>411,117</u>
Net OPEB Liability	<u>\$ 633,935,918</u>	<u>\$ 725,024,789</u>	<u>\$ 836,873,257</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.1%	0.1%	0.0%

A one percent decrease in the healthcare trends decreases the TOL by approximately 13% and decreases the NOL by approximately 13%. A one percent increase in the healthcare trends increases the TOL by approximately 15% and increases the NOL by approximately 15%.

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SECTION IV – GASB 74 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74, and eventually will build up to 10 years of information.

The schedules below show the changes in NOL and related ratios required by GASB.

Table IV - 4		
Schedule of Changes in Net OPEB Liability and Related Ratios		
	FYE 2019	FYE 2018
<u>Total OPEB Liability</u>		
Service cost (MOY)	\$ 33,512,062	\$ 34,417,175
Interest (includes interest on service cost)	27,235,927	28,332,896
Changes of benefit terms	0	0
Differences between expected and actual experience	(32,503,320)	1,528,926
Changes of assumptions	(66,328,099)	1,192,225
Benefit payments, including refunds of member contributions	(23,022,074)	(22,646,628)
Net change in total OPEB liability	\$ (61,105,504)	\$ 42,824,594
Total OPEB liability - beginning	786,541,410	743,716,816
Total OPEB liability - ending	\$ 725,435,906	\$ 786,541,410
<u>Plan fiduciary net position</u>		
Contributions - employer	\$ 23,022,074	\$ 22,646,628
Contributions - member	0	0
Net investment income	7,777	1,914
Benefit payments, including refunds of member contributions	(23,022,074)	(22,646,628)
Administrative expense	0	0
Net change in plan fiduciary net position	\$ 7,777	\$ 1,914
Plan fiduciary net position - beginning	403,340	401,426
Plan fiduciary net position - ending	\$ 411,117	\$ 403,340
Net OPEB liability - ending	\$ 725,024,789	\$ 786,138,070
Plan fiduciary net position as a percentage of the total OPEB liability	0.06%	0.05%
Covered employee payroll	\$ 219,239,977	\$ 198,559,646
Net OPEB liability as a percentage of covered employee payroll	330.70%	395.92%

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SECTION V – GASB 75 REPORTING INFORMATION

The schedules in this section provide the information TriMet needs to report under GASB 75. The impact of experience gains or losses and assumption changes on the TOL are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was seven years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter, if any. Amounts are split between the union and non-union groups, but only the total applies for TriMet’s financial statements. For this purpose, the assets in the trust were allocated to the union and non-union groups in proportion to the TOL at the beginning and end of the year, and the actual earnings for each group also includes the impact of any change in proportion during the year.

Table V - 1 Schedule of Deferred Inflows and Outflows of Resources as of January 1, 2019						
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Union	Non-Union	Total	Union	Non-Union	Total
Differences between expected and actual experience	\$ 0	\$ 1,204,013	\$ 1,092,090	\$ 4,999,766	\$ 969,500	\$ 5,857,343
Changes in assumptions	5,008,403	0	851,589	67,791,451	15,220,665	78,855,302
Net difference between projected and actual earnings on OPEB plan investments	0	2,266	0	9,636	0	7,370
Total	\$ 5,008,403	\$ 1,206,279	\$ 1,943,679	\$ 72,800,853	\$ 16,190,165	\$ 84,720,015

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

	Year ended June 30:	Union	Non-Union	Total
	2020	(11,136,558)	(2,595,418)	(13,731,976)
	2021	(11,136,558)	(2,595,418)	(13,731,976)
	2022	(11,136,556)	(2,595,419)	(13,731,975)
	2023	(11,135,644)	(2,595,951)	(13,731,595)
	2024	(11,133,915)	(2,596,124)	(13,730,039)
	Thereafter	\$ (12,113,219)	\$ (2,005,556)	\$ (14,118,775)

During the year, actual experience differed from assumed experience decreasing the TOL by approximately \$32.5 million. Approximately \$4.6 million of that decrease was recognized as a reduction in OPEB expense in the current year and an identical amount will be recognized in each of the next six years. Unrecognized increases to the TOL from prior experience losses were approximately \$1.3 million, of which \$0.2 million was recognized as an increase in OPEB expense in the current year. The combination of unrecognized current and prior experience gains and losses results as of January 1, 2019 in a deferred inflow of resources of approximately \$27.9 million and a deferred outflow of resources of approximately \$1.1 million.

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Assumption changes (the increase in the discount rate) decreased the TOL by approximately \$66.3 million. Approximately \$9.5 million of that decrease was recognized as a reduction in OPEB expense in the current year and an identical amount will be recognized in each of the next six years. Unrecognized increases to the TOL from prior assumption changes were approximately \$1.0 million, of which \$0.2 million was recognized as an increase in OPEB expense in the current year. The combination of unrecognized current and prior assumption changes results as of January 1, 2019 in a deferred inflow of resources of approximately \$56.9 million and a deferred outflow of resources of approximately \$0.9 million.

The impact of investment gains or losses is recognized over a period of five years. Because the OPEB trust holds so few assets, we have assumed no investment income. As a result, all actual investment income is treated as a gain. During the measurement year, there was an investment gain of \$7,777. Of that gain, \$1,555 was recognized in the current year as a reduction in OPEB expense and an identical amount will be recognized in each of the next four years. Unrecognized investment gains from prior years were \$1,531, of which \$383 was recognized as a reduction in OPEB expense in the current year. The combination of unrecognized current and prior investment gains results as of January 1, 2019 in a deferred inflow of resources of \$7,370.

Annual OPEB Expense

The annual OPEB expense can be calculated two different ways. First, it is the change in the amounts reported on TriMet's Statement of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in the NOL minus the change in deferred outflows plus the change in deferred inflows plus employer contributions during the year.

Alternatively, annual OPEB expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table on the next page, we believe it helps to understand the level and volatility of the OPEB expense.

In the calculation of OPEB expense by individual components, there are three separate sections: operating expenses, financing expenses, and changes. Operating expenses are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the measurement year, and administrative expenses are the cost of operating the Plan for the year.

Financing expenses equal the interest on the TOL less the expected return on assets.

The final category is changes. This category drives most of the volatility in OPEB expense from year to year. It includes any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

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SECTION V – GASB 75 REPORTING INFORMATION

The table shows the development of OPEB expense through both of these methodologies. In addition to the information shown below, any contributions between the measurement date and the reporting date would be reported as deferred outflows of resources to offset the cash outflows reported.

Table V - 2 Calculation of OPEB Expense				
	Measurement Year Ending 2019			2018
	Union	Non-Union	Total	
Change in Net OPEB Liability	\$ (50,256,638)	\$ (10,856,643)	\$ (61,113,281)	\$ 42,822,680
Change in Deferred Outflows	1,001,680	240,664	388,736	(2,332,415)
Change in Deferred Inflows	72,662,886	11,201,990	84,718,484	1,531
Employer Contributions	20,463,456	2,558,618	23,022,074	22,646,628
OPEB Expense	\$ 43,871,384	\$ 3,144,629	\$ 47,016,013	\$ 63,138,424
Operating Expenses				
Service cost	\$ 31,158,823	\$ 2,353,239	\$ 33,512,062	\$ 34,417,175
Employee contributions	0	0	0	0
Administrative expenses	0	0	0	0
Total	\$ 31,158,823	\$ 2,353,239	\$ 33,512,062	\$ 34,417,175
Financing Expenses				
Interest cost	\$ 23,849,120	\$ 3,386,807	\$ 27,235,927	\$ 28,332,896
Expected return on assets	0	0	0	0
Total	\$ 23,849,120	\$ 3,386,807	\$ 27,235,927	\$ 28,332,896
Changes				
Benefit changes	\$ 0	\$ 0	\$ 0	\$ 0
Recognition of assumption changes	(7,114,990)	(2,190,135)	(9,305,125)	170,318
Recognition of liability gains and losses	(4,018,931)	(405,982)	(4,424,913)	218,418
Recognition of investment gains and losses	(2,638)	700	(1,938)	(383)
Total	\$ (11,136,559)	\$ (2,595,417)	\$ (13,731,976)	\$ 388,353
OPEB Expense	\$ 43,871,384	\$ 3,144,629	\$ 47,016,013	\$ 63,138,424

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SECTION V – GASB 75 REPORTING INFORMATION

The table below shows the projection of OPEB expense for the 2020 measurement year assuming that all assumptions are exactly met and that the discount rate, which is based on a municipal bond index, remains at 4.10%.

Table V - 3			
Projection of OPEB Expense at 4.10%			
	Measurement Year Ending 2020		
	Union	Non-Union	Total
Change in Net OPEB Liability	\$ 29,114,590	\$ 2,735,412	\$ 31,850,002
Change in Deferred Outflows	1,001,680	241,503	1,243,183
Change in Deferred Inflows	(12,138,239)	(2,836,920)	(14,975,159)
Employer Contributions	22,309,529	2,684,092	24,993,621
OPEB Expense	\$ 40,287,560	\$ 2,824,087	\$ 43,111,648
Operating Expenses			
Service cost	\$ 25,217,844	\$ 1,840,995	\$ 27,058,840
Employee contributions	0	0	0
Administrative expenses	0	0	0
Total	\$ 25,217,844	\$ 1,840,995	\$ 27,058,840
Financing Expenses			
Interest cost	\$ 26,206,275	\$ 3,578,509	\$ 29,784,784
Expected return on assets	0	0	0
Total	\$ 26,206,275	\$ 3,578,509	\$ 29,784,784
Changes			
Benefit changes	\$ 0	\$ 0	\$ 0
Recognition of assumption changes	(7,114,990)	(2,190,135)	(9,305,125)
Recognition of liability gains and losses	(4,018,931)	(405,982)	(4,424,913)
Recognition of investment gains and losses	(2,638)	700	(1,938)
Total	\$ (11,136,559)	\$ (2,595,417)	\$ (13,731,976)
OPEB Expense	\$ 40,287,560	\$ 2,824,087	\$ 43,111,648

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APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Total OPEB Liability (TOL) as of January 1, 2019 was provided by TriMet.

Union Membership Summary			
Valuation Date	1/1/2018	1/1/2019	% Change
Actives with coverage			
Kaiser Permanente	1,262	1,355	7.4%
Regence HSA	186	212	14.0%
Regence PPO 80/20	375	460	22.7%
Regence Union PPO 90/10	598	536	-10.4%
Total Actives with medical coverage	2,421	2,563	5.9%
Actives without medical coverage, with Dental	52	54	3.8%
Actives above with medical coverage, without Dental	11	9	-18.2%
Actives without medical coverage, without Dental	-	-	-
Total Actives	2,473	2,617	5.8%
Retirees with coverage			
Kaiser	128	114	-10.9%
Regence	193	170	-11.9%
Kaiser Senior Advantage	543	575	5.9%
UnitedHealthcare PPO	645	717	11.2%
Total Retirees with medical and dental coverage	1,509	1,576	4.4%
Total Retirees with Life Insurance	1,405	1,473	4.8%
Total Retirees with Stipend	28	33	17.9%
Inactive Population Distribution			
Retirees	1,205	1,266	5.1%
Disableds	200	207	3.5%
Survivors	155	164	5.8%
Total Inactive Population	1,560	1,637	4.9%

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APPENDIX A – MEMBERSHIP INFORMATION

Non-Union Membership Summary			
Valuation Date	1/1/2018	1/1/2019	% Change
Actives with coverage			
Kaiser Permanente	190	199	4.7%
Regence HSA	34	44	29.4%
Regence PPO 80/20	216	226	4.6%
Total Actives with medical coverage	440	469	6.6%
Actives without medical coverage, with Dental	4	5	25.0%
Actives above with medical coverage, without Dental	2	1	-50.0%
Actives without medical coverage, without Dental	15	20	33.3%
Total Actives	459	494	7.6%
Retirees with coverage			
Kaiser Retiree - Open	11	10	-9.1%
Kaiser Permanente	0	0	-100.0%
Regence HSA-Retiree	1	2	100.0%
Regence Retiree - Closed	2	2	0.0%
Regence Retiree 80/20	34	31	-8.8%
Kaiser Senior Advantage	45	49	8.9%
UnitedHealthcare PPO	101	110	8.9%
Total Retirees with medical and dental coverage	194	204	5.2%
Total Retirees with Life Insurance	195	204	4.6%
Inactive Population Distribution			
Retirees	191	199	4.2%
Disableds	4	5	25.0%
Survivors	8	11	37.5%
Total Inactive Population	203	215	5.9%

**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data as of January 1, 2019:

ACTIVE UNION EMPLOYEES WITH MEDICAL COUNTS BY AGE/SERVICE											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	14	20	2	0	0	0	0	0	0	0	36
25 to 29	49	86	13	0	0	0	0	0	0	0	148
30 to 34	34	106	60	13	0	0	0	0	0	0	213
35 to 39	31	104	55	35	6	0	0	0	0	0	231
40 to 44	45	121	63	53	23	14	0	0	0	0	319
45 to 49	44	120	75	72	39	47	6	0	0	0	403
50 to 54	42	103	62	74	55	55	25	4	2	0	422
55 to 59	25	111	56	70	42	53	51	27	7	1	443
60 to 64	10	61	47	44	43	41	18	13	16	2	295
65 to 69	1	16	10	17	15	9	11	3	7	4	93
70 & up	0	1	1	4	0	4	3	0	0	1	14
Total	295	849	444	382	223	223	114	47	32	8	2,617

ACTIVE NON-UNION EMPLOYEES WITH MEDICAL COUNTS BY AGE/SERVICE											
Age	Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 25	1	0	0	0	0	0	0	0	0	0	1
25 to 29	6	8	1	0	0	0	0	0	0	0	15
30 to 34	15	19	5	1	0	0	0	0	0	0	40
35 to 39	15	39	11	6	4	0	0	0	0	0	75
40 to 44	12	31	6	15	10	0	0	0	0	0	74
45 to 49	17	25	9	9	14	10	3	0	0	0	87
50 to 54	9	15	9	15	12	10	8	3	0	0	81
55 to 59	7	11	5	8	8	6	11	3	1	0	60
60 to 64	5	9	6	2	8	4	1	3	3	0	41
65 to 69	1	2	5	2	4	1	3	0	1	0	19
70 & up	0	0	0	1	0	0	0	0	0	0	1
Total	88	159	57	59	60	31	26	9	5	0	494

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions for this valuation were selected based on recent experience and expectations for the future as described in our letter dated May 16, 2018. Many of the demographic assumptions were selected by the prior actuary based on their 2013 experience study and subsequent update letters dated May 14, 2015; June 2, 2016; and, May 31, 2017. We have not performed our own experience study, but reviewed the reports and letters of the prior actuary and believe the assumptions to be reasonable.

Economic Assumptions

- | | |
|-------------------------------------|---|
| 1. Expected Return on Assets | 0.00% per year. There is a very small amount of assets in an OPEB trust that if used to pay benefits would not last a month. The assets are invested in short-term fixed income securities. For simplicity, we have assumed no investment earnings on these assets. |
| 2. Municipal Bond Yield | 3.44% as of January 1, 2018
4.10% as of January 1, 2019
Bond Buyer 20-Bond GO Index, December 28, 2017 and December 28, 2018 |
| 3. Discount Rate: | 3.44% as of January 1, 2018
4.10% as of January 1, 2019 |
| 4. Wage Inflation: | 2.75% per year for purposes of attributing individual costs under the Entry Age actuarial cost method |
| 5. Price Inflation: | 2.50% per year |

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

6. Per Person Health Care Cost Trends:

Year	Union Plans Trend			Non Union Plans Trend	
	Medical and Prescription Drug		Medicare Part B	Medical and Prescription Drug	
	Pre-Medicare	Medicare		Pre-Medicare	Medicare
2018	9.00%	6.00%	0.00%	6.00%	6.00%
2019	8.74%	5.89%	0.00%	5.89%	5.89%
2020	8.47%	5.79%	3.73%	5.79%	5.79%
2021	8.21%	5.68%	4.82%	5.68%	5.68%
2022	7.95%	5.58%	3.98%	5.58%	5.58%
2023	7.68%	5.47%	5.74%	5.47%	5.47%
2024	7.42%	5.37%	5.62%	5.37%	5.37%
2025	7.16%	5.26%	4.79%	5.26%	5.26%
2026	6.89%	5.16%	7.28%	5.16%	5.16%
2027	6.63%	5.05%	7.03%	5.05%	5.05%
2028	6.37%	4.95%	6.79%	4.95%	4.95%
2029	6.11%	4.84%	6.54%	4.84%	4.84%
2030	5.84%	4.74%	6.30%	4.74%	4.74%
2031	5.58%	4.63%	6.05%	4.63%	4.63%
2032	5.32%	4.53%	5.81%	4.53%	4.53%
2033	5.05%	4.42%	5.56%	4.42%	4.42%
2034	4.79%	4.32%	5.32%	4.32%	4.32%
2035	4.53%	4.21%	5.07%	4.21%	4.21%
2036	4.26%	4.11%	4.83%	4.11%	4.11%
2037	4.00%	4.00%	4.58%	4.00%	4.00%
2038	4.00%	4.00%	4.34%	4.00%	4.00%
2039	4.00%	4.00%	4.09%	4.00%	4.00%
2040	4.00%	4.00%	3.85%	4.00%	4.00%
2041+	4.00%	4.00%	3.60%	4.00%	4.00%

Dental premiums and costs are assumed to increase at 3.5% per year in all years. The monthly stipend is assumed to increase at 2.5% per year (same as inflation). Deductibles, Co-payments, and Out-of-Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects assumed nominal per capita GDP growth.

7. Changes Since the Last Valuation

The discount rate increased from 3.44% to 4.10% as of January 1, 2019.

**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Demographic Assumptions

1. Retirement Rates

Retirement Assumptions		
Age	Union	Non-Union
55	4.00%	2.00%
56	4.00%	2.00%
57	7.50%	2.00%
58	11.00%	7.00%
59	11.00%	7.00%
60	11.00%	7.00%
61	20.00%	15.00%
62	35.00%	35.00%
63	20.00%	30.00%
64	25.00%	30.00%
65	30.00%	30.00%
66	40.00%	30.00%
67	40.00%	100.00%
68	40.00%	100.00%
69	40.00%	100.00%
70 +	100.00%	100.00%

2. Rates of Termination/Withdrawal

Service	Termination Assumptions			
	Union		Non-Union	
	Male	Female	Male	Female
0	5.00%	14.00%	12.00%	12.00%
1 - 2	2.50%	3.00%	12.00%	12.00%
3 - 4	2.50%	3.00%	9.00%	9.00%
5 - 6	2.50%	3.00%	5.00%	5.00%
7 - 9	1.50%	3.00%	3.50%	3.50%
10	0.50%	1.00%	3.50%	3.50%
11 - 15	0.50%	1.00%	2.50%	2.50%
16 +	0.50%	1.00%	1.00%	1.00%

**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

3. Rates of Mortality

Union Employees

Healthy Mortality: RP-2014 Annuitant and Non-Annuitant Mortality Tables with Blue Collar Adjustment, set forward 1 year for males and 2 years for females.

Disabled Mortality: RP-2014 Disabled Mortality tables.

Non-Union Employees

Healthy Mortality: RP-2014 Annuitant and Non-Annuitant Mortality Tables with White Collar Adjustment, projected 10 years past the valuation date using Scale BB.

Disabled Mortality: RP-2014 Disabled Mortality tables projected 10 years past the valuation date using Scale BB.

The following table shows sample mortality rates for healthy and disabled participants under the mortality assumptions described above.

Age	Mortality Assumptions - Healthy				Mortality Assumptions - Disabled			
	Union		Non-Union		Union		Non-Union	
	Male	Female	Male	Female	Male	Female	Male	Female
30	0.060%	0.027%	0.030%	0.018%	0.792%	0.300%	0.759%	0.288%
40	0.087%	0.054%	0.042%	0.032%	1.100%	0.545%	1.054%	0.523%
50	0.242%	0.148%	0.113%	0.089%	2.040%	1.191%	1.955%	1.142%
60	0.678%	0.321%	0.298%	0.179%	2.660%	1.700%	2.411%	1.477%
70	1.902%	0.859%	0.832%	0.459%	4.035%	2.820%	3.265%	2.382%
80	5.743%	4.709%	2.607%	1.393%	7.662%	6.104%	6.200%	5.154%

4. Disability Rates

Sample rates of disability for Union employees are show in the following table.

Disability Assumptions - Union Employees			
Age	Disability Rate	Age	Disability Rate
20	0.10%	45	0.57%
25	0.14%	50	0.85%
30	0.21%	55	1.47%
35	0.30%	60	2.17%
40	0.41%	62 +	0.00%

No disability was assumed for Non-Union employees.

**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN
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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

5. Percent of Retirees Electing Coverage

All active union members are assumed to elect coverage at retirement. All active non-union members hired before May 1, 2009 and 50% of active non-union members hired on or after May 1, 2009 are assumed to elect coverage at retirement.

Non-union members hired on or after May 1, 2009 are assumed to decline renewal of coverage after retirement at a rate of 3% per year.

6. Medical and Dental Plan Elections

Below is a summary of medical plan election rates for future union retirees by Medicare status.

Medical Plan Elections for Future Union Retirees			
Plan	Pre-Medicare	Plan	Medicare Eligible
Kaiser	48%	Kaiser	44%
Regence HSA	2%	UHC	54%
Regence PPO	50%	Stipend	2%

Below is a summary of medical plan election rates for future non-union retirees by Medicare status.

Medical Plan Elections for Future Non Union Retirees		
Plan	Pre-Medicare	Medicare Eligible
Kaiser	30%	30%
UHC	0%	70%
Regence PPO	70%	0%

Below is a summary of dental plan election rates for future union and non-union retirees.

Dental Elections for Future Retirees		
Gender	Union	Non-Union
Moda	80%	95%
Kaiser	20%	5%

These weights were used to blend premium and claims cost for pre-Medicare medical plan, Medicare plan, and dental plan.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

7. Spousal Coverage:

The table below shows the percentage of future retirees who are assumed to elect to cover a spouse at retirement.

Retiree Gender	Union	Non-Union Tier 2	Non-Union Tier 3
Male	65%	79%	70%
Female	30%	56%	35%

8. Dependent Age:

For current retirees, actual spouse date of birth was used when available.

- For future union retirees, male retirees are assumed to be three years older than their partner, and female retirees are assumed to be two years younger than their partner.
- For future non-union retirees, male retirees are assumed to be two years older than their partner, and female retirees are assumed to be two years younger than their partner.

9. Administrative Expenses

Health plan administrative expenses are included in the average monthly premiums. For Regence plans, we assumed \$22.60 per member per month and for Moda dental plans, we assumed \$2.87 per member per month.

10. Changes Since the Last Valuation

Health plan administrative expenses were updated to reflect the current market experience.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

Different methods are used to develop the claims and expense assumptions for the self-insured plans and the fully insured plans.

Self-Insured Plans: The claims costs are developed based on actual medical, prescription drug, and dental claims paid from July 1, 2016 to June 30, 2018. The claims analysis combined plans offered to Union Retirees (Regence PPO plans, Regence HSA plan, and Regence Closed Retiree plan for medical and prescription drug, and Moda dental). As well, 85% of enrollees and claims paid from the Regence / Moda Open Retiree plan were assumed to be of Union Retirees, since separate Union and Non-Union claims data was not available for the these plans. An adjustment is made to the claims to account for the children of retirees and 2019 contractual administrative expenses are added. The resulting per person per month (PPPM) cost is then adjusted using age curves.

Fully Insured Plans: The claims costs are based on the fully insured Kaiser premiums charged to TriMet in 2019. For pre-Medicare retirees this is solely based on Kaiser medical/dental plans. An adjustment is made to the premiums to account for the children of retirees. For Medicare retirees, the premiums of Kaiser Senior Advantage and United Healthcare’s plan were blended based on enrollment data for the 2019 calendar year for eligible members. The resulting per person per month (PPPM) costs is then adjusted using age curves.

1. Average Annual Claims and Expense Assumptions

The following claims costs were developed based on actuarial experience paid from July 1, 2016 to June 30, 2018 for the self-insured plans, and based on the premiums in effect on January 1, 2019 for the fully-insured plans.

Union Members

Age	Regence Medical		Kaiser Medical		Moda Dental		Kaiser Dental	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$ 6,146	\$ 8,794	\$ 6,928	\$ 9,913	\$ 529	\$ 605	\$ 566	\$ 648
45	7,497	9,543	8,451	10,757	587	661	628	707
50	9,259	10,923	10,437	12,312	675	730	722	781
55	11,684	12,857	13,170	14,493	776	799	830	855
60	15,106	14,701	17,028	16,571	851	845	910	904
64	18,839	15,300	21,235	17,247	896	871	958	931

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Age	<u>Kaiser Medicare</u>		<u>UHC Medicare</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$ 4,541	\$ 4,006	\$ 4,634	\$ 4,088	\$ 907	\$ 877	\$ 970	\$ 938
70	4,822	4,084	4,921	4,168	964	909	1,031	973
75	5,542	4,593	5,656	4,687	858	812	917	868
80	6,293	5,208	6,422	5,316	751	714	803	764
85	6,796	5,692	6,936	5,809	644	617	689	660
90	6,903	5,889	7,045	6,010	538	519	575	555

Non-Union Members

Age	<u>Regence Medical</u>		<u>Kaiser Medical</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
40	\$ 5,806	\$ 8,308	\$ 6,012	\$ 8,602	\$ 581	\$ 664	\$ 725	\$ 830
45	7,083	9,015	7,334	9,335	644	725	805	906
50	8,747	10,318	9,057	10,684	741	801	926	1,001
55	11,037	12,146	11,429	12,576	852	877	1,064	1,096
60	14,270	13,888	14,776	14,380	934	927	1,166	1,158
64	17,796	14,454	18,427	14,966	983	955	1,228	1,194

Age	<u>Kaiser Medicare</u>		<u>UHC Medicare</u>		<u>Moda Dental</u>		<u>Kaiser Dental</u>	
	Male	Female	Male	Female	Male	Female	Male	Female
65	\$ 4,541	\$ 4,006	\$ 4,634	\$ 4,088	\$ 996	\$ 963	\$ 1,244	\$ 1,202
70	4,822	4,084	4,921	4,168	1,058	998	1,322	1,247
75	5,542	4,593	5,656	4,687	941	891	1,176	1,113
80	6,293	5,208	6,422	5,316	824	784	1,029	979
85	6,796	5,692	6,936	5,809	707	677	883	846
90	6,903	5,889	7,045	6,010	590	570	737	712

2. Average Annual Premium Assumptions

The following table shows the blended premium for pre-Medicare medical, Medicare, and dental plans. We used the composite premium (per-employee-per-month) for each plan and weighted based on TriMet retirees' enrollment.

Union Plans	Employee/ Retiree	Spouse	Weights Used for Blending
Medical	\$ 975.45	\$ 975.45	PPO 90 / PPO 80 / HSA / Kaiser: 25% / 25% / 2% / 48%
Dental	\$ 66.20	\$ 66.20	Proposed: 80% / 20% for all
Medicare	\$ 401.48	\$ 401.48	Proposed: Kaiser / UHC / Stipend: 44% / 54% / 2%

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Non Union Plans	Employee/ Retiree	Spouse	Weights Used for Blending
Medical	\$ 760.80	\$ 760.80	PPO 80 / HSA / Kaiser: 70% / 0% / 30%
Dental	\$ 71.67	\$ 71.67	Moda / Kaiser: 95% / 5% for all
Medicare	\$ 403.17	\$ 403.17	Kaiser / UHC: 30% / 70%

3. Medicare Part D Subsidy

Per GASB guidance, the Part D Subsidy has not been reflected in this valuation.

4. Medicare Stipend

Tier	Stipend
Tier 3 Retiree	\$877.68
Tier 2 Retiree	\$463.26
Tier 2 Surviving Spouse	\$463.26

5. Medicare Part B

All Union Medicare eligible retirees in Tier 1 and 2 are assumed to participate in Medicare Part B and receive monthly premium reimbursement.

6. Medicare Eligibility

All retirees who turn age 65 are assumed to be eligible for Medicare.

7. Geography

Implicitly assumed to remain the same as current retirees.

8. Changes Since the Last Valuation

There was no change to the claims costs process. The claim costs were updated to reflect experience over the past year.

Contribution Allocation Procedure

Contributions to the plan are made on a pay-as-you-go basis.

Pursuant to GASB 75, the Entry Age actuarial cost method is used, and assumption changes and experience gains and losses are recognized over the average future working life of plan participants. For this valuation, the average future working life is seven years.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of Key Substantive Plan Provisions – Union Members

Eligibility: Retirees who were employees immediately prior to retirement after attaining age 55 and 10 years of continuous service or who became disabled after 10 years of continuous service are eligible for the benefit.

Healthcare Benefit:

Tier 1 – Retirees who retired prior to February 1, 1992

Medical, prescription drug, and dental benefits are provided to all covered retirees, spouses, and domestic partners. Dependents receive all benefits except for dental. Retirees also are reimbursed for Medicare Part B premiums.

Benefits are payable over the life of the retiree and spouse or domestic partner while both are alive. Following the retiree's death, benefits continue to the surviving spouse or domestic partner until the earlier of the survivor's death or 16 years after the retiree's death.

Retirees and their dependents under age 65 may continue to receive the same healthcare coverage received prior to retirement, subject to plan changes made by insurers from time to time.

Tier 2 – Retirees who retire on or after February 1, 1992 and were hired on or before October 24, 2014

Medical, prescription drug, and dental benefits are provided to all covered retirees, spouses, and domestic partners until the age of 65. Dependents receive all benefits except for dental.

Benefits are payable over the life of the retiree and spouse or domestic partner while both are alive. Following the retiree's death, benefits continue to the surviving spouse or domestic partner until the earlier of the survivor's death or 16 years after the retiree's death.

Upon attaining Medicare eligibility, retirees and dependents may enroll in a Medicare Advantage plan and dental plan or elect to receive a monthly stipend. But he/she must maintain Medicare Parts A & B. Once the stipend option is selected, the retiree may not opt back to the Medicare Advantage plan and dental plan option. Retirees who maintain Medicare Part B are reimbursed for the premiums.

Retirees and their dependents under age 65 may continue to receive the same healthcare coverage received prior to retirement. Retirees under age 65 and are

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

non-Medicare eligible, and who do not elect a stipend, will pay a monthly contribution according to the schedule shown in the previous section.

Tier 3 – Retirees hired on or after October 25, 2014

A monthly stipend is provided to retirees until the age of 65. Retiree health benefits cease when the employee turns 65. There are no benefits for the spouse, domestic partner or dependents.

Retiree Contributions

Tier 1 retirees do not contribute for coverage. Tier 2 retirees who are not Medicare eligible and do not elect the stipend option contribute according to the following schedule:

Union Plans	Premium Contribution
Regence 90/10	Retirees pay the difference between Regence 90/10 premium and TriMet's employer contribution for the Regence PPO 80/20
Regence 80/20	Retirees pay 5% of the premium cost
Regence HSA	Retirees receive HSA deposit from TriMet equal to the difference between the HSA premium and TriMet's employer contribution for the Regence PPO 80/20
All other Medical and Dental	Retirees pay 5% of the premium cost

Life Insurance Benefits:

Eligible retirees in all tiers are provided a \$10,000 whole life insurance fully paid by TriMet.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of 2018 Benefit Plans:

Plan	TriMet Medical Plan - Union			
	Regence PPO 90/10	Regence PPO 80/20	Regence HSA	Kaiser HMO
<u>In-Network (INN) Benefits</u>				
Deductible (Individual / Family)	\$150 / \$450	\$300 / \$900	\$1,500 / \$3,000	None
Coinsurance	90%	80%	80%	100%
Out-of-Pocket Max (Individual / Family) ¹	\$1,650 / \$4,950	\$2,300 / \$6,900	\$5,000 / \$10,000 ¹	\$600 / \$1,200
Coverages				
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Well Woman (Mamm / Annual GYN / Pap)	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
OV - Specialist Care Provider (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
Hospital Emergency Room (ER)	\$50 Copay ²	\$50 Copay ²	Deduct + Coinsurance	\$100 Copay ²
Ambulance	Fully Covered up to 500 Miles	\$50 Copay	Deduct + Coinsurance	\$75 Copay
Outpatient Surgery	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$20 Copay
Hospital Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$50 Copay/day, up to \$250/admission
Lifetime Max	No Limit	No Limit	No Limit	No Limit
<u>Out-of-Network (OON) Benefits</u>				
Deductible (Individual / Family)	\$450 / \$1,350	\$900 / \$2,700	Combined with INN	
Coinsurance	70%	60%	60%	
Office Visits (PCP) & (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	
Out-of-Pocket Max (Individual / Family) ¹	\$3,450 / \$10,350	\$4,900 / \$14,700	Combined with INN	
Lifetime Max	No Limit	No Limit	No Limit	
<u>Prescription Drugs</u>				
Out-of-Pocket Max (Individual / Family) ¹	\$1,000 / \$3,000	\$2,000 / \$5,000	Combined with Medical	N/A
Retail (30 Days)	20% with \$5 min / 20% with \$15 min / 50%	\$10 / 20% with \$25 min / 50%	Deduct + Coinsurance	\$10 Copay
Mail Order (90 Days)	20% with \$5 min / 20% with \$15 min / 50%	\$30 / 20% with \$75 min / 50%	Deduct + Coinsurance	\$20 Copay
<u>Mental Health and Substance Abuse</u>				
Mental Health and Substance Abuse Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay \$50 Copay/day, up to \$250/admission
Mental Health and Substance Abuse Outpatient	Deduct + Coinsurance	Deduct + Coinsurance	Deduct + Coinsurance	
<u>Vision Care Services</u>				
Exam	Fully Covered	Fully Covered	Fully Covered	\$10 Copay
Frames / Lens	Hardware: Up to \$200 allowance	Hardware: Up to \$200 allowance	Hardware: Up to \$200 allowance	Up to \$150 allowance every two calendar years ³

¹ For the family out-of-pocket maximum, an individual's out-of-pocket expenses won't exceed \$7,150 (2018)

² Copay waived if admitted

³ If you are age 18 years or younger, there is no charge for one pair of standard frames and lenses (or contact lenses) every 12 months

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

TriMet Medicare Plans - Union		
Plan	United Healthcare	Kaiser Senior Advantage
<u>In-Network (INN) Benefits</u>	In- / Out-of-Network	In-Network Only
Deductible	None	None
Coinsurance	N/A	N/A
Out-of-Pocket Max	\$1,500	\$600
Coverages		
Preventive Care	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	\$10 Copay	\$10 Copay
OV - Specialist Care Provider (SCP)	\$20 Copay	\$10 Copay
Hospital Emergency Room (ER)	\$65 Copay ¹	\$50 Copay ¹
Outpatient Surgery	\$100 Copay	\$20 Copay
Hospital Inpatient	\$250 Copay	\$50 Copay/day, up to \$250/admission
<u>Prescription Drugs</u>		
Out-of-Pocket Max	None	None
Retail (30 Days)	\$10 / \$25 / 50% up to \$95 / 33% up to \$95	\$10 Copay
Mail Order (90 Days)	\$30 / \$75 / 50% up to \$95 / 33% up to \$95	\$20 Copay
<u>Vision Care Services</u>		
Exam	\$20 Copay every 12 months	\$10 Copay
Frames / Lens	Up to \$130 allowance (\$175 for contacts)	Up to \$150 allowance

¹ Copay waived if admitted

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of Key Substantive Plan Provisions – Non-Union Members

Eligibility: Retirees who were employees immediately prior to retirement are eligible for OPEB benefit if the following requirements are met:

Tier 1 (hired prior to April 27, 2003): Age 55 and 5 years of credited service as Non-Union employee

Tier 2 (hired on or after April 17, 2003 and before May 1, 2009): Age 55 and 10 years of credited service as Non-Union employee

Tier 3 (hired on or after May 1, 2009): Age 62 and 3 years of credited service as Non-Union employee

Healthcare Benefit:

Medical, prescription drug, dental, and vision benefits are provided to all covered retirees, spouses, and domestic partners. Dependents receive all benefits.

Benefits are payable over the life of the retiree and spouse or domestic partner while both are alive. Following the retiree’s death, benefits continue to the surviving spouse or domestic partner, and qualified dependent(s) until the earlier of the survivor’s death or 10 years after the retiree’s death.

Retirees and their dependents under age 65 and non-Medicare eligible may continue to receive the same healthcare coverage received prior to retirement. Upon Medicare eligibility, retirees must enroll in a Medicare Advantage plan.

Retiree health benefits cease for Tier 3 retirees when the employee becomes Medicare eligible

Retiree Contributions

Retirees pay a portion of the health care premium according to the following schedule:

Non-Union Tiers	Premium Contribution
Grandfathered (retired prior to January 1, 1988)	0%
Tier 1 and Tier 2 (hired before May 1, 2009)	
Full Time	6%
Part Time (over 30 hours / week)	6%
Part Time (less than 30 hours / week)	25%
Tier 3	100%

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Life Insurance Benefits:

Grandfathered retirees and eligible retirees in Tiers 1 and 2 are provided a \$10,000 whole life insurance fully paid by TriMet.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

Summary of 2018 Benefit Plans:

TriMet Medical Plan - Non Union			
Plan	Regence PPO 80/20	Regence HSA	Kaiser HMO
<u>In-Network (INN) Benefits</u>			
Deductible (Individual / Family)	\$300 / \$900	\$1,500 / \$3,000	None
Coinsurance	80%	80%	100%
Out-of-Pocket Max (Individual / Family) ¹	\$2,300 / \$6,900	\$5,000 / \$10,000 ¹	\$600, \$1,200
Coverages			
Preventive Care	Fully Covered	Fully Covered	Fully Covered
Well Woman (Mamm / Annual GYN / Pap)	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
OV - Specialist Care Provider (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
Hospital Emergency Room (ER)	\$50 Copay ²	Deduct + Coinsurance	\$100 Copay ²
Ambulance	\$50 Copay	Deduct + Coinsurance	\$75 Copay
Outpatient Surgery	Deduct + Coinsurance	Deduct + Coinsurance	\$20 Copay
Hospital Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$50 Copay/day, up to \$250/admission
Lifetime Max	No Limit	No Limit	No Limit
<u>Out-of-Network (OON) Benefits</u>			
Deductible (Individual / Family)	\$900 / \$2,700	Combined with INN	
Coinsurance	60%	60%	
Office Visits (PCP) & (SCP)	Deduct + Coinsurance	Deduct + Coinsurance	
Out-of-Pocket Max (Individual / Family) ¹	\$4,900 / \$14,700	Combined with INN	
Lifetime Max	No Limit	No Limit	
<u>Prescription Drugs</u>			
Out-of-Pocket Max (Individual / Family) ¹	\$2,000 / \$5,000	Combined with Medical	N/A
Retail (30 Days)	\$10 / 20% with \$25 min / 50%	Deduct + Coinsurance	\$10 Copay
Mail Order (90 Days)	\$30 / 20% with \$75 min / 50%	Deduct + Coinsurance	\$20 Copay
<u>Mental Health and Substance Abuse</u>			
Mental Health and Substance Abuse Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$10 Copay
Mental Health and Substance Abuse Outpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$50 Copay/day, up to \$250/admission
<u>Vision Care Services</u>			
Exam	Fully Covered	Fully Covered	\$10 Copay
Frames / Lens	Up to \$200 allowance every 24 months	Up to \$200 allowance every 24 months	Up to \$150 allowance every two calendar years ³

¹ For the family out-of-pocket maximum, an individual's out-of-pocket expenses won't exceed \$7,150 (2018)

² Copay waived if admitted

³ If you are age 18 years or younger, there is no charge for one pair of standard frames and lenses (or contact lenses) every 12 months

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

TriMet Medicare Plans - Non Union		
Plan	United Healthcare	Kaiser Senior Advantage
<u>In-Network (INN) Benefits</u>	In- / Out-of-Network	In-Network Only
Deductible	None	None
Coinsurance	N/A	N/A
Out-of-Pocket Max	\$1,500	\$600
Coverages		
Preventive Care	Fully Covered	Fully Covered
Office Visit (OV)-Primary Care (PCP)	\$10 Copay	\$10 Copay
OV - Specialist Care Provider (SCP)	\$20 Copay	\$10 Copay
Hospital Emergency Room (ER)	\$65 Copay ¹	\$50 Copay ¹
Outpatient Surgery	\$100 Copay	\$20 Copay
Hospital Inpatient	\$250 Copay	\$50 Copay/day, up to \$250/admission
<u>Prescription Drugs</u>		
Out-of-Pocket Max	None	None
Retail (30 Days)	\$10 / \$25 / 50% up to \$95 / 33% up to \$95	\$10 Copay
Mail Order (90 Days)	\$30 / \$75 / 50% up to \$95 / 33% up to \$95	\$20 Copay
<u>Vision Care Services</u>		
Exam	\$20 Copay every 12 months	\$10 Copay
Frames / Lens	Up to \$130 allowance (\$175 for contacts)	Up to \$150 allowance

¹ Copay waived if admitted

APPENDIX D – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the Total OPEB Liability, assumption changes reducing the Total OPEB Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the Total OPEB Liability, assumption changes increasing the Total OPEB Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total OPEB Liability.

6. Measurement Date

The date as of which the Total OPEB Liability and plan fiduciary net position are measured. The Total OPEB Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX D – GLOSSARY OF TERMS

7. Net OPEB Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the Total OPEB Liability less the plan fiduciary net position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The service cost is the normal cost calculated under the Entry Age actuarial cost method.

11. Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The Total OPEB Liability is the Actuarial Liability calculated under the Entry Age actuarial cost method.



Classic Values, Innovative Advice