

# Retirement Health Benefit Trust

Investment Report to the Board of Education

July 28, 2011



# Presentation Overview

- ▶ **History**
  - ▶ **Actuarial Report**
  - ▶ **Investment History Update**
  - ▶ **Public Entity Trust Concept**
  - ▶ **Next Steps**
- 

# History

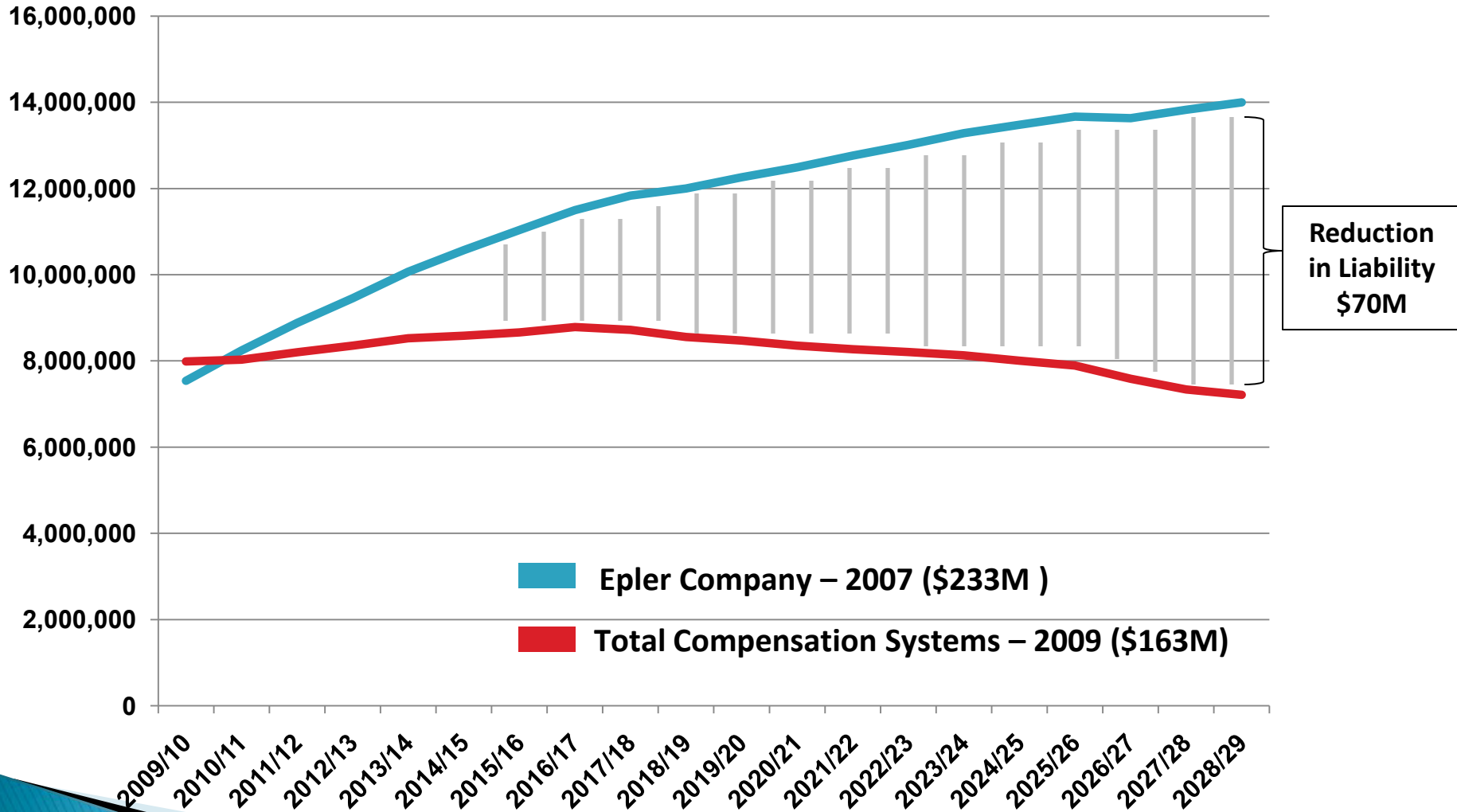
- **October 1976:** District approves employee contracts giving medical benefits to retirees with ten years or more in service.
- **July 1991:** All newly-employed certificated employees are no longer eligible for lifetime medical benefits.
- **July 1992:** All newly-employed classified are no longer eligible for lifetime medical benefits.
- **May 2006:** The Futuris Retirees Public Entity Trust established to provide a vehicle for irrevocable contributions to fund retiree medical benefits and investment management.
- **November 2007:** The Epler Company actuarial valuation report identified over \$493 million in retiree medical benefit obligations. Net Present Value of \$182,534,666.
- **May 2008:** Issued \$94,765,000 Other Post Employment Benefit (OPEB) taxable bonds. Invested the bond proceeds and \$2,000,000 already in the Trust.
- **June 2010:** The Total Compensation System Actuarial valuation report identified a net present value in retiree medical benefit obligations of \$117M.

# Actuarial Analysis Overview

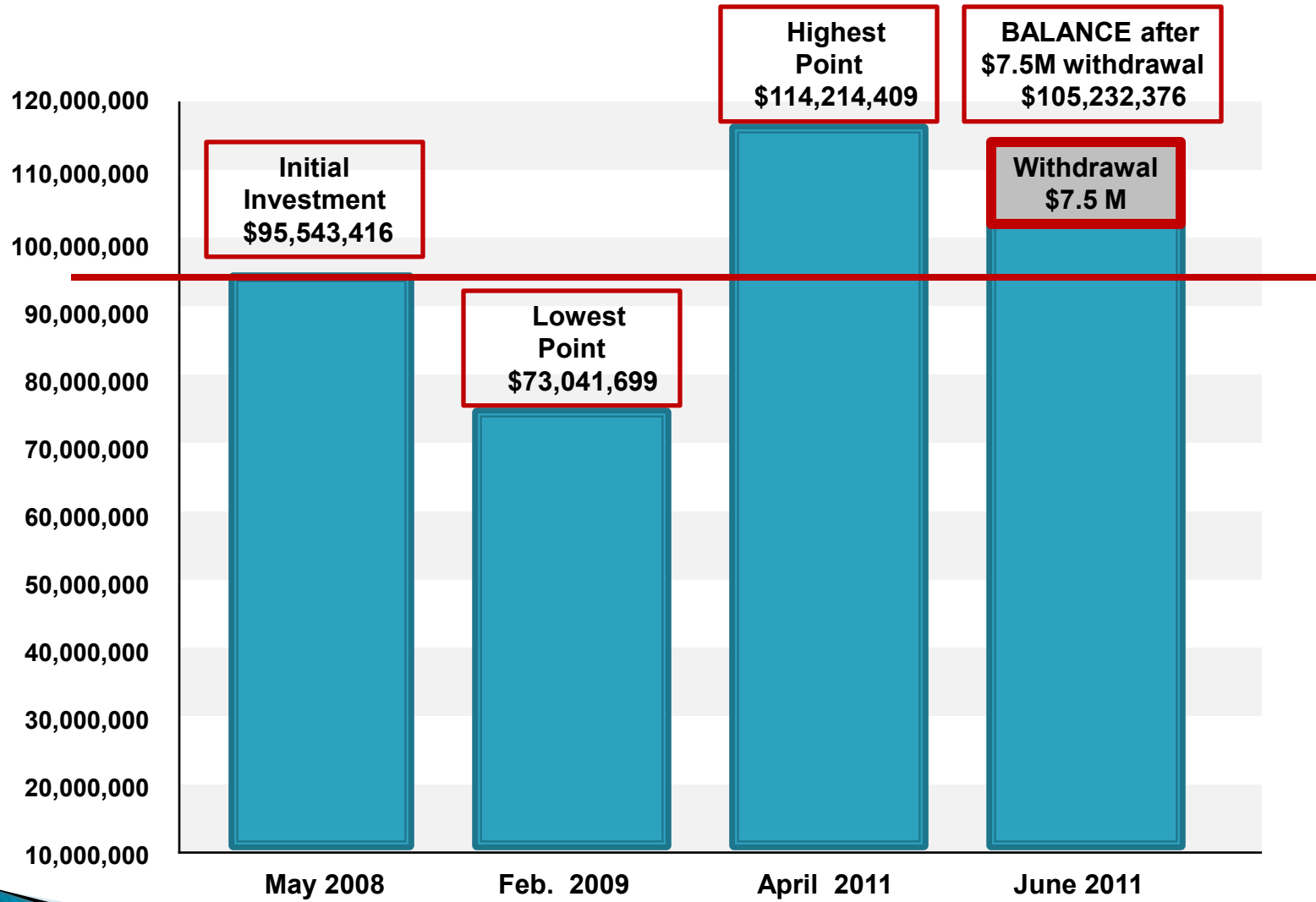
## December 2009

- ▶ Prepared by Geoffrey Kischuk of Total Compensation Systems, Inc.
- ▶ Present Value of Total Projected Benefits = \$117,677,946
  - Represents the present value of benefits projected to be paid by the District for current and future retirees.
  - The retiree medical benefit obligation includes:
    - Retiree health benefits for current retirees (917 retirees)
    - Current eligible active employees expected to retire in the future (1,719 employees)
- ▶ Report covers projected cash flow obligations from Fiscal Year 2009/2010 through Fiscal Year 2028/2029 (20 years).

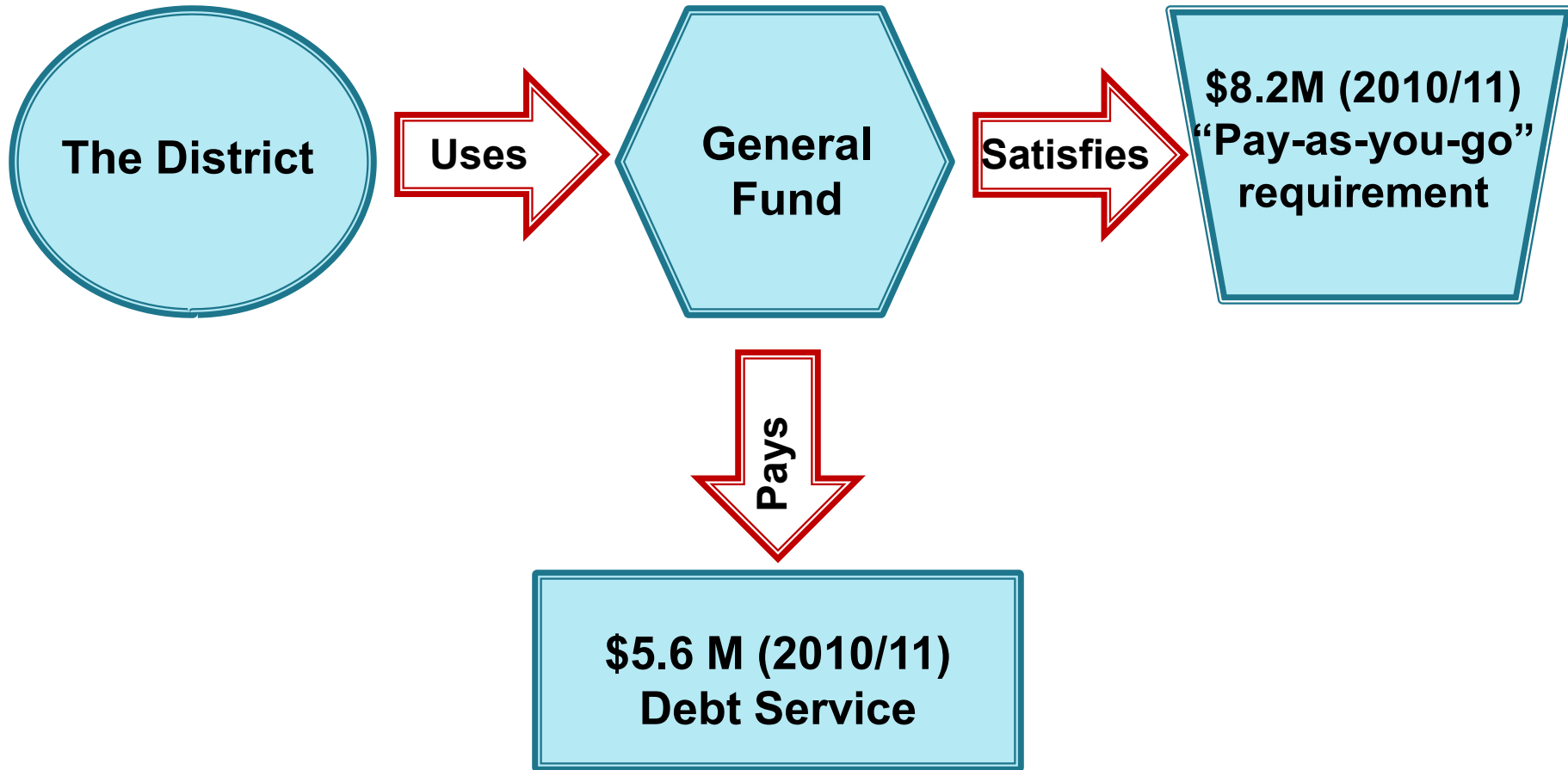
# Actuarial Reports: Cash Flow Comparison <sup>4</sup>



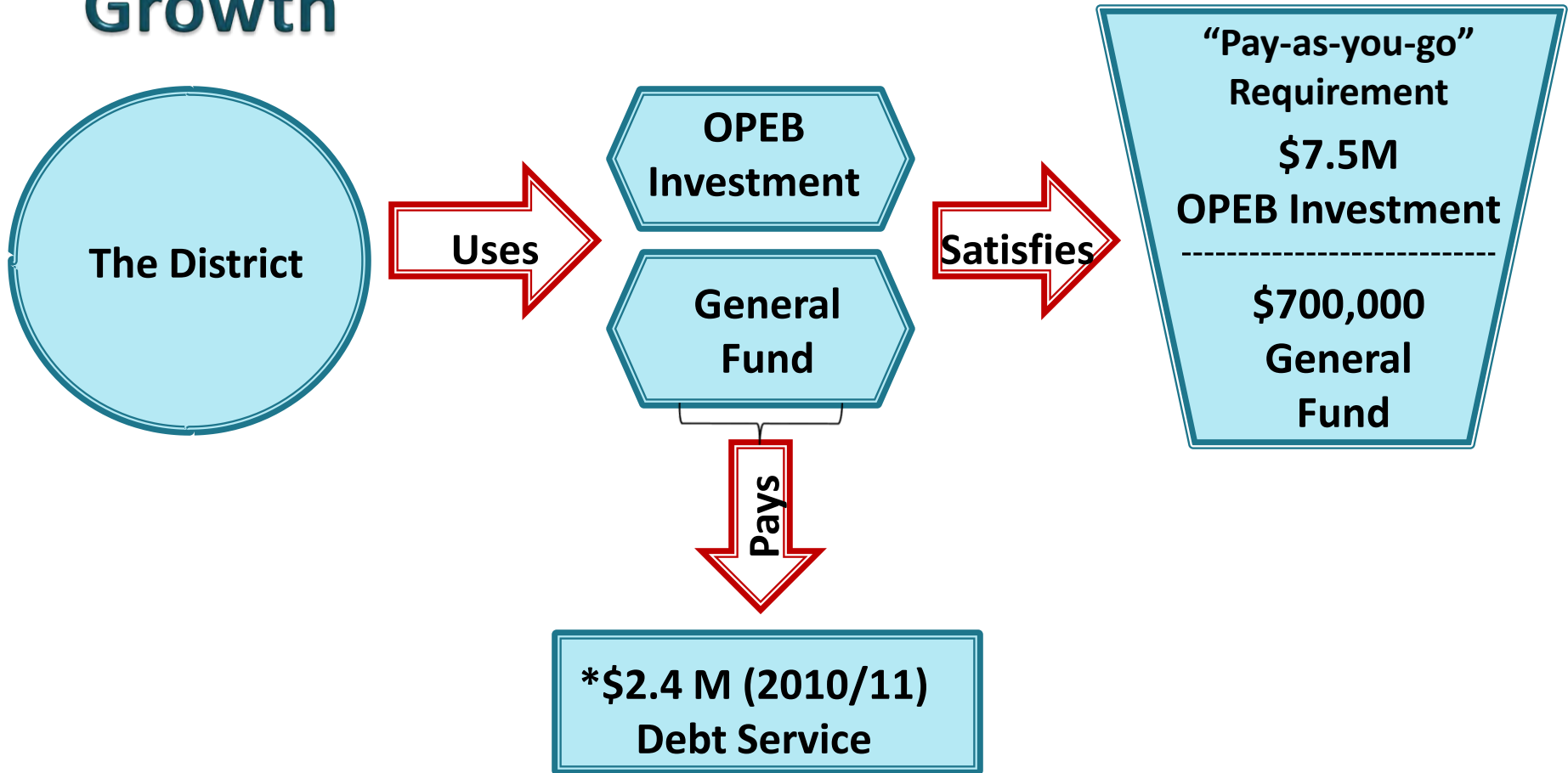
# Investment History to Date



# 2010-11 Adopted budget



# 2010-11 Final Budget due to Investment Growth



\*In 2010-2011 the average actual interest rate was 1.1% (projected 3.562%)



# Next Steps

- ▶ **Update Actuarial Report – December 2011  
(Required every two years)**
  - ▶ **As investment portfolio grows, use profits for  
current retiree benefit obligations.**
- 