



**SEQUOIA HEALTHCARE DISTRICT
EMPLOYEES PENSION PLAN**

**January 1, 2016
Actuarial Valuation**

DOUG PRYOR
BARTEL ASSOCIATES, LLC

June 3, 2016

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PLAN PROVISIONS

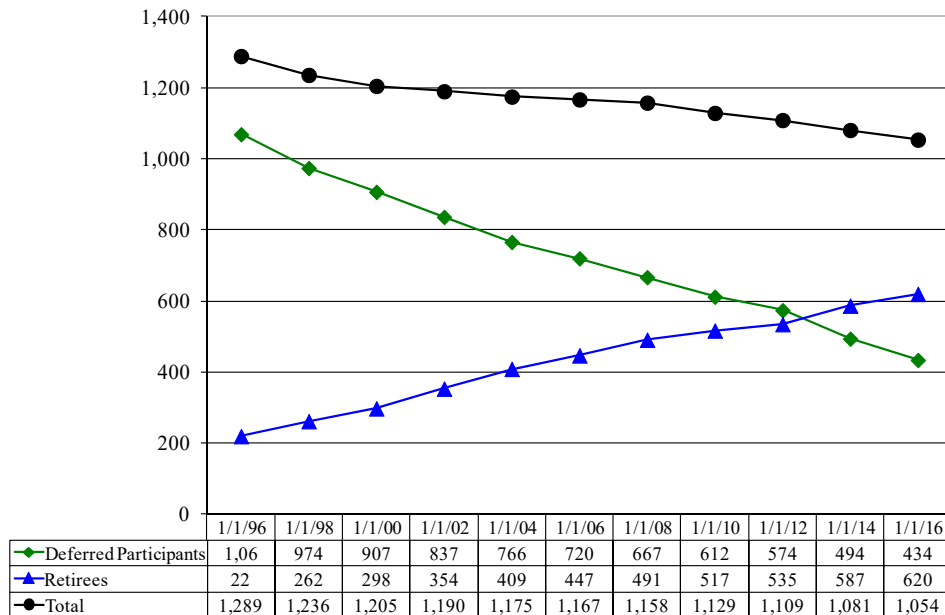
	Provision
■ Participation	■ 3 years Sequoia service on 1/1/96
■ Benefit	■ 2% ¹ of highest 5 year average compensation per year of service ■ Accruals frozen 9/30/96
■ Vesting	■ 100% after 10 years
■ Normal Retirement Age	■ 65
■ Early/Late Retirement	■ Decreased/increased based on Plan factors ■ Earliest retirement age is 55

¹ Lower percentage, varying by bargaining group, applies to first \$400/month of average compensation.



DEMOGRAPHIC INFORMATION

Historical Counts²



² Data not available for 1/1/02 averages of 1/1/00 and 1/1/04 used.



DEMOGRAPHIC INFORMATION

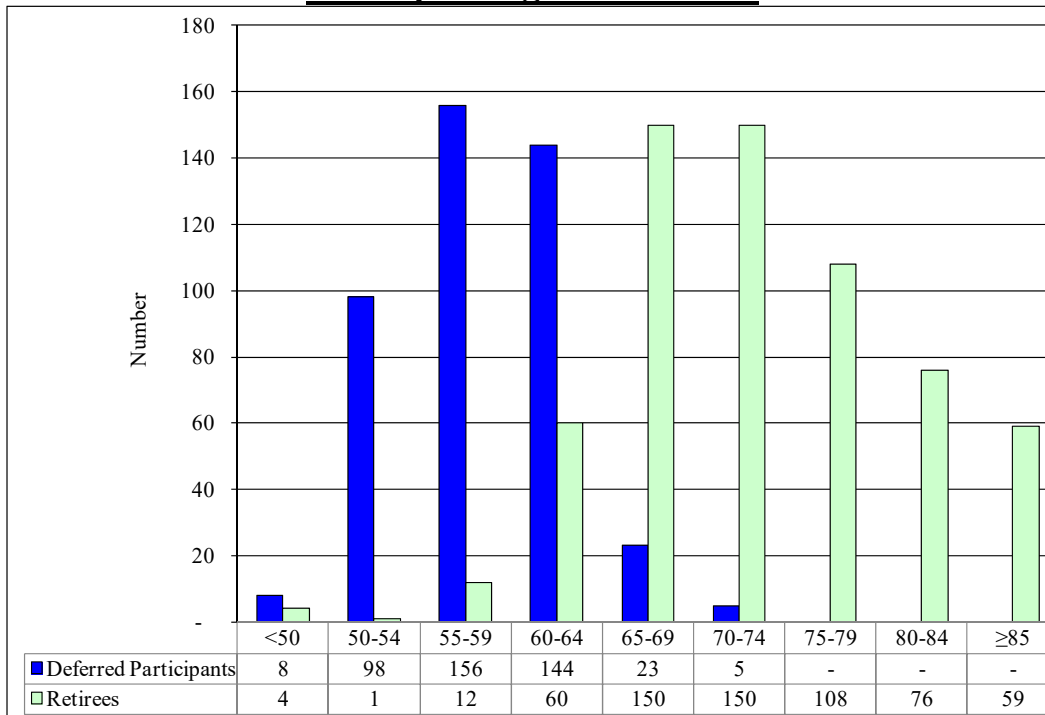
January 1, 2016

	Count	Average Age	Average Monthly Benefit
■ Deferred Participants <ul style="list-style-type: none"> • Males • Females • Total 	58 <u>376</u> 434	59.0 58.5 58.6	\$ 745 748 749
■ Retirees <ul style="list-style-type: none"> • Males • Females • Total 	114 <u>506</u> 620	71.9 73.9 73.5	\$ 768 853 837
■ Total <ul style="list-style-type: none"> • Males • Females • Total 	172 <u>882</u> 1,054	67.6 67.3 67.4	\$ 760 808 801



DEMOGRAPHIC INFORMATION

Participant Age Distribution



ASSET INFORMATION

Asset Reconciliation

(Amounts in 000s)

	2014	2015
■ Beginning of year	\$ 60,285	\$ 59,778
• Contributions	2,600	2,600
• Benefit Payments	(5,880)	(6,160)
• Administrative Expenses	(112)	(106)
• Indirect Mutual Fund Fees	(230)	(205)
• Total Return	<u>3,115</u>	<u>(685)</u>
■ End of year	59,778	55,222
■ Approximate Net Return³	4.8%	(1.8%)

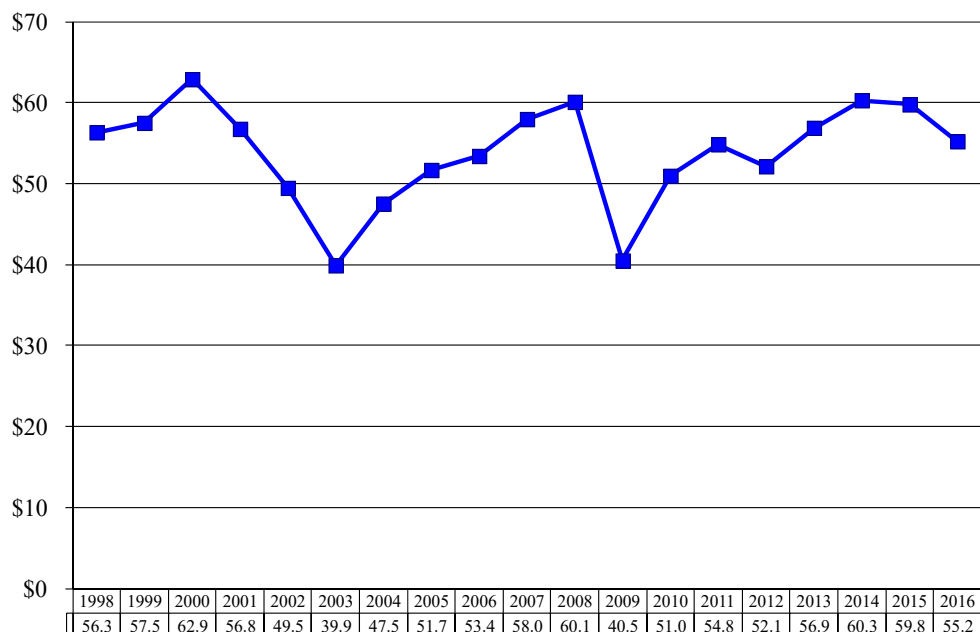
³ Net of administrative expenses and mutual fund fees.



ASSET INFORMATION

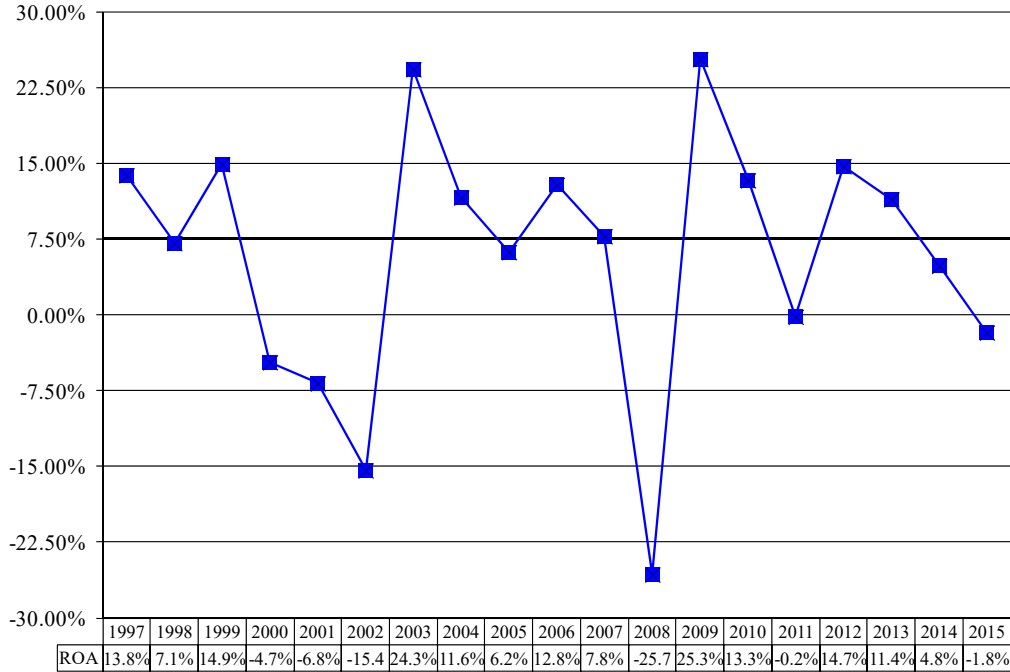
Historical Plan Assets

(Amounts in millions)



ASSET INFORMATION

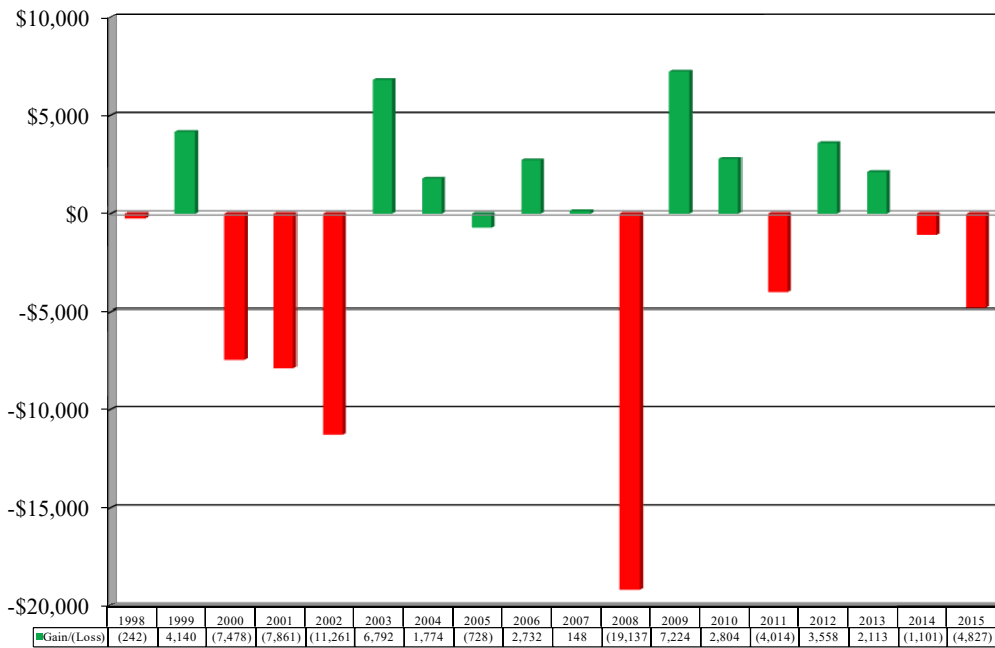
Historical Asset Returns



ASSET INFORMATION

Historical Asset Gain/(Loss)

(Amounts in 000s)



ACTUARIAL METHODS AND ASSUMPTIONS

Assumption	January 1, 2014 Valuation	January 1, 2016 Valuation
<ul style="list-style-type: none"> ■ Discount Rate 	<ul style="list-style-type: none"> ■ 6.75% ■ Net of administrative expenses 	<ul style="list-style-type: none"> ■ 6.90% ■ No reduction for administrative expenses
<ul style="list-style-type: none"> ■ Mortality 	<ul style="list-style-type: none"> ■ GAM94 Basic Table ■ Scale AA fully-generational mortality improvement. 	<ul style="list-style-type: none"> ■ GAM94 Basic Table ■ Fully-generational mortality improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022.



ACTUARIAL METHODS AND ASSUMPTIONS

Assumption	January 1, 2014 Valuation	January 1, 2016 Valuation																																
<ul style="list-style-type: none"> ■ Retirement Rates 	<ul style="list-style-type: none"> ■ For deferred participants (average retirement age \approx 63): <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Age</th> <th>Rate</th> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td align="center">55</td> <td align="center">6%</td> <td align="center">65</td> <td align="center">40%</td> </tr> <tr> <td align="center">56 to 59</td> <td align="center">5%</td> <td align="center">66 to 69</td> <td align="center">30%</td> </tr> <tr> <td align="center">60 to 61</td> <td align="center">6%</td> <td align="center">70+</td> <td align="center">100%</td> </tr> <tr> <td align="center">62</td> <td align="center">15%</td> <td></td> <td></td> </tr> <tr> <td align="center">63 to 64</td> <td align="center">9%</td> <td></td> <td></td> </tr> </tbody> </table> ■ Average retirement ages <table border="1" style="margin-left: 40px;"> <tbody> <tr> <td>All Retirees</td> <td align="center">61.9</td> </tr> <tr> <td>Retirement Year</td> <td></td> </tr> <tr> <td>• 2011-2015</td> <td align="center">64.2</td> </tr> <tr> <td>• 2006-2015</td> <td align="center">63.0</td> </tr> </tbody> </table> 	Age	Rate	Age	Rate	55	6%	65	40%	56 to 59	5%	66 to 69	30%	60 to 61	6%	70+	100%	62	15%			63 to 64	9%			All Retirees	61.9	Retirement Year		• 2011-2015	64.2	• 2006-2015	63.0	
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FUNDED STATUS

Funded Status

(Amounts in 000s)

	1/1/2014 Valuation	1/1/2016 Valuation
■ Actuarial Accrued Liability (AAL)		
• Deferred Participants	\$ 34,474	\$31,233
• Retirees and Beneficiaries	<u>51,164</u>	<u>56,101</u>
• Total	85,638	87,334
■ Assets	<u>(60,285)</u>	<u>(55,222)</u>
■ Unfunded AAL	25,353	32,112



FUNDED STATUS

Gain/Loss Analysis

(Amounts in 000s)

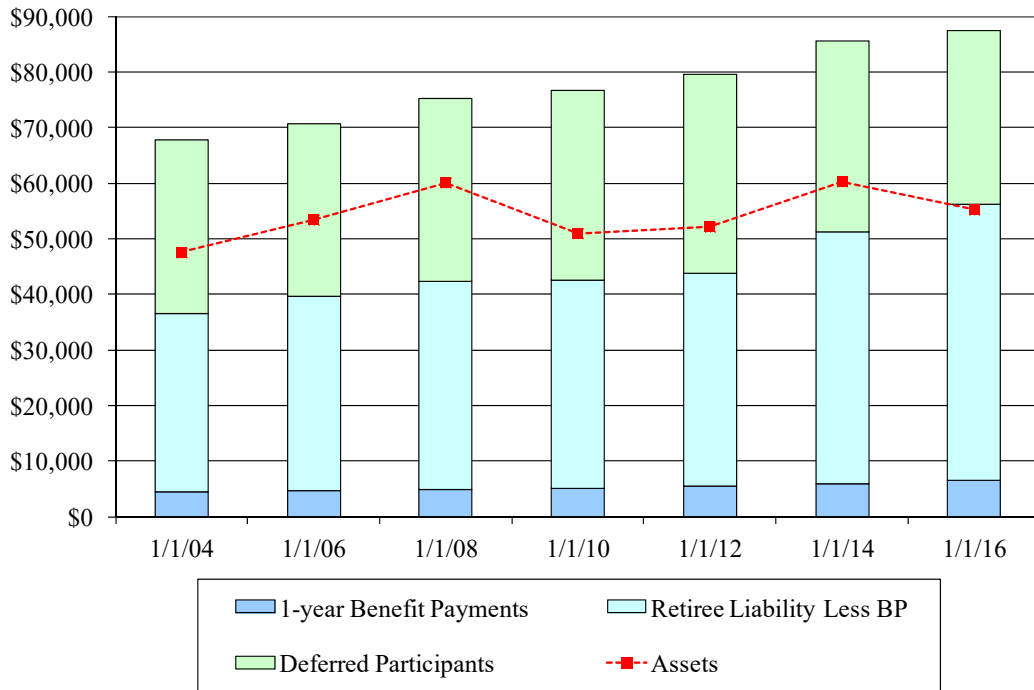
	AAL	Assets	UAAL
■ 1/1/2014	\$ 85,638	\$ 60,285	\$ 25,353
■ Expected 1/1/2016	84,739	61,223	23,516
■ Changes:			
• Mortality improvement MP-2014	4,131	-	4,131
• Discount rate	(1,219)	-	(1,219)
• Investment loss	-	(6,002)	6,002
• Demographic/other	<u>(317)</u>	<u>-</u>	<u>(318)</u>
• Total changes	2,595	(6,002)	8,596
■ Actual 1/1/2016	87,334	55,222	32,112



FUNDED STATUS

Assets and Liabilities

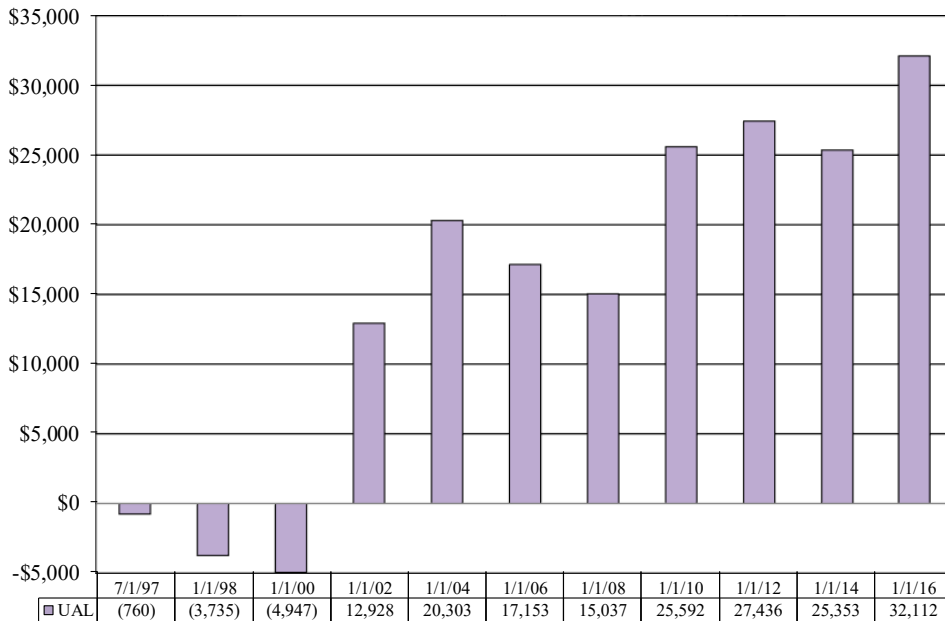
(Amounts in 000s)



FUNDED STATUS

Unfunded Actuarial Liability

(Amounts in 000s)



CONTRIBUTIONS

Recommended Contribution

(Amounts in 000s)

	2014 and 2015	2016 and 2017
■ Unfunded AAL	\$ 25,353	\$ 32,112
■ Amortization Payment⁴ (16 years from 2014 14 years from 2016)	2,600	3,700
■ Administrative Expenses	n/a	100
■ Total Recommended Contribution	2,600	3,800

⁴ Rounded to nearest \$100,000.



CONTRIBUTIONS

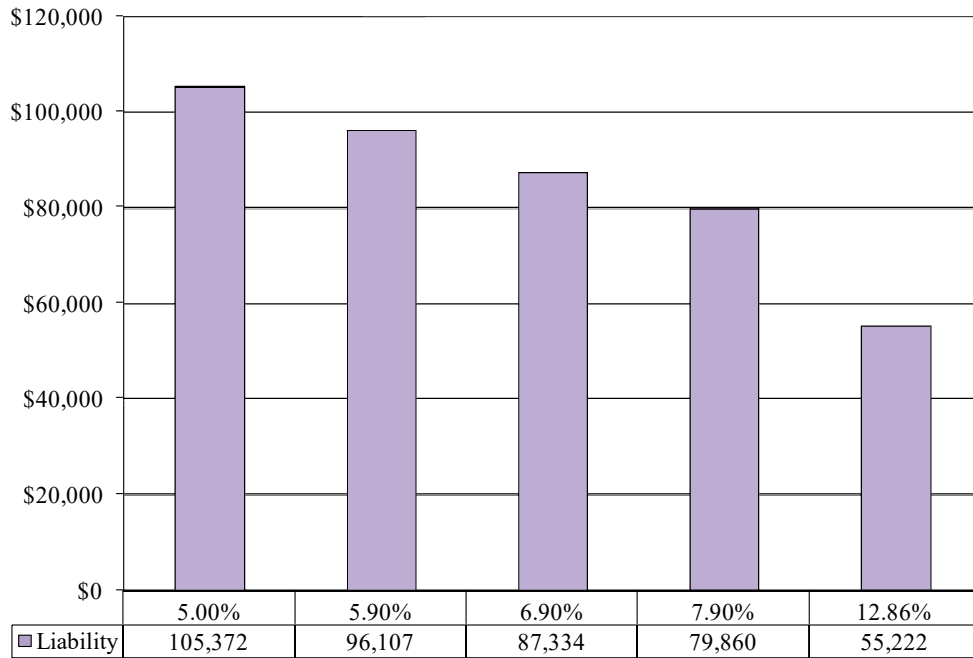
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DISCOUNT RATE SENSITIVITY

Actuarial Liability

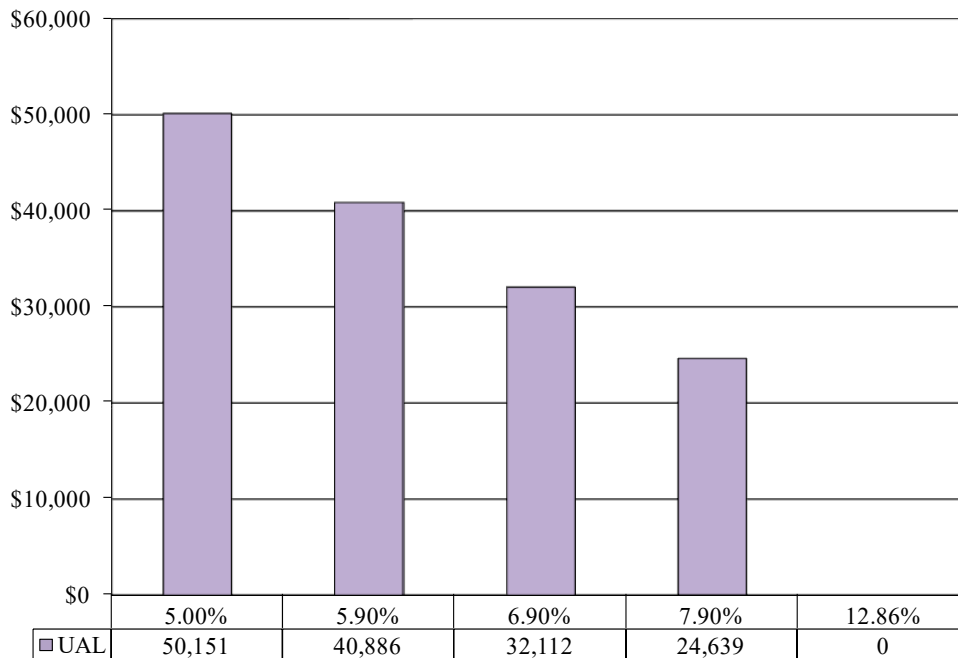
(Amounts in 000s)



DISCOUNT RATE SENSITIVITY

Unfunded Actuarial Liability

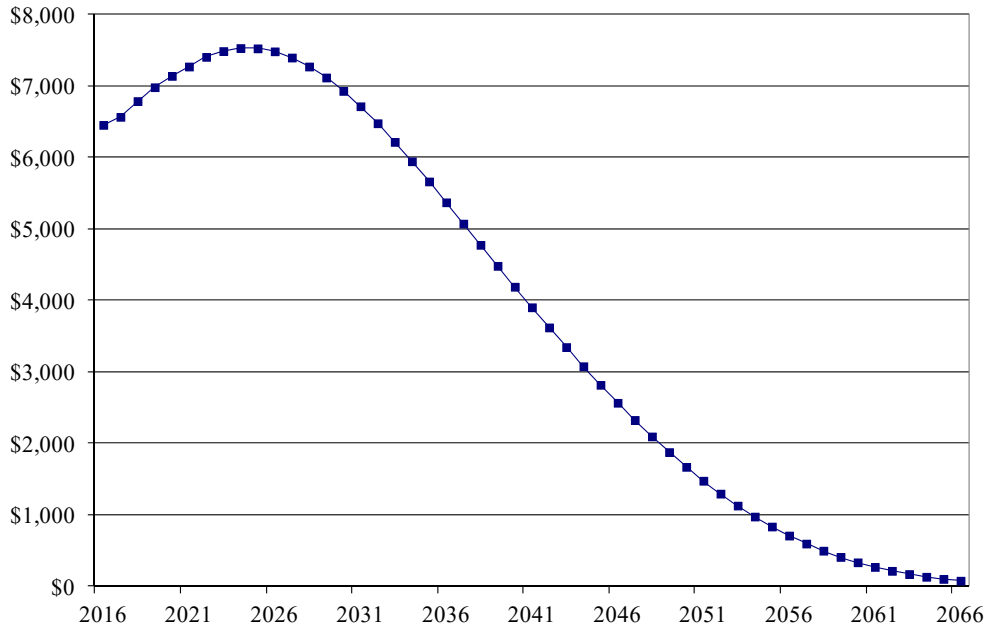
(Amounts in 000s)



PROJECTIONS

Benefit Payment Projections

(Amounts in 000s)



PROJECTIONS

Funded Status Projections

(Amounts in 000s)

