GWINNETT COUNTY

RETIREMENT SYSTEM

HEALTH INSURANCE PLAN

RETIREE MEDICAL

ACTUARIAL VALUATION

REPORT

PREPARED AS OF JANUARY 1, 2025

CavMac
Actuarial Consulting Services

May 2, 2025

Ms. Eugina Starks
HR Program Coordinator – Benefits and Wellness
Gwinnett County Government
75 Langley Drive
Lawrenceville, GA 30046

Dear Ms. Starks:

Executive Summary

We are pleased to submit herewith the results of the annual actuarial valuation of the Gwinnett County Retirement System Health Insurance Plan (Plan) prepared as of January 1, 2025. While not verifying the data at its source, the actuary performed tests for consistency and reasonability. The valuation indicates that the Actuarially Determined Contribution (ADC) is $7,771,280 or 1.73% of active payroll, payable for the 2026 fiscal year. Any net employer claims or premiums paid for retiree health care are considered contributions toward this ADC.

The medical and drug benefits of the current Plan are included in the actuarially calculated contribution rates, which are developed using the entry age normal actuarial cost method with projected benefits. The discount rate used to value a plan is based on the likely return of the assets held in trust to pay benefits. Because it is our understanding that Gwinnett County will make contributions at least equal to the ADC each year, the discount rate used in the 2025 valuation is 7.00%. Gains and losses are reflected in the unfunded accrued liability that is assumed amortized by regular annual contributions as a level percentage of payroll within a closed 20-year period, on the assumption that payroll will increase by 3.00% annually. Since the previous valuation, the assumed rates of termination for participants in the Defined Benefit Plan have been reduced by the final 20% of the rates in effect prior to January 1, 2021, leaving zero terminations by participants in the Defined Benefit Plan assumed for valuation purposes. The assumptions recommended by the actuary are, in the aggregate, reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan.

This report describes the current actuarial condition of the Gwinnett County Retirement System Health Insurance Plan, determines the calculated employer contribution rate, and analyzes fluctuations in these contribution rates.

The actuarially determined contribution rate is based upon current membership data, plan provisions, and the assumptions and funding policies adopted by the County.

Funding Objectives & Policies

Relative to the OPEB fund, a contribution rate has been established which consists of the normal cost and an amortization payment on the unfunded accrued liability (UAL). The amortization of any UAL is made over a closed 30 year period beginning January 1, 2015 (20 years as of January 1, 2025) using a level percent of payroll amortization method.

Overall, the total contribution for the OPEB fund is expected to remain stable as a percentage of payroll over future years in the absence of benefit improvements and material experience gains or losses. The total contribution to the OPEB fund calculated in the valuation as of January 1, 2025 is 1.73% of active payroll. This compares with a total contribution of 1.29% of active payroll calculated in the valuation as of January 1, 2024. The increase in the total contribution is primarily due to the impact of the large increases to the Medicare Advantage premiums caused by the plan design changes mandated by the Inflation Reduction Act (IRA). In the previous valuation, the retiree only Medicare Advantage county cost was expected to hit the $250 hard cap in 2044, while in this valuation it hits the cap immediately. In addition, investment losses from 2023 will continue to be smoothed over the next two years.

The Actuarially Determined Contribution (ADC) has increased by $2,598,942 from the January 1, 2024 valuation amount of $5,172,338 to the January 1, 2025 valuation amount of $7,771,280. Since the previous valuation, there has been an increase in the unfunded liability as a dollar amount, resulting in an increase in the ADC as a percentage of payroll. This increase in the ADC as a percentage of payroll is somewhat mitigated by an increase in total payroll more than expected. In addition, because of the increase in the actuarially accrued liability, the plan is no longer over 100% funded on an actuarial value basis, resulting in an ADC greater than the normal cost.

Progress towards Realization of Funding Objectives

The progress towards achieving the intended funding objectives can be measured by the relationship of actuarial assets to the actuarial accrued liabilities. This relationship is known as the funding level. As of January 1, 2025, the funding level for the Gwinnett County Retirement System Health Insurance Plan is 91.42% on an actuarial value of assets basis. This compares with a funding level as of January 1, 2024 of 104.00% on an actuarial value basis. Therefore, the funding level has decreased from January 1, 2024 to January 1, 2025. It must be noted that investment losses from 2023 will continue to be smoothed in over the next two years. While the funding level has decreased to below 100% as of January 1, 2025, this is mostly because of the increase in plan rates for Medicare eligible participants. The plan should achieve 100% funding as long as the County continues to contribute the ADC.

Closing

The information presented in this report describes the pertinent issues relative to the valuation. There are no other specific issues that need to be raised beyond these items in order to fairly assess the funded position of the plan as presented in the current valuation. We would like to note that the hard cap has been reached for single Medicare-eligible retiree participants as of this year and is expected to be reached next year for the non-Medicare plans on a blended basis. If at that time all health care cost increases are not passed on to the retiree, the basis for the valuation will have to be changed and liabilities will likely increase.

Based on the continuation of current funding policies adopted by the Board, adequate provision is being determined for the funding of the actuarial liabilities of Gwinnett County.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the changes to Medicare due to the IRA, which are included in our baseline Medicare costs and trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required.

The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the medical plans and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the Plan.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

CavMac does not provide legal, investment, or accounting advice. Thus, the information in this report is not intended to supersede or supplant the advice and interpretations of the County or its audit partners.

In our opinion, if the required contributions to the Trust are made by the employer from year to year in the future at the levels required on the basis of the successive actuarial valuations, the current assets along with future anticipated contributions will be sufficient to meet all benefit obligations of the Plan for the current active and retired members.

Respectfully submitted,

Alisa Bennett, FSA, EA, FCA, MAAA
President

AB:gs

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1. For convenience of reference, the principal results of the valuation as of January 1, 2025 are summarized below along with the results of the valuation as of January 1, 2024:

Valuation Date	1/1/2025	1/1/2024
Number Active*	5,402	5,121
Number Retired	1,650	1,650
Number Spouse of Retired	879	896
Total	7,931	7,667
Annual Salaries	$ 449,682,712	$ 403,056,505
Assets:		
Market Value	$ 195,126,303	$ 182,176,981
Actuarial Value	$ 196,242,678	$ 192,530,772
Actuarial Accrued Liability	$ 214,654,617	$ 185,128,829
Unfunded Actuarial Accrued Liability	$ 18,411,939	$ (7,401,943)
Funded Ratio	91.42%	104.00%
Amortization Period (Years)	20	21
Fiscal Year	**2026**	**2025**
Actuarially Determined Contribution (ADC) in dollars:		
Normal**	$ 6,480,562	$ 5,674,791
Accrued Liability***	1,290,718	(502,453)
Total	$ 7,771,280	$ 5,172,338
Actuarially Determined Contribution as a Percent of Active Payroll		
Normal	1.44%	1.41%
Accrued Liability	0.29%	(0.12%)
Total	1.73%	1.29%
Discount Rate	7.00%	7.00%

* *Before participation assumption is applied.*

** *Includes administrative expenses of $702,000 for fiscal year 2025, and $720,000 for fiscal year 2026.*

*** *Accrued liability is assumed amortized as a level percent of payroll over a closed amortization period with payroll growth assumption of 3.00%.*

2. The results take into account the plan in effect on January 1, 2025 that caps the County portion of retiree health care costs for all but a small Grandfathered group of retirees. We would like to note that the hard cap has been reached for single Medicare-eligible retiree participants as of this year and is expected to be reached next year for the non-Medicare plans on a blended basis. If at that time all health care cost increases are not passed on to the retiree, the basis for the valuation will have to be changed and liabilities will likely increase. It is our understanding that the County will make contributions at least equal to the ADC each year; therefore, the discount rate used in the January 1, 2025 valuation is 7.00%.

SECTION I – SUMMARY OF PRINCIPAL RESULTS

3. The valuation indicates that the Actuarially Determined Contribution (ADC) is 1.73% of active payroll payable for the 2026 fiscal year. Any net employer claims or premiums not paid from the trust for retiree health care are considered contributions toward the ADC. The valuation as of January 1, 2024 calculated an ADC of 1.29% of active payroll payable for the 2025 fiscal year. Comments on the valuation results as of January 1, 2025 are given in Section IV and further discussion of the contribution levels is set out in Sections V and VI.

~~4.~~ The last valuation was performed as of January 1, 2024. Since the previous valuation, the assumed initial per capita costs of health care have been revised to reflect the recent experience. Additionally, the assumed rates of termination for participants in the Defined Benefit Plan have been reduced by the final 20% of the rates in effect prior to January 1, 2021, leaving zero terminations by participants in the Defined Benefit Plan assumed for valuation purposes. The amortization method for the unfunded accrued liability has been closed effective January 1, 2015, which leaves 20 years of remaining amortization period as of January 1, 2025.

5. Schedule A outlines the development of the actuarially determined contribution and the unfunded actuarial accrued liability. Schedule B outlines the reconciliation of the market value of assets and the development of the actuarial value of assets. Schedule C of this report outlines the full set of actuarial assumptions and methods employed in the current valuation. County Employees are members of the Gwinnett County Defined Benefit Plan or the Gwinnett County Board of Commissioners Defined Contribution Pension Plan.

6. The valuation takes into account the Plan benefits in effect as of January 1, 2025.

1. Data regarding the membership of the Retiree Health Insurance Plan for use as a basis of the valuation were furnished by the Retirement System's office. The following tables summarize the membership of the System as of January 1, 2025, upon which the valuation was based.

Active Members as of January 1, 2025

Age	Service									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 35	35 & Up	Total
Under 25	100	208	4	0	0	0	0	0	0	312
25 to 29	82	455	173	2	0	0	0	0	0	712
30 to 34	48	278	321	94	3	0	0	0	0	744
35 to 39	49	206	190	203	89	1	0	0	0	738
40 to 44	33	187	147	104	176	75	2	0	0	724
45 to 49	27	139	108	79	121	134	65	1	0	674
50 to 54	18	120	107	83	120	81	67	8	0	604
55 to 59	17	109	70	64	66	55	38	10	9	438
60 to 64	9	75	78	57	40	22	23	12	6	322
65 to 69	0	28	24	23	15	9	6	2	5	112
70 & Up	0	2	6	5	4	2	0	3	0	22
Total	383	1,807	1,228	714	634	379	201	36	20	5,402

2. The following tables show the number of retired members and their beneficiaries receiving health care as of the valuation date, as well as average ages.

Retirees Receiving Health Benefits as of January 1, 2025

Retirees	Pre-Med	Medicare	Total
Number	611	1,039	1,650
Average Age	59.79	73.08	68.16

Survivor Beneficiaries & Spouses Receiving Health Benefits as of January 1, 2025

Spouses	Pre-Med	Medicare	Total
Number	366	513	879
Average Age	58.05	72.80	66.66

SECTION III – ASSETS

Schedule B shows information regarding assets for valuation purposes. As of January 1, 2025, the plan assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the plan total $195,126,303. The actuarial value of assets uses a 5-year smoothing method, and the value is $196,242,678 as of January 1, 2025.

SECTION IV – COMMENTS ON VALUATION

1. Schedule A of this report outlines the results of the actuarial valuation. The results are shown based on a discount rate of 7.00%. Because it is our understanding that Gwinnett County will make contributions at least equal to the ADC each year, the discount rate used in the 2025 valuation is 7.00%. The valuation was prepared in accordance with the actuarial assumptions and the actuarial cost method, which are described in Schedule C.

2. The valuation shows that the Plan has an actuarial accrued liability of $99,059,887 for benefits expected to be paid on account of the present active membership, based on service to the valuation date. The liability on account of benefits payable to retirees and covered spouses amounts to $115,594,730. The total actuarial accrued liability of the Plan amounts to $214,654,617. Against these liabilities, the Plan has present assets for valuation purposes of $196,242,678. Therefore, the unfunded actuarial accrued liability is equal to $18,411,939.

3. The normal contribution is equal to the actuarial present value of benefits accruing during the current year and includes assumed administrative expenses. The normal contribution is determined to be 1.44% of total active payroll.

ACTUARIALLY DETERMINED CONTRIBUTION
For the 2026 Fiscal Year

Item	% of Active Payroll	Dollar Amount
Normal	1.44%	$ 6,480,562
Accrued Liability	0.29%	1,290,718
Total	1.73%	$ 7,771,280

1. The valuation indicates that a normal contribution of 1.44% of total active payroll is required to meet the cost of benefits currently accruing.

2. The unfunded actuarial accrued liability amounts to $18,411,939 as of the valuation date. An accrued liability contribution of 0.29% of total active payroll is sufficient to amortize the unfunded actuarial accrued liability over a 20-year period, based on a 7.00% investment rate of return assumption and the assumption that the payroll will increase by 3.00% annually.

3. The total Actuarially Determined Contribution is therefore 1.73% of total active payroll.

1. The monthly contribution for retirees to opt into the medical plan is based on plan election, coverage tier and Medicare eligibility.

2. The valuation indicates that a recommended employer contribution rate of 1.73% of payroll is required to fund the plan. This corresponds to a contribution required to meet the cost of benefits currently accruing and provide for the amortization of the unfunded actuarial accrued liability over a period of 20 years.

3. The Schedule of Funding Progress is shown in the following table.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)
1/1/2014	106,219,472	177,473,914	71,254,442	59.85%	206,639,657	34.48%
1/1/2015	114,222,310	189,833,218	75,610,908	60.17%	215,187,152	35.14%
1/1/2016	120,922,616	185,036,569	64,113,953	65.35%	224,111,746	28.61%
1/1/2017	128,246,741	182,441,163	54,194,422	70.29%	240,314,977	22.55%
1/1/2018	135,506,154	203,756,704	68,250,550	66.50%	260,420,086	26.21%
1/1/2019	141,791,070	204,014,530	62,223,460	69.50%	272,336,661	22.85%
1/1/2020	152,734,841	215,628,403	62,893,562	70.83%	296,132,961	21.24%
1/1/2021	165,516,973	208,143,271	42,626,298	79.52%	306,932,973	13.89%
1/1/2022	181,565,384	188,483,883	6,918,499	96.33%	327,723,113	2.11%
1/1/2023	186,509,133	188,647,377	2,138,244	98.87%	366,032,165	0.58%
1/1/2024	192,530,772	185,128,829	(7,401,943)	104.00%	403,056,505	(1.84%)
1/1/2025	196,242,678	214,654,617	18,411,939	91.42%	449,682,712	4.09%

SCHEDULE A – RESULTS OF THE VALUATION

	Valuation Results		7.00% Discount Rate
1.	Payroll	$	449,682,712
2.	Actuarial Accrued Liability due to:		
	(a) Active members and projected spouses fully eligible for benefits	$	99,059,887
	(b) Retired members, beneficiaries, and RIO's		115,594,730
	(c) Total Actuarial Accrued Liability	$	214,654,617
3.	Present Assets for Valuation Purposes	$	196,242,678
4.	Unfunded Actuarial Accrued Liability (UAAL) (2)(c) - (3)	$	18,411,939
5.	Amortization Period		20
6.	Normal Contribution	$	6,480,562
7.	Amortization of the UAL		1,290,718
8.	Total Contribution (6) + (7)	$	7,771,280
9.	Normal Contribution as a Percent of Payroll (6) ÷ (1)		1.44%
10.	Accrued Liability Contribution as a Percent of Payroll (7) ÷ (1)		0.29%
11.	Total Contribution as a Percent of Payroll (9) + (10)		1.73%

Schedule A – Results of the Valuation

Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizeable year to year fluctuations are common. The change to the Unfunded Actuarial Accrued Liability (UAAL) as of January 1, 2025 is shown below.

Changes in Unfunded Actuarial Accrued Liabilities (UAAL) As of January 1, 2025		
(1)	As of January 1, 2024	
	(a) Actuarial Accrued Liability (AAL)	185,128,829
	(b) Normal Cost	4,972,791
	(c) Assumed Administrative Fees	702,000
	(d) Net Benefits and Administrative Fees Paid	14,206,112
(2)	As of January 1, 2025	
	(a) Expected AAL {[(1a) + (1b)] x 1.07} - {(1d - 1c) x [1 + (0.07 x 0.50)]}	189,431,977
	(b) Actual AAL	214,654,617
(3)	Total AAL Gain/(Loss) (2a - 2b)	(25,222,640)
	(a) Gain/(Loss) due to claims experience	(32,985,656)
	(b) Gain/(Loss) due to changes in assumptions	232,911
	(c) Gain/(Loss) due to demographic experience	7,530,105
(4)	Actuarial Value of Assets (AVA) as of January 1, 2024	192,530,772
(5)	Net Expected External Cash Flow During the Year (Assumed ADC Payment, net of Benefit Payments and Expenses)	(8,696,131)
(6)	As of January 1, 2025	
	(a) Expected AVA [(4) x 1.07] + {(5) x [1 + (0.07 x 0.50)]}	197,007,430
	(b) Actual AVA	196,242,678
(7)	Total AVA Gain/(Loss) (Includes Additional Employer Contributions) (6b - 6a)	(764,752)
	(a) Gain/(Loss) due to investment experience	(1,014,498)
	(b) Gain/(Loss) due to employer contribution	249,746
(8)	Expected UAAL As of January 1, 2025 (2a) - (6a)	(7,575,453)
(9)	Actual UAAL As of January 1, 2025 (2b) - (6b)	18,411,939
(10)	UAAL Gain/(Loss) (8) - (9)	(25,987,392)

Changes in Unfunded Actuarial Accrued Liabilites (UAAL) as of January 1, 2025			
(1)	UAAL as of January 1, 2024	$	(7,401,943)
(2)	Normal Cost		4,972,791
(3)	Assumed Administrative Fees		702,000
(4)	Expected Contributions		5,509,981
(5)	Interest		(338,320)
(6)	Expected UAAL as of January 1, 2025 (1) + (2) + (3) - (4) + (5)	$	(7,575,453)
(7)	Actual UAAL as of January 1, 2025		18,411,939
(8)	Total Gain/(Loss) (6) - (7)	$	(25,987,392)
(9)	Asset Gain/(Loss)		(764,752)
(10)	Gain/(Loss) due to claims experience and change in assumptions		(32,752,745)
(11)	Liability (Gain)/Loss (8) - (9) - (10)	$	7,530,105
(12)	Liability Gain/(Loss) Due to:		
	(a) Terminations	$	(289,504)
	(b) Retirements		4,820,424
	(c) New Entrants		(478,107)
	(d) Mortality and Coverage Changes		2,883,494
	(e) Disabled Retirements		99,969
	(f) Other		493,829
	Total		7,530,105
(13)	Liability Gain/(Loss) as a percent of AAL		3.50%

SCHEDULE A – RESULTS OF THE VALUATION

The following table displays changes in the Unfunded Accrued Liability Contribution rate as a percentage of payroll.

Unfunded Accrued Liability Contribution Rate		
(1)	Unfunded Accrued Liability Contribution Rate as of January 1, 2024	(0.12%)
(2)	Net Actuarial (Gain)/Loss During the 2024 Plan Year	
	(a) Due to AVA (Gain)/Loss	0.01%
	(b) Due to Claims Experience (Gain)/Loss and Assumption Changes	0.55%
	(c) Due to Experience (Gain)/Loss	(0.13%)
	(d) Due to Payroll growth greater than expected	(0.02%)
	(e) Total	0.41%
(3)	Unfunded Accrued Liability Contribution Rate as of January 1, 2025 (1) + (2e)	0.29%

Details regarding the Net Actuarial (Gain)/Loss values can be found on the prior two pages. Actual payroll increased by 11.57%, compared to an expected increase of 3.00%.

SCHEDULE B – PLAN ASSETS

GASB defines plan assets as resources, usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, or equivalent arrangement, in which (a) employer contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employers or plan administrator, for the payment of benefits in accordance with the terms of the plan. As of the valuation date, the market value of such assets amounted to $195,126,303. The development of the market value of assets, rounded to thousands, is shown in the following table.

Asset Summary Based on Market Value ($ in Thousands)			
(1)	Market Value of Assets as of January 1, 2024	$	182,177
(2)	Additions		
	(a) Contributions	$	5,751
	(b) Investment Income		22,140
	(c) Investment Expenses		(735)
	(d) Total Additions	$	27,156
(3)	Deductions		
	(a) Benefits	$	11,817
	(b) Insurance Premiums		1,670
	(c) Administrative Fees		720
	(d) Total Deductions	$	14,207
(4)	Cash Flows	$	12,949
(5)	Market Value of Assets as of January 1, 2025 (1) + (4)	$	195,126
(6)	Annualized Rate of Return*		12.03%

Based on the approximation formula: I/[0.5 x (A + B – I)], where

I = Investment Return
A = Beginning of year asset value
B = End of year asset value

SCHEDULE B – PLAN ASSETS

Development of Actuarial Value of Assets

	Valuation Date January 1	2024	2025	2026	2027	2028	2029
1.	Actuarial Value Beginning of Year	$ 186,509,133	$ 192,530,772				
2.	Market Value End of Year	$ 182,176,981	$ 195,126,303				
3.	Market Value Beginning of Year*	$ 163,364,310	$ 182,176,631				
4.	Cash Flow						
	a. Contributions	$ 6,042,501	$ 5,751,281				
	b. Benefit Payments	(12,632,369)	(13,486,526)				
	c. Administrative Expenses	(702,107)	(719,586)				
	d. Net	$ (7,291,975)	$ (8,454,831)				
5.	Investment Income						
	a. Market Total	$ 26,104,646	$ 21,404,503				
	b. Assumed Rate	7.00%	7.00%				
	c. Amount of Immediate Recognition	11,159,014	12,431,785				
	d. Amount for Phased-In Recognition	$ 14,945,632	$ 8,972,718				
6.	Phased-In Recognition of Investment Income						
	a. Current Year: 0.20 * 5d	$ 2,989,126	$ 1,794,544	$ -	$ -	$ -	$ -
	b. First Prior Year	(9,930,916)	2,989,126	1,794,544	-	-	-
	c. Second Prior Year	2,600,140	(9,930,916)	2,989,126	1,794,544	-	-
	d. Third Prior Year	2,282,058	2,600,140	(9,930,916)	2,989,126	1,794,544	-
	e. Fourth Prior Year	4,214,192	2,282,058	2,600,140	(9,930,917)	2,989,128	1,794,542
	f. Total Recognized Investment Gain/(Loss)	$ 2,154,600	$ (265,048)	$ (2,547,106)	$ (5,147,247)	$ 4,783,672	$ 1,794,542
7.	Actuarial Value End of Year	$ 192,530,772	$ 196,242,678				
8.	Difference Between Market & Actuarial Values	$ (10,353,791)	$ (1,116,375)	$ 1,430,731	$ 6,577,978	$ 1,794,306	$ (236)
9.	Rate of Return on Actuarial Value	7.28%	6.46%				

*For 2025, the beginning of year market value of assets was adjusted by ($350) because of the implementation of GASB 101.

The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value.

VALUATION DATE: January 1, 2025

DISCOUNT RATE: 7.00% per annum, compounded annually. This includes an inflation assumption of 2.50% annually.

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions for annual health care claims.

Year	Trend	
	Under Age 65	Age 65 & Over
2025	6.500%	4.750%
2026	6.250%	4.500%
2027	6.000%	4.500%
2028	5.750%	4.500%
2029	5.500%	4.500%
2030	5.250%	4.500%
2031	5.000%	4.500%
2032	4.750%	4.500%
2033 and beyond	4.500%	4.500%

The trend is not applied to the employer contribution cap, since no increase to the employer contribution cap is assumed. Future increases above the amount of the cap are valued only for the small group of Grandfathered retirees for whom the cap is not applicable.

AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

Participant Age	Annual Increase
<30	0.0%
30 – 34	1.0%
35 – 39	1.5%
40 – 44	2.0%
45 – 49	2.6%
50 – 54	3.3%
55 – 59	3.6%
60 – 64	4.2%
65 – 69	3.0%
70 – 74	2.5%
75 – 79	2.0%
80 – 84	1.0%
85 – 89	0.5%
90 and over	0.0%

MONTHLY EXPECTED MEDICAL/PRESCRIPTION DRUG CLAIMS (*AGE ADJUSTED TO AGE 65*): The following charts show expected monthly claims age adjusted to age 65 for the year following the valuation date:

Tier	Blended Retiree Claims
Single Pre-Medicare Eligible	$1,860
Retiree + Spouse Pre-Medicare Eligible	3,720
Single Medicare Eligible	276
Retiree + Spouse Medicare Eligible	551
Non-Spouse Dependent Subsidy	50

Future retirees are assumed to elect the same plans as current retirees; accordingly, the monthly future retiree claims above reflect the blended enrollment of current retirees in the applicable health plans. Current pre-Medicare retirees are also valued using the blended rates, as they are assumed to continue their current plan election until eligible for Medicare. Additionally, LTD retirees are assumed to be determined to be totally disabled by the Social Security Administration and continue their benefits for life. The non-spouse dependent subsidy represents the additional County contribution toward retiree premiums when any dependents other than a spouse (i.e., children) are covered, before the participation assumption. This value is not age-adjusted.

MONTHLY EMPLOYER CONTRIBUTION CAP: The monthly Employer Contribution for retiree health plan participants will be capped at the following amounts. It is assumed that the cap will be applied to the blended retiree premiums rather than the self-supporting amounts.

Tier	County Contribution
Retiree non-Medicare	$1,000
Retiree + Spouse, non-Medicare	2,000
Retiree + Children, non-Medicare	1,200
Retiree + Family, non-Medicare	2,200
Retiree on Medicare	250
Retiree + Spouse, 2 on Medicare	500
Retiree + Spouse, 1 on Medicare	1,250
Retiree + Children, Ret Medicare	450
Retiree + Family, 2 on Medicare	700
Retiree + Family, 1 on Medicare	1,450

The trend is not applied to the monthly Employer Contribution cap. Actual County contribution amounts will be valued until the hard cap is reached.

ANTICIPATED PLAN PARTICIPATION: The assumed annual rates of member participation and spouse coverage are as follows:

Plan Participation		
	Male	Female
Member Participation	90%	90%
Spouse Coverage	65%	35%

ASSET VALUATION METHOD: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20% of the difference between market value and expected market value, beginning with the January 1, 2016 valuation.

ACTUARIAL METHOD: Costs were determined using the Entry Age Normal, Level Percentage of Pay Actuarial Cost Method. Under this method, a calculation is made for retirement benefits to determine the uniform and constant percentage rate of contribution which, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required to meet the cost of benefits payable. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability.

BENEFITS VALUED: Medical and drug benefits for retirees and their dependents for both pre-Medicare and Medicare eligible recipients.

DECREMENT RATES: Retirement, termination, and disability decrements for participants in the Defined Benefit Plan are based on results from the "Gwinnett County Defined Benefit Plan Experience Study for the Three-Year Period Ending January 1, 2009." Additionally, the study showed some alterations to the disability rates were necessary for the Defined Contribution Plan. Based on the results from the "Defined Contribution Experience Study For the Period January 1, 2007 Through January 1, 2012," it was determined that changes to the termination and retirement decrements for Defined Contribution Plan participants were needed. Finally, as of January 1, 2025, the assumed rates of termination for participants in the Defined Benefit Plan have been reduced by the final 20% of the rates in effect prior to January 1, 2021, leaving zero terminations by participants in the Defined Benefit Plan assumed for valuation purposes.

MORTALITY:
Pre-Retirement Mortality
PubG.H-2010 Headcount Weighted General Median Employee,
projected generationally using projection scale MP-2019

Post- Retirement Mortality
PubG.H-2010 Headcount Weighted General Median Healthy Retiree, projected generationally using projection scale MP-2019

Post Retirement Disabled Mortality
PubNS.H-2010 Headcount Weighted Non-Safety Median Disabled Retiree, projected generationally using projection scale MP-2019

TERMINATION: Representative values of the assumed annual rates of termination are as follows:

Age	Probability of Termination	
	Defined Benefit Plan	Defined Contribution Plan
Under 20	0.0%	12.0%
20	0.0%	12.0%
25	0.0%	10.0%
30	0.0%	9.0%
35	0.0%	8.5%
40	0.0%	8.0%
45	0.0%	7.5%
50	0.0%	7.0%
55	0.0%	6.5%
60	0.0%	6.5%
65 & Over	0.0%	6.5%

DISABILITY: Male rates (used for both sexes) derived from a 1977 Social Security Administration study multiplied by 50%. Incidence of disability resulting in eligibility for both disability benefits under the county retirement plan and Social Security.

Age	Probability of Disability
Under 20	0.0000%
20-24	0.0050%
25-29	0.0566%
30-34	0.0950%
35-39	0.1356%
40-44	0.2000%
45-49	0.3166%
50-54	0.5200%
55 & Over	0.0000%

RETIREMENT: Assumed annual rates of retirement are as follows:

Age	Probability of Retirement	
	Defined Benefit Plan*	Defined Contribution Plan
Under 50	0.0%	0.0%
50-54	30.0%	0.0%
55	30.0%	15.0%
56-61	25.0%	15.0%
62	30.0%	15.0%
63	30.0%	25.0%
64	30.0%	25.0%
65	50.0%	25.0%
66	30.0%	25.0%
67-69	30.0%	50.0%
70 & Over	100.0%	100.0%

**If service is at least 30 years or when member is first eligible for Rule of 75 and is less than age 65, the rate is 37.5%.*

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are shown in the following table.

Years of Service	Salary Increase
Under 5	5.50%
5	5.25%
6	5.25%
7	5.25%
8	5.00%
9	5.00%
10	5.00%
11	5.00%
12	5.00%
13	4.75%
14 & Over	4.50%

SPOUSE AGE DIFFERENCE: Wives are assumed to be three years younger than husbands.

ELIGIBILITY FOR BENEFITS FROM THE DEFINED BENEFIT PLAN:

Normal Retirement Benefits:
Members hired prior to November 1, 2004; Attainment of age 65 with at least three years of vesting service.

Members hired on or after November 1, 2004; Attainment of age 65 with at least five years of vesting service.

Early Retirement Benefits:

Plan A: Attainment of age 60 with at least 10 years of service, or 30 years of service regardless of age.

Plan B and Plan C: Attainment of age 60 with at least 10 years of service, 30 years of service regardless of age, or attainment of age 50 with Rule of 75.

Disability Retirement Benefits: Ten (10) years of service and deemed to be totally disabled by the Social Security Administration.

ELIGIBILITY FOR BENEFITS FROM THE DEFINED CONTRIBUTION PLAN:

Normal Retirement Benefits: Attainment of age 55 with Rule of 65.

Disability Retirement Benefits: Ten (10) years of service and deemed to be totally disabled by the Social Security Administration.

GROUPS ELIGIBLE TO PARTICIPATE IN GWINNETT COUNTY'S OPEB BENEFITS PROGRAM:

I. Retirees and their Eligible Dependents

a. Retirees who have met the specific eligibility requirements for retirement under the Gwinnett County Defined Benefit Pension Plan or the Gwinnett County Defined Contribution Plan may elect to continue receiving group health benefits at the time of retirement.

i. The spouse and eligible dependents of an active County Official or Employee may elect to continue receiving group health benefits in the event of death of an active County Official or Employee who had satisfied the retirement eligibility requirements prior to their death. The spouse and eligible dependents of the County employee must have been covered at the time of the County Employee's death.

II. Inactive Employees and their Eligible Dependents

a. Inactive employees on Unpaid Leave Status with Inactive Status commencing before July 1, 2007 with less than 3 years of service may continue benefits for up to twenty-four (24) months. Those with 3 or more years of service and in an approved absence for up to one year may continue until eligible to retire. Those on Long-Term Disability (LTD) with LTD benefits terminated by the LTD insurer that also have a minimum of ten (10) years of service may continue if they were determined to be totally disabled by the Social Security Administration.

b. Inactive employees on Unpaid Leave Status with Inactive Status commencing on or after July 1, 2007 with less than ten (10) years of service may continue benefits for up to twenty-four (24) months. Those with ten (10) or more years of service and in an approved absence for up to one year may continue until eligible to retire. Those on Long-Term Disability (LTD) with LTD benefits terminated by the LTD insurer who also have a minimum of ten (10) years of service may continue if they were determined to be totally disabled by the Social Security Administration.

III. Ex-Elected Officials and Their Eligible Dependents

a. County Officials that have left office after completion of at least one full term in office and who are not eligible for coverage under another health plan may elect to continue receiving group health benefits prior to leaving office.

IV. In-Line of Duty Participants

a. When an active employee's death arises in and during the scope of their employment with Gwinnett County, the surviving spouses and eligible dependents may elect to continue receiving group health benefits upon the death of the member.

PARTICIPANT ELIGIBILITY FOR BENEFITS FROM THE RETIREE HEALTH INSURANCE PLAN

Effective July 1, 2007, employees hired into or transferred into full-time positions must have a minimum of ten (10) years credited service toward retirement and must retire directly from Gwinnett County in order to be eligible to participate in the retiree health plan. Active employees participating in a Gwinnett County retirement plan prior to July 1, 2007 must only retire directly from Gwinnett County in order to be eligible to participate in the retiree health plan.

Effective with retirements beginning on or after January 1, 2005, Medicare-eligible retirees and dependents must participate in both Medicare Parts A and B to be eligible for County provided retiree health care benefits at the lower "on Medicare" retiree contribution rates.

Effective January 1, 2008, all participants and dependents who are eligible for Social Security disability and Medicare must participate in Medicare Part A and B, and County provided health coverage for these persons will be secondary to Medicare.

RETIREE HEALTH INSURANCE PLAN CONTRIBUTIONS:

Contributions vary based on plan election, dependent coverage, and Medicare eligibility and election. Plan costs are determined for valuation purposes considering claims costs net of member premiums paid.

The County's monthly Employer Contribution for retiree health plan participants will be set by the Director of Human Resources and the Director of Financial Services. Should the County's Contribution for active employee health plans exceed the amounts detailed below, the County will only contribute the amounts below for retiree plan participants.

Tier	County Contribution
Retiree non-Medicare	$1,000
Retiree + Spouse, non-Medicare	2,000
Retiree + Children, non-Medicare	1,200
Retiree + Family, non-Medicare	2,200
Retiree on Medicare	250
Retiree + Spouse, 2 on Medicare	500
Retiree + Spouse, 1 on Medicare	1,250
Retiree + Children, Ret Medicare	450
Retiree + Family, 2 on Medicare	700
Retiree + Family, 1 on Medicare	1,450

Retiree premiums are determined based on a cost-sharing arrangement and, therefore, increase with medical trend as claims costs increase. The County's monthly Employer Contribution for retiree health plan participants will be capped at the above amounts. It is assumed that the cap will be applied to the blended retiree premiums rather than the self-supporting amounts. No trend was applied to the County Contribution hard cap. Actual County contribution amounts will be valued until the hard cap is reached.

In addition, there are a small number of grandfathered retirees who are not subject to the cap.

The monthly retiree premiums before blending as of January 1, 2025 are as follows:

2025 Retiree Rates

Aetna Bronze	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$1,000.00	$212.94	$1,212.94
Retiree + Spouse	$2,000.00	$425.88	$2,425.88
Retiree + Child(ren)	$1,200.00	$437.48	$1,637.48
Retiree + Family	$2,200.00	$650.41	$2,850.41

Aetna Silver	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$1,000.00	$395.82	$1,395.82
Retiree + Spouse	$2,000.00	$791.65	$2,791.65
Retiree + Child(ren)	$1,200.00	$684.38	$1,884.38
Retiree + Family	$2,200.00	$1,080.20	$3,280.20

Aetna Gold	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$1,000.00	$595.23	$1,595.23
Retiree + Spouse	$2,000.00	$1,190.48	$3,190.48
Retiree + Child(ren)	$1,200.00	$953.56	$2,153.56
Retiree + Family	$2,200.00	$1,548.80	$3,748.80

Aetna Traditional PPO Plan	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$857.31	$638.22	$1,495.53
Retiree + Spouse	$1,459.81	$1,531.25	$2,991.06
Retiree + Child(ren)	$526.61	$1,492.35	$2,018.96
Retiree + Family	$1,962.30	$1,552.20	$3,514.50

Humana Medicare and Aetna Bronze Blended	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$1,250.00	$303.37	$1,553.37
Retiree + Child(ren) (One in Medicare)	$450.00	$314.97	$764.97
Retiree + Family (One in Medicare)	$1,450.00	$527.91	$1,977.91
Retiree + Family (Two in Medicare)	$700.00	$405.40	$1,105.40

Humana Medicare and Aetna Silver Blended	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree + Spouse (One in Medicare)	$1,250.00	$486.25	$1,736.25
Retiree + Child(ren) (One in Medicare)	$450.00	$378.99	$828.99
Retiree + Family (One in Medicare)	$1,450.00	$774.81	$2,224.81
Retiree + Family (Two in Medicare)	$700.00	$469.42	$1,169.42

Humana Medicare and Aetna Gold Blended	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree + Spouse (One in Medicare)	$1,069.00	$866.66	$1,935.66
Retiree + Child(ren) (One in Medicare)	$79.16	$819.60	$898.76
Retiree + Family (One in Medicare)	$1,450.00	$1,043.99	$2,493.99
Retiree + Family (Two in Medicare)	$700.00	$539.19	$1,239.19

Humana Medicare and Aetna Traditional Blended	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree + Spouse (One in Medicare)	$790.95	$1,045.01	$1,835.96
Retiree + Child(ren) (One in Medicare)	$77.48	$786.38	$863.86
Retiree + Family (One in Medicare)	$1,292.05	$1,067.34	$2,359.39
Retiree + Family (Two in Medicare)	$700.00	$504.29	$1,204.29

Kaiser Silver	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree Only	$1,000.00	$344.85	$1,344.85
Retiree + Spouse	$2,000.00	$689.70	$2,689.70
Retiree + Child(ren)	$1,200.00	$615.52	$1,815.52
Retiree + Family	$2,200.00	$960.38	$3,160.38

Kaiser Gold	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree Only	$1,000.00	$536.95	$1,536.95
Retiree + Spouse	$2,000.00	$1,073.93	$3,073.93
Retiree + Child(ren)	$1,130.83	$944.06	$2,074.89
Retiree + Family	$2,200.00	$1,411.86	$3,611.86

Humana Medicare and Kaiser Silver Blended	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree + Spouse (One in Medicare)	$1,250.00	$435.28	$1,685.25
Retiree + Child(ren) (One in Medicare)	$428.09	$383.01	$811.10
Retiree + Family (One in Medicare)	$1,450.00	$705.95	$2,155.95
Retiree + Family (Two in Medicare)	$700.00	$451.53	$1,151.53

Humana Medicare and Kaiser Gold	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$1,226.30	$651.08	$1,877.38
Retiree + Child(ren) (One in Medicare)	$271.49	$606.88	$878.37
Retiree + Family (One in Medicare)	$1,450.00	$965.32	$2,415.32
Retiree + Family (Two in Medicare)	$700.00	$518.80	$1,218.80

Humana Medicare Advantage	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$250.00	$90.43	$340.43
Family	$405.76	$275.07	$680.86

The monthly blended non-Medicare retiree premiums as of January 1, 2025 are as follows:

Non-Medicare Coverage Tier	Blended Monthly Retiree Premiums		
	Retiree Portion of Premium	County Portion of Premium	Total Premium
Single Pre-Medicare Eligible	$363	$997	$1,360
Retiree + Spouse Pre-Medicare Eligible	733	1,988	2,721

The cap is applied to the blended County Portion above for non-Medicare retirees.

The following charts illustrate the projected estimated County portion of the retiree premiums in future years based on the Health Care Cost Trend Assumption shown in Schedule C of this report. As is illustrated in the charts, when the hard cap is reached, no future increases to the County portion of the premiums are assumed. Once the hard cap is reached, all health care cost increases will be the responsibility of the retiree. Please note that the hard cap is expected to be reached next year for the non-Medicare plans on a blended basis. If at that time all health care cost increases are not passed on to the retiree, the basis for the valuation will have to be changed and liabilities will likely increase.

Estimated County Portion of Retiree Premium		
	Blended Non-Medicare	
	Retiree Pre-Medicare Eligible	Retiree + Spouse Pre-Medicare Eligible
Year	$1,000 Hard Cap	$2,000 Hard Cap
2025	$997	$1,988
2026	1,000	2,000
2027	1,000	2,000
2028	1,000	2,000
2029	1,000	2,000
2030	1,000	2,000
2031	1,000	2,000
2032	1,000	2,000
2033	1,000	2,000
2034	1,000	2,000
2035	1,000	2,000
2036	1,000	2,000
2037	1,000	2,000

	Humana Medicare Advantage		
	Retiree Medicare Eligible	Retiree + Spouse 1 Medicare Eligible	Retiree + Spouse Medicare Eligible
Year	$250 Hard Cap	$1,250 Hard Cap	$500 Hard Cap
2025	$250	$1,212	$406
2026	250	1,250	426
2027	250	1,250	447
2028	250	1,250	467
2029	250	1,250	488
2030	250	1,250	500
2031	250	1,250	500
2032	250	1,250	500
2033	250	1,250	500
2034	250	1,250	500
2035	250	1,250	500
2036	250	1,250	500
2037	250	1,250	500
2038	250	1,250	500
2039	250	1,250	500
2040	250	1,250	500
2041	250	1,250	500
2042	250	1,250	500
2043	250	1,250	500
2044	250	1,250	500
2045	250	1,250	500
2046	250	1,250	500
2047	250	1,250	500
2048	250	1,250	500
2049	250	1,250	500
2050	250	1,250	500
2051	250	1,250	500
2052	250	1,250	500
2053	250	1,250	500
2054	250	1,250	500
2055	250	1,250	500
2056	250	1,250	500
2057	250	1,250	500
2058	250	1,250	500
2059	250	1,250	500
2060	250	1,250	500
2061	250	1,250	500
2062	250	1,250	500