



Long-Term Funding Plan – NCPA Retiree Medical Program

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Approved Funding Plan Elements

- Obtain minimum 80% funding level and confirm 100% funding of required employer contribution
- Continue to control health care premiums
- Shorten actuarial study amortization period assumption from 28 years to 15 years effective FY17
- Conduct biennial actuarial studies
 - Review results with Finance Committee
 - Revise plan as needed

Plan Implementation Drivers

- End of life approaching for certain NCPA projects
- Credit rating agencies view funding levels below 80% as negative
- NCPA seeking new members to improve economies of scales; a large liability may have a negative impact

Progress in Liability Funding

Description	(Millions) 6/30/2018	(Millions) 6/30/2017	(Millions) 6/30/2015
Total OPEB Liability (formerly AAL)	34.8	33.4	36.7
Fiduciary Net Position (formerly Assets)	<u>27.3</u>	<u>22.7</u>	<u>22.3</u>
Net OPEB Liability (formerly UAAL)	7.5	10.6	14.4
Fiduciary Net Position as % of Total OPEB Liability	78.4%	68.1%	60.7%
Actuarially Determined Contribution 30 Year (formerly ARC)	1.66		2.30
Actuarially Determined Contribution 15 Year (formerly ARC)	1.85		2.70 *

*Included in approved FY18 budget

**FY 2019 approved budget \$2,831,850

Recommendation

- Affirm plan funding 100% of required employer contribution and recommend to Commission
- Affirm accelerated 15 year funding of Net OPEB Liability and recommend to Commission
- Update Commission on OPEB funding status