

# State Police Retirement System

GASB Statements No. 75 Accounting and Financial  
Reporting for Postemployment Benefits Other Than  
Pensions as of June 30, 2017





May 8, 2018

Board of Trustees  
Kentucky Retirement Systems  
Perimeter Park West  
1260 Louisville Road  
Frankfort, KY 40601

**Subject: GASB 75 Reporting Information for Measurement Period Ending June 30, 2017**

Dear Members of the Board:

This report contains information for the **State Police Retirement System (SPRS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This information can be used by the State of Kentucky for fiscal years ending between (and including) June 30, 2017 and June 30, 2018, with the financial reporting and disclosure requirements of GASB Statement Nos. 75.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB Statement Nos. 74 and 75 and are not applicable for other purposes, such as determining the plans' funding requirements. The calculation of the plan's liability for other purposes may produce significantly different results. This report may be provided to parties other than KRS only in its entirety and only with the permission of KRS.

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2016. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2017, using generally accepted actuarial principles. Gabriel Roeder Smith and Company (GRS) did not conduct the June 30, 2016 actuarial valuation; however, GRS did replicate the prior actuary's valuation results on the same assumptions, methods, and data as of that date. The roll-forward is based on the results of our replication.

There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for SPRS. However, subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption and an assumed rate of return of 6.25%. It is our opinion that this procedure is reasonable, appropriate, and complies with applicable requirements under GASB Statement No. 74 and No. 75.

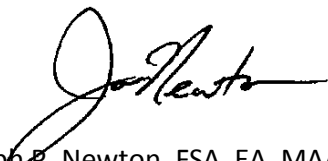
The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

This report is based upon information furnished by KRS, which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by the Retirement System.

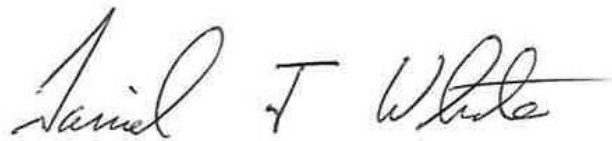
This report complements the GASB 74 accounting valuation report as of June 30, 2017, which was provided to KRS for plan accounting purposes, and should be considered together as a complete report for the measurement period that ended June 30, 2017. Please see the accounting valuation report as of June 30, 2017 for additional discussion of the actuarial valuation, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. Mr. Newton, Mr. White, and Mr. Riazi are Enrolled Actuaries. All three of the undersigned are independent actuaries and members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. They are also experienced in performing valuations for large public retirement systems.

Respectfully submitted,  
**Gabriel, Roeder, Smith & Company**



Joseph P. Newton, FSA, EA, MAAA  
Senior Consultant



Daniel J. White, FSA, EA, MAAA  
Senior Consultant



Janie Shaw, ASA, MAAA  
Consultant



Mehdi Riazi, FSA, EA, MAAA  
Consultant

# Table of Contents

	<u>Page</u>
<b>Section 1</b> Executive Summary.....	2
<b>Section 2</b> Accounting Exhibits.....	9

## **SECTION 1**

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### **EXECUTIVE SUMMARY**

# Executive Summary

## Summary of Principal Results

Actuarial Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
<b>Membership Information</b>	
Number of	
- Inactive employees or beneficiaries currently receiving benefits	1,269
- Inactive employees entitled to but not yet receiving benefits	48
- Active employees	903
- Total	<u>2,220</u>
Covered Payroll <sup>2</sup>	\$ 48,872,571
<b>Net OPEB Liability</b>	
Total OPEB Liability	\$ 313,234,323
Plan Fiduciary Net Position	<u>178,838,260</u>
Net OPEB Liability	\$ 134,396,063
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	57.1%
Net OPEB Liability as a Percentage of Covered Payroll	275.0%
<b>OPEB Expense and Deferred Outflows/(Inflows) of Resources</b>	
GASB 75 OPEB Expense	\$ 21,385,975
Deferred Outflows of Resources	43,983,555
Deferred Inflow of Resources	8,181,681
<b>Development of the Single Discount Rate</b>	
Single Discount Rate	6.01%
Long-Term Expected Rate of Return	6.25%
Long-Term Municipal Bond Rate <sup>1</sup>	3.56%

Notes:

<sup>1</sup> Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017.

<sup>2</sup> Based on derived compensation for fiscal year ending 2017 using the provided employer insurance contribution information.

# Executive Summary

## Summary of Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (1) - (2)
	(1)	(2)	(3)
Balance at June 30, 2016	\$ 246,477,622	\$ 161,407,457	\$ 85,070,165
1. Service cost	4,146,556		4,146,556
2. Interest	17,992,715		17,992,715
3. Benefit changes	-		-
4. Assumption changes	57,311,905		57,311,905
5. Difference between expected and actual experience	(571,519)		(571,519)
6. Employer contributions <sup>2</sup>		7,861,951	(7,861,951)
7. Member contributions		130,675	(130,675)
8. Net investment income		21,627,041	(21,627,041)
9. Benefit payments <sup>1</sup>	(12,122,956)	(12,122,956)	-
10. Administrative expense	-	(65,908)	65,908
11. Other changes	-	-	-
12. Net changes	\$ 66,756,701	\$ 17,430,803	\$ 49,325,898
Balance at June 30, 2017	\$ 313,234,323	\$ 178,838,260	\$ 134,396,063

Notes:

<sup>1</sup> Includes expected benefits due to the implicit subsidy for members under age 65. Benefit payments are also offset by insurance premiums received from retirees and by Medicare Drug Reimbursements.

<sup>2</sup> Includes expected benefits due to the implicit subsidy for members under age 65.

## Report Purpose and Scope

GASB Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployments Benefits Other Than OPEBs, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

Reporting under GASB 75 is effective for fiscal years commencing after June 15, 2017.

The following discussion provides a summary of the information that is required to be disclosed under this new accounting standard. A number of these disclosure items are provided in this report. However, certain information, such as notes regarding accounting policies and investments, is not included in this

# Executive Summary

report. As a result, the employers are responsible for preparing and disclosing the non-actuarial information needed to comply with these accounting standards. Much of this additional information can be readily obtained from KRS's 2017 Comprehensive Annual Financial Report.

## Financial Reporting Overview

GASB 75 requires employers to recognize the net OPEB liability and the OPEB expense on their financial statements. The net OPEB liability (NOL) is the difference between the total OPEB liability and the plan's fiduciary net position. In traditional actuarial terms, this is analogous to the accrued liability less the market value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement). The OPEB expense recognized each fiscal year is equal to the change in the net OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes due to the liability and investment experience.

Based on guidance issued by GASB in connection with this new accounting standard, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered as an OPEB asset. As a result, the reported fiduciary net position as of June 30, 2016 and as of June 30, 2017 includes these 401(h) assets. Additionally, these member contributions and associated investment income are included in the reconciliation of the fiduciary net position.

## Timing of the Valuation

For the employer's financial reporting purposes, the net OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date.

The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2016. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2017, using generally accepted actuarial principles. Gabriel Roeder Smith and Company (GRS) did not conduct the June 30, 2016 actuarial valuation; however, GRS did replicate the prior actuary's valuation results on the same assumptions, methods, and data as of that date. The roll-forward is based on the results of our replication.

There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for any of the systems. However, subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption and an assumed rate of return of 6.25%. It is our opinion that this procedure is reasonable, appropriate, and complies with applicable requirements under GASB Statement Nos. 74 and 75.



# Executive Summary

## Employer Contributions after the Measurement Date and before the Employer's Fiscal Year End

GASB Statement No. 75 states the employer contributions made to the OPEB plan subsequent to the measurement date and before the end of the employer's reporting period should be reported as a deferred outflow of resources. The information contained in this report does not incorporate any payroll related or implicit subsidy related employer contributions made subsequent to the measurement date of June 30, 2017.

## Single Discount Rate

The single discount rate 6.01% was used to measure the total OPEB liability as of June 30, 2017. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

## Summary of Membership Information

The following table provides a summary of the number of participants with a benefit in the plan as of the last actuarial valuation date, June 30, 2016.

<b>Summary of Population Statistics</b>	
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	1,269
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	48
Active Plan Members	<u>903</u>
Total Plan Members	2,220

Note, the membership counts for the health insurance plans are different than the membership counts for the retirement fund due to differences in vesting provisions and the coordination of delivery of health insurance benefits to members that have earned service in more than one system maintained by KRS.

# Executive Summary

## Recognition of Deferred Outflows and Inflows of Resources

According to paragraph 43 (paragraph 86 for cost-sharing systems) of GASB Statement No. 75, *differences between expected and actual experience and changes in assumptions* are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive members) determined as of the beginning of the measurement period. At the beginning of the 2017 fiscal year, the expected remaining service lives of all employees was 9,536 years, resulting in a 4.30 year (9,536 total expected remaining service period divided 2,220 plan members) average for the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the 2017 fiscal year. Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period.

## Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

As of June 30, 2017, the Net OPEB Liability is \$134,396,063. Below is a table providing the sensitivity of the Net OPEB Liability to changes in the discount rate. In particular, the table shows the plan's Net OPEB Liability if it were calculated using a single discount rate that is one-percentage point lower or one-percentage point higher than the single discount rate:

<b>1% Decrease 5.01%</b>	<b>Current Single Rate Assumption 6.01%</b>	<b>1% Increase 7.01%</b>
\$176,058,559	\$134,396,063	\$100,087,677

Below is a table providing the sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates. In particular, the table shows the plan's Net OPEB Liability if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher:

<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
\$96,880,843	\$134,396,063	\$180,780,854

# Executive Summary

## Implicit Subsidy

GASB Statements No. 75 and No. 68 are conceptually very similar in terms of the liability which is recognized on the balance sheet, the expense calculation, and the corresponding deferred outflows and inflows of resources. The main differences between the standards are related to the differences between pension and health care benefits. In particular, there is a concept referred to as the “implicit subsidy” that applies to health plans which utilize a blended premium, which has no counterpart in GASB Statement No. 68. The “implicit” or “hidden” subsidy refers to the difference between the underlying retiree claims costs and the overall health care premiums paid on behalf of retirees. By “overall”, we mean the combined employer and retiree portions of the premiums. GASB defines the employer provided OPEB benefit as the difference between the underlying claims costs (or age-adjusted premiums) and the premium contributions made by retirees. If the overall premiums for retirees were developed solely on the claims experience of the retirees, there would be no implicit subsidy and the employer portion of the overall retiree premiums would coincide with GASB’s definition of the OPEB benefit. However, the fully-insured premiums KRS pays for the Kentucky Employees’ Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to all participants, there is an implicit employer subsidy for the non-Medicare eligible retirees.

This is important because the retiree health insurance trust is used to pay the employers’ portion of the blended premiums, not the employers’ portion of the underlying retiree claims costs. In order to account for the employer provided OPEB benefit, as it’s defined by GASB, the payments made by the retiree health insurance trust need to be adjusted to reflect the implicit subsidy (the difference between the retiree claims and the overall premiums). Similarly, the employer contributions need to be adjusted to reflect the cost of the implicit subsidy. It’s important to keep in mind that the implicit subsidy is an employer contribution. Because the implicit subsidy does not pass through the trust, it is considered a benefit payment that was paid “as it came due”. For plans that use a blended premium structure, Illustrations B1-1 and B1-2 of Implementation Guide No. 2017-3 describe how a portion of the payments made on behalf of the active employees should be reclassified as benefit payments for retiree healthcare to reflect the retirees’ underlying claims costs. Adjusting the explicit health care costs for active employees and retirees by the implicit subsidy estimates provided in this report is equivalent to the reclassification described in the Implementation Guide.

To summarize, the distributions from the retiree health insurance trust pay the employers’ portion of the blended premiums, not the employers’ portion of the underlying retiree claims costs. As a result, the benefit payments and contribution amounts disclosed for GASB Statement No. 74 and 75 purposes need to include an adjustment related to the implicit subsidy. This adjustment is needed for contributions made during the measurement period and also for the purpose of the deferred outflow related to contributions made after the measurement date. The State’s estimated implicit subsidy for the measurement period was a negative \$1,360,303. In other words, the State’s contributions during the measurement period were decreased by \$1,360,303 for the purposes of GASB Statement Nos. 74 and 75. The State’s estimated implicit subsidy for the year ending June 30, 2018 is a negative \$657,358, or a deferred inflow of \$657,358.

## **SECTION 2**

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### **ACCOUNTING EXHIBITS**

# Exhibit 1

## Schedule of OPEB Expense as of June 30, 2017

1. Service cost	\$ 4,146,556
2. Interest on the Total OPEB Liability	17,992,715
3. Current period benefit changes	-
4. Member contributions	(130,675)
5. Projected earnings on plan investments	(11,948,200)
6. Administrative expense	65,908
7. Other changes in fiduciary net position	-
8. Recognition of outflows (inflow) of resources - liability experience	(132,911)
9. Recognition of outflows (inflow) of resources - assumption changes	13,328,350
10. Recognition of outflows (inflow) of resources - investment experience	<u>(1,935,768)</u>
12. OPEB Expense	\$ 21,385,975

## Exhibit 2

### Outstanding Balance of Deferred Outflows and Inflows of Resources to be Recognized in Future Years

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
	(1)	(2)
1. Differences between expected and actual liability experience	\$ -	\$ 438,608
2. Changes in assumptions	43,983,555	-
3. Differenced between projected and actual earnings on plan investments	-	7,743,073
4. Employer contributions subsequent to the measurement date <sup>1</sup>	-	-
5. Total	\$ 43,983,555	\$ 8,181,681

Notes:

<sup>1</sup> Employer contributions to the Retirement System made after the measurement date and up to the fiscal year end should be reported as a deferred outflow of resources.

## Exhibit 3

### Summary of Deferred Outflows and Inflows of Resources Arising from Current and Prior Reporting Periods

#### Differences Between Expected and Actual Liability Experience

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2017	Recognition Period (Years)	2016-2017	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected and Actual Liability Experience					
					2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	Thereafter
2016-2017	(571,519)	<u>(438,608)</u> (438,608)	4.30	<u>(132,911)</u> (132,911)	<u>(132,911)</u> (132,911)	<u>(132,911)</u> (132,911)	<u>(132,911)</u> (132,911)	<u>(39,875)</u> (39,875)	<u>-</u> -	<u>-</u> -

#### Differences Between Projected and Actual Earnings on OPEB Plan Investments

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2017	Recognition Period (Years)	2016-2017	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences Between Projected and Actual Earnings on OPEB Plan Investments					
					2017-2018	2018-2019	2019-2020	2020-2021	2020-2021	Thereafter
2016-2017	(9,678,841)	<u>(7,743,073)</u> (7,743,073)	5.00	<u>(1,935,768)</u> (1,935,768)	<u>(1,935,768)</u> (1,935,768)	<u>(1,935,768)</u> (1,935,768)	<u>(1,935,768)</u> (1,935,768)	<u>(1,935,769)</u> (1,935,769)	<u>-</u> -	<u>-</u> -

#### Effects of Changes of Assumptions

Year	Original Outflow/(Inflow)	Deferred Outflow/(Inflow) as of June 30, 2017	Recognition Period (Years)	2016-2017	Increase/(Decrease) in OPEB Expense Arising from the Recognition of the Effects of Changes of Assumptions					
					2017-2018	2018-2019	2019-2020	2020-2021	2020-2021	Thereafter
2016-2017	57,311,905	<u>43,983,555</u> 43,983,555	4.30	<u>13,328,350</u> 13,328,350	<u>13,328,350</u> 13,328,350	<u>13,328,350</u> 13,328,350	<u>13,328,350</u> 13,328,350	<u>3,998,505</u> 3,998,505	<u>-</u> -	<u>-</u> -

## Exhibit 4

### Summary of Deferred Outflows and Inflows of Resources Arising from Current and Prior Reporting Periods

Period	Amount
(1)	(2)
1. Fiscal Year + 1	\$ 11,259,671
2. Fiscal Year + 2	11,259,671
3. Fiscal Year + 3	11,259,671
4. Fiscal Year + 4	2,022,861
5. Fiscal Year + 5	-
6. Thereafter	-
<b>7. Total</b>	<b>\$ 35,801,874</b>



## Exhibit 5

### Schedule of Changes in the Employers' Net OPEB Liability

	2017
<b>Total OPEB liability</b>	
1. Service Cost	\$ 4,146,556
2. Interest (on the Total OPEB Liability)	17,992,715
3. Benefit Changes	-
4. Difference between expected and actual experience	(571,519)
5. Changes of assumptions	57,311,905
6. Benefit payments <sup>1</sup>	<u>(12,122,956)</u>
7. Net change in total OPEB liability	\$ 66,756,701
<b>8. Total OPEB liability – beginning</b>	<b><u>\$ 246,477,622</u></b>
<b>9. Total OPEB liability – ending</b>	<b><u>\$ 313,234,323</u></b>
<b>Plan fiduciary net position</b>	
1. Contributions – employer <sup>2</sup>	\$ 7,861,951
2. Contributions – member	130,675
3. Net investment income	21,627,041
4. Benefit payments <sup>1</sup>	(12,122,956)
5. Administrative Expense	(65,908)
6. Other	<u>-</u>
7. Net change in plan fiduciary net position	\$ 17,430,803
<b>8. Plan fiduciary net position – beginning</b>	<b><u>\$ 161,407,457</u></b>
<b>9. Plan fiduciary net position – ending</b>	<b><u>\$ 178,838,260</u></b>
<b>Net OPEB liability</b>	<b>\$ 134,396,063</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>57.1%</b>
<b>Covered-employee payroll<sup>3</sup></b>	<b>\$ 48,872,571</b>
<b>Net OPEB liability as a percentage of covered employee payroll</b>	<b>275.0%</b>

Notes:

<sup>1</sup> Includes expected benefits due to the implicit subsidy for members under age 65. Benefit payments are also offset by insurance premiums received from retirees and by Medicare Drug Reimbursements.

<sup>2</sup> Includes expected benefits due to the implicit subsidy for members under age 65.

<sup>3</sup> Based on derived compensation for fiscal year ending 2017 using the provided employer insurance contribution information.

## Exhibit 6

### Schedule of the Employers' Contributions for the Measurement Period Ending June 30, 2017 (in thousands)

Fiscal Year Ending <sup>1</sup>	Actuarially Determined Contribution <sup>2</sup>	Total Employer Contributions <sup>3</sup>	Contribution Deficiency (Excess)	Covered Employee Payroll <sup>4</sup>	Actual Contributions as a Percentage of Covered Payroll
2017	\$ 9,222	\$ 9,222	\$ -	\$ 48,873	18.87%
2016	8,553	10,237	(1,684)	45,551	22.47%
2015	9,890	10,382	(492)	45,765	22.69%
2014	20,879	14,493	6,386	44,616	32.48%
2013	27,234	16,829	10,405	45,256	37.19%
2012	28,247	11,960	16,287	48,373	24.72%
2011	25,773	11,051	14,722	48,693	22.70%
2010	30,302	8,643	21,659	51,507	16.78%
2009	29,325	7,643	21,682	51,660	14.79%
2008	43,470	7,513	35,957	53,269	14.10%

Notes:

<sup>1</sup> Data for years prior to 2017 are based on contribution data provided in the 2016 CAFR, based on calculations provided by the prior actuary.

<sup>2</sup> Actuarially determined contribution for fiscal year ending 2017 is based on the contribution rate calculated with the the June 30, 2015 actuarial valuation.

<sup>3</sup> Employer contributions do not include the expected implicit subsidy included in exhibit 5.

<sup>4</sup> Based on derived compensation for fiscal year ending 2017 using the provided employer insurance contribution information.

## Notes to Schedule of Employers' Contributions

The actuarially determined contribution rates effective for fiscal year ending June 30, 2017 that are documented in the schedule on the previous pages are calculated based on the June 30, 2015 actuarial valuation. The principal actuarial methods and assumptions used to calculate these contribution rates are below:

Item	SPRS
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	28 Years, Closed
Payroll Growth Rate:	4.00%
Investment Return:	7.50%
Inflation:	3.25%
Salary Increases:	4.00%, average
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.