



**METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
RETIREE HEALTHCARE PLAN**

BARTEL
ASSOCIATES, LLC

Valuation Summary

June 30, 2017 Actuarial Valuation

MARY BETH REDDING
BARTEL ASSOCIATES, LLC
February 12, 2018

<u>Topic</u>	<u>Page</u>
Definition of Terms	1
Summary of Valuation Results	2
Historical Valuation Results	3
Projections	6
New OPEB Accounting Standard	9



DEFINITIONS OF TERMS

■ **Actuarial Accrued Liability (AAL)**

- The portion of the actuarial present value attributed to past service. AAL is recognized over service through retirement.

■ **Unfunded Actuarial Accrued Liability (UAAL)**

- The difference between AAL and the actuarial (smoothed) value of assets

■ **Normal Cost (NC)**

- Portion of total actuarial present value “earned” during the coming year. AAL is the accumulation of all past NC.

■ **Actuarially Determined Contribution (ADC)**

- Normal Cost, plus
- Amortization of unfunded AAL (UAAL)

■ **California Employers’ Retiree Benefit Trust (CERBT)**

- Section 115 trust through CalPERS for prefunding OPEB



SUMMARY OF VALUATION RESULTS

■ District began pre-funding with CalPERS CERBT Fund #1 in 2013/14:

- Full Actuarially Determined Contribution (ADC) to be contributed each year
- Additional contributions were made during 2013/14 and 2014/15 (\$100 million total)

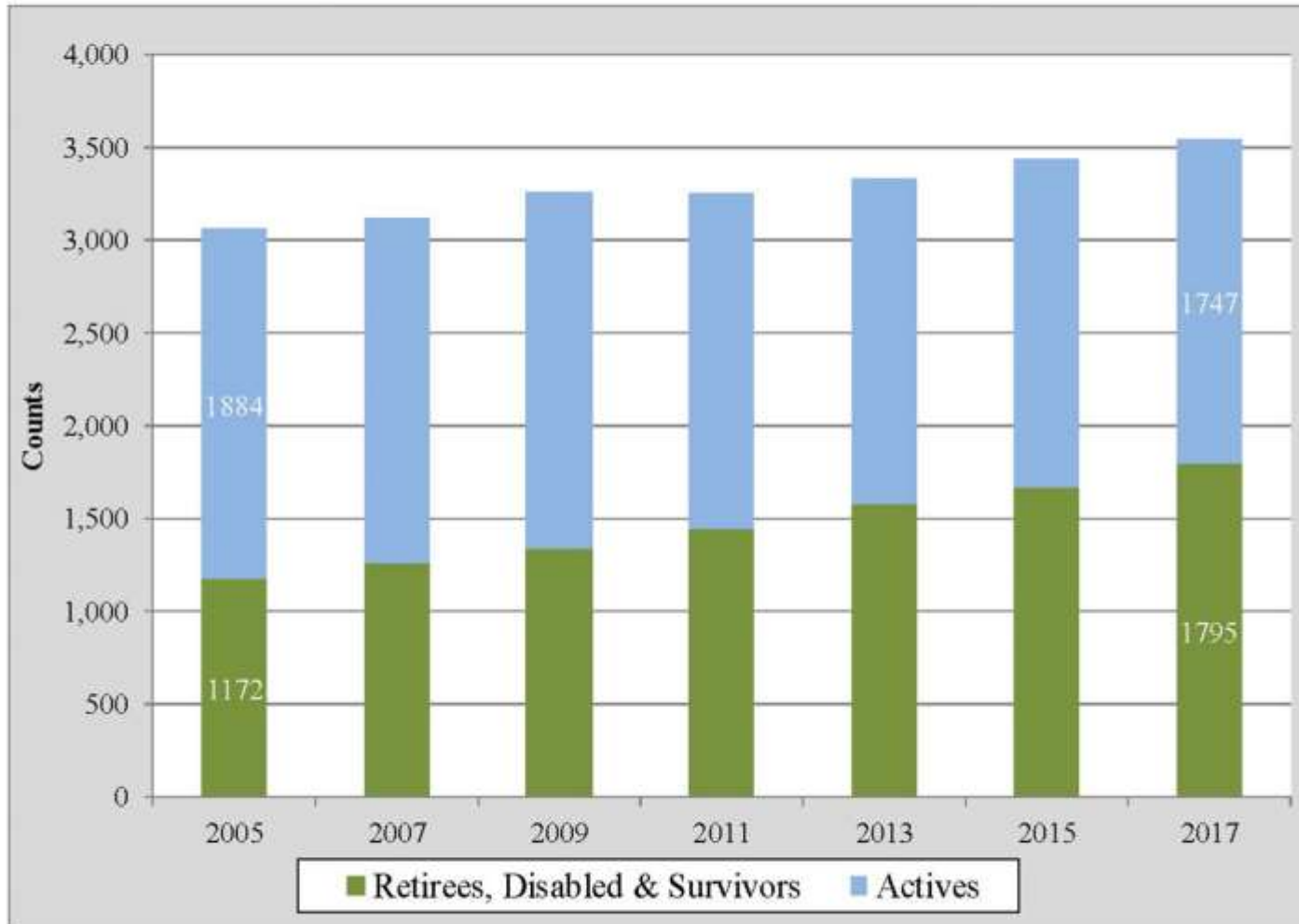
■ June 30, 2017 Valuation:

- Unfunded Actuarial Accrued Liability (UAAL) = \$235.5 million
- 6/30/17 Funded Ratio = 47%
- 2018/19 ADC = \$27.3 million
- Significant changes to UAAL:
 - \$53 million decrease from premiums/caps less than expected
 - \$26 million increase from discount rate change (7.25% to 6.75%)
 - \$20 million increase from medical trend change



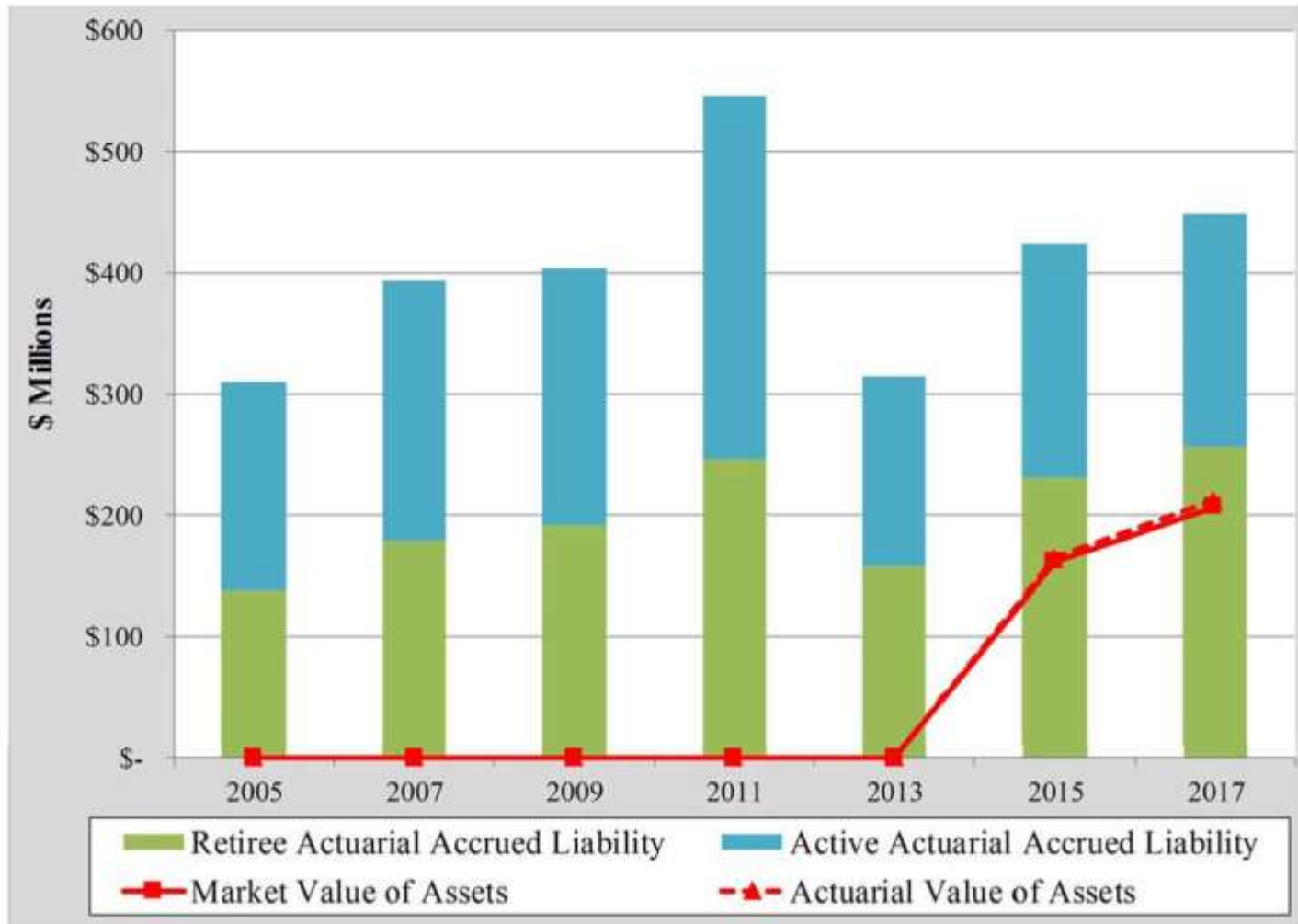
HISTORICAL VALUATION RESULTS

Historical Participant Counts



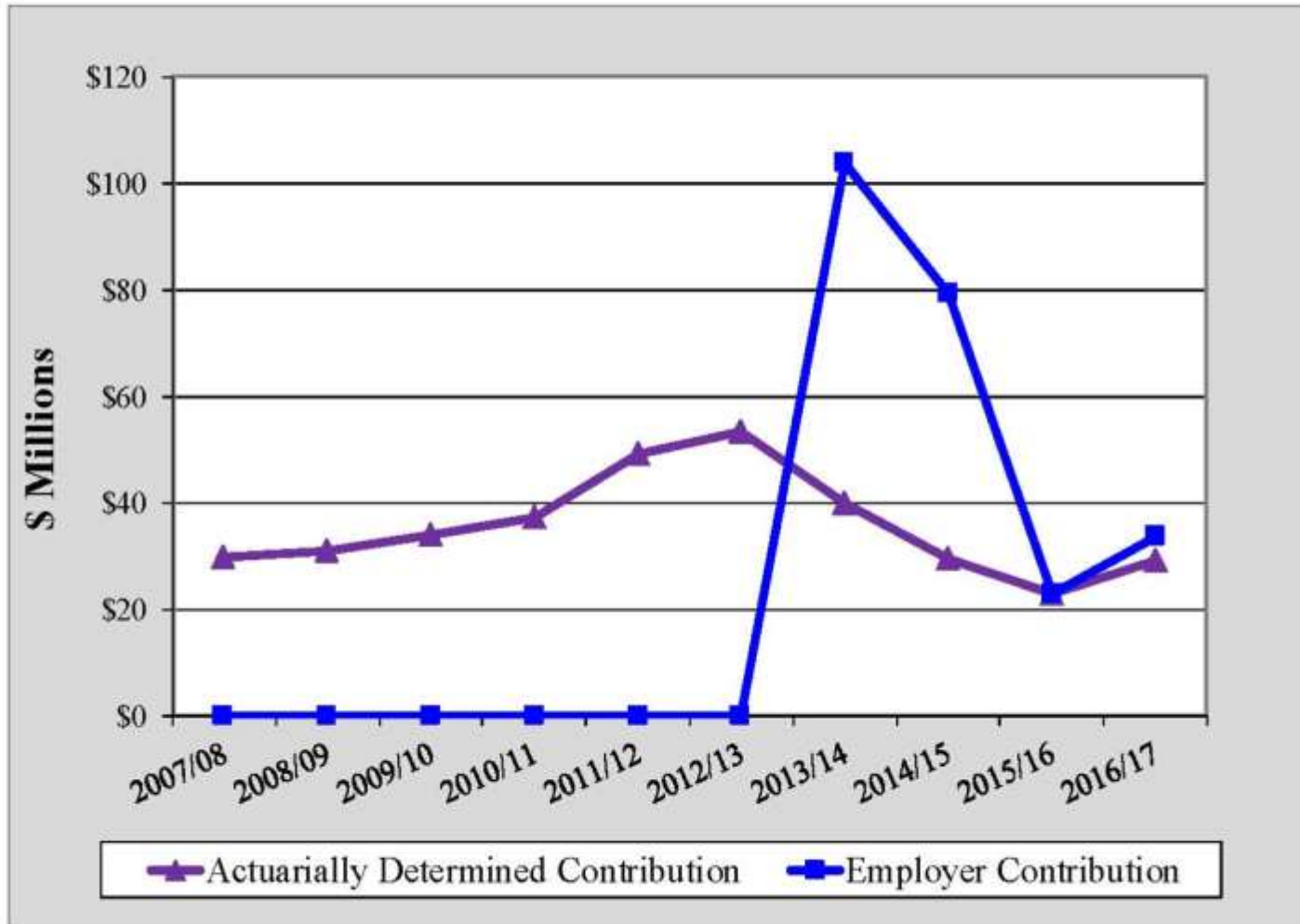
HISTORICAL VALUATION RESULTS

Historical Actuarial Accrued Liability by Status



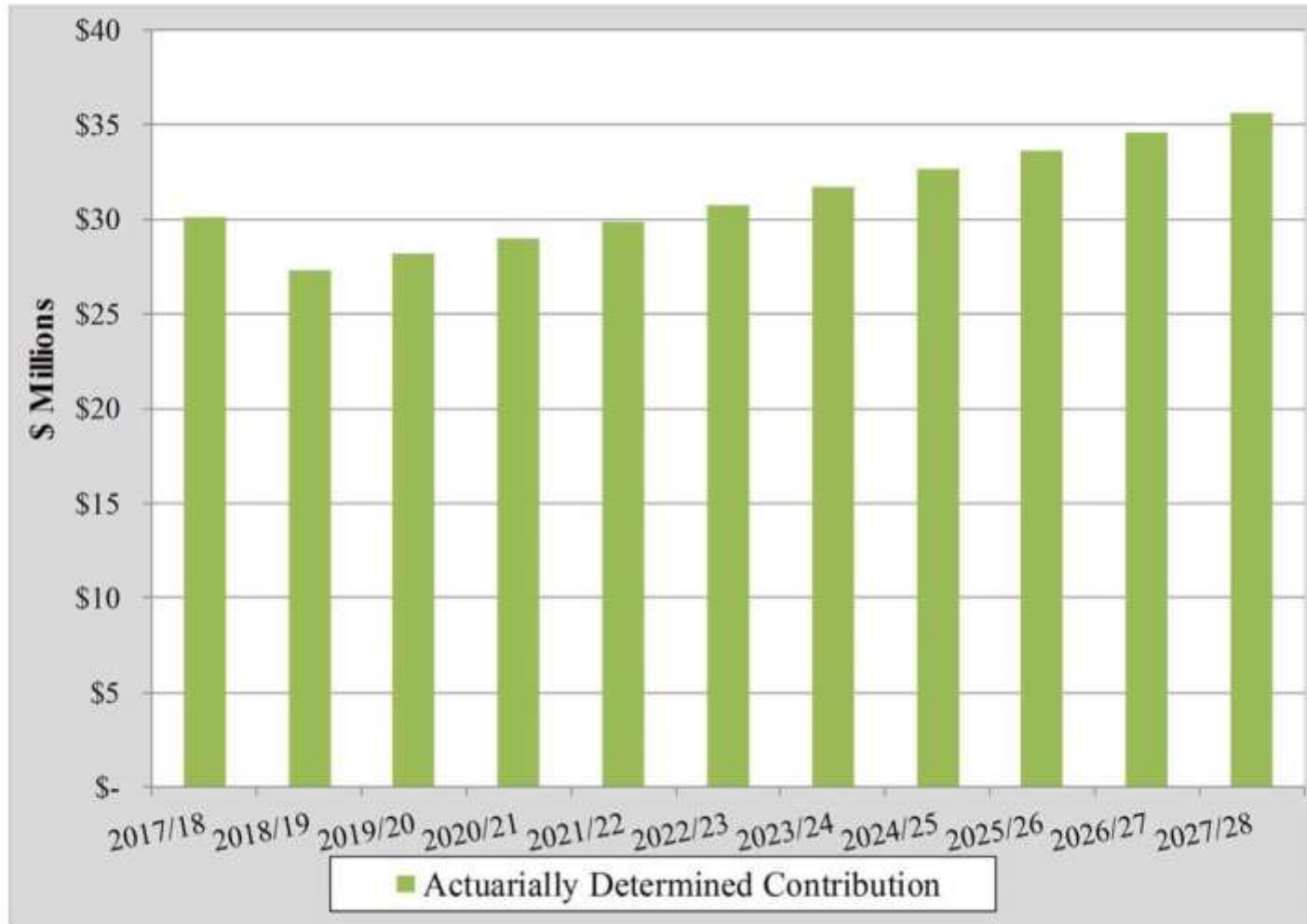
HISTORICAL VALUATION RESULTS

Historical Employer Contributions



PROJECTIONS

Projected Actuarially Determined Contributions (ADC)

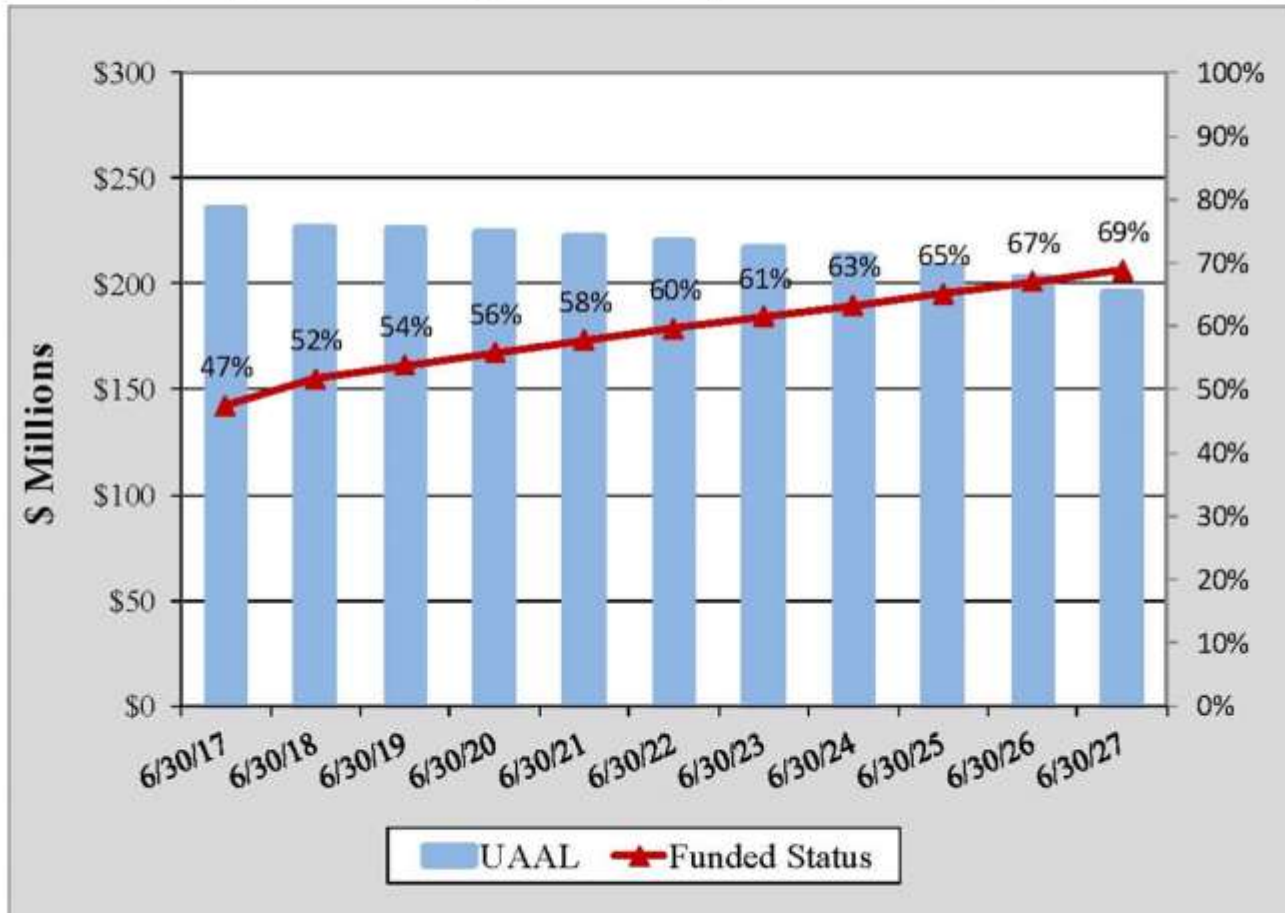


PROJECTIONS

Projected Unfunded Actuarial Accrued Liability (UAAL)

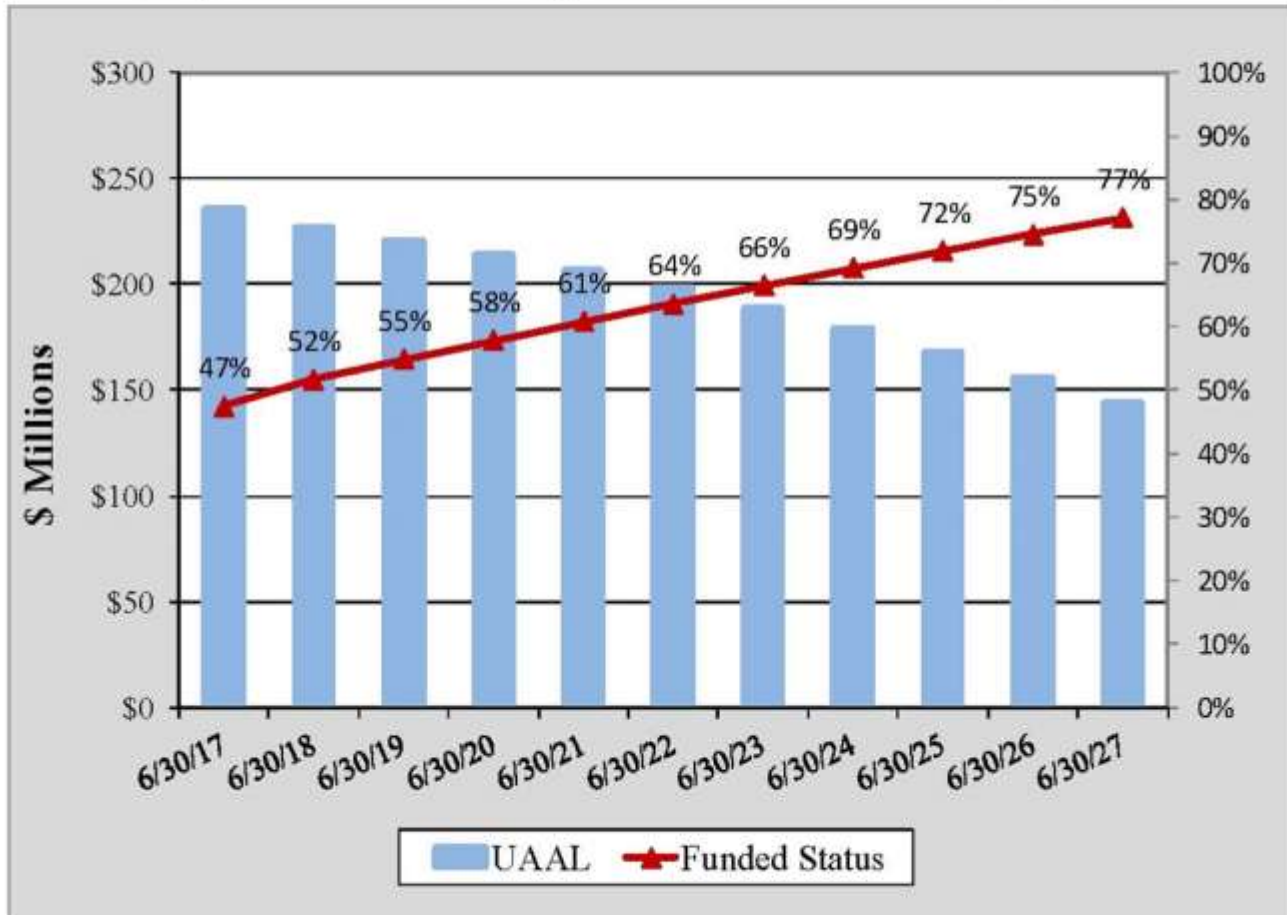
Contribute Full ADC to Trust

Cash and Implied Subsidy Benefit Payments Reimbursed from Trust



PROJECTIONS

Projected Unfunded Actuarial Accrued Liability (UAAL) Contribute Full ADC to Trust Only Cash Benefit Payments Reimbursed from Trust



NEW OPEB ACCOUNTING STANDARD

- GASB Statement No. 75 – Approved June 2015
- Similar to new pension standard (GASB 68)
- Effective for District's 2017/18 fiscal year
- Unfunded liability (net OPEB liability) on balance sheet

NEW OPEB ACCOUNTING STANDARD

