

**Fulton County  
Other Postemployment Benefits**

**Part I. Summary of Results**

**A. Key Actuarial Results**

		<b>Medical Benefits</b>	<b>Life Insurance</b>	<b>Total</b>
1.	Annual Required Contribution <sup>1</sup> for the Year Ending 12/31/07	\$67,118,036	\$1,167,174	\$68,285,210
2.	Total OPEB Obligation <sup>1</sup> (Past Service Liability) as of 1/1/07			
	a. Active Employees	\$693,955,217	\$8,404,655	\$702,359,872
	b. Inactive Employees	\$360,077,754	\$13,330,948	\$373,408,702
	c. Total	\$1,054,032,971	\$21,735,603	\$1,075,768,574
3.	Total Present Value of Benefits as of 1/1/07			
	a. Active Employees	\$966,559,157	\$11,263,091	\$977,822,248
	b. Inactive Employees	\$360,077,754	\$13,330,948	\$373,408,702
	c. Total	\$1,326,636,911	\$24,594,039	\$1,351,230,950
4.	Expected Benefit Payments for the Year Ending 12/31/07			
	a. Active Employees	\$1,518,590	\$15,449	\$1,534,039
	b. Inactive Employees	\$16,828,908	\$662,450	\$17,491,358
	c. Total	\$18,347,498	\$677,899	\$19,025,397
5.	Plan Assets as of 1/1/07	\$0	\$0	\$0
6.	Balance Sheet Prepaid Asset or (Accrued Liability) as of 1/1/07	\$0	\$0	\$0

<sup>1</sup> The Annual Required Contribution and Total OPEB Obligation amounts are determined under the Attained Age funding method. This is the method that produced the lowest, total Annual Required Contribution for the plans. Further details of the Annual Required Contribution and Obligations under each permitted cost method are shown in Part V.

**Fulton County**  
**Other Postemployment Benefits**

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**B. Valuation Data**

		<b>Total</b>
1.	Number of Active Employees as of 1/1/07	
	a. Male	2,299
	b. Female	2,953
	c. Total	5,252
2.	Number of Retirees with Current Health Coverage as of 1/1/07	
	a. Pre-65	1,075
	b. Post-65	1,055
	c. Total	2,130
3.	Number of Retirees with Current Life Insurance Coverage as of 1/1/07	
	a. Pre-65	1,321
	b. Post-65	1,312
	c. Total	2,633

# Fulton County Other Postemployment Benefits

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## Part IV. Valuation Methods and Assumptions

### A. Valuation Methods

The calculations are performed in accordance with the methodology set forth in GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

All of the calculations in this report assume that the plan will continue without change except that retiree cost-sharing provisions, including contributions, are assumed to increase over time at the same rate as the total plan cost. This assumption does not necessarily imply that there is an obligation to do so.

### B. Valuation of Assets

There are no assets set aside for these benefits. This plan is funded on a pay-as-you-go basis.

### C. Employees Included in the Calculations

All active employees are included in the calculations.

### D. Actuarial Assumptions

1. Discount Rate 4% (the plan is not funded in advance but is funded on a pay-as-you go basis).<sup>1</sup>

2. Medical Trend Rate

Year	Annual Rate
2007	11%
2008	10%
2009	9%
2010	8%
2011	7%
2012	6%
2013	5.5%
2014	Thereafter 5.5%

3. Salary Increases

Service	Increase
Less than 9 Years	5.00%
9 Years or More	4.00%

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<sup>1</sup> Part VIII illustrates the effect on the liability and expense of funding the plan in advance. A discount rate of 8.2% was used for such illustrations.

## Fulton County Other Postemployment Benefits

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4. Beginning Medical Claim Level per Person (used for the 12-month period beginning on the valuation date)

Age	HMO	PPO/Medicare Indemnity	Future Retirees
35	\$4,104	\$3,805	\$4,089
40	\$4,090	\$3,792	\$4,075
45	\$4,518	\$4,189	\$4,502
50	\$5,702	\$5,287	\$5,682
55	\$6,707	\$6,219	\$6,683
60	\$8,005	\$7,422	\$7,976
65	\$3,756	\$3,779	\$3,742
70	\$4,354	\$4,381	\$4,338
75	\$4,926	\$4,957	\$4,908
80	\$5,439	\$5,473	\$5,419
85	\$5,716	\$5,752	\$5,695
90	\$5,860	\$5,897	\$5,839

5. Mortality

Healthy Lives: 1994 Group Annuity Reserve Table Set Forward 2 Years

Disabled Lives: 1994 Group Annuity Reserve Table Set Forward 5 Years

Age	Healthy Lives		Disabled Lives	
	Male	Female	Male	Female
20	0.06%	0.03%	0.07%	0.03%
30	0.09%	0.04%	0.09%	0.05%
40	0.13%	0.09%	0.17%	0.10%
50	0.35%	0.19%	0.48%	0.25%
60	1.09%	0.63%	1.56%	0.93%
70	3.06%	1.77%	4.00%	2.44%
80	8.12%	5.29%	10.46%	7.28%
90	19.60%	15.27%	25.12%	20.02%

6. Termination

Age	Non-Public Safety		Public Safety	
	Male	Female	Male	Female
22	9.94%	9.94%	3.10%	3.10%
27	9.67%	9.67%	2.65%	2.65%
32	9.30%	9.30%	2.00%	2.00%
37	8.71%	8.71%	1.38%	1.38%
42	7.75%	7.75%	0.79%	0.79%
47	6.35%	6.35%	0.32%	0.32%
52	4.23%	4.23%	0.00%	0.00%
57	1.55%	1.55%	0.00%	0.00%

Termination rates are 0% upon retirement eligibility.

## Fulton County Other Postemployment Benefits

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### 7. Disability Rates

Age	Non-Public Safety		Public Safety	
	Male	Female	Male	Female
22	0.03%	0.03%	0.04%	0.04%
27	0.03%	0.03%	0.16%	0.16%
32	0.04%	0.04%	0.29%	0.29%
37	0.06%	0.06%	0.42%	0.42%
42	0.08%	0.08%	0.52%	0.52%
47	0.14%	0.14%	0.75%	0.75%
52	0.23%	0.23%	1.15%	1.15%
57	0.38%	0.38%	1.40%	1.40%

### 8. Retirement Rates

All Employees: Upon early retirement eligibility and prior to unreduced retirement eligibility, employees are assumed to retire at rates set forth in paragraph 6, termination rates.

All Employees: 50% per year at all ages upon eligibility for unreduced retirement.

Public Safety: 100% at later of age 65 and 10 years of service.

Non-Public Safety: 100% at later of age 70 and 10 years of service.

### 9. Percentage of Eligible Employees Who Elect Life Insurance

- Option A: 100%
- Option B: 0%

### 10. Percentage of Eligible Employees Who Elect Postretirement Health Care Coverage

98%

### 11. Percentage of Future Retirees with Postretirement Health Care Coverage Who Elect Spouse Coverage

75% if male participant  
50% if female participant

### 12. Expenses

Included in claims cost

### 13. Percentage of Disabilities in Line of Duty

60%

## Fulton County Other Postemployment Benefits

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### E. Other Considerations

1. There are no significant liabilities for this plan other than for benefits.
2. Although we believe these to be accurate and complete as of the valuation date, employee data supplied to us by the Employer has not been audited by us.
3. All male (female) employees who are either known to be, or assumed to be, married and for whom we have no spouse information are assumed to have a spouse who is four years younger (older) than the retiree.
4. All retirees who have coverage other than single are assumed to have spousal coverage according to the preceding paragraph. No dependent coverage was measured for purposes of this valuation.
5. Annual Required Contribution amounts were calculated under each funding method permitted under GASB Statement No. 45. These methods include:
  - a. **Entry Age Normal**
  - b. **Frozen Entry Age**
  - c. **Attained Age**
  - d. **Frozen Attained Age**
  - e. **Unit Credit**
  - f. **Aggregate**
6. Except under the Unit Credit method, the present value of future normal costs are spread over a participant's future earnings (rather than service) from the valuation date to the participant's expected termination of employment. Under the Unit Credit method, normal cost is equal to the participant's present value of benefits, allocated on a level basis from the employee's entry age to the date he or she becomes eligible for full benefits.
7. For all funding methods except the Aggregate method (which does not produce an Accrued Liability), the Accrued Liability is spread on a level percentage of payroll assuming an underlying payroll inflation rate of 3%.
8. In accordance with paragraph 37 of GASB Statement No. 45, the County's net OPEB obligation is assumed to be set to \$0 at the time GASB Statement No. 45 is first applied.
9. Where applicable, entry age is set equal to the participant's age at hire.

# Fulton County

## Other Postemployment Benefits

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### Part VI. Summary of Current Plan Provisions

#### Medical Benefits Eligibility

Defined benefit plan participants and grandfathered employees (i.e., defined contribution plan participants who transferred from the defined benefit plan prior to 2004) who retire from active service are eligible to receive continued healthcare, provided that they satisfy one of the following requirements:

- qualify for unreduced retirement
  - leave employment after age 65 with 10 years of service.
  - leave employment after age 60 with at least 15 years of service.
  - leave employment after 10 years of employment upon which the sum of age and years of service equals or exceeds 79 (80 for grandfathered employees).
- leave employment upon disability in line of duty for peace officers.
- leave employment upon disability after 10 years of service.
- leave employment after 15 years of service.

All other employees who retire from active service are eligible to receive continued healthcare, provided that they satisfy one of the following requirements:

- qualify for unreduced retirement
  - leave employment after age 65 with 10 years of service.
  - leave employment after age 60 with at least 15 years of service.
  - leave employment after 10 years of employment upon which the sum of age and years of service equals or exceeds 80.
- leave employment upon disability after 10 years of service.

#### Life Insurance Eligibility

Employees who retire (as defined above) from active service on or after December 1, 1988 and who were at least age 55 on December 1, 1988 are eligible for life insurance under the following two options:

- Option A -- provides a life insurance benefit of \$10,000
- Option B -- provides a life insurance benefit, no less than \$6,000, equal to the lesser of (1) 40% of the life insurance benefit in effect prior to retirement as an active employee and (2) \$50,000

Employees who retire (as defined above) from active service on or after December 1, 1988 and who were under age 55 on December 1, 1988 are eligible for life insurance under the following option:

- Option A -- provides a life insurance benefit of \$10,000

Those retirees who were insured under the Prior Plan on June 30, 1997, the life insurance benefit is equal to the amount of life insurance in effect under the Prior Plan on June 30, 1997.

## Fulton County Other Postemployment Benefits

### Monthly Retiree Contributions for Medical Benefits

#### Single Coverage

Plan	Year of Retirement			
	Prior to 2005	2005	2006	After 2006
PPO	\$125.72	\$138.29	\$144.58	\$157.15
PPO Plus Pre 65	\$130.83	N/A	N/A	N/A
HMO Pre 65	\$36.08	\$54.12	\$61.33	\$72.16
Medicare Indemnity	\$53.78	\$59.16	\$61.85	\$67.23
PPO Plus	\$26.89	N/A	N/A	N/A
HMO	\$41.72	\$62.57	\$70.92	\$83.43

#### Single Plus One Coverage

Plan	Year of Retirement			
	Prior to 2005	2005	2006	After 2006
PPO	\$232.04	\$255.24	\$266.84	\$290.05
PPO Plus Pre 65	\$228.09	N/A	N/A	N/A
HMO Pre 65	\$68.97	\$103.45	\$117.24	\$137.93
Medicare Indemnity	\$137.79	\$151.56	\$158.45	\$172.23
PPO Plus	\$68.89	N/A	N/A	N/A
HMO	\$78.80	\$118.20	\$133.96	\$157.60

#### Retiree Contributions for Life Insurance

No retiree contributions are required for life insurance unless the retiree elects Option B. Retirees electing Option B pay a premium as reported on the submitted data.

## Fulton County Other Postemployment Benefits

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### Medical Benefit Plan Provisions

Deductible (Single/Family)	
HMO	None
PPO	\$200 / \$400
Medicare Indemnity	\$100 / \$200
Out-of-Pocket Limit including deductible (single/family)	
HMO	None
PPO	\$1,500 / \$3,000
Medicare Indemnity	None
Prescription Drug Benefits	
Retail Pharmacy	
Generic Copay	\$7
Preferred Brand Copay	\$20
Nonpreferred Brand Copay	\$35
Self-Administered Injectable Product	\$50
Mail Order Pharmacy	
Generic Copay	\$15
Preferred Brand Copay	\$40
Nonpreferred Brand Copay	\$75
Self-Administered Injectable Product	\$100
Lifetime Maximum	
HMO	None
PPO	\$1,000,000
Medicare Indemnity	\$1,000,000

### Surviving Spouses

If a retiree dies with spousal and/or dependent coverage in force, the coverage will cease on the earliest of the following dates:

- 90 days after the retiree's death,
- failure to make required contributions, or
- loss of dependent eligibility