

# CITY OF HOUSTON

## RETIREE MEDICAL UNFUNDED ACCRUED LIABILITIES

8/31/2010  
(amount expressed in millions)

---

	<u>Date of Most Recent Valuation or Estimate</u>	<u>Present Value of Benefits <sup>(2)</sup></u>	<u>Unfunded Accrued Liabilities</u>	<u>Annual OPEB Cost <sup>(3)</sup></u>
Entry Age Normal <sup>(1)</sup>	6/30/2009	\$4,231.0	\$3,030.9 <sup>(4)</sup>	\$273.3 <sup>(4)</sup>

---

Note (1) Entry Age Normal is a cost method used to identify the value of benefits for the fiscal year 2009  
Present Value of Benefits is a measure of total liability at the date of valuation  
Both medical and life benefits are included.

Note (2) Total present value of all expected future benefits, based on actuarial assumptions

Note (3) The Annual OPEB (Other Post Employment Benefits) Cost is the actuarial calculated annual amount the City should contribute to fund the unfunded accrued liabilities over 30 years remaining average expected working life.  
The City currently funds on a "pay as you go" basis. The City has paid \$8.9 million fiscal year to date.  
For FY2010 the City paid \$58.5 million for the retiree health insurance costs.

Note (4) Based on Aon Consulting's updated estimate resulting from implementing various plan changes in 2010 and the recent healthcare reform act.