

CITY OF HOUSTON

RETIREE MEDICAL UNFUNDED ACCRUED LIABILITIES

9/30/2016
(amount expressed in millions)

	<u>Date of Most Recent Measurement</u>	<u>Present Value of Benefits ⁽²⁾</u>	<u>Unfunded Accrued Liabilities</u>	<u>Annual OPEB Cost ⁽⁴⁾</u>
Entry Age Normal ⁽¹⁾	6/30/2016	\$3,437.7	\$2,055.0 ⁽³⁾	\$200.4

Note (1) Entry Age Normal is a cost method used to identify the value of benefits for the fiscal year 2015
Present Value of Benefits is a measure of total liability at the date of valuation
Both medical and life benefits are included.

Note (2) The present value of benefits (PVB) reflected above is based on actuarial assumptions reported to the City in August of 2015. The PVB is reported to the City on a Biennial bases with interim reports. The current interim report from the actuary estimates an increase in normal cost of 3% as well as an estimated increase in payroll of 3% prospectively.

Note (3) Based on new plan provisions effective 07/01/2014.

Note (4) 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 \$9.8 million current fiscal year to date. For FY2016 the City paid \$53.7 million for the retiree health insurance costs.