

October 2020

Salem-Keizer Public Schools/3735
Oregon Public Employees Retirement System

As part of our engagement with the Oregon Public Employees Retirement Board, we performed a system-wide actuarial valuation of the Oregon Public Employees Retirement System (“PERS” or “the System”) as of December 31, 2019. The attached report, which is an informational supplement to the system-wide report, provides you with employer-specific contribution rates that will become effective July 1, 2021. Information to assist you in preparing your required financial reporting disclosures under Statement 68 and Statement 75 of the Governmental Accounting Standards Board (GASB) will be provided separately by PERS and is not included in this report.

This report reflects the benefit provisions in effect as of December 31, 2019, including Senate Bill 1049 which was enacted in June 2019. The report also reflects the Tier 1/Tier 2 reamortization provisions of Senate Bill 1049. The full development of the valuation results for the Tier 1/Tier 2 School District Pool, OPSRP, and the Retiree Health Insurance Account (RHIA) can be found in the separate system-wide actuarial valuation report. Costs of the IAP (Individual Account Program) are not included in this or the system-wide actuarial valuation report. Further, costs of pension obligation bond payments are not included in this or the system-wide actuarial valuation report.

If you have any questions about this report, please contact actuarial.services@pers.state.or.us.

Contents of Report

The executive summary provides the basic information you need including:

- Contribution rates for Tier 1/Tier 2, OPSRP general service, and OPSRP police and fire payroll, and
- A summary of principal valuation results.

The remainder of the report provides additional information including:

- Side account balances, transactions, and rate relief,
- A brief summary of methods and assumptions, and
- A brief summary of any changes in System benefit provisions.

Additional information is provided in the system-wide actuarial valuation report, which is available at www.oregon.gov/PERS/Pages/Financials/Actuarial-Financial-Information.aspx.

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In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, System benefit provisions as defined by statute, member census data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

All costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations) and which, in combination, offer a reasonable estimate of anticipated experience affecting the System.

A valuation report is only an estimate of the System's financial condition as of a single date. It can neither predict the System's future condition nor guarantee future financial soundness. Actuarial valuations do not affect the ultimate cost of System benefits, only the timing of System contributions. While a valuation is based on an array of individually reasonable assumptions, other assumption sets may also be reasonable and valuation results based on those assumptions would be different. No one set of assumptions is uniquely correct.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: System 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 System's funded status); and changes in System benefit provisions or applicable law. Due to the limited scope of this assignment, we did not perform an analysis of the potential range of future measurements. The Board has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in October 2019.

The actuarial computations presented in this report are for purposes of determining the contribution rates effective from July 2021 to June 2023 for System employers. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and with our understanding of the System benefit provisions described in the appendices of this report. Determinations for other purposes may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.



October 2020
Salem-Keizer Public Schools/3735

This report is prepared solely for the use and benefit of the Oregon Public Employees Retirement System, the employer named above, or its auditors solely for the purpose of completing an audit related to the matters herein. To the extent that this report is not subject to disclosure under applicable public records laws, it may not be provided to other third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of this report. Milliman's consent to release this report to any third party may be conditioned on the third party signing a release except for situations where such release is prohibited by law.

No third party recipient of this report should rely upon Milliman's work contained herein. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the System. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Additional information is provided in the system-wide actuarial valuation report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Larrabee'.

Matt Larrabee, FSA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in black ink, appearing to read 'Scott Preppernau'.

Scott Preppernau, FSA, EA, MAAA
Principal and Consulting Actuary



ACTUARIAL VALUATION REPORT DECEMBER 31, 2019

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

SCHOOL DISTRICT POOL

Salem-Keizer Public Schools -- #3735

October 2020

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Executive Summary

Milliman has prepared this report for Salem-Keizer Public Schools to:

- Provide summary December 31, 2019 valuation results for the Tier 1/Tier 2 School District Pool, Oregon Public Service Retirement Plan (OPSRP), and the Retiree Health Insurance Account (RHIA),
- Provide employer-specific contribution rates effective July 1, 2021 through June 30, 2023, and
- Provide employer-specific information on side accounts as of December 31, 2019.

This report summarizes the valuation results for the School District Pool, OPSRP, and RHIA. The full development of these results can be found in the December 31, 2019 system-wide actuarial valuation report. This report develops employer-specific side account rates and applies the results from the system-wide valuation to Salem-Keizer Public Schools.

Employer Contribution Rates

The following table summarizes the employer contribution rates effective July 1, 2021 through June 30, 2023 for each type of payroll. There are separate normal cost rates for each of the payrolls based on the benefit structure supported by that payroll. The other rates apply to all payrolls regardless of the benefit structure to which they are attributed.

Employer Rates Effective July 1, 2021 for Salem-Keizer Public Schools

	Tier 1/Tier 2	Payroll	
		OPSRP	
		General Service	Police & Fire
Pension			
Normal cost rate	13.45%	8.64%	13.00%
Tier 1/Tier 2 UAL rate ¹	14.09%	14.09%	14.09%
OPSRP UAL rate	1.69%	1.69%	1.69%
Side account rate relief ²	(10.54%)	(10.54%)	(10.54%)
Member redirect offset ³	(2.45%)	(0.70%)	(0.70%)
Net employer pension contribution rate	16.24%	13.18%	17.54%
Retiree Healthcare			
Normal cost rate	0.05%	0.00%	0.00%
UAL rate	0.00%	0.00%	0.00%
Net retiree healthcare rate	0.05%	0.00%	0.00%
Total net employer contribution rate	16.29%	13.18%	17.54%

In this report, the payroll of Tier 1 and Tier 2 members is referred to as Tier 1/Tier 2 valuation payroll. Combined valuation payroll refers to the payroll for Tier 1/Tier 2 members, OPSRP general service members, and OPSRP police and fire members.

¹ Includes Multnomah Fire District #10 rate and any impact of rate collar developed on page 42 of the system-wide actuarial valuation report.

² The side account rate relief shown may be reduced such that the net pension contribution rate does not go below 0.00%.

³ Redirected member contributions under Senate Bill 1049 (2.50% of payroll for Tier 1/Tier 2 and 0.75% of payroll for OPSRP) will offset employer contribution rates. Redirect does not apply to members with monthly pay below a threshold. The values shown in the table incorporate an estimate of the effect of this limitation.

Executive Summary

Employer Contribution Rates (continued)

Range of Potential Tier 1/Tier 2 Total Pension Contribution Rates for the July 2023 to June 2025 Biennium

The rate collar limits changes in contribution rates for the rate pool, but does not limit changes in rates for individual employers related to side accounts. The table below shows the possible minimum and maximum rates for the School District Pool first effective as of July 1, 2023, which will depend on the funded status as of December 31, 2021. If the Pool's funded status excluding side accounts is less than 60 percent or greater than 140 percent, the rate collar doubles in size. If the Pool's funded status excluding side accounts is between 60 and 70 percent or between 130 and 140 percent, the size of the rate collar is increased on a graded scale. The rates shown are before any adjustment for side account rate offsets.

For comparison, the Pool's funded status as of December 31, 2019 is 74%.

Funded Status as of December 31, 2021	70% to 130%	Under 60% or Over 140%
2021-2023 Tier 1/Tier 2 Normal Cost + Tier 1/Tier 2 UAL Rate	27.54%	27.54%
Minimum 2023-2025 Rate	22.03%	16.52%
Maximum 2023-2025 Rate	33.05%	38.56%

For individual school districts, the School District Pool rate is adjusted for any rate relief provided by a side account rate offset.

Executive Summary

Accounting Information

Milliman is not an accounting or audit firm and cannot provide accounting advice. Milliman is not responsible for the interpretation of, or compliance with, accounting standards; citations to, and descriptions of accounting standards provided in this report are for reference purposes only. The information provided in this section is intended to assist the employer in completing its financial statements, but any accounting determination should be reviewed by your auditor.

Pension

In June 2012 the GASB issued Statement No. 68 (GASB 68), which replaced Statement No. 27 and governs employer financial reporting for fiscal years beginning after June 15, 2014. The new standard replaced many of the key elements of the prior reporting requirements. Under the new rules, employers are required to record a balance sheet liability for their unfunded pension obligations. In addition, the timing and coordination of plan and employer reporting has changed under the new requirements. GASB 68 information for employers will be provided separately by PERS and is not included in this report.

Retiree Healthcare

In June 2015, the GASB issued Statement No. 75 (GASB 75), which replaced Statement No. 45 and governs employer financial reporting for retiree healthcare obligations for fiscal years beginning after June 15, 2017. In general, the changes required by GASB 75 parallel those that occurred for pension reporting when GASB 68 replaced GASB 27. Accounting information for reporting the Retiree Health Insurance Account (RHIA) under GASB 75 will be provided separately and is not included in this report.

Executive Summary

Principal Valuation Results

A summary of principal valuation results from the current valuation and the prior valuation follows. Any changes in actuarial assumptions, methods, or plan provisions between the two valuations are described later in this report. More detailed information can be found in the system-wide actuarial valuation report.

District-specific valuation results are only shown for districts with a side account as valuation results for districts without a side account are fully summarized by the School District Pool results, which are shown on the next page.

Salem-Keizer Public Schools

	Actuarial Valuation as of	
	December 31, 2019	December 31, 2018
Allocated pooled T1/T2 UAL	\$562,253,957	\$645,743,620
Allocated pooled OPSRP UAL	43,876,398	45,645,782
Side account	210,960,286	211,947,282
Net unfunded pension actuarial accrued liability	395,170,069	479,442,120
Combined valuation payroll	266,895,363	252,795,719
Net pension UAL as a percentage of payroll	148%	190%
Calculated Side Account Rate Relief	(10.54%)	(10.22%)
Allocated Pooled RHIA UAL	(\$5,559,488)	(\$3,705,425)

In the above exhibit, UAL amounts for the various pools (School District Tier 1/Tier 2 Pension, OPSRP, and RHIA) are allocated pro-rata based on the ratio of an employer's combined valuation payroll to the combined valuation payroll of the applicable pool. This allocation differs from the proportionate share of Net Pension Liability (NPL) that will be allocated to employers under GASB 68.

Executive Summary

Principal Valuation Results (continued)

School District Pool

(\$ in millions)	Actuarial Valuation as of	
	December 31, 2019	December 31, 2018
Normal cost	\$178.9	\$190.9
Tier 1/Tier 2 valuation payroll	1,330.2	1,401.2
Normal cost rate	13.45%	13.63%
Actuarial accrued liability	\$30,274.5	\$29,898.4
Actuarial asset value	22,394.1	20,846.8
Unfunded actuarial accrued liability	7,880.4	9,051.6
Funded status	74%	70%
Combined valuation payroll	\$3,740.7	\$3,543.5
UAL as a percentage of payroll	211%	255%
UAL rate (includes Multnomah Fire District #10)	14.09%	17.05%
Tier 1/Tier 2 Active Members		
▪ Count	20,078	21,914
▪ Average Age	53.5	53.2
▪ Average Service	21.0	20.4
▪ Average Valuation Salary (in dollars)	\$66,250	\$63,939
Tier 1/Tier 2 Dormant Members		
▪ Count	10,480	11,521
▪ Average Age	57.3	56.6
▪ Average Monthly Benefit (in dollars)	\$1,100	\$1,018
Tier 1/Tier 2 Retirees and Beneficiaries		
▪ Count	69,610	68,547
▪ Average Age	73.1	72.8
▪ Average Monthly Benefit (in dollars)	\$2,326	\$2,280

Executive Summary

Principal Valuation Results (continued)

OPSRP

(\$ in millions)	Actuarial Valuation as of	
	December 31, 2019	December 31, 2018
General service normal cost	\$582.1	\$519.9
OPSRP general service valuation payroll	6,740.9	5,973.4
General service normal cost rate	8.64%	8.70%
Police and fire normal cost	\$119.5	\$104.9
OPSRP police and fire valuation payroll	919.0	802.5
Police and fire normal cost rate	13.00%	13.07%
Actuarial accrued liability	\$8,082.2	\$6,738.0
Actuarial asset value	6,190.4	4,783.0
Unfunded actuarial accrued liability	1,891.8	1,955.0
Funded status	77%	71%
Combined valuation payroll	\$11,533.7	\$10,852.0
UAL as a percentage of payroll	16%	18%
UAL rate	1.69%	1.76%

Retiree Healthcare

RHIA (\$ in millions)	Actuarial Valuation as of	
	December 31, 2019	December 31, 2018
Normal cost	\$1.9	\$2.2
Tier 1 / Tier 2 valuation payroll	3,873.9	4,076.1
Normal cost rate	0.05%	0.05%
Actuarial accrued liability	\$403.9	\$411.7
Actuarial asset value	644.1	570.7
Unfunded actuarial accrued liability	(240.3)	(159.1)
Funded status	159%	139%
Combined valuation payroll	\$11,533.7	\$10,852.0
UAL as a percentage of payroll	(2%)	(1%)
UAL rate	0.00%	0.00%

Side Account Information

Reconciliation of Side Accounts

The following table reconciles the total side account from the beginning of the year to the end of the year. Side account transfers were calculated by PERS and made on a monthly basis. The amount of these transfers is shown in the table below.

All information in this table has been provided by PERS.

	New	Continuing	Total
1. Side account as of December 31, 2018	N/A	\$211,947,282	\$211,947,282
2. Deposits during 2019			
3. Administrative expenses		(1,500)	(1,500)
4. Amount transferred to employer reserves during 2019		(28,231,663)	(28,231,663)
5. Side account earnings during 2019		27,246,167	27,246,167
6. Side account as of December 31, 2019 (1. + 2. + 3. + 4. + 5.)		\$210,960,286	\$210,960,286

Side Account Information

Side Account Balances

	December 31, 2019	December 31, 2018
Side Account 1	\$101,686,168	\$103,357,019
Side Account 2	61,591,475	62,587,136
Side Account 3	47,682,643	46,003,127
Side Account 4	0	0
Side Account 5	0	0
Total	\$210,960,286	\$211,947,282

Development of Side Account Rate

The rate relief attributable to an employer's side account is determined by amortizing the side account balance on the valuation date over a fixed period and expressing the result as a percentage of combined valuation payroll. For side accounts established prior to December 31, 2009, the fixed period ends December 31, 2027. For side accounts established at a later date, the default fixed period ends 18 years after the first rate-setting valuation following its creation, though employers can select a shorter period under certain specified circumstances. For employers with more than one side account, the total side account rate is determined by calculating the rate on each side account separately and adding the rates together.

December 31, 2019				December 31, 2018			
Combined valuation payroll		\$266,895,363		Combined valuation payroll		\$252,795,719	
	Side account balance	Amortization factor	Side account rate		Side account balance	Amortization factor	Side account rate
1.	\$101,686,168	6.875	(5.54%)		\$103,357,019	7.606	(5.38%)
2.	61,591,475	6.875	(3.36%)		62,587,136	7.606	(3.26%)
3.	47,682,643	10.901	(1.64%)		46,003,127	11.494	(1.58%)
4.	0		0.00%		0		0.00%
5.	0		0.00%		0		0.00%
Total	\$210,960,286		(10.54%)		\$211,947,282		(10.22%)

Brief Summary of Actuarial Methods and Assumptions

A detailed summary of the actuarial methods and assumptions used to prepare the December 31, 2019 valuation can be found in the system-wide actuarial valuation report.

Actuarial Methods and Valuation Procedures

A brief summary of the methods used in this valuation is shown below:

<i>Actuarial cost method</i>	Entry Age Normal.
<i>Amortization method</i>	The UAL is amortized as a level percentage of combined payroll. The OPSRP UAL as of December 31, 2007 and experience in each subsequent biennium is amortized over a closed 16 year period. The Retiree Healthcare UAL as of December 31, 2007 and experience in each subsequent biennium is amortized over a closed 10 year period. All existing Tier 1/Tier 2 UAL was re-amortized over a 20 year period as of the December 31, 2013 rate-setting valuation. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll over a closed 20 year period. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22 year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.
<i>Asset valuation method</i>	Market value of assets, excluding reserves.
<i>Contribution rate stabilization method (rate collar)</i>	The contribution rate stabilization method, also referred to as the rate collar, is applied separately to each Tier 1/Tier 2 experience sharing pool (State and Local Government Rate Pool, School Districts) and independent employer. The collar's centering point for Tier 1/Tier 2 calculations is the sum of the Tier 1/Tier 2 Normal Cost and Tier 1/Tier 2 UAL Rates currently in effect. In the subsequent biennium, the increase in the sum of those two rate components is limited by the collar to 20% of the current sum of those two rate components, or 3% of payroll, if greater. If the funded status excluding side accounts is less than 70%, the width of the collar widens on a graded scale, reaching 40% of the current sum of the two rate components or 6% of payroll, if greater, if funded status excluding side accounts is 60% or less. A separate but parallel rate collar calculation is performed for the sum of the OPSRP Normal Cost and OPSRP UAL rates based on the funded status of the OPSRP program.

Economic Assumptions

A brief summary of the key economic assumptions used in this valuation is shown below:

<i>Net investment return</i>	7.20% compounded annually on system assets.
<i>Interest crediting</i>	7.20% compounded annually on members' regular account balances. 7.20% compounded annually on members' variable account balances.
<i>Consumer price inflation</i>	2.50% per year.
<i>Future general wage inflation</i>	3.50% per year.
<i>Healthcare cost inflation</i>	Ranging from 5.8% in 2020 to 4.1% in 2094.
<i>Administrative Expenses</i>	\$8.0 million, added to OPSRP normal cost. \$32.5 million, added to Tier 1/Tier 2 normal cost.

Brief Summary of Actuarial Methods and Assumptions

Changes Since Last Valuation

The key changes since the December 31, 2018 actuarial valuation are described briefly below and are described in additional detail in the system-wide report.

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2018 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA actuarial methods and allocation procedures is provided as part of the system-wide valuation report.

Changes in Assumptions

There were no changes in assumptions since the December 31, 2018 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA assumptions is provided as part of the system-wide valuation report.

Brief Summary of Changes in Plan Provisions

There were no changes in plan provisions since the December 31, 2018 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA plan provisions valued is provided as part of the system-wide actuarial valuation report.

Glossary

Actuarial Accrued Liability

The portion of the present value of prospective benefits allocated to service and compensation before the valuation date in accordance with the actuarial cost method.

Actuarial Asset Value

The value of assets used in calculating the required contributions. The actuarial asset value may be equal to the fair market value of assets, or it may spread the recognition of certain investment gains or losses over a period of years in accordance with an asset valuation method.

Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement and retirement, rates of investment earnings, and other relevant items.

Actuarial Cost Method

Sometimes called “funding method,” a particular technique used by actuaries to establish the amount and incidence of the annual actuarial cost of pension plan benefits, or normal cost, and the related unfunded actuarial accrued liability. Ordinarily, the annual contribution to the plan comprises the normal cost and an amount for amortization of the unfunded actuarial accrued liability.

Actuarial Gain or (Loss)

A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

Combined Valuation Payroll

Projected payroll subject to PERS employer contribution rates for the calendar year following the valuation date for both Tier 1/Tier 2 and OPSRP active members. This payroll is used to calculate UAL rates.

Employer Contribution Rate

Consists of the normal cost rate and the UAL rates, plus adjustments for other items such as side account rate offsets.

Funded Status

The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

Normal Cost

The annual cost allocated to the current year under the actuarial cost method in use. The normal cost divided by the applicable payroll is the normal cost rate.

OPSRP Valuation Payroll

Projected payroll subject to PERS employer contribution rates for the calendar year following the valuation date for OPSRP active members. This payroll is used to calculate OPSRP normal cost rates.

Glossary

Pre-SLGRP Liability

The sum of Pre-SLGRP Pooled Liabilities and Transition Liabilities.

Pre-SLGRP Pooled Liability

The difference between the total UAL and the UAL attributable to the SLGRP for a pool of employers that joined the SLGRP. There are currently two pre-SLGRP pools. One was created for State Agencies and Community Colleges when the SLGRP was formed. The other one was created when the Local Government Rate Pool joined the SLGRP.

Present Value

Sometimes called “actuarial present value,” the estimated cost (as of the valuation date) of a series of future payments. The present value is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Rate Collar

A contribution rate setting methodology that defines the maximum biennium-to-biennium change in the sum of the normal cost rate and the associated UAL rate for a given experience-sharing pool. The width of the collar is determined by the pool's current normal cost rate, UAL rate and funded status.

Required Supplementary Information (RSI)

Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.

Statement No. 27 of the Governmental Accounting Standards Board (GASB 27)

The accounting standard governing a state or local governmental employer's accounting for pensions prior to GASB 68.

Statement No. 45 of the Governmental Accounting Standards Board (GASB 45)

The accounting standard governing a state or local governmental employer's accounting for post-employment benefits other than pensions prior to GASB 75.

Statement No. 68 of the Governmental Accounting Standards Board (GASB 68)

The accounting standard governing a state or local governmental employer's accounting for pensions for fiscal years beginning after June 15, 2014.

Statement No. 75 of the Governmental Accounting Standards Board (GASB 75)

The accounting standard governing a state or local governmental employer's accounting for post-employment benefits other than pensions for fiscal years beginning after June 15, 2017.

Tier 1/Tier 2 Valuation Payroll

Projected payroll subject to PERS employer contribution rates for the calendar year following the valuation date for Tier 1 and Tier 2 active members. This payroll is used to calculate the Tier 1/Tier 2 normal cost rate.

Transition Liability

The difference between the total UAL and the UAL attributable to the SLGRP for an individual employer that joined the SLGRP or the Local Government Rate Pool.

Unfunded Accrued Liability (UAL)

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The UAL is divided by combined valuation payroll and an amortization factor to determine an initial pre-collar UAL rate. The final UAL rate can be adjusted by the rate collar.



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