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Gwinnett County Retirement System
Health Insurance Plan
Report of the Actuary on the Retiree Medical Valuation

Prepared as of January 1, 2024

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April 19, 2024

Ms. Latosha Smiley-Peoples
HR Program Coordinator - Benefits
Gwinnett County Government
75 Langley Drive
Lawrenceville, GA 30046

Dear Ms. Smiley-Peoples:

Executive Summary

We have submitted the results of the annual actuarial valuation of the Gwinnett County Retirement System Health Insurance Plan (Plan) prepared as of January 1, 2024. 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 $5,172,338 or 1.29% of active payroll, payable for the 2025 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 2024 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 21-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 another 20% of the rates in effect prior to January 1, 2021. These rates will be reduced by the final 20% in the next valuation, 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 (21 years as of January 1, 2024) 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, 2024 is 1.29% of active payroll. This compares with a total contribution of 1.51% of active payroll calculated in the valuation as of January 1, 2023. It must be noted that as of January 1, 2024, the plan is more than 100% funded on an actuarial value basis, but less than 100% funded on a market value basis and that investment losses from 2023 will continue to be smoothed in over the next three years.

The Actuarially Determined Contribution (ADC) has decreased by $337,643 from the January 1, 2023 valuation amount of $5,509,981 to the January 1, 2024 valuation amount of $5,172,338. Since the previous valuation, there has been a decrease in the unfunded liability as a dollar amount and an increase in total payroll more than expected, resulting in a net decrease in the ADC as a percentage of payroll. In addition, since the plan is over 100% funded on an actuarial value basis, the ADC is less than the normal cost and is intended to spend down the surplus.

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, 2024, the funding level for the Gwinnett County Retirement System Health Insurance Plan is 104.00% on an actuarial value of assets basis. This compares with a funding level as of January 1, 2023 of 98.87% on an actuarial value basis. Therefore, the funding level has increased from January 1, 2023 to January 1, 2024. It must be noted that the January 1, 2024 funded ratio on a market value basis is 98.41% and that investment losses from 2023 will continue to be smoothed in over the next three years. However, as the funding level has now exceeded 100%, in the absence of benefit improvements, the plan should remain funded as long as the ADC is paid, but the current ADC is less than the continuing cost of the plan (the normal cost) and is intended to pay down the surplus and achieve exactly 100% as the funded level.

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 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 anticipation of potential changes to Medicare due to the IRA, which are included in our 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.

Cavanaugh Macdonald Consulting, LLC 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

Youveak Yeng, ASA, MAAA
Senior Actuary

AB/YY:nh

TABLE OF CONTENTS

GWINNETT COUNTY RETIREMENT SYSTEM
HEALTH INSURANCE PLAN
REPORT OF THE ACTUARY ON THE RETIREE MEDICAL VALUATION
PREPARED AS OF JANUARY 1, 2024

1. For convenience of reference, the principal results of the valuation as of January 1, 2024 are summarized below along with the results of the valuation as of January 1, 2023:

Valuation Date	1/1/2024	1/1/2023
Number Active*	5,121	5,020
Number Retired	1,650	1,649
Number Spouse of Retired	896	910
Total	7,667	7,579
Annual Salaries	$ 403,056,505	$ 366,032,165
Assets:		
Market Value	$ 182,176,981	$ 163,364,310
Actuarial Value	$ 192,530,772	$ 186,509,133
Unfunded Actuarial Accrued Liability	$ (7,401,943)	$ 2,138,244
Amortization Period (Years)	21	22
Fiscal Year	**2025**	**2024**
Actuarially Determined Contribution (ADC) in dollars:		
Normal**	$ 5,674,791	$ 5,369,130
Accrued Liability***	(502,453)	140,851
Total	$ 5,172,338	$ 5,509,981
Actuarially Determined Contribution as a Percent of Active Payroll		
Normal	1.41%	1.47%
Accrued Liability	(0.12%)	0.04%
Total	1.29%	1.51%
Discount Rate	7.00%	7.00%

* *Before participation assumption is applied.*
** *Includes administrative expenses of $535,000 for fiscal year 2024, and $702,000 for fiscal year 2025.*
*** *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, 2024 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 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, 2024 valuation is 7.00%.

3. The valuation indicates that the Actuarially Determined Contribution (ADC) is 1.29% of active payroll payable for the 2025 fiscal year. Any net employer claims or premiums paid for retiree health care are considered contributions toward the ADC. The valuation as of January 1, 2023 calculated an ADC of 1.51% of active payroll payable for the 2024 fiscal year. Comments on the valuation results as of January 1, 2024 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, 2023. Since the previous valuation, the assumed initial per capita costs of health care have been revised to reflect recent experience. Additionally, the assumed rates of termination for participants in the Defined Benefit Plan have been reduced by 20% of the rates in effect prior to January 1, 2021. These rates will be reduced by the final 20% in the next valuation, 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 21 years of remaining amortization period as of January 1, 2024.

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, 2024.

SECTION II – MEMBERSHIP DATA

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, 2024, upon which the valuation was based.

Active Members as of January 1, 2024

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	78	198	8	0	0	0	0	0	0	284
25 to 29	65	414	156	2	0	0	0	0	0	637
30 to 34	38	289	330	74	9	0	0	0	0	740
35 to 39	33	189	203	173	93	1	0	0	0	692
40 to 44	28	166	142	107	169	71	4	0	0	687
45 to 49	25	120	108	72	137	134	51	0	0	647
50 to 54	18	106	112	69	124	94	54	4	0	581
55 to 59	17	92	84	56	73	52	31	15	8	428
60 to 64	7	65	76	41	42	29	25	10	5	300
65 to 69	3	28	24	16	15	9	4	4	3	106
70 & Up	0	3	4	4	4	2	0	2	0	19
Total	312	1,670	1,247	614	666	392	169	35	16	5,121

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, 2024

Retirees	Pre-Med	Medicare	Total
Number	619	1,031	1,650
Average Age	59.52	72.73	67.77

Survivor Beneficiaries & Spouses Receiving Health Benefits as of January 1, 2024

Spouses	Pre-Med	Medicare	Total
Number	398	498	896
Average Age	57.91	72.83	66.21

SECTION III – ASSETS

Schedule B shows information regarding assets for valuation purposes. As of January 1, 2024, the plan assets held in trust solely to provide benefits to retirees and their beneficiaries in accordance with the terms of the plan total $182,176,981. The actuarial value of assets uses a 5-year smoothing method, and the value is $192,530,772 as of January 1, 2024.

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 2024 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 $91,577,400 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 $93,551,429. The total actuarial accrued liability of the Plan amounts to $185,128,829. Against these liabilities, the Plan has present assets for valuation purposes of $192,530,772. Therefore, the unfunded actuarial accrued liability is equal to $(7,401,943).
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 1.41% of total active payroll.

ACTUARIALLY DETERMINED CONTRIBUTION

For the 2025 Fiscal Year

Item	% of Active Payroll	Dollar Amount
Normal	1.41%	$ 5,674,791
Accrued Liability	(0.12%)	(502,453)
Total	1.29%	$ 5,172,338

1. The valuation indicates that a normal contribution of 1.41% of total active payroll is required to meet the cost of benefits currently accruing.
2. The unfunded actuarial accrued liability amounts to $(7,401,943) as of the valuation date. An accrued liability contribution of (0.12)% of total active payroll will spend down the negative unfunded actuarial accrued liability over a 21-year period, based on a 7.00% investment rate of return assumption and the assumption that the payroll will increase by 3.00% annually. This will bring the funded level to exactly 100% rather than over 100%.
3. The total Actuarially Determined Contribution is therefore 1.29% of total active payroll.

SECTION VI – COMMENTS ON LEVEL OF FUNDING

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 1.29% 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 21 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)
1/1/2013	87,136,272	154,126,909	66,990,637	56.54%	210,699,665	31.79%
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%)

SCHEDULE A – RESULTS OF THE VALUATION

Valuation Results		7.00% Discount Rate
1. Payroll	$	403,056,505
2. Actuarial Accrued Liability due to:		
(a) Active members and projected spouses fully eligible for benefits	$	91,577,400
(b) Retired members, beneficiaries, and RIO's		93,551,429
(c) Total Actuarial Accrued Liability	$	185,128,829
3. Present Assets for Valuation Purposes	$	192,530,772
4. Unfunded Actuarial Accrued Liability (UAAL) (2)(c) - (3)	$	(7,401,943)
5. Amortization Period		21
6. Normal Contribution	$	5,674,791
7. Amortization of the UAL		(502,453)
8. Total Contribution (6) + (7)	$	5,172,338
9. Normal Contribution as a Percent of Payroll (6) ÷ (1)		1.41%
10. Accrued Liability Contribution as a Percent of Payroll (7) ÷ (1)		(0.12%)
11. Total Contribution as a Percent of Payroll (9) + (10)		1.29%

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, 2024 is shown below.

Changes in Unfunded Actuarial Accrued Liabilities (UAAL) As of January 1, 2024		
(1)	As of January 1, 2023	
	(a) Actuarial Accrued Liability (AAL)	188,647,377
	(b) Normal Cost	4,834,130
	(c) Assumed Administrative Fees	535,000
	(d) Net Benefits and Administrative Fees Paid	13,334,476
(2)	As of January 1, 2024	
	(a) Expected AAL	193,777,755
	{[(1a) + (1b)] x 1.07} - {(1d - 1c) x [1 + (0.07 x 0.50)]}	
	(b) Actual AAL	185,128,829
(3)	Total AAL Gain/(Loss) (2a - 2b)	8,648,926
	(a) Gain/(Loss) due to claims experience	(2,287,496)
	(b) Gain/(Loss) due to changes in assumptions	81,945
	(c) Gain/(Loss) due to retirees waiving existing coverage	5,211,312
	(d) Experience Gain/(Loss)	5,643,165
(4)	Actuarial Value of Assets (AVA) as of January 1, 2023	186,509,133
(5)	Net Expected External Cash Flow During the Year	(7,733,091)
	(Assumed ADC Payment, net of Benefit Payments and Expenses)	
(6)	As of January 1, 2024	
	(a) Expected AVA [(4) x 1.07] + {(5) x [1 + (0.07 x 0.50)]}	191,561,023
	(b) Actual AVA	192,530,772
(7)	Total AVA Gain/(Loss) (Includes Additional Employer Contributions) (6b - 6a)	969,749
	(a) Gain/(Loss) due to investment experience	513,194
	(b) Gain/(Loss) due to employer contribution	456,555
(8)	Expected UAAL As of January 1, 2024 (2a) - (6a)	2,216,732
(9)	Actual UAAL As of January 1, 2024 (2b) - (6b)	(7,401,943)
(10)	UAAL Gain/(Loss) (8) - (9)	9,618,675

Changes in Unfunded Actuarial Accrued Liabilites (UAAL) as of January 1, 2024			
(1)	UAAL as of January 1, 2023	$	2,138,244
(2)	Normal Cost		4,834,130
(3)	Assumed Administrative Fees		535,000
(4)	Expected Contributions		5,601,385
(5)	Interest		310,743
(6)	Expected UAAL as of January 1, 2024 (1) + (2) + (3) - (4) + (5)	$	2,216,732
(7)	Actual UAAL as of January 1, 2024		(7,401,943)
(8)	Total Gain/(Loss) (6) - (7)	$	9,618,675
(9)	Asset Gain/(Loss)		969,749
(10)	Gain/(Loss) due to claims experience and change in assumptions		(2,205,551)
(11)	Gain/(Loss) due to retirees waiving existing coverage		5,211,312
(12)	Liability (Gain)/Loss (8) - (9) - (10) - (11)	$	5,643,165
(13)	Liability Gain/(Loss) Due to:		
	(a) Terminations	$	713,534
	(b) Retirements		4,050,605
	(c) New Entrants		(525,319)
	(d) Mortality and Coverage Changes		(600,970)
	(e) Disabled Retirements		451,243
	(f) Other		1,554,072
	Total		5,643,165
(14)	Liability Gain/(Loss) as a percent of AAL		3.0%

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, 2023	0.04%
(2)	Net Actuarial (Gain)/Loss During the 2023 Plan Year	
	(a) Due to AVA (Gain)/Loss	(0.02%)
	(b) Due to Claims Experience (Gain)/Loss and Assumption Changes	0.04%
	(c) Due to Retirees Dropping Existing Coverage	(0.09%)
	(d) Due to Experience (Gain)/Loss	(0.10%)
	(e) Due to Payroll growth greater than expected	0.01%
	(f) Total	(0.16%)
(3)	Unfunded Accrued Liability Contribution Rate as of January 1, 2024 (1) + (2f)	(0.12%)

Details regarding the Net Actuarial (Gain)/Loss values can be found on the prior two pages. Actual payroll increased by 10.12%, 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 $182,176,981. 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, 2023	$	163,364
(2)	Additions		
	(a) Contributions	$	6,043
	(b) Investment Income		26,777
	(c) Investment Expenses		(674)
	(d) Total Additions	$	32,146
(3)	Deductions		
	(a) Benefits	$	11,412
	(b) Insurance Premiums		1,220
	(c) Administrative Fees		701
	(d) Total Deductions	$	13,333
(4)	Cash Flows	$	18,813
(5)	Market Value of Assets as of January 1, 2024 (1) + (4)	$	182,177
(6)	Annualized Rate of Return*		16.34%

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

Development of Actuarial Value of Assets

	Valuation Date January 1	2023	2024	2025	2026	2027	2028
1.	Actuarial Value Beginning of Year	$ 181,565,384	$ 186,509,133				
2.	Market Value End of Year	$ 163,364,310	$ 182,176,981				
3.	Market Value Beginning of Year	$ 203,734,661	$ 163,364,310				
4.	Cash Flow						
	a. Contributions	$ 8,785,494	$ 6,042,501				
	b. Benefit Payments	(13,045,691)	(12,632,369)				
	c. Administrative Expenses	(535,175)	(702,107)				
	d. Net	$ (4,795,372)	$ (7,291,975)				
5.	Investment Income						
	a. Market Total	$ (35,574,979)	$ 26,104,646				
	b. Assumed Rate	7.00%	7.00%				
	c. Amount of Immediate Recognition	14,079,602	11,159,014				
	d. Amount for Phased-In Recognition	$ (49,654,581)	$ 14,945,632				
6.	Phased-In Recognition of Investment Income						
	a. Current Year: 0.20 * 5d	$ (9,930,916)	$ 2,989,126	$ -	$ -	$ -	$ -
	b. First Prior Year	2,600,140	(9,930,916)	2,989,126	-	-	-
	c. Second Prior Year	2,282,058	2,600,140	(9,930,916)	2,989,126	-	-
	d. Third Prior Year	4,214,192	2,282,058	2,600,140	(9,930,916)	2,989,126	-
	e. Fourth Prior Year	(3,505,955)	4,214,192	2,282,058	2,600,140	(9,930,917)	2,989,128
	f. Total Recognized Investment Gain/(Loss)	$ (4,340,481)	$ 2,154,600	$ (2,059,592)	$ (4,341,650)	$ (6,941,791)	$ 2,989,128
7.	Actuarial Value End of Year	$ 186,509,133	$ 192,530,772				
8.	Difference Between Market & Actuarial Values	$ (23,144,823)	$ (10,353,791)	$ (8,294,199)	$ (3,952,549)	$ 2,989,242	$ 114
9.	Rate of Return on Actuarial Value	5.44%	7.28%				

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, 2024

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
2024	6.750%	5.000%
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	$ 1,622
Retiree + Spouse Pre-Medicare Eligible	3,243
Single Medicare Eligible	137
Retiree + Spouse Medicare Eligible	275
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.

SCHEDULE C – OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS

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, 2024, the assumed rates of termination for participants in the Defined Benefit Plan have been reduced by 80% of the rates in effect prior to January 1, 2021. These rates will be reduced by the final 20% as of the next valuation, 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:

	Probability of Termination	
Age	Defined Benefit Plan	Defined Contribution Plan
Under 20	3.6%	12.0%
20	3.1%	12.0%
25	1.9%	10.0%
30	1.5%	9.0%
35	1.2%	8.5%
40	1.0%	8.0%
45	0.8%	7.5%
50	0.7%	7.0%
55	0.6%	6.5%
60	0.5%	6.5%
65 & Over	0.4%	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, 2024 are as follows:

2024 Retiree Rates

Aetna HSA - Bronze	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree Only	$963.70	$169.70	$1,133.40
Retiree + Spouse	$1,945.49	$321.31	$2,266.80
Retiree + Child(ren)	$1,200.00	$330.10	$1,530.10
Retiree + Family	$2,200.00	$463.49	$2,663.49

Aetna HSA - Silver	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree Only	$1,000.00	$304.29	$1,304.29
Retiree + Spouse	$2,000.00	$608.59	$2,608.59
Retiree + Child(ren)	$1,200.00	$560.81	$1,760.81
Retiree + Family	$2,200.00	$865.10	$3,065.10

Aetna HSA - Gold	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree Only	$1,000.00	$490.62	$1,490.62
Retiree + Spouse	$2,000.00	$981.26	$2,981.26
Retiree + Child(ren)	$1,142.83	$869.51	$2,012.34
Retiree + Family	$2,200.00	$1,302.97	$3,502.97

Aetna Traditional Plan	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$801.09	$596.37	$1,397.46
Retiree + Spouse	$1,364.08	$1,430.84	$2,794.92
Retiree + Child(ren)	$492.08	$1,394.49	$1,886.57
Retiree + Family	$1,833.62	$1,450.42	$3,284.04

Humana Medicare and Aetna Bronze Blended	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$1,044.05	$257.78	$1,301.83
Retiree + Child(ren) (One in Medicare)	$375.39	$189.74	$565.13
Retiree + Family (One in Medicare)	$1,409.09	$289.44	$1,698.53
Retiree + Family (Two in Medicare)	$544.29	$189.27	$733.56

Humana Medicare and Aetna Silver Blended	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$1,107.62	$365.10	$1,472.72
Retiree + Child(ren) (One in Medicare)	$329.72	$295.23	$624.95
Retiree + Family (One in Medicare)	$1,450.00	$479.24	$1,929.24
Retiree + Family (Two in Medicare)	$486.12	$307.26	$793.38

Humana Medicare and Aetna Gold Blended	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$873.17	$785.88	$1,659.05
Retiree + Child(ren) (One in Medicare)	$22.20	$667.95	$690.15
Retiree + Family (One in Medicare)	$1,358.55	$822.22	$2,180.77
Retiree + Family (Two in Medicare)	$542.56	$316.02	$858.58

Humana Medicare and Aetna Traditional Blended	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$631.74	$934.15	$1,565.89
Retiree + Child(ren) (One in Medicare)	$20.73	$636.81	$657.54
Retiree + Family (One in Medicare)	$1,081.59	$973.41	$2,055.00
Retiree + Family (Two in Medicare)	$514.23	$311.74	$825.97

Kaiser Pre-Medicare HMO - Silver	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$1,000.00	$256.66	$1,256.66
Retiree + Spouse	$1,984.29	$529.03	$2,513.32
Retiree + Child(ren)	$1,200.00	$496.47	$1,696.47
Retiree + Family	$2,200.00	$753.14	$2,953.14

Kaiser Pre-Medicare HMO - Gold	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree Only	$1,000.00	$436.16	$1,436.16
Retiree + Spouse	$1,952.89	$919.47	$2,872.36
Retiree + Child(ren)	$1,056.68	$882.15	$1,938.83
Retiree + Family	$2,200.00	$1,175.01	$3,375.01

Humana Medicare and Kaiser Pre Medicare Silver HMO Blended	Retiree Monthly Rates		
Enrollment Tier	Employer Contributions	Retiree Contributions	Total Rate
Retiree + Spouse (One in Medicare)	$1,026.70	$398.39	$1,425.09
Retiree + Child(ren) (One in Medicare)	$283.34	$324.90	$608.24
Retiree + Family (One in Medicare)	$1,440.60	$424.30	$1,864.90
Retiree + Family (Two in Medicare)	$471.78	$304.89	$776.67

SCHEDULE D – SUMMARY OF PLAN PROVISIONS AS INTERPRETED FOR VALUATION PURPOSES

Humana Medicare and Kaiser Pre Medicare Gold HMO Blended	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree + Spouse (One in Medicare)	$1,005.17	$599.42	$1,604.59
Retiree + Child(ren) (One in Medicare)	$169.03	$502.07	$671.10
Retiree + Family (One in Medicare)	$1,450.00	$657.26	$2,107.26
Retiree + Family (Two in Medicare)	$525.99	$313.54	$839.53

Humana Medicare Advantage	Retiree Monthly Rates		
Enrollment Tier	**Employer Contributions**	**Retiree Contributions**	**Total Rate**
Retiree Only	$98.83	$69.60	$168.43
Family	$125.15	$211.71	$336.86

The monthly blended non-Medicare retiree premiums as of January 1, 2024 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	$ 301	$ 982	$1,283
Retiree + Spouse Pre-Medicare Eligible	613	1,953	2,566

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
2024	$ 981	$ 1,953
2025	1,000	2,000
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

	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
2024	$ 99	$1,080	$ 125
2025	104	1,151	131
2026	109	1,224	137
2027	114	1,250	144
2028	119	1,250	150
2029	124	1,250	157
2030	130	1,250	164
2031	136	1,250	171
2032	142	1,250	179
2033	148	1,250	187
2034	155	1,250	196
2035	162	1,250	204
2036	169	1,250	214
2037	177	1,250	223
2038	185	1,250	233
2039	193	1,250	244
2040	202	1,250	255
2041	211	1,250	266
2042	220	1,250	278
2043	230	1,250	291
2044	240	1,250	304
2045	250	1,250	317
2046	250	1,250	332
2047	250	1,250	346
2048	250	1,250	362
2049	250	1,250	378
2050	250	1,250	395
2051	250	1,250	413
2052	250	1,250	432
2053	250	1,250	451
2054	250	1,250	472
2055	250	1,250	493
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