GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

SPARTANBURG COUNTY RETIREE HEALTH CARE PLAN

ACTUARIAL VALUATION REPORT

AS OF JANUARY 1, 2014

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November 20, 2014

Mr. Cole Alverson
Spartanburg County
Director of Budget Management
Spartanburg County
366 N. Church St.
Spartanburg, SC 29304

Dear Mr. Alverson:

Submitted in this report are the results of an Actuarial Valuation of the assets and benefits associated with the employer financed retiree health benefits provided by Spartanburg County. The date of the valuation was January 1, 2014. The annual required contribution has been calculated for the fiscal year beginning July 1, 2013.

The actuarial calculations were prepared for purposes of complying with the requirements of Statements No. 43 and No. 45 of the Governmental Accounting Standards Board (GASB). The calculations reported herein have been made on a basis consistent with our understanding of these accounting standards. Determinations of the liability associated with the benefits described in this report for purposes other than satisfying Spartanburg County's financial reporting requirements may produce significantly different results. This report may be provided to parties other than Spartanburg County only in its entirety and only with the permission of Spartanburg County.

The valuation was based upon information, furnished by Spartanburg County, concerning retiree health benefits and individual employees, and financial data. Data was checked for internal consistency but was not otherwise audited.

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; and changes in plan provisions or applicable law.

The signing actuaries are independent of the plan sponsor. To the best of our knowledge, this report is complete and accurate and was made in accordance with generally recognized actuarial methods. Mehdi Riazi is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Mehdi Riazi, ASA, EA, MAAA

Yi Chen, ASA, MAAA

EXECUTIVE SUMMARY

Annual Required Contribution

This report presents the annual expense required to be recognized by the plan sponsor for purposes of complying with the accounting requirements of Government Accounting Standards Board Statement No. 45. In addition, the plan may also need to comply with GASB Statement No. 43. Please consult with legal counsel and the auditors to determine whether you have a plan for GASB Statement No. 43 purposes.

The Annual Required Contribution (ARC) for the fiscal year beginning July 1, 2013 has been calculated under two different interest rate assumptions. Below is a summary of the Annual Required Contribution. In the first year GASB Statement No. 45 is adopted, the annual OPEB cost required to be disclosed on the employer's financial statements is equal to the ARC. Actual claims/premiums paid on behalf of retirees may be treated as employer contributions in relation to the ARC and act to reduce the Net OPEB Obligation (NOO).

Annual Required Contribution	PAYGO	Funding Policy
Fiscal Year Beginning 2013	$5,862,230	$5,082,530

For additional details please see Section B of the report.

Additional OPEB Reporting Requirements

In addition to the annual OPEB cost described above, employers will have to disclose a Net OPEB Obligation (or asset). The Net OPEB Obligation is the cumulative difference between annual OPEB costs and annual employer contributions in relation to the ARC, accumulated from the implementation of Statement No. 45. The Net OPEB Obligation is zero as of the beginning of the fiscal year that Statement No. 45 is implemented, unless the employer chooses to recognize a beginning balance. The requirements for determining the employer's contributions in relation to the ARC are described in paragraph 13 g. of Statement No. 45. Additional information required to be disclosed in the employer's financial statements is detailed in paragraphs 24 through 27 of Statement No. 45.

Liabilities and Assets

PAYGO Assumption

This scenario assumes the current pay-as-you-go (PAYGO) funding policy will continue, i.e., the annual employer contributions each year are equal to the benefits that are paid on behalf of the retirees. Under this funding policy, GASB 45 requires the use of a discount rate consistent with the investment return earned on the employer's general assets. In this valuation, the discount rate is 4.50%.

The present value of all benefits expected to be paid to current plan members as of December 31, 2013 is $91,638,874. The actuarial accrued liability, which is the portion of the $91,638,874 attributable to service accrued by plan members as of December 31, 2013, is $54,635,170. As of December 31, 2013, there is $0 in valuation assets available to offset the liabilities of the plan.

The funded status of the plan, which is the ratio of plan assets to actuarial accrued liability, as of December 31, 2013 is 0.00%.

Funding Policy Assumption

This scenario assumes the employer will set up an irrevocable trust and change the funding policy so that the annual employer contributions are equal to the ARC. Under this funding policy, GASB 45 allows the use of a discount rate consistent with the investment return earned on the plan's assets. Dependent on the asset allocation of the investment pool, this rate should be based on longer term investments. In this valuation, the discount rate is 5.50%.

The present value of all benefits expected to be paid to current plan members as of December 31, 2013 is $75,006,232. The actuarial accrued liability, which is the portion of the $75,006,232 attributable to service accrued by plan members as of December 31, 2013, is $46,550,076. As of December 31, 2013, there is $0 in valuation assets available to offset the liabilities of the plan.

The funded status of the plan, which is the ratio of plan assets to actuarial accrued liability, as of December 31, 2013 is 0.00%.

SECTION A
OVERVIEW

GASB BACKGROUND

The purpose of this valuation is to provide information on the cost associated with providing postemployment benefits other than pensions, or OPEB, to current and former employees. OPEB benefits are most often associated with postemployment health care, but cover almost any benefit not provided through a pension plan, including life insurance, dental and vision benefits. It is important to note that OPEB benefits, by definition, do not include benefits *currently* being provided to active employees – however, this report includes the liabilities for benefits expected to be paid to current active employees when they terminate employment at a future date.

The rising cost of health care has been a cause of concern to both individuals and employers who sponsor health care plans. The accounting community became concerned that many sponsors of public plans were accounting for the cost of their OPEB plans solely on the basis of benefits paid and that this method did not accurately reflect the ultimate cost of benefits promised to current and former employees. In 1988, the Governmental Accounting Standards Board (GASB) began working on a project to develop comprehensive standards for financial reporting of OPEB plans. The GASB worked on comprehensive standards for OPEB accounting for more than a decade, culminating with the release of GASB Statements No. 43 and No. 45 in the Spring of 2004. GASB Statement No. 43 covers the accounting rules for OPEB plans while GASB Statement No. 45 describes the rules for *employers* sponsoring OPEB plans.

The GASB determined that an OPEB plan was similar to a pension plan in that benefits are earned during an active employee's working lifetime but paid out at a future date. In the GASB's view, accounting for OPEB should follow the same basic principle as accounting for public plan pension cost: these benefits are compensation for employees' services and should be accounted for during the period of time that services are performed.

GASB STANDARDS

Unlike pension plans, OPEB plans often do not have a formal document detailing the specific terms of the plan. Under GASB No. 43 and No. 45 the benefits to be accounted for are those provided by the *substantive plan* – loosely defined as the benefits covered by the plan as understood by the employer and plan members at the time of each actuarial valuation. The substantive plan provisions used in this valuation are summarized in Section E.

GASB also requires that the calculations assume the terms of the substantive plan continue indefinitely. It has been argued that there is a likelihood future OPEB plan provisions would be different than the current substantive plan (due to rising health care costs or social changes) and therefore liabilities based on the current substantive plan may overstate what will actually occur. However, the GASB Statement is designed to measure liabilities for the plan as it currently exists. While it may be reasonable to assume future changes in the OPEB plan for other purposes, recognition of anticipated changes is not allowed for purposes of accounting for OPEB.

The specific items required to be disclosed on an OPEB sponsor's financial statements are described in detail in GASB No. 43 and No. 45. In general terms, though, the plan sponsor is required to disclose an annual OPEB cost, the funded status of the plan and the funding progress on the valuation date. Although GASB does not require OPEB contributions, it has chosen to call the base component of the annual OPEB cost the Annual Required Contribution, or ARC. The ARC consists of the cost of benefits accruing in a year plus an amount calculated to amortize any unfunded actuarial accrued liability over a period of not more than 30 years.

The plan is also required to disclose the cumulative difference between the ARC and the employer's actual contribution to the plan. This amount is known as the Net OPEB Obligation (NOO). Each year, the NOO accumulates with interest, plus the difference between the ARC and actual contributions for the year, plus some technical adjustments. It is the NOO, and not the unfunded actuarial accrued liability, that is disclosed on the employer's Statement of Net Position. **However, the GASB released exposure drafts for new standards in May of 2014, which would require balance sheet recognition of a liability which resembles the current unfunded accrued liability. The proposed requirements would be effective for fiscal years beginning after December 15, 2016.**

OPEB SPECIFIC ASSUMPTIONS

In any long-term actuarial valuation (such as for pensions and OPEB) certain demographic, economic and behavioral assumptions must be made concerning the population, investment discount rates, and the benefits provided. These actuarial assumptions form the basis for the actuarial model which is used to project the future population, benefits to be provided, and contributions to be collected. The investment return rate assumption is used to discount the future benefits to a present value on the valuation date. While assumptions such as future rates of retirement and mortality are similar for both OPEB and pension plans, there are some additional assumptions required when projecting benefits for a health care plan.

The cost of providing medical services has been increasing more rapidly than prices in general for many years. During the period from 1955 to 2005 general inflation averaged 4.0%, while health expenditures increased by an average of about 10% per year. Health care spending as a percentage of GDP, has increased from 5.4% om 1961 to 17.9% in 2011. If this trend is projected to continue for years to come, it implies that years from now virtually all our expenditures will be for health care. The seemingly more reasonable alternative is that in the not too distant future medical expense inflation will stabilize at a level at or near general inflation. Furthermore, the percentage of GDP devoted to health care expenditures is expected to continue to increase. It is on this basis that we project retiree health care costs will continue to exceed general inflation in the near term, but by less each year until leveling off at an ultimate rate that is similar to general price increases.

Health care increase rates used in this valuation lie within a range of reasonable assumptions, and are described in Section G of this report. The health care increase rate assumption has a major effect on the calculation of plan liabilities. To illustrate the effect of differing future medical inflation rates, Section C of this report provides the ARC and associated liabilities based on an "optimistic" and "pessimistic" trend scenario.

OPEB SPECIFIC ASSUMPTIONS (CONCLUDED)

The selection of an investment return rate also has a major impact on the calculation of the reported GASB OPEB expense.

It is important to note that GASB Statements No. 43 and No. 45 require the selection of an interest rate assumption to be based on the expected long-term rate of return on the assets expected to pay the OPEB when due. GASB states that the return should be based on expected returns of:

- Plan assets – if the sponsor has been contributing the ARC on a regular basis;
- The employer's general assets – where no OPEB assets have been accumulated;
- A blend of plan and employer assets – in cases where OPEB assets exist but the plan is contributing amounts less than the ARC.

ACTUARIAL COST METHOD

GASB Statement No. 45 provides some flexibility to governmental employers (and their actuaries) in the use of various actuarial cost methods. It should be noted that an actuarial cost method determines a contribution or expense by assigning portions of the present value of projected benefits to various years with the general goal of accruing the cost of benefits over the working lifetime of the employees. The choice of a particular method does not change the ultimate cost of the promised benefits.

The Projected Unit Credit actuarial cost method has been used to calculate the GASB ARC for this valuation. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability. This is both an acceptable and reasonable cost method. The use of another actuarial cost method would produce different results. **It is important to note that the OPEB exposure drafts, which were released in May of 2014, would require employers to use the Entry Age Normal Actuarial Cost Method.**

OPEB PREFUNDING

Many employers fund retiree health care benefits using the pay-as-you-go (or cash disbursement) method. The employer's annual contribution for these benefits is equal to the actual disbursements during the year for health care benefits for retired employees. This method of funding will result in increasing contributions over time. First, per capita cash disbursements will tend to increase from year to year as the cost of health care services, or the utilization of these services, increases. Second, the number of retired members is likely to increase for years to come. The more retirees there are, the greater the disbursements as a percentage of employee payroll.

A retiree health care plan is similar to a defined benefit pension plan, in that promises are made to employees to provide them with a benefit payable at some future date. For defined benefit pension plan sponsors a common funding objective is to contribute annual amounts to a fund which will i) remain level as a percentage of active member payroll, and ii) when combined with present assets and future investment return will be sufficient to meet the financial obligations of the Plan to current and future retirees.

The ultimate determination as to the level of pre-funding will be the result of decisions made in an attempt to reconcile the often conflicting needs of benefit security for members and fiscal responsibility for the employer. The GASB accounting standards noted in the previous section of the report can factor into decisions concerning the level of pre-funding.

SECTION B

VALUATION RESULTS

SPARTANBURG COUNTY
DEVELOPMENT OF THE ANNUAL REQUIRED CONTRIBUTION AND UNFUNDED ACTUARIAL ACCRUED LIABILITY

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2013		Fiscal Year Beginning 2011
	PAYGO	Funding Policy	PAYGO
Employer Normal Cost	$3,617,797	$2,906,525	$2,532,920
Amortization of UAAL	$2,244,433	$2,176,005	$1,874,363
Annual Required Contribution (ARC)	$5,862,230	$5,082,530	$4,407,283
ARC Per Active Participant	$4,769	$4,135	$3,681

	Determination of Unfunded Actuarial Accrued Liability		
	Fiscal Year Beginning 2013		Fiscal Year Beginning 2011
	PAYGO	Funding Policy	PAYGO
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$15,385,103	$14,057,077	$16,677,120
ii) Vested Terminated Members	$0	$0	$0
iii) Active Members	$76,253,771	$60,949,155	$56,772,726
Total Present Value of Future Benefits	$91,638,874	$75,006,232	$73,449,846
B. Present Value of Future Normal Costs	$37,003,704	$28,456,156	$28,492,482
C. Actuarial Accrued Liabilities (A.-B.)	$54,635,170	$46,550,076	$44,957,364
D. Actuarial Value of Assets	$0	$0	$0
E. Unfunded Actuarial Accrued Liability (C.-D.)	$54,635,170	$46,550,076	$44,957,364
F. Funded Ratio (D./C.)	0.00%	0.00%	0.00%

COMMENTS

COMMENT A: One of the key assumptions used in any valuation of the cost of post-employment benefits is the rate of return on Plan assets. Higher assumed investment returns will result in a lower ARC. Lower returns will tend to increase the computed ARC. Under the first scenario (Unfunded PAYGO) the discount rate is based on the employer's general assets (short term bonds and cash) and the assumed rate is 4.50%. Under the pre-funded scenario, the assumed asset allocation is a mix of equities and bonds and therefore a 7.50% discount rate is assumed.

COMMENT B: Based on the number of plan members as of this valuation, the plan sponsor is required by GASB to perform actuarial valuations at least biennially.

COMMENT C: The ARC shown in this report has been calculated to increase at the same rate as the projected increase in active member payroll (3.00% per year). The unfunded actuarial accrued liabilities were amortized as a level percent of active payroll over an open period of 30 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with the GASB requirements. A shorter amortization period would result in a higher ARC.

COMMENT D: The Unfunded Actuarial Accrued Liability (UAAL) is not booked as an expense all in one year and does not appear in the Employer’s Statement of Net Position. Currently, the UAAL is reported in the Notes to the Financial Statements and in the Required Supplementary Information. These are information sections within the employer’s financial statements. **However, the GASB released exposure drafts for new standards in May of 2014, which would require balance sheet recognition of a liability which resembles the current unfunded accrued liability. The proposed requirements would be effective for fiscal years beginning after December 15, 2016.**

SECTION C

SENSITIVITY ANALYSIS

POSTEMPLOYMENT HEALTH INSURANCE -- SENSITIVITY TESTS

Actuarial valuations deal with the cost of benefits to be paid in the future. The payments considered will range from one month in the future to decades from the valuation date (for a young, newly hired employee who may retire many years from now and live many years after that). In order to establish a present day cost for these future benefit obligations, the actuary bases the valuation on a number of assumptions about future occurrences. The occurrences that must be considered include employee turnover, pay increases, disablement, retirements, deaths and investment income on anticipated plan assets.

When the benefits being valued are health care benefits, a key factor is the future cost of the medical benefits being promised. This is projected using the current cost of the System's health care benefits and assumed future health care cost increases. The final cost of providing retiree health care benefits will depend upon how the charges for health care services actually increase in the future.

In order to demonstrate how the cost of these benefits can vary depending upon future health care cost increases, we have performed additional valuations based upon alternative health care cost increase assumptions. The schedules on page C-2 compare (i) the computed cost of the retiree health care benefits using the valuation (Intermediate) assumptions to (ii) results of alternate valuations. The pessimistic and optimistic scenarios provide the impact on the valuation results of a 1% increase or decrease to the trend assumption.

SPARTANBURG COUNTY
SENSITIVITY ANALYSIS

The selection of future health care cost increases is one of the key assumptions in determining plan liabilities. If the health care cost trend rates upon which the calculation of the Annual Required Contribution was based were changed by 1% in each future year, the annual contribution for the combined groups (illustrated using the projected unit credit method) would change as follows.

Contributions for	Development of the Annual Required Contribution		
	Fiscal Year Beginning 2013		
	Pessimistic	Intermediate	Optimistic
Employer Normal Cost	$4,579,829	$3,617,797	$2,901,596
Amortization of UAAL*	$2,661,796	$2,244,433	$1,919,800
Annual Required Contribution (ARC)	$7,241,625	$5,862,230	$4,821,396
ARC Per Active Participant	$5,892	$4,769	$3,923

* Unfunded Actuarial Accrued Liabilities (UAAL) were amortized over 30 years.
All three scenarios above based on an unfunded 4.50% discount rate

	Determination of Unfunded Actuarial Accrued Liability		
	Pessimistic	Intermediate	Optimistic
A. Present Value of Future Benefits			
i) Retirees and Beneficiaries	$16,873,967	$15,385,103	$14,129,072
ii) Vested Terminated Members	$0	$0	$0
iii) Active Members	$96,599,695	$76,253,771	$61,140,797
Total Present Value of Future Benefits	$113,473,662	$91,638,874	$75,269,869
B. Present Value of Future Normal Costs	$48,678,809	$37,003,704	$28,537,074
C. Actuarial Accrued Liabilities (A.-B.)	$64,794,853	$54,635,170	$46,732,795
D. Actuarial Value of Assets	$0	$0	$0
E. Unfunded Actuarial Accrued Liability (C.-D.)	$64,794,853	$54,635,170	$46,732,795
F. Funded Ratio (D./C.)	0.00%	0.00%	0.00%

SECTION D
RETIREE PREMIUM RATE DEVELOPMENT

RETIREE PREMIUM RATE DEVELOPMENT

Data Sources

Baseline costs were developed using data provided by the South Carolina Public Employee Benefit Authority (PEBA). Claims and exposures for the three year period ending December 31, 2012 were used for the development of the Baseline Costs. The claims were also compared to industry data for reasonableness. The claims were adjusted from 2013 to 2014 based on the average 2014 premium increase. The actual claims and exposures were available by age, sex, status, member type, plan coverage, years since retirement, etc. The actual claims and exposure data were reliable and credible for the development of reasonable Baseline Costs.

Baseline Costs

The costs developed based on the actual experience are used for both current and future retirees for all plans combined. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type to the current retirees.

Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

The monthly one-person premium including medical and prescription drug benefits at select ages are shown below:

FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
40	$316.38	$418.71
50	447.24	471.94
60	652.61	608.57
64	768.99	671.76

For retirees who are eligible for Medicare, the County subsidizes a portion of the fully-insured premium. The County's subsidy is shown on page E-2.

SECTION E

SUMMARY OF BENEFITS

SPARTANBURG COUNTY
SUMMARY OF BENEFITS AS OF JANUARY 1, 2014

PLAN PARTICIPANTS

Regular full-time, elected, appointed, and some part-time employees, including law enforcement and public safety employees, of Spartanburg County who retired **before July 1, 2000** are eligible to participate in the same health care plan as active employees, however, retiree single premiums are waived while spouses of retirees pay what the active employees paid at the time of the retiree's retirement. Please see chart on the following page.

Regular full-time, elected, appointed, and some part-time employees, including law enforcement and public safety employees, of Spartanburg County who retired **between July 1, 2000 and October 1, 2002** are eligible to participate in the same health care plan as active employees, however, discounted premiums are offered. Please see chart below.

Regular full-time, elected, appointed, and some part-time employees, including law enforcement and public safety employees, of Spartanburg County who retire **after October 1, 2002** are eligible to participate in the same health care plan offered to active full-time employees. The County insurance program is currently administered by the South Carolina Public Employee Benefit Authority (PEBA). PEBA offers four different health insurance plans with the Standard Plan being the most common plan selected by eligible retirees and full-time employees.

If a retiree and his/her spouse are eligible for Medicare through a disability or are under the age of 65, he/she may elect coverage provided through the Medicare Supplement Plan at a cost of $429.32 per month. If the retiree's spouse is under age 65 and not eligible for Medicare, (s)he is subject to pay the full monthly premium for the selected health care plan. At its sole discretion, Spartanburg County may subsidize a portion of the retiree cost for the Medicare Supplement.

The Medicare Supplement Plan offered by Spartanburg County is fully-insured and offered through the Employee Insurance Program (EIP) administered PEBA.

If, as of January 1, 2014, a retiree and his/her spouse were eligible for Medicare, were enrolled in Part A and Part B Medicare, were over the age of 65, he/she may have been enrolled in the Blue Cross Medicare Advantage Plan and paid a flat rate of $50.00 per month. As of January 1, 2014, this plan ceased accepting new retirees. Existing plan participants pay a flat rate of $50.00 per month. If a retiree's spouse is below 65 or not Medicare eligible, he/she is subject to pay the full monthly premium for the selected health care plan.

EMPLOYEE/RETIREE MONTHLY HEALTH CARE PREMIUMS

Group	**State EIP**	
Retired before July 1, 2000 - Standard Plan	**EMPLOYEE PAYS**	**SPARTANBURG COUNTY PAYS**
Retiree Single – variable depending on years of service	0.00	429.32
Spouse of Retiree – variable depending on date of retirement	429.32	0.00
Retired between July 1, 2000 and October 1, 2002 – Standard Plan		
Retiree Single– variable depending on years of service	15.00	414.32
Retiree/Spouse– variable depending on years of service	116.86	793.42
Retiree/Child or Children– variable depending on years of service	118.22	534.66
Retiree/Family– variable depending on years of service	258.40	870.66
Active or Retired after October 1, 2002 – Standard Plan		
Retiree Single	97.68	331.64
Retiree/ Spouse	253.36	656.92
Retiree/Child or Children	143.86	509.02
Retiree/Family	306.56	822.50
Medicare Supplement Plan Eligible Retirees (BEFORE or AFTER October 1, 2002)	**Retiree Pays**	**Spartanburg County Pays**
Retiree Single (over 65)	336.32	93.00
Retiree/Spouse (over 65)	724.28	186.00
Retiree/Child	466.88	186.00
Retiree/Family	943.06	186.00
Blue Cross Medicare Advantage Plan Eligible Retirees (BEFORE or AFTER October 1, 2002)	**Retiree Pays**	**Spartanburg County Pays**
Retiree Single (over 65)	50.00	93.00
Spouse of Retiree (over 65)	50.00	93.00

SPARTANBURG COUNTY
SUMMARY OF BENEFITS AS OF JANUARY 1, 2014 (CONTINUED)

DENTAL MONTHLY PREMIUMS

Regular full-time, elected, appointed, and some part-time employees, including law enforcement and public safety employees, of Spartanburg County who retire **before October 1, 2002** are eligible to participate in the same dental plan as active employees, however premium rates are discounted. If a retiree elects dental coverage and is not Medicare eligible, dental coverage is free until retiree reaches age 65 or becomes Medicare eligible. Upon reaching age 65, the retiree may elect to continue dental coverage but must pay the same rates as active employees.

A Medicare eligible spouse may elect dental benefits through the Medicare Supplement Plan at $7.64 per month. If the spouse of a retiree is not Medicare eligible, he/she is subject to pay the same monthly premium offered to an active employee at the employee/spouse rate of $7.64 per month.

Regular full-time employees, including law enforcement and public safety employees, of Spartanburg County who retire **after October 1, 2002** are eligible to participate in the same dental plan as active employees. The dental plan that is offered is a standard plan. Dental Plus coverage may be purchased at an additional cost to the retiree; however the County's cost remains the same. Please see chart below.

Group	**Dental Benefit**	
Retired before July 1, 2000	**EMPLOYEE PAYS**	**SPARTANBURG COUNTY PAYS**
Retiree Only– variable depending on years of service	0.00	11.72
Retiree/Spouse – variable depending on date of retirement	0.00	19.36
Retiree/Child		
Retiree/Family		
Retired between July 1, 2000 and October 1, 2002		
Retiree Only – variable depending on years of service	0.00	11.72
Retiree/Spouse – variable depending on years of service	7.64	11.72
Retiree/Child	13.72	11.72
Retiree/Family – variable depending on years of service	21.34	11.72
Active or Retired after October 1, 2002		
Retiree Only	0.00	11.72
Retiree /Spouse	7.64	11.72
Retiree/Child	13.72	11.72
Retiree/Family	21.34	11.72

NORMAL RETIREMENT BENEFITS

Class 2 employees are eligible for full retiree benefits with 28 years of service or at age 65 with at least 5 years of earned service. Class 2 employees are eligible for reduced benefits at age 55 with at least 25 years of service or at age 60 with at least five (5) years of service. Law Enforcement Officers are eligible to receive full retiree benefits after 25 years of service or at age 55 with five years of service.

Class 3 employees are eligible for full retiree benefits by meeting the rule of 90, which requires that your age and service credit must add up to 90, or at age 65 with at least 8 years of earned service. Class 3 employees are eligible for reduced benefits at age 60 with at least 8 years of earned service. Class 3 law enforcement employees are eligible for retirement benefits with at least 27 years of service or at age 55 with at least 8 years of service.

Retirees who meet the criteria above will be eligible to continue health and dental coverage provided they have worked at least ten (10) continuous years with Spartanburg County.

EARLY RETIREMENT BENEFITS

Members retiring under early retirement conditions may be eligible for retiree health care benefits. .Eligibility is determined by the Public Employee Benefit Authority (PEBA).

DUTY AND NON- DUTY DEATH IN SERVICE RETIREMENT BENEFITS

Survivors of employees who die while actively employed are eligible for 36 months of coverage as outlined by the Consolidated Omnibus Budget Reconciliation Act (COBRA).

DUTY AND NON-DUTY DISABLED RETIREMENT BENEFITS

Employees who retire under disability may be eligible for retiree health benefits if they meet the requirements set by PEBA.

BENEFITS FOR CHILDREN OF RETIRED EMPLOYEES

Children to age 26 are eligible to receive health care benefits. Disabled children of retirees are eligible to receive health care benefits until the retiree reaches Medicare eligibility.

Retirees pay the same health care premiums as those offered to active employees.

BENEFITS FOR SPOUSES OF RETIRED EMPLOYEES

Spouses of retired employees are eligible to continue retiree health care benefits. Coverage continues to non-Medicare eligible surviving spouses of deceased retirees to age 65, after which the Medicare Supplement Plan is offered.

NON-MEDICARE AND MEDICARE– ELIGIBLE PROVISIONS

Spartanburg County's health care coverage ceases when retiree becomes eligible for Medicare coverage. Retirees are required to enroll in Medicare once eligible. The retiree pays the full Medicare premium. A Medicare Supplement Plan is offered by Spartanburg County to retirees once they become Medicare eligible. The Medicare Supplement Plan is a fully insured plan.

DENTAL AND VISION COVERAGE

A Basic Dental plan is offered as part of the Employee Insurance Plan. Retirees may elect the Dental Plus plan at an additional cost. The County's cost for providing a dental benefit does not change based on the plan type selected by the retiree.

Vision coverage is not provided by the County but is available through PEBA for an additional cost to the retiree.

LIFE INSURANCE COVERAGE

Within 31 days following termination, a retiree can apply to keep life insurance coverage and make it a private portability policy. The retiree may continue to pay the portability premium until the age of 100.

Spartanburg County offers life insurance coverage for retirees and employees in the amount of $10,000. Coverage is also provided to employees through the State Employee Insurance Plan in the amount of $3,000 up to 70 years of age. The benefit is reduced to $1,500 for employees 70 years or older. Employees also have the option to elect additional insurance in increments of $10,000 up to a maximum of $500,000, however medical evaluation may be required if the amount exceeds three times (3x) salary.

The State Retirement System provides active employees with life insurance benefits to one times (1x) an employee's salary as long as they are actively employed. The State Retirement System provides reduced life insurance benefits following retirement.

LONG-TERM DISABILITY INSURANCE

Spartanburg County does not offer long-term disability insurance to retirees.

DEPENDENT LIFE INSURANCE

Employees may purchase Dependent Life Insurance for their spouse ($10,000 or $20,000) or children ($15,000). Current costs for the spouse is based on the age of the employee. Coverage for children is $1.24 per month.

Employees not electing dependent life insurance for their spouse during new hire orientation are subject to Evidence of Insurability requirements and coverage can be declined.

SECTION F

SUMMARY OF PARTICIPANT DATA

SPARTANBURG COUNTY
TOTAL ACTIVE MEMBERS AS OF JANUARY 1, 2014
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	
Under 20								
20-24	41	1						42
25-29	100	40						140
30-34	54	59	16	4				133
35-39	44	31	48	26	5			154
40-44	38	39	34	48	27	7		193
45-49	35	18	34	25	30	30		172
50-54	15	34	17	25	15	31	4	141
55-59	12	24	12	17	15	19	20	119
60-64	16	18	6	22	8	13	12	95
65 & Over	2	8	3	8	8	7	4	40
Totals	**357**	**272**	**170**	**175**	**108**	**107**	**40**	**1,229**

While not used in the financial computations, the following group averages are computed and shown because of their general interest.

Age:	44.1	years
Service:	12.4	years

SPARTANBURG COUNTY
TOTAL RETIRED MEMBERS AS OF JANUARY 1, 2014
BY ATTAINED AGE

Attained Age	Number of Retirees		
	Male	Female	Total
Under 55	14	13	27
55-59	18	12	30
60-64	35	27	62
65 & Over	96	105	201
Totals	**163**	**157**	**320**

The number counts above only include those retirees who have elected to receive retiree health care coverage through the Spartanburg County Retiree Health Care Plan.

SECTION G

ACTUARIAL COST METHOD AND ACTUARIAL ASSUMPTIONS

VALUATION METHODS FOR SPARTANBURG COUNTY AS OF JANUARY 1, 2014

Actuarial Cost Method. The **Projected Unit Credit Cost Method** was used in the valuation. The actuarial present value of benefits allocated to the valuation year is the Normal Cost. The actuarial present value of benefits allocated to all prior periods is the Actuarial Accrued Liability. Actuarial gains (losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities (UAAL) (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) percent-of-payroll contributions. The UAAL was determined using the funding value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL amortization payment (one component of the contribution requirement), is the level percent-of-payroll required to fully amortize the UAAL over a 30 year period.

Actuarial Value of System Assets. The Actuarial Value of Assets is set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.50%. The assets may not be allowed for consideration as GASB assets, but are shown for illustrative purposes.

ACTUARIAL ASSUMPTIONS FOR SPARTANBURG COUNTY AS OF JANUARY 1, 2014

General inflation is assumed to be 3.00% per year.

The rate of investment return for the PAYGO scenario was 4.50% a year, compounded annually net after investment expenses. For the Funding Policy scenario, we assumed a 7.50% rate of investment return. The assumed real return is the rate of return in excess of price inflation. Considering other assumptions used in the valuation, the nominal rates translate to a net real return of 1.50% a year on the PAYGO basis and 4.50% on the Funding Policy basis.

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which future contributions will be based.

	Non-PORS		PORS	
Years of Service	**Annual Promotional/Longevity Rates of Increase**	**Total Annual Rate of Increase Including 3.50% Wage Inflation**	**Annual Promotional/Longevity Rates of Increase**	**Total Annual Rate of Increase Including 4.00% Wage Inflation**
0	2.50%	6.00%	6.00%	10.00%
1	2.50	6.00	5.00	9.00
2	2.00	5.50	2.00	6.00
3	1.50	5.00	1.00	5.00
4	1.25	4.75	0.75	4.75
5	1.00	4.50	0.50	4.50
6	0.75	4.25	0.25	4.25
7	0.50	4.00	0.25	4.25
8	0.50	4.00	0.25	4.25
9	0.25	3.75	0.25	4.25
10	0.25	3.75	0.25	4.25
11	0.25	3.75	0.25	4.25
12	0.25	3.75	0.00	4.00
13	0.25	3.75	0.00	4.00
14	0.25	3.75	0.00	4.00
15+	0.00	3.50	0.00	4.00

The number of active members is assumed to remain constant in the future. The payroll growth rate for financing Unfunded Actuarial Accrued Liabilities was assumed to be 3.00% per year.

The rates of mortality

For healthy retirees, the RP-2000 Mortality Table (with blue collar adjustment for PORS) is used with fully generational mortality projections based on Scale AA. A multiplier of 90% is applied to the base table for SCRS females. A multiplier of 115% is applied to the base table for both male and female PORS members.

The mortality assumptions for active employees and disabled retirees are identical to those used in the July 1, 2013 retirement system valuations performed by Gabriel, Roeder, Smith and Company. The active employee and disabled retiree mortality rates were adjusted to include a margin for future mortality improvement. Except as noted above, no provision is currently made for future improvements in active employee and disabled retiree mortality after the measurement date.

The rates of retirement

The retirement rates used in the OPEB valuation are slightly different than those used in the retirement system valuations. The difference is due to the impact of the return to work program. Because employees who return to work remain on the active health plan, a separate set of retirement rates better reflects the ages when members commence their retiree and medical benefits.

Annual Age Based Retirement Rates						
	General Employees				PORS	
	Reduced		Normal		Normal	
Age	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
55	4%	4%	0%	0%	20%	20%
56	4	4	0	0	14	14
57	4	4	0	0	12	12
58	4	4	0	0	12	12
59	4	4	0	0	12	12
60	5	7	0	0	12	12
61	5	7	0	0	12	12
62	14	13	0	0	35	35
63	10	13	0	0	25	25
64	10	13	0	0	25	25
65	0	0	20	22	30	30
66	0	0	20	22	30	30
67	0	0	17	19	30	30
68	0	0	17	19	30	30
69	0	0	17	19	30	30
70	0	0	17	19	100	100
71	0	0	17	19	100	100
72	0	0	17	19	100	100
73	0	0	17	19	100	100
74	0	0	17	19	100	100
75	0	0	100	100	100	100

SCRS Class III employees who are eligible for unreduced retirement (Rule of 90 or Age 65 with 8 years of service) are assumed to have a 20% annual probability of retirement prior to age 75.

Annual Service Based Retirement Rates				
Years of Service	General Employees		PORS	
	Male	Female	Male	Female
25	N/A	N/A	18%	18%
26	N/A	N/A	13	13
27	N/A	N/A	11	11
28	15%	18%	11	11
29	10	10	11	11
30	10	10	11	11
31	10	10	11	11
32	10	10	11	11
33	18	20	11	11
34	18	20	11	11
35	18	20	11	11
36	20	20	11	11
37	20	20	11	11
38	20	20	11	11
39	20	20	11	11
40	100	100	100	100

The service based rates apply for employees who satisfy the service based (28 years for SCRS, 25 years for Class II PORS, and 27 for Class III PORS) retirement eligibility requirement prior to reaching an age and service eligibility requirement.

Rates of separation from active membership were as shown below (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members remaining in employment.

Annual Withdrawal Rate		
Years of Service	PORS	
	Male	Female
0	25.00%	25.00%
1	18.00	18.00
2	14.00	14.00
3	12.00	12.00
4	10.70	10.70
5	9.54	9.54
6	8.50	8.50
7	7.58	7.58
8	6.75	6.75
9	6.02	6.02
10	5.37	5.37
11	4.78	4.78
12	4.26	4.26
13	3.80	3.80
14	3.39	3.39
15	3.02	3.02
16	2.69	2.69
17	2.40	2.40
18	2.14	2.14
19	1.91	1.91
20	1.70	1.70
21	1.51	1.51
22	1.35	1.35
23	1.20	1.20

Withdrawal Rates - Male General Employees															
Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.329	0.247	0.190	0.155	0.134	0.117	0.096	0.078	0.065	0.059	0.066	0.000	0.000	0.000	0.000
30	0.294	0.221	0.173	0.142	0.124	0.109	0.095	0.082	0.070	0.060	0.053	0.047	0.044	0.042	0.039
35	0.268	0.200	0.155	0.129	0.112	0.101	0.092	0.082	0.072	0.059	0.042	0.047	0.044	0.042	0.039
40	0.246	0.180	0.138	0.114	0.100	0.092	0.086	0.079	0.069	0.055	0.033	0.042	0.042	0.042	0.039
45	0.226	0.164	0.123	0.100	0.088	0.082	0.078	0.073	0.064	0.049	0.027	0.039	0.036	0.034	0.032
50	0.208	0.150	0.111	0.089	0.077	0.072	0.068	0.063	0.055	0.042	0.022	0.029	0.029	0.029	0.029
55	0.194	0.141	0.104	0.081	0.069	0.060	0.054	0.049	0.042	0.033	0.021	0.020	0.020	0.020	0.020
60	0.183	0.135	0.100	0.077	0.063	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.036	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.036	0.034	0.032	0.029	0.027	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.036	0.034	0.032	0.029	0.027	0.025	0.023	0.022	0.020	0.018	0.017	0.000	0.000	0.000	
45	0.029	0.029	0.029	0.029	0.027	0.025	0.023	0.022	0.020	0.018	0.017	0.016	0.014	0.000	
50	0.029	0.027	0.025	0.023	0.022	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.014	0.000	
55	0.020	0.020	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.014	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Withdrawal Rates - Female General Employees															
Age	Years of Service														
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14
25	0.298	0.246	0.206	0.177	0.156	0.138	0.125	0.116	0.109	0.103	0.094	0.000	0.000	0.000	0.000
30	0.271	0.224	0.186	0.159	0.140	0.125	0.115	0.106	0.097	0.085	0.069	0.052	0.049	0.045	0.042
35	0.251	0.202	0.166	0.141	0.124	0.113	0.104	0.096	0.086	0.071	0.051	0.052	0.049	0.045	0.042
40	0.233	0.180	0.145	0.123	0.110	0.101	0.093	0.085	0.075	0.059	0.037	0.045	0.045	0.045	0.042
45	0.217	0.162	0.127	0.108	0.097	0.089	0.082	0.075	0.064	0.049	0.028	0.042	0.039	0.036	0.033
50	0.204	0.149	0.115	0.097	0.086	0.079	0.071	0.064	0.054	0.041	0.023	0.030	0.030	0.030	0.030
55	0.195	0.143	0.109	0.089	0.078	0.069	0.061	0.053	0.044	0.035	0.024	0.020	0.020	0.020	0.020
60	0.187	0.141	0.108	0.085	0.070	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Age	Years of Service (Continued)														
	15	16	17	18	19	20	21	22	23	24	25	26	27	28+	
25	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	0.039	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	0.039	0.036	0.033	0.030	0.028	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
40	0.039	0.036	0.033	0.030	0.028	0.025	0.023	0.022	0.020	0.018	0.017	0.000	0.000	0.000	
45	0.030	0.030	0.030	0.030	0.028	0.025	0.023	0.022	0.020	0.018	0.017	0.016	0.015	0.000	
50	0.030	0.028	0.025	0.023	0.022	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.015	0.000	
55	0.020	0.020	0.020	0.020	0.020	0.020	0.018	0.017	0.016	0.015	0.000	0.000	0.000	0.000	
60	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Rates of disability among active members.

	Disability Rates			
	General Employees		PORS*	
Age	Male	Female	Male	Female
25	0.0504%	0.0464%	0.1376%	0.1376%
30	0.1008	0.0650	0.1835	0.1835
35	0.1512	0.1299	0.3441	0.3441
40	0.2520	0.1670	0.4588	0.4588
45	0.3528	0.2413	0.6882	0.6882
50	0.5040	0.4083	0.8603	0.8603
55	0.8064	0.6496	0.0000	0.0000
60	1.0080	0.9930	0.0000	0.0000
64	1.2600	1.3827	0.0000	0.0000

*25% of PORS disabilities are assumed to be duty related.

Health cost increases are displayed in the following table:

	Health Care Trend Inflation Rates		
Year	Medical	Drug	Employer Premium
2015	6.00%	6.00%	7.77%
2016	6.00	6.00	7.64
2017	6.00	6.00	6.00
2018	6.00	6.00	6.00
2019	5.75	6.00	5.88
2020	5.50	5.75	5.63
2021	5.25	5.50	5.38
2022	5.00	5.25	5.13
2023	4.75	5.00	4.88
2024	4.75	4.75	4.75
2025 and later	4.50	4.50	4.50

All increases shown above were assumed to occur on January 1. The trend rates for the employer's premium in 2015 and 2016 were set so that the funded, retiree premiums would remain unchanged in those years. Dental premiums are assumed to increase by 3.0% per year.

MISCELLANEOUS AND TECHNICAL ASSUMPTIONS FOR SPARTANBURG COUNTY AS OF JANUARY 1, 2014

Administrative Expenses	The age-related claims shown on page D-1 include administrative expenses.
Decrement Timing	Decrements of all types are assumed to occur mid-year.
Eligibility Testing	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Medicare Coverage	Assumed to be available for all covered employees on attainment of age 65. Disabled retirees were assumed to be eligible for Medicare coverage at age 65.
Election Percentage	It was assumed that 85% of employees who retire would choose to receive retiree health care benefits through the County. Of those assumed to elect coverage, 40% of males and females were assumed to elect two-person coverage. For those that elect two-person coverage, it was assumed that coverage would continue to the spouse upon death of the retiree, if eligible.
Demographic Assumptions	This report has used the same demographic assumptions used to value the defined benefit retirement plan(s) in which the members participate. We are reliant upon the retirement plan actuary to develop the demographic assumptions. Based on our experience, the assumptions appear reasonable.

Excise Tax and Health Care Reform

This report has not incorporated any additional liabilities associated with the excise tax on high-cost employer health plans effective January 1, 2018. The "Cadillac" tax is a 40% excise tax paid by the coverage provider (employer and/or insurer) on the value of health plan costs in excess of legislated thresholds. The thresholds in 2018 are $10,200 for single coverage and $27,500 for family coverage. We believe any future costs associated with the excise tax are minor and have not included any additional employer cost associated with the "Cadillac" tax.

Assumption, Method And Plan Changes

1. The County joined the State's health plan effective January 1, 2014. As a result, the estimated underlying claims for the pre-65 retirees have decreased.
2. The assumed participation rate for employees who retire after the age of 65 was changed from 51% to 85%. Also, pre-65 retirees with health coverage are no longer assumed to discontinue their coverage at age 65.
3. The percentage of covered retirees who cover their spouse was changed from 50% to 40% for males and from 25% to 40% for females.
4. The trend rates were reset to better reflect the anticipated experience of the State's health plan.
5. The mortality assumptions and rates of disability incidence have been updated to match those used in the June 30, 2013 pension valuations.
6. Pursuant to changes made to the retirement plan, new retirement eligibilities have been added for Class III employees (hired after June 30, 2012).

APPENDIX

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

Actuarial Equivalent. A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Annual Required Contribution (ARC). The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

Governmental Accounting Standards Board (GASB). GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

Medical Trend Rate (Health Care Inflation). The increase in the cost of providing health care benefits over time. Trend includes such elements as pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Other Post-Employment Employee Benefits (OPEB). OPEB are post-employment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other health care benefits.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

Valuation Assets. The value of current plan assets recognized for valuation purposes.