

TriMet Other Postemployment Benefit Plan

**GASB 74/75 Report
as of January 1, 2020**

**Produced by Cheiron
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**TRIMET OTHER POSTEMPLOYMENT BENEFIT PLAN
GASB 74/75 REPORTING FOR JANUARY 1, 2020 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, 2019 and January 1, 2020;
- 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, 2020, which is used for the Plan’s GASB 74 reporting and for TriMet’s GASB 75 reporting as of June 30, 2020. Measurements are based on the Total OPEB Liability and the fair value of assets as of January 1, 2020.

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SECTION I – EXECUTIVE SUMMARY

Table I-1 below summarizes the January 1, 2020 and January 1, 2019 actuarial valuation results.

Table I-1 Summary of Key Valuation Results		
Valuation Date	GASB 75	
	01/01/2020	01/01/2019
Discount Rate	2.74%	4.10%
Total OPEB Liability		
<u>Union</u>		
Active	\$ 385,502,586	\$ 312,490,445
Inactive	405,581,022	325,247,444
Total Union	\$ 791,083,608	\$ 637,737,889
<u>Non-Union</u>		
Active	\$ 56,385,051	\$ 44,020,349
Inactive	54,375,467	43,677,668
Total Non-Union	\$ 110,760,518	\$ 87,698,017
Total	\$ 901,844,126	\$ 725,435,906
Market Value of Assets	424,585	411,117
Net OPEB Liability	\$ 901,419,541	\$ 725,024,789

The Total OPEB Liability increased from \$725.4 million to \$901.8 million. The expected liability for this year reflects an additional year of service and interest offset by the benefits paid was \$758.6 million. The higher actual liability represents an increase of \$143.2 million compared to the expected liability. This increase is primarily attributable to assumption changes, including a \$146.8 million increase due to the lower discount rate and an \$18.7 million increase due to health trends. These increases were offset by \$22.3 million in experience gains, including a \$4.1 million decrease due to demographic changes and an \$18.2 million decrease due to healthcare trend gains.

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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, 2020 and the fiscal year-end are reported as a deferred outflow of resources.

Table I-2 Summary of Key Results				
Reporting Date	6/30/2020		6/30/2019	
Measurement Date	1/1/2020		1/1/2019	
Net OPEB Liability	\$	901,419,541	\$	725,024,789
Deferred Outflows		143,433,715		1,943,679
Deferred Inflows		89,700,036		84,720,015
Net Impact on Statement of Net Position	\$	847,685,862	\$	807,801,125
Contributions Subsequent to Measurement Date				
Explicit Subsidy				
Union	\$	10,541,049	\$	10,104,041
Non-Union		1,169,060		1,107,502
Implicit Subsidy				
Union		1,228,686		833,464
Non-Union		162,981		200,586
Total	\$	13,101,776	\$	12,245,593
OPEB Expense (\$ Amount)	\$	63,599,703	\$	47,016,013
OPEB Expense (% of Payroll)		26.95%		21.44%

At the June 30, 2020 reporting date, TriMet will report a Net OPEB Liability (NOL) of \$901,419,541, deferred outflows of resources of \$143,433,715, and deferred inflows of resources of \$89,700,036 related to the Plan. Consequently, the net impact on TriMet's statement of net position due to the Plan would be \$847,685,862 [$\$847,685,862 = \$901,419,541 - \$143,433,715 + \$89,700,036$]. 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 \$11.7 million and implicit subsidy payments of \$1.4 million between January 1, 2020 and June 30, 2020. The estimated explicit subsidy payments should be replaced with actual amounts when those amounts are known after the fiscal year-end.

The NOL increased approximately \$176.39 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 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.

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SECTION I – EXECUTIVE SUMMARY

For the reporting year ending June 30, 2020, the annual OPEB expense is \$63,599,703 or 26.95% of covered-employee payroll. This amount reflects TriMet’s contributions to the Plan during the measurement period, \$23,714,966, plus the change in the net impact on TriMet’s statement of net position [$\$63,599,703 = \$23,714,966 + \$847,685,862 - \$807,801,125$]. 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.

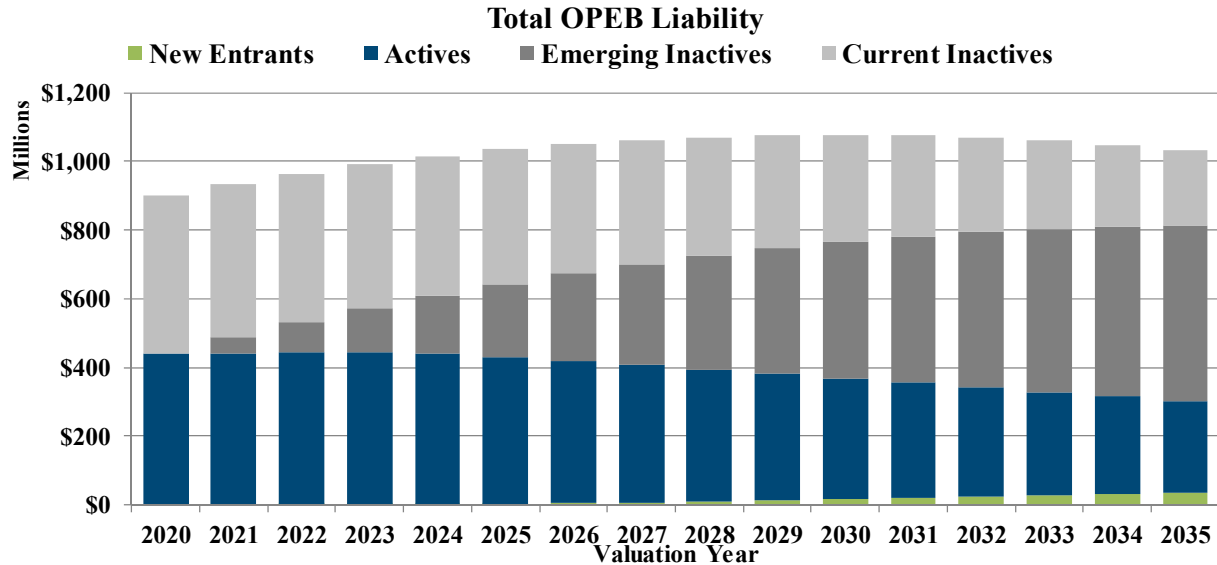
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SECTION I – EXECUTIVE SUMMARY

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.



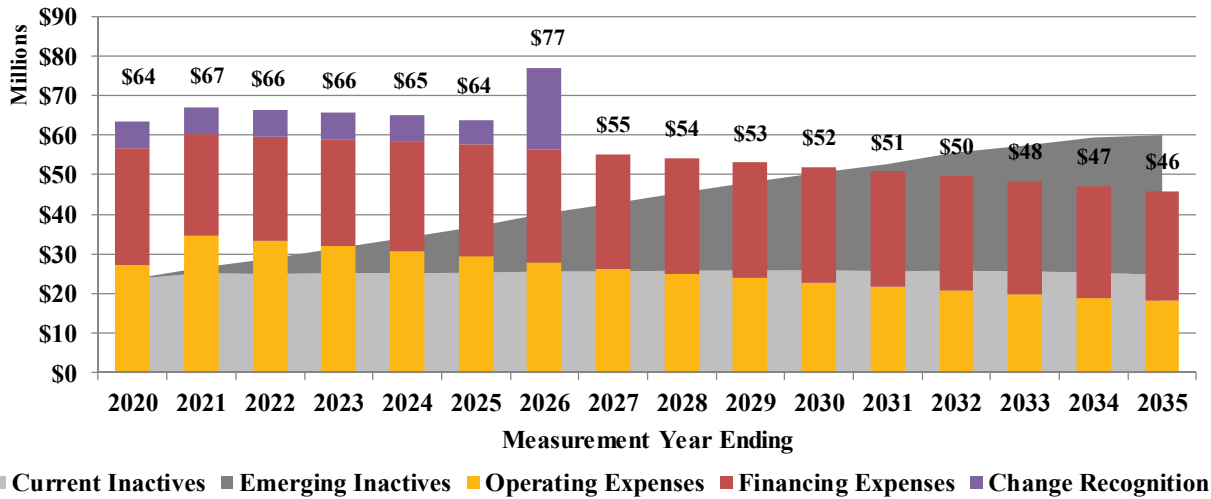
The chart on the following page shows a projection of benefit payments and OPEB expense for the next 15 years assuming the discount rate remains constant, all assumptions are met, and contributions are equal to the benefit payments each year.

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 \$23.7 million in 2019 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 the 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 \$18 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 2.74% and all other assumptions are met, the financing expense is expected to remain relatively stable over the projection period increasing from approximately \$25 million to approximately \$27 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, represent an additional charge for the next seven years due primarily to the change in discount rate this year. 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 remain relatively level for the next six years before increasing from about \$64 million to about \$77 million in the seventh year as the assumption changes and experience gains and losses are recognized. Once those changes are fully recognized, OPEB expense is expected to be \$55 million in 2027 and then decline gradually to about \$46 million by 2035.

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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.

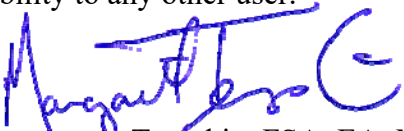
In preparing our report, we relied on information (some oral and some written) supplied by TriMet. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness 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 does not contain any adjustment for the potential impact of COVID-19. We anticipate the virus will impact both mortality and claims in the short term, as well as potentially other demographic experience. However, the net impact is not determinable at this time.

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, 2019 was 4.10%. The discount rate used to measure the Total OPEB Liability as of January 1, 2020 was 2.74%. 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, 2019 and 2020 measurement dates is equal to the yield on the Bond Buyer 20-Bond GO Index as of December 28, 2018 and December 27, 2019, 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
2020	\$ 2,819,761	\$ 23,241,662	\$ 500,136	\$ 26,561,559
2021	3,099,700	25,215,551	531,273	28,846,524
2022	3,563,968	27,403,849	561,790	31,529,607
2023	3,959,400	29,618,196	593,978	34,171,574
2024	4,288,626	31,980,246	627,229	36,896,101
2025	4,930,301	34,619,491	662,924	40,212,716
2026	5,151,346	36,936,372	698,389	42,786,107
2027	5,460,784	39,314,449	734,089	45,509,322
2028	5,748,185	41,604,928	770,207	48,123,320
2029	5,948,615	43,790,814	805,885	50,545,314
2030	6,081,692	45,788,572	840,626	52,710,890
2031	6,730,653	48,050,594	872,399	55,653,646
2032	6,812,214	49,654,831	901,595	57,368,640
2033	7,202,507	51,220,954	927,792	59,351,253
2034	6,897,201	52,059,729	950,946	59,907,876
2035	6,991,937	52,671,368	971,050	60,634,355
2036	6,731,136	53,088,577	987,691	60,807,404
2037	6,972,374	53,616,125	1,000,764	61,589,263
2038	6,827,487	53,735,028	1,009,931	61,572,446
2039	6,713,398	53,871,494	1,015,251	61,600,143
2040	7,017,305	53,868,776	1,016,368	61,902,449
2041	6,680,344	53,230,383	1,013,434	60,924,161
2042	6,563,585	52,709,102	1,006,551	60,279,238
2043	6,533,576	52,055,869	995,944	59,585,389
2044	6,324,364	51,143,581	981,760	58,449,705
2045	6,285,465	50,211,937	964,238	57,461,640
2046	6,125,546	49,095,720	943,883	56,165,149
2047	6,218,071	48,068,451	921,101	55,207,623
2048	6,055,698	46,820,535	896,108	53,772,341
2049	5,839,946	45,463,991	869,349	52,173,286

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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		Implicit	Explicit	Retiree Life	
Ending December 31		Medical	Medical	Insurance	Total
2020	\$	2,495,673	\$ 20,951,363	\$ 465,506	\$ 23,912,542
2021		2,790,119	22,759,642	493,533	26,043,294
2022		3,238,596	24,785,922	521,077	28,545,595
2023		3,585,631	26,793,987	550,212	30,929,830
2024		3,885,489	28,954,895	580,340	33,420,724
2025		4,483,906	31,381,965	612,823	36,478,694
2026		4,652,898	33,461,894	644,890	38,759,682
2027		4,933,513	35,614,517	677,118	41,225,148
2028		5,130,728	37,653,702	709,581	43,494,011
2029		5,326,130	39,646,932	741,522	45,714,584
2030		5,416,657	41,440,619	772,500	47,629,776
2031		5,979,340	43,445,721	800,449	50,225,510
2032		6,042,346	44,849,120	825,797	51,717,263
2033		6,394,855	46,233,466	848,127	53,476,448
2034		6,007,553	46,882,122	867,467	53,757,142
2035		6,131,370	47,379,660	883,798	54,394,828
2036		5,824,429	47,625,351	896,791	54,346,571
2037		6,029,702	48,018,012	906,283	54,953,997
2038		5,880,166	48,045,284	912,055	54,837,505
2039		5,774,466	48,094,051	914,207	54,782,724
2040		6,023,112	48,009,134	912,474	54,944,720
2041		5,715,903	47,376,502	907,119	53,999,524
2042		5,609,068	46,879,127	898,343	53,386,538
2043		5,550,628	46,212,736	886,435	52,649,799
2044		5,293,385	45,339,087	871,691	51,504,163
2045		5,267,511	44,505,772	854,433	50,627,716
2046		5,137,835	43,512,276	835,098	49,485,209
2047		5,218,793	42,587,431	813,994	48,620,218
2048		5,117,002	41,500,974	791,425	47,409,401
2049		4,910,632	40,290,457	767,606	45,968,695

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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		Implicit	Explicit	Retiree Life	
Ending December 31		Medical	Medical	Insurance	Total
2020	\$	324,088	\$ 2,290,299	\$ 34,630	\$ 2,649,017
2021		309,581	2,455,909	37,740	2,803,230
2022		325,372	2,617,927	40,713	2,984,012
2023		373,769	2,824,209	43,766	3,241,744
2024		403,137	3,025,351	46,889	3,475,377
2025		446,395	3,237,526	50,101	3,734,022
2026		498,448	3,474,478	53,499	4,026,425
2027		527,271	3,699,932	56,971	4,284,174
2028		617,457	3,951,226	60,626	4,629,309
2029		622,485	4,143,882	64,363	4,830,730
2030		665,035	4,347,953	68,126	5,081,114
2031		751,313	4,604,873	71,950	5,428,136
2032		769,868	4,805,711	75,798	5,651,377
2033		807,652	4,987,488	79,665	5,874,805
2034		889,648	5,177,607	83,479	6,150,734
2035		860,567	5,291,708	87,252	6,239,527
2036		906,707	5,463,226	90,900	6,460,833
2037		942,672	5,598,113	94,481	6,635,266
2038		947,321	5,689,744	97,876	6,734,941
2039		938,932	5,777,443	101,044	6,817,419
2040		994,193	5,859,642	103,894	6,957,729
2041		964,441	5,853,881	106,315	6,924,637
2042		954,517	5,829,975	108,208	6,892,700
2043		982,948	5,843,133	109,509	6,935,590
2044		1,030,979	5,804,494	110,069	6,945,542
2045		1,017,954	5,706,165	109,805	6,833,924
2046		987,711	5,583,444	108,785	6,679,940
2047		999,278	5,481,020	107,107	6,587,405
2048		938,696	5,319,561	104,683	6,362,940
2049		929,314	5,173,534	101,743	6,204,591

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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, 2020.

Table IV - 1 Change in Net OPEB Liability					
	Increase (Decrease)			Plan Fiduciary Net Position	Net OPEB Liability
	Union	Total OPEB Liability Non Union	Total		
Balances at 1/1/2019	\$ 637,737,889	\$ 87,698,017	\$ 725,435,906	\$ 411,117	\$ 725,024,789
Changes for the year:					
Service cost BOY	25,217,844	1,840,995	27,058,839		27,058,839
Interest	26,230,979	3,579,754	29,810,733		29,810,733
Changes of benefits	0	0	0		0
Differences between expected and actual experience	(17,531,243)	(4,740,376)	(22,271,619)		(22,271,619)
Changes of assumptions	140,520,390	25,004,843	165,525,233		165,525,233
Contributions - employer				23,714,966	(23,714,966)
Contributions - member				0	0
Net investment income				13,468	(13,468)
Benefit payments					0
Explicit subsidy	(19,151,621)	(2,160,987)	(21,312,608)	(21,312,608)	
Implicit subsidy	(1,940,630)	(461,728)	(2,402,358)	(2,402,358)	
Administrative expense				0	0
Net changes	<u>153,345,719</u>	<u>23,062,501</u>	<u>176,408,220</u>	<u>13,468</u>	<u>176,394,752</u>
Balances at 1/1/2020	<u>\$ 791,083,608</u>	<u>\$ 110,760,518</u>	<u>\$ 901,844,126</u>	<u>\$ 424,585</u>	<u>\$ 901,419,541</u>

During the measurement year, the NOL increased by approximately \$176.39 million. The service cost and interest cost increased the NOL by approximately \$56.87 million while contributions plus investment gains decreased the NOL by approximately \$23.73 million.

There were no changes in benefits during the year. There were changes in assumptions during the measurement year, which increased the TOL by approximately \$165.5 million. There was a liability gain during the year due to experience (population and health claims experience), which decreased the TOL by approximately \$22.3 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 1.74%	Discount Rate 2.74%	1% Increase 3.74%
Total OPEB Liability	\$ 1,037,304,810	\$ 901,844,126	\$ 790,349,529
Plan Fiduciary Net Position	<u>424,585</u>	<u>424,585</u>	<u>424,585</u>
Net OPEB Liability	<u>\$ 1,036,880,225</u>	<u>\$ 901,419,541</u>	<u>\$ 789,924,944</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.1%

A one percent decrease in the discount rate increases the TOL by approximately 15% and increases the NOL by approximately 15%. A one percent increase in the discount rate decreases the TOL by approximately 12% and decreases the NOL by approximately 12%.

Changes in 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	\$ 780,739,911	\$ 901,844,126	\$ 1,052,170,023
Plan Fiduciary Net Position	<u>424,585</u>	<u>424,585</u>	<u>424,585</u>
Net OPEB Liability	<u>\$ 780,315,326</u>	<u>\$ 901,419,541</u>	<u>\$ 1,051,745,438</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.1%	0.0%	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 17% and increases the NOL by approximately 17%.

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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 2020	FYE 2019	FYE 2018
<u>Total OPEB Liability</u>			
Service cost (MOY)	\$ 27,058,839	\$ 33,512,062	\$ 34,417,175
Interest (includes interest on service cost)	29,810,733	27,235,927	28,332,896
Changes of benefit terms	0	0	0
Differences between expected and actual experience	(22,271,619)	(32,503,320)	1,528,926
Changes of assumptions	165,525,233	(66,328,099)	1,192,225
Benefit payments, including refunds of member contributions	(23,714,966)	(23,022,074)	(22,646,628)
Net change in total OPEB liability	\$ 176,408,220	\$ (61,105,504)	\$ 42,824,594
Total OPEB liability - beginning	725,435,906	786,541,410	743,716,816
Total OPEB liability - ending	\$ 901,844,126	\$ 725,435,906	\$ 786,541,410
<u>Plan fiduciary net position</u>			
Contributions - employer	\$ 23,714,966	\$ 23,022,074	\$ 22,646,628
Contributions - member	0	0	-
Net investment income	13,468	7,777	1,914
Benefit payments, including refunds of member contributions	(23,714,966)	(23,022,074)	(22,646,628)
Administrative expense	0	0	-
Net change in plan fiduciary net position	\$ 13,468	\$ 7,777	\$ 1,914
Plan fiduciary net position - beginning	411,117	403,340	401,426
Plan fiduciary net position - ending	\$ 424,585	\$ 411,117	\$ 403,340
Net OPEB liability - ending	\$ 901,419,541	\$ 725,024,789	\$ 786,138,070
Plan fiduciary net position as a percentage of the total OPEB liability	0.05%	0.06%	0.05%
Covered employee payroll	\$ 236,032,015	\$ 219,239,977	\$ 198,559,646
Net OPEB liability as a percentage of covered employee payroll	381.91%	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 to 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 include 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, 2020						
	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Union	Non-Union	Total	Union	Non-Union	Total
Differences between expected and actual experience	\$ 0	\$ 963,210	\$ 873,672	\$ 35,099,046	\$ 7,297,109	\$ 42,306,617
Changes in assumptions	124,452,772	21,432,723	142,560,043	40,583,349	10,119,316	47,377,213
Net difference between projected and actual earnings on OPEB plan investments	0	0	0	15,816	390	16,206
Total	\$ 124,452,772	\$ 22,395,933	\$ 143,433,715	\$ 75,698,211	\$ 17,416,815	\$ 89,700,036
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		
	2021	6,431,115	299,016	6,730,131		
	2022	6,431,117	299,015	6,730,132		
	2023	6,432,029	298,483	6,730,512		
	2024	6,433,756	298,314	6,732,070		
	2025	5,456,665	889,361	6,346,026		
	Thereafter	\$ 17,569,879	\$ 2,894,929	\$ 20,464,808		

During the year, the actual experience differed from assumed experience decreasing the TOL by approximately \$22.3 million. Approximately \$3.2 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 and decreases to the TOL from prior experience losses and gains were a net decrease of approximately \$26.8 million, of which \$4.4 million was recognized as a decrease in OPEB expense in the current year. The combination of unrecognized current and prior experience gains and losses results as of January 1, 2020 in a deferred inflow of resources of approximately \$42.3 million and a deferred outflow of resources of approximately \$0.9 million.

Assumption changes (the decrease in the discount rate and adjustment to healthcare trends) increased the TOL by approximately \$165.5 million. Approximately \$23.6 million of that

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SECTION V – GASB 75 REPORTING INFORMATION

decrease was recognized as an increase in OPEB expense in the current year and an identical amount will be recognized in each of the next six years. Unrecognized increases and decreases to the TOL from prior assumption changes were a net decrease of approximately \$56.0 million, of which \$9.3 million was recognized as a decrease in OPEB expense in the current year. The combination of unrecognized current and prior assumption changes results as of January 1, 2020 in a deferred inflow of resources of approximately \$47.4 million and a deferred outflow of resources of approximately \$142.6 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 \$13,468. Of that gain, \$2,694 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 \$7,370, of which \$1,938 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, 2020 in a deferred inflow of resources of \$16,206.

Annual OPEB Expense

The annual OPEB expense can be calculated in 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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The table shows the development of OPEB expenses 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 2020			2019
	Union	Non-Union	Total	
Change in Net OPEB Liability	\$ 153,334,697	\$ 23,060,055	\$ 176,394,752	\$ (61,113,281)
Change in Deferred Outflows	(119,444,369)	(21,189,654)	(141,490,036)	388,736
Change in Deferred Inflows	2,897,359	1,226,649	4,980,021	84,718,484
Employer Contributions	21,092,251	2,622,715	23,714,966	23,022,074
OPEB Expense	\$ 57,879,938	\$ 5,719,765	\$ 63,599,703	\$ 47,016,013
Operating Expenses				
Service cost	\$ 25,217,844	\$ 1,840,995	\$ 27,058,839	\$ 33,512,062
Employee contributions	0	0	0	0
Administrative expenses	0	0	0	0
Total	\$ 25,217,844	\$ 1,840,995	\$ 27,058,839	\$ 33,512,062
Financing Expenses				
Interest cost	\$ 26,230,979	\$ 3,579,754	\$ 29,810,733	\$ 27,235,927
Expected return on assets	0	0	0	0
Total	\$ 26,230,979	\$ 3,579,754	\$ 29,810,733	\$ 27,235,927
Changes				
Benefit changes	\$ 0	\$ 0	\$ 0	\$ 0
Recognition of assumption changes	12,959,351	1,381,985	14,341,336	(9,305,125)
Recognition of liability gains and losses	(6,523,394)	(1,083,179)	(7,606,573)	(4,424,913)
Recognition of investment gains and losses	(4,842)	210	(4,632)	(1,938)
Total	\$ 6,431,115	\$ 299,016	\$ 6,730,131	\$ (13,731,976)
OPEB Expense	\$ 57,879,938	\$ 5,719,765	\$ 63,599,703	\$ 47,016,013

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The table below shows the projection of OPEB expense for the 2021 measurement year assuming that all assumptions are exactly met and that the discount rate, which is based on a municipal bond index, remains at 2.74%.

	Measurement Year Ending 2021		
	Union	Non-Union	Total
Change in Net OPEB Liability	\$ 29,866,253	\$ 2,914,112	\$ 32,780,365
Change in Deferred Outflows	21,076,021	3,812,923	24,888,943
Change in Deferred Inflows	(14,644,906)	(3,513,907)	(18,158,813)
Employer Contributions	<u>23,913,263</u>	<u>2,649,053</u>	<u>26,562,316</u>
OPEB Expense	\$ 60,210,630	\$ 5,862,181	\$ 66,072,811
Operating Expenses			
Service cost	\$ 31,993,868	\$ 2,529,948	\$ 34,523,816
Employee contributions	0	0	0
Administrative expenses	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 31,993,868	\$ 2,529,948	\$ 34,523,816
Financing Expenses			
Interest cost	\$ 21,785,647	\$ 3,033,217	\$ 24,818,864
Expected return on assets	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ 21,785,647	\$ 3,033,217	\$ 24,818,864
Changes			
Benefit changes	\$ 0	\$ 0	\$ 0
Recognition of assumption changes	12,959,351	1,381,985	14,341,336
Recognition of liability gains and losses	(6,523,394)	(1,083,179)	(7,606,573)
Recognition of investment gains and losses	<u>(4,842)</u>	<u>210</u>	<u>(4,632)</u>
Total	\$ 6,431,115	\$ 299,016	\$ 6,730,131
OPEB Expense	\$ 60,210,630	\$ 5,862,181	\$ 66,072,811

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APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Total OPEB Liability (TOL) as of January 1, 2020 was provided by TriMet.

Union Membership Summary			
Valuation Date	1/1/2019	1/1/2020	% Change
Actives with coverage			
Kaiser Permanente	1,355	1,281	-5.5%
Regence HSA	212	204	-3.8%
Regence PPO 80/20	460	586	27.4%
Regence Union PPO 90/10	536	515	-3.9%
Total Actives with medical coverage	2,563	2,586	0.9%
Actives without medical coverage, with Dental	54	59	9.3%
Actives above with medical coverage, without Dental	9	9	0.0%
Actives without medical coverage, without Dental	0	0	-
Total Actives	2,617	2,645	1.1%
Retirees with coverage			
Kaiser	114	112	-1.8%
Regence	170	170	0.0%
Kaiser Senior Advantage	575	589	2.4%
UnitedHealthcare PPO	717	768	7.1%
Total Retirees with medical and dental coverage	1,576	1,639	4.0%
Total Retirees with Life Insurance	1,473	1,529	3.8%
Total Retirees with Stipend	33	42	27.3%
Inactive Population Distribution			
Retirees	1,266	1,313	3.7%
Disableds	207	216	4.3%
Survivors	164	179	9.1%
Total Inactive Population	1,637	1,708	4.3%

Non-Union Membership Summary			
Valuation Date	1/1/2019	1/1/2020	% Change
Actives with coverage			
Kaiser Permanente	199	215	8.0%
Regence HSA	44	45	2.3%
Regence PPO 80/20	226	246	8.8%
Total Actives with medical coverage	469	506	7.9%
Actives without medical coverage, with Dental	5	5	0.0%
Actives above with medical coverage, without Dental	1	1	0.0%
Actives without medical coverage, without Dental	20	23	15.0%
Total Actives	494	534	8.1%
Retirees with coverage			
Kaiser Retiree - Open	10	10	0.0%
Kaiser Permanente	0	0	-100.0%
Regence HSA-Retiree	2	1	-50.0%
Regence Retiree - Closed	2	2	0.0%
Regence Retiree 80/20	31	30	-3.2%
Kaiser Senior Advantage	49	49	0.0%
UnitedHealthcare PPO	110	124	12.7%
Total Retirees with medical and dental coverage	204	216	5.9%
Total Retirees with Life Insurance	204	213	4.4%
Inactive Population Distribution			
Retirees	199	208	4.5%
Disableds	5	5	0.0%
Survivors	11	14	27.3%
Total Inactive Population	215	227	5.6%

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APPENDIX A – MEMBERSHIP INFORMATION

Active Member Data as of January 1, 2020:

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	21	1	0	0	0	0	0	0	0	36
25 to 29	23	96	14	0	0	0	0	0	0	0	133
30 to 34	27	129	64	11	0	0	0	0	0	0	231
35 to 39	36	110	78	26	4	0	0	0	0	0	254
40 to 44	28	113	83	52	25	11	0	0	0	0	312
45 to 49	29	123	92	58	23	40	10	0	0	0	375
50 to 54	24	116	95	61	52	54	30	5	0	0	437
55 to 59	24	102	85	68	51	48	42	24	6	1	451
60 to 64	12	58	66	42	33	38	27	11	9	1	297
65 to 69	2	17	19	12	14	13	12	6	6	2	103
70 & up	0	1	4	3	2	3	2	0	0	1	16
Total	219	886	601	333	204	207	123	46	21	5	2,645

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	1	0	0	0	0	0	0	0	0	2
25 to 29	7	10	0	0	0	0	0	0	0	0	17
30 to 34	21	29	7	1	0	0	0	0	0	0	58
35 to 39	11	43	13	6	3	1	0	0	0	0	77
40 to 44	10	33	9	12	7	4	0	0	0	0	75
45 to 49	12	35	13	9	9	11	5	0	0	0	94
50 to 54	6	14	14	15	10	8	6	2	0	0	75
55 to 59	10	17	5	5	8	11	10	6	1	0	73
60 to 64	1	16	5	4	3	5	3	1	1	1	40
65 to 69	1	3	5	1	4	2	3	1	1	0	21
70 & up	0	0	1	1	0	0	0	0	0	0	2
Total	80	201	72	54	44	42	27	10	3	1	534

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

The discount rate and per person health care cost trend assumptions were updated as described below. Other assumptions 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** 4.10% as of January 1, 2019
2.74% as of January 1, 2020
Bond Buyer 20-Bond GO Index, December 28, 2018 and December 27, 2019

- 3. Discount Rate:** 4.10% as of January 1, 2019
2.74% as of January 1, 2020

- 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

- 6. Dental Trends:** Dental premiums and costs are assumed to increase at 3.5% per year in all years.

- 7. Stipend Trends:** The monthly stipend are assumed to increase at 2.5% per year (same as inflation). Tier 3 stipend does not increase until 2025.

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8. Per Person Health Care Cost Trends:

Medical Trend assumptions were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA model was released in December 2007, and version 2020_b was used for this valuation. The following assumptions were input into this model:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.50%
Rate of Growth in Real Income/GDP per capita 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.50%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. The rate for the extra trend for taste and technology was set above the baseline of 1.1% (to 1.5%) to move closer to the 30-year smoothed average of 1.6%. It was slightly reduced from the 30-year average to reflect the future projections from the Centers for Medicare & Medicaid Services Office of the Actuary (CMS OACT), The Medicare Trustee Report, and CBO Long-Term Budget Outlook.

On December 19, 2019, both chambers of Congress passed the spending deal that fully repealed three of the ACA’s most significant taxes: the annual fee on health insurance providers, the Cadillac tax, and the medical device excise tax. Repeal of the annual health insurance provider fee would not take effect until 2021, meaning the fee, which has already been built in to premiums for the 2020 plan year, will remain in effect for 2020. The 2020 trend rates reflect the repeal of the annual fee on health insurance providers.

The trends selected from 2020 to 2023 were based on plan design, population weighting, renewal projections from the current health care actuary and market analysis. For years 2024-2028, these are interpolated from 2023 to 2029 (which is the product of the inflation, GDP, and extra trend rate assumptions).

Deductibles, Co-payments, and Out-of-Pocket Maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capita GDP growth.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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		Year	Pre-Medicare	Medicare
2020	8.02%	4.60%	3.73%	2020	6.30%	4.60%
2021	8.25%	6.40%	4.82%	2021	6.40%	6.40%
2022	8.00%	6.20%	3.98%	2022	6.20%	6.20%
2023	7.75%	6.00%	5.74%	2023	6.00%	6.00%
2024	7.39%	5.93%	5.62%	2024	5.93%	5.93%
2025	7.03%	5.87%	4.79%	2025	5.87%	5.87%
2026	6.67%	5.80%	7.28%	2026	5.80%	5.80%
2027	6.32%	5.73%	7.03%	2027	5.73%	5.73%
2028	5.96%	5.67%	6.79%	2028	5.67%	5.67%
2029	5.60%	5.60%	6.54%	2029	5.60%	5.60%
2030	5.60%	5.60%	6.30%	2030	5.60%	5.60%
2031	5.08%	5.08%	6.05%	2031	5.08%	5.08%
2032	4.82%	4.82%	5.81%	2032	4.82%	4.82%
2033	4.66%	4.66%	5.56%	2033	4.66%	4.66%
2034	4.56%	4.56%	5.32%	2034	4.56%	4.56%
2035	4.48%	4.48%	5.07%	2035	4.48%	4.48%
2036	4.43%	4.43%	4.83%	2036	4.43%	4.43%
2037	4.38%	4.38%	4.58%	2037	4.38%	4.38%
2038	4.35%	4.35%	4.34%	2038	4.35%	4.35%
2039	4.19%	4.19%	4.09%	2039	4.19%	4.19%
2040+	4.00%	4.00%	3.85%	2040+	4.00%	4.00%

9. Changes Since the Last Valuation

The discount rate decreased from 4.10% to 2.74% as of January 1, 2020. The per person health care cost trends rates were updated to reflect the current market place.

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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%

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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 shown 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.

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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, the 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

Administrative expenses for the Trust and operation of the OPEB plan are assumed to be \$0.

10. Changes Since the Last Valuation

None.

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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 were developed based on actual medical, prescription drug, and dental claims paid from November 1, 2017 to November 30, 2019. 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 these plans. An adjustment is made to the claims to account for the children of retirees and 2020 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 2020. 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 2020 calendar year for eligible members. The resulting per person per month (PPPM) costs are then adjusted using age curves.

1. Average Annual Claims and Expense Assumptions

The following claims costs were developed based on actuarial experience paid from November 1, 2017 to November 30, 2019 for the self-insured plans, and based on the premiums in effect on January 1, 2020 for the fully-insured plans.

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	\$ 6,441	\$ 9,217	\$ 7,576	\$10,841	\$ 604	\$ 691	\$ 554	\$ 634
45	7,858	10,001	9,242	11,763	670	755	615	693
50	9,704	11,447	11,414	13,464	771	834	708	765
55	12,245	13,475	14,402	15,848	886	912	813	837
60	15,831	15,407	18,620	18,121	971	965	891	885
64	19,744	16,035	23,222	18,860	1,023	994	939	912

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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	\$ 4,440	\$ 3,916	\$ 4,659	\$ 4,110	\$ 1,036	\$ 1,001	\$ 951	\$ 919
70	4,714	3,993	4,948	4,191	1,101	1,038	1,011	953
75	5,418	4,491	5,687	4,713	979	927	899	851
80	6,153	5,092	6,458	5,345	857	816	787	749
85	6,645	5,565	6,974	5,840	736	704	675	646
90	6,749	5,758	7,084	6,043	614	593	563	544

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	\$ 5,437	\$ 7,780	\$ 5,989	\$ 8,570	\$ 622	\$ 711	\$ 721	\$ 825
45	6,632	8,442	7,306	9,299	690	777	800	901
50	8,191	9,662	9,023	10,644	793	858	920	996
55	10,336	11,373	11,386	12,529	912	939	1,058	1,089
60	13,363	13,004	14,720	14,326	999	993	1,160	1,152
64	16,665	13,535	18,358	14,910	1,052	1,023	1,221	1,187

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	\$ 4,440	\$ 3,916	\$ 4,659	\$ 4,110	\$ 1,066	\$ 1,030	\$ 1,237	\$ 1,196
70	4,714	3,993	4,948	4,191	1,133	1,068	1,315	1,240
75	5,418	4,491	5,687	4,713	1,008	954	1,169	1,107
80	6,153	5,092	6,458	5,345	882	839	1,024	974
85	6,645	5,565	6,974	5,840	757	725	878	841
90	6,749	5,758	7,084	6,043	632	610	733	708

Health plan administrative expenses are included in the average monthly premiums. For Union Regence plans, we assumed \$25.12 per member per month, for Non-Union Regence plans, we assumed \$23.89 per member per month and for Moda dental plans, we assumed \$2.93 per member per month.

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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	\$ 995.82	\$ 995.82	PPO 90 / PPO 80 / HSA / Kaiser: 25% / 25% / 2% / 48%
Dental	\$ 67.61	\$ 67.61	80% / 20% for all
Medicare	\$ 415.07	\$ 415.07	Kaiser / UHC / Stipend: 44% / 54% / 2%

Non Union Plans	Employee/Retiree	Spouse	Weights Used for Blending
Medical	\$ 814.67	\$ 814.67	PPO 80 / HSA / Kaiser: 70% / 0% / 30%
Dental	\$ 72.90	\$ 72.90	95% / 5% for all
Medicare	\$ 418.05	\$ 418.05	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	\$800.00
Tier 2 Retiree	\$476.04
Tier 2 Surviving Spouse	\$468.90

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

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APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

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.

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APPENDIX C – SUMMARY OF PLAN PROVISIONS

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 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 to coverage. Tier 2 retirees who are not Medicare eligible and do not elect the stipend option to 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 2020 Benefit Plans:

TriMet Medical Plan - Union				
Plan	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)	\$1,650 / \$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; 500 Mile annual limit	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)	\$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)	\$1,000 / \$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%	\$10 / 20% with \$25 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	\$50 Copay/day, up to \$250/admission
Mental Health and Substance Abuse Outpatient	Coinsurance only (no Deduct)	Coinsurance only (no Deduct)	Deduct + Coinsurance	\$10 Copay
<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 \$6,850 (2019)

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 / \$1200
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	\$100 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) every 2 years	Up to \$150 allowance every 2 years

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 2020 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)	\$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; 500 Mile annual limit	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)	\$4,900 / \$14,700	Combined with INN	
Lifetime Max	No Limit	No Limit	
<u>Prescription Drugs</u>			
Out-of-Pocket Max (Individual / Family)	\$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)	\$10 / 20% with \$25 min / 50%	Deduct + Coinsurance	\$20 Copay
<u>Mental Health and Substance Abuse</u>			
Mental Health and Substance Abuse Inpatient	Deduct + Coinsurance	Deduct + Coinsurance	\$50 Copay/day, up to \$250/admission
Mental Health and Substance Abuse Outpatient	Coinsurance only (no Deduct)	Deduct + Coinsurance	\$10 Copay
<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 \$6,850 (2019)

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) every 2 years	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.



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