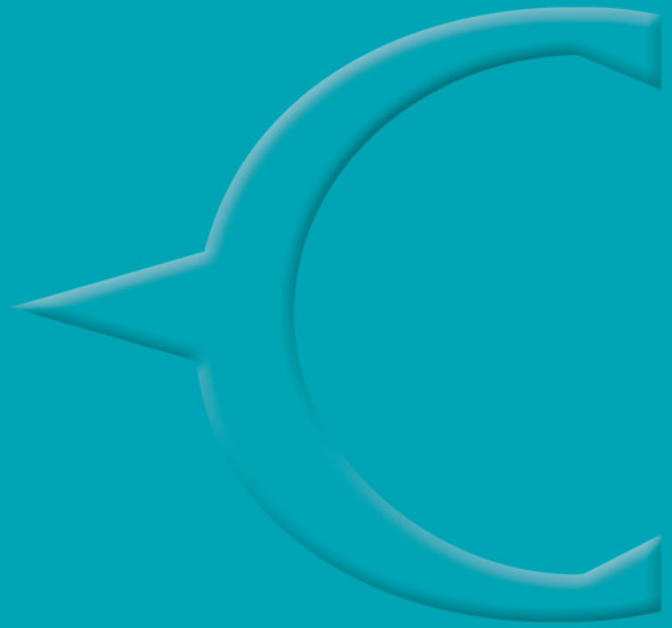

CHEIRON

Classic Values, Innovative Advice.

FELRA and UFCW Health and Welfare Fund

FASB ASC 965
(Previously SOP 92-6 (as amended))
Actuarial Valuation Report
as of December 31, 2019

Produced by Cheiron
September 2020

www.cheiron.us 1.877.CHEIRON (243.4766)

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Appendices

Via Electronic Mail

October 1, 2020

Trustees of the FELRA and UFCW
Health and Welfare Fund
10626 York Road
Cockeysville, Maryland 21030-2341

Re: FASB ASC 965 (previously SOP 92-6 (as amended)) Actuarial Valuation Report

Dear Trustees:

As requested, we have completed an actuarial valuation to determine the Postretirement Benefit Obligations as of December 31, 2019 for the FELRA and UFCW Health and Welfare Fund ("Plan"). The following sections contain the information the auditors need to prepare the disclosure section of the annual report.

Section I contains the summary of the results for the fiscal years ending December 31, 2018 and December 31, 2019.

Section II contains the Postretirement Benefit Obligations financial statement information for the fiscal years ending December 31, 2018 and December 31, 2019, including a statement of changes in the Postretirement Benefit Obligations during the year ending December 31, 2019. This section contains most of the information about the Plan that is needed for the preparation of the disclosure section of the annual report.

Section III contains an exhibit showing the next 15 years of expected benefit payments from the Plan, net of retiree contributions.

The appendices contain a summary of the participant data, a description of assumptions and methods used in calculating the disclosure items, a summary of the substantive plan provisions, and definitions of some of the terms used in the FASB ASC 965 (previously SOP 92-6 (as amended)).

For this Plan, the liabilities show a net decrease from the prior year of 19.5%, as shown in Section I and II of this report. The liabilities decreased primarily slightly larger decreases in population than expected and also because the Plan remains closed to new actives, resulting in benefit payments being larger than the increase in liability from the passage of time.

This report does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations.

In preparing our report, we relied on information (some oral and some written) supplied by Associated Administrators, LLC, the Plan's third-party administrator. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The December 31, 2019 figures presented in this report are the result of a full valuation.

Actuarial computations provided in this report are for purposes of fulfilling employee benefit plan financial disclosure requirements. The calculations reported in the enclosed exhibits have been made on a basis consistent with our understanding of FASB ASC 965 and with the associated Actuarial Standards of Practice. Determinations for purposes other than meeting the employee benefit Plan's financial disclosure requirements (for example, establishing a long-term funding strategy) may be significantly different from the results in this report.

The results of this report rely on future plan experience conforming to the underlying assumptions and methods outlined in this report. Future results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

This report was prepared solely for the FELRA and UFCW Health and Welfare Fund for the purposes described herein and for the use by the Plan Auditor in completing an audit related to the matters herein. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

This report has been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we collectively meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Please call if we can be of further assistance.

Sincerely,
Cheiron

John L. Colberg, FSA, EA, MAAA
Principal Consulting Actuary

Rajesh Patel, ASA
Associate Actuary

cc: Gene Kalwarski, FSA, EA, FCA, MAAA
Kevin Woodrich, FSA, EA, MAAA

SECTION I – SUMMARY OF RESULTS

We have completed a valuation of the FELRA and UFCW Health and Welfare Fund as of December 31, 2019. In this section of the report, we compare key results from this valuation with those from the previous valuation as of December 31, 2018.

Table 1
FELRA and UFCW Health and Welfare Fund
FASB ASC 965 Postretirement Health & Welfare Benefit Obligations

	December 31, 2018	December 31, 2019	Percent Change
Number of Participants			
• Eligible Actives	720	691	-4.0%
• Retirees and Dependents	4,540	4,395	-3.2%
• Total	5,260	5,086	-3.3%
Postretirement Benefit Obligations (in thousands)	**$ 400,024**	**$ 322,156**	-19.5%
Actual Benefits Paid (net of part. contrib.) for FYE	**$ 18,429**	**$ 18,761**	1.8%
Estimated Net Benefits Paid for next year	**$ 23,110**	**$ 19,199**	-16.9%
Incurred But Not Paid Claims (in thousands)	**$ 13,526**	**$ 12,888**	-4.7%
Selected Assumptions			
- Discount Rate	3.50%	3.25%	
- Medical Non-Medicare	N/A	N/A	
- Medical Medicare Trends	Refer to "Economic Assumptions" in Appendix B	Refer to "Economic Assumptions" in Appendix B	
- Prescription Trends			

SECTION I – SUMMARY OF RESULTS

Changes in Participation

This is a closed group of active employees, the majority of which are now eligible to retire immediately, and therefore are decreasing. Retirees and dependents continue to decrease.

Benefit Changes

Effective on January 1, 2021, prescription drugs for out-of-area Medicare members will be provided through an Employer Group Waiver Plan (EGWP).

Changes in Actuarial Assumptions

The discount rate was updated from 3.50% to 3.25% as reflected in the December 2019 Non-food Valuation.

Claim and expense assumptions were updated to reflect the current and expected future experience of the Plan.

SECTION II – FINANCIAL STATEMENT INFORMATION

Table 2A
FELRA and UFCW Health and Welfare Fund
FASB ASC 965 Postretirement Health & Welfare Benefit Obligations

	December 31, 2018 Total	December 31, 2019 Non-ERISA Fund	December 31, 2019 ERISA Fund	December 31, 2019 Total	Percent Change
Accumulated Postretirement Benefit Obligations (Assumed Medical Trend)					
Current Retirees	$ 335,106,000	$ 22,540,000	$ 246,840,000	$ 269,380,000	-19.6%
Other Participants fully eligible for benefits	63,964,000	7,658,000	44,651,000	52,309,000	-18.2%
Other Participants not yet fully eligible for benefits	954,000	70,000	397,000	467,000	-51.0%
Total (Portion Not Paid by Retiree Contributions)	**$ 400,024,000**	**$ 30,268,000**	**$ 291,888,000**	**$ 322,156,000**	**-19.5%**
Impact of 1% Increase in Medical Trend	**$ 46,350,000**	**N/A**	**$ 33,734,000**	**$ 33,734,000**	**-27.2%**
Impact of 1% Decrease in Medical Trend	**$ (39,459,000)**	**N/A**	**$ (28,892,000)**	**$ (28,892,000)**	**-26.8%**
Statement of Changes in Postretirement Benefit Obligations:					
Balance at Beginning of Year		**$ 37,287,000**	**$ 362,737,000**	**$ 400,024,000**	
Increase/Decrease due to :					
• Benefits Earned (Net of Participant Contributions)		$ 6,000	$ 41,000	$ 47,000	
• Estimated Claims and Expenses Paid (Net of Participant Contributions)		(6,403,000)	(16,707,000)	(23,110,000)	
• Changes in Actuarial Assumptions		291,000	(49,349,000)	(49,058,000)	
• Plan Amendments		-	(7,927,000)	(7,927,000)	
• Passage of Time		881,000	9,217,000	10,098,000	
• Other Changes		(1,794,000)	(6,124,000)	(7,918,000)	
Net Increase/Decrease:		$ (7,019,000)	$ (70,849,000)	$ (77,868,000)	
Balance at End of Year		**$ 30,268,000**	**$ 291,888,000**	**$ 322,156,000**	

SECTION II – FINANCIAL STATEMENT INFORMATION

Table 2B
FELRA and UFCW Health and Welfare Fund
FASB ASC 965 Postretirement Health & Welfare Benefit Obligations
Calculation of Accumulated Postretirement Health & Welfare Benefit Obligation (APBO)

	Projected Cost of Benefits	*less* Projected Participant Contributions	Net APBO
As of December 31, 2019			
Non-ERISA Fund			
Current Retirees	$ 22,540,000	$ 0	$ 22,540,000
Other Participants fully eligible for benefits	7,658,000	0	7,658,000
Other Participants not yet fully eligible for benefits	70,000	0	70,000
Total	**$ 30,268,000**	**$ 0**	**$ 30,268,000**
ERISA Fund			
Current Retirees	$ 308,540,000	$ 61,700,000	$ 246,840,000
Other Participants fully eligible for benefits	55,803,000	11,152,000	44,651,000
Other Participants not yet fully eligible for benefits	496,000	99,000	397,000
Total	**$ 364,839,000**	**$ 72,951,000**	**$ 291,888,000**
As of December 31, 2018			
Non-ERISA Fund			
Current Retirees	$ 27,604,000	$ 0	$ 27,604,000
Other Participants fully eligible for benefits	9,541,000	0	9,541,000
Other Participants not yet fully eligible for benefits	142,000	0	142,000
Total	**$ 37,287,000**	**$ 0**	**$ 37,287,000**
ERISA Fund			
Current Retirees	$ 400,626,000	$ 93,124,000	$ 307,502,000
Other Participants fully eligible for benefits	71,034,000	16,611,000	54,423,000
Other Participants not yet fully eligible for benefits	1,060,000	248,000	812,000
Total	**$ 472,720,000**	**$ 109,983,000**	**$ 362,737,000**

SECTION III – BENEFIT PAYMENTS

Below are the projected benefit payments for medical and pharmacy benefits that we anticipate for the current retirees and current active participants after they retire for the next 15 years. Our actual postretirement benefit obligation is based on the next hundred plus years of benefit payments for participants currently employed or retired.

Table 3
FELRA and UFCW Health and Welfare Fund
FASB ASC 965 Postretirement Health & Welfare Benefit Obligations
Expected Benefit Payments

Fiscal Year Ending December 31st	Non-ERISA Gross Benefit	ERISA Gross Benefits	Participant Contributions	Net Benefits
2020	$ 4,717,000	$ 18,101,000	$ 3,620,000	$ 19,198,000
2021	4,798,000	18,616,000	3,723,000	19,691,000
2022	4,701,000	19,460,000	3,892,000	20,269,000
2023	4,288,000	20,312,000	4,062,000	20,538,000
2024	3,676,000	21,119,000	4,224,000	20,571,000
2025	3,168,000	21,713,000	4,343,000	20,538,000
2026	2,651,000	22,198,000	4,440,000	20,409,000
2027	2,020,000	22,647,000	4,529,000	20,138,000
2028	1,507,000	22,964,000	4,593,000	19,878,000
2029	1,044,000	23,089,000	4,618,000	19,515,000
2030	741,000	23,016,000	4,603,000	19,154,000
2031	455,000	22,757,000	4,551,000	18,661,000
2032	281,000	22,288,000	4,458,000	18,111,000
2033	186,000	21,665,000	4,333,000	17,518,000
2034	115,000	20,966,000	4,193,000	16,888,000

APPENDIX A – PARTICIPANT DATA

Participant Data

Actives	12/31/2018	12/31/2019
Fully Eligible Actives	708	682
Not Yet Eligible Actives	12	9
Total Actives	720	691
Average Age	60.3	61.1
Average Years of Service	38.4	39.3

Retirees & Dependents	12/31/2018	12/31/2019
Retirees		
Non-Medicare	1,142	953
Medicare	3,398	3,442
Total	4,540	4,395
Average Age		
Non-Medicare	60.7	61.1
Medicare	75.2	76.1
Total	71.6	72.9
Dependents		
Non-Medicare	831	684
Medicare	1,033	1,094
Total	1,864	1,778
Average Age		
Non-Medicare	59.1	60.9
Medicare	73.8	74.7
Total	67.2	69.4

The counts shown below reflect the active participants as of 12/31/2019.

Attained Age	Service 0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0
40 to 44	0	0	0	0	0	0	0	0	0	0
45 to 49	0	0	0	0	0	0	0	0	0	0
50 to 54	0	0	0	1	1	1	11	15	0	29
55 to 59	0	0	3	1	2	2	43	187	37	275
60 to 64	0	0	0	2	1	2	11	93	161	270
65 to 69	0	0	0	0	1	0	2	12	71	86
70 & up	0	0	0	0	0	0	0	6	25	31
Total	0	0	3	4	5	5	67	313	294	691

APPENDIX B ▫ ASSUMPTIONS AND METHODS

Economic Assumptions

1. *Measurement Date:* December 31, 2019

2. *Discount Rate:* 3.25% per annum

3. *Per Person Cost Trends:*

Calendar Year	Medical	Rx	Capitated
2020	5.75%	5.75%	3.33%
2021	5.75%	5.75%	3.33%
2022	5.50%	5.50%	3.33%
2023	5.20%	5.20%	3.33%
2024	5.08%	5.08%	3.33%
2025	4.95%	4.95%	3.33%
2026	4.83%	4.83%	3.33%
2027	4.71%	4.71%	3.33%
2028	4.59%	4.59%	3.33%
2029	4.46%	4.46%	3.33%
2030	4.46%	4.46%	3.33%
2031	4.08%	4.08%	3.33%
2032	3.90%	3.90%	3.33%
2033	3.78%	3.78%	3.33%
2034	3.71%	3.71%	3.33%
2035	3.65%	3.65%	3.33%
2036	3.61%	3.61%	3.33%
2037	3.58%	3.58%	3.33%
2038	3.55%	3.55%	3.33%
2039	3.44%	3.44%	3.33%
2040+	3.33%	3.33%	3.33%

No Trend is applied to the pre-Medicare Subsidy amount.

4. *Participant Contribution Trend:*
Since retiree contributions are assumed to cover a percentage of Medicare retiree costs, the trend is a mixture of the trends in the table above eventually reaching an ultimate rate of 3.33% per annum.

Demographic Assumptions

1. *Rates of Disability:*
Terminations of employment for disability are assumed to be equal to 50% of the Group Long-Term Disability Insurance Crude Rates of Disablement for males published in the Transactions of the Society of Actuaries, 1979.

Illustrative rates follow.

Number Expected to Become Disabled Annually Per 1,000	
Age	
25	0.3
30	0.3
35	0.4
40	0.7
45	1.4
50	2.7

APPENDIX B ▫ ASSUMPTIONS AND METHODS

2. *Rates of Turnover:*
Terminations of employment for reasons other than death, disability, or retirement are assumed to be in accordance with annual rates as shown below.

Number Expected to Terminate Annually Per 1,000		
Service	Males	Females
0	400	400
1	220	220
2	180	180
3	150	150
4	130	130
5	120	120
6	110	110
7	105	105
8	90	90
9	90	90
10	90	90
11	80	80
12	80	80
13	80	80
14	70	70
15	70	70
16	70	70
17	50	50
18	50	50
19	50	50
20	40	40
21	30	30
22 and over	25	25

3. *Rates of Retirement*:
Tier I rates of retirement depend on whether a participant has fewer than 30 years of service or more than 30 years of service.

Number Expected to Retire Annually Per 1,000		
Age	Less than 30 years	Over 30 years
50	0	200
51	0	200
52	0	200
53	0	200
54	0	200
55	85	200
56	85	200
57	85	200
58	85	200
59	85	200
60	150	200
61	150	250
62	300	350
63	200	400
64	200	400
65	300	400
66	300	400
67	200	400
68	200	400
69	200	400
70 and over	1,000	1,000

APPENDIX B ▫ ASSUMPTIONS AND METHODS

4. *Rates of Mortality:*
Active mortality is based on the sex distinct RP-2000 Combined Healthy tables.

Active:

RP-2000 Combined Healthy mortality table for males and females.

Healthy Inactive:

RP-2000 Healthy Annuitant mortality table set forward one year for males and no adjustment for females. The mortality table for active lives is used prior to age 49 for males and age 50 for females but set forward one year for males.

Disabled:

RP-2000 Disabled Annuitant for ages prior to 65. The same mortality as Healthy Inactives for ages 65 and older.

Past experience has shown more deaths have occurred than assumed, which has yielded liability gains attributable to this experience. Therefore, the current assumption includes a margin for future mortality improvements. This will continue to be monitored and adjustments will be made when necessary.

5. *Disabled Participants:*
Members were considered to be disabled retirees if they were disabled as of 2020 medical information.

6. *Retiree dependent coverage:*
Dependent coverage was provided to all members who had a spouse in the 2020 census information.

7. *Percent of Retirees Electing Coverage:*
We assume that 100% of new non-Medicare retirees and 80% of new Medicare-eligible retirees elect to join this program.

8. *Retiree Contributions:*
Retiree contributions are assumed to cover 20% of the total costs of the ERISA fund.

9. *Dependent Age:*
For future retirees, a male spouse is assumed to be three-years older than the female spouse. Actual ages are used for dependents of current retirees.

10. *Family Composition:*
50% of future retirees are assumed to be married and elect spouse coverage. Male spouses are assumed to be three-years older than female spouses.

11. *Pre-Medicare Subsidy Population:*
Members receiving a pre-Medicare Subsidy were matched up to the retiree and dependent data to determine the continuation of coverage after entering Medicare. Members who were not matched up to the retiree health file were assumed to elect spouse coverage if they had a spouse on file. 80% are assumed to elect coverage upon Medicare eligibility; however, if one family member is currently covered by the fund the election percentage is assumed to be 100%. Pre-Medicare Subsidy Members who did not match to known health or pension information were assumed to have an average age of 59.5.

APPENDIX B ▫ ASSUMPTIONS AND METHODS

12. *Rationale for demographic assumptions:*
Assumptions are based on the latest experience study review performed in 2007. The results of that study are incorporated here by reference. The assumptions continue to be closely monitored and Cheiron is proposing that an experience study be performed in the near future.

Claim and Expense Assumptions

1. *Claims Costs:*
The claims costs were based on actual retiree experience for April 1, 2019 through March 31, 2020 and on actual 2020 per capita expenses. Kaiser claim costs are based on the actual 2019 and 2020 premium rates. Kaiser HMO Medicare rates are assumed to be 50% medical and 50% pharmacy.

Category	Age	Total	Medical	Drug	Capitated
Participant*	60	$ 4,200.00	n/a	n/a	n/a
HMO Participant Disabled	60	5,435.09	2,063.63	2,874.57	496.89
Non-HMO Participant Disabled	60	9,789.50	3,631.30	5,430.23	727.97
HMO Dependent*	60	4,200.00	n/a	n/a	n/a
Participant*	64	4,200.00	n/a	n/a	n/a
HMO Participant Disabled	64	4,651.14	1,736.02	2,418.22	496.89
Non-HMO Participant Disabled	64	8,350.96	3,054.82	4,568.16	727.97
Dependent*	64	4,200.00	n/a	n/a	n/a
Participant	65	2,940.27	1,176.41	1,763.86	-
Participant Disabled	65	4,088.19	1,421.19	2,066.12	600.88
Dependent	65	2,493.06	1,086.16	1,406.90	-
Participant	70	3,310.72	1,383.78	1,926.94	-
Participant Disabled	70	4,529.72	1,671.70	2,257.14	600.88
Dependent	70	2,784.16	1,247.19	1,536.97	-
Participant	75	3,557.02	1,672.75	1,884.27	-
Participant Disabled	75	4,828.83	2,020.80	2,207.16	600.88
Dependent	75	2,997.69	1,494.76	1,502.93	-
Participant	80	3,714.40	1,978.33	1,736.07	-
Participant Disabled	80	5,024.41	2,389.97	2,033.56	600.88
Dependent	80	3,146.38	1,761.66	1,384.73	-

*Each retiree household receives $350 (Safeway retiree household receives an extra $50/month) per month until each member becomes Medicare eligible.
Dependent amount applies only if retiree is Medicare eligible.
'Surviving spouses receive $200 per month until Medicare eligible.

2. *Expense Load:*
Expenses are included in the capitated rates. The pre-Medicare subsidy is loaded 2.5% for expenses.

3. *Medicare Part D Subsidy:*
Past retiree drug subsidies received used to estimate the subsidy for 2020. Claim costs shown are net of subsidies.

4. *Medicare Part B Premiums:*
We assume that each Medicare-eligible person pays their own Medicare Part B premium.

5. *Medicare Eligibility*
100% of retirees and dependents age 65 or older plus all disabled members.

6. *Annual Limitations:*
Assumed to increase at the same rates as trends.

7. *Lifetime Maximum:*
We assumed no one would reach their lifetime maximum.

8. *Area:*
For Medicare retirees, we assume the 45% will elect the out-of-area plan and 55% will elect the HMO plan.

APPENDIX B ▫ ASSUMPTIONS AND METHODS

Summary of Changes Since Last Valuation

Claim cost assumptions were updated to reflect the latest claim and premium information.

Trends applied to 2020 reflect the 2.30% percent increase in Kaiser premiums.

Methodology

Standard actuarial procedures were used to calculate the figures in this report. These procedures are described in the AICPA's Statement of Position (SOP) 92-6 as modified by SOP 01-2.

The Projected Unit Credit Funding Method as described in paragraph 45 of SOP 92-6 was used to calculate liabilities in this report.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (Win Tech), to calculate liabilities and project benefit payments. Claims for out-of-area participants were calculated using the experience through March 2020 provided by Associated Administrators, LLC.

Medical and pharmacy costs for out-of-area retirees were increased by 5.26% for medical, 4.77% for pharmacy and 2.24% for capitated rates to trend them to the calendar year 2020. Expenses were assumed to be priced on a per subscriber basis. We assumed 50% if the Kaiser premium is for pharmacy costs. We assumed the implementation of the EGWP program will reduce pharmacy claim costs by an average of 7% (across out-of-area and HMO retirees) beginning in 2021.

The health care trend rates were set using the Society of Actuaries Getzen model v2020b. Initial trend rates were based on our projection of health care costs for the next four years. The inflation assumption input into the Getzen model was 1.8% and was derived from the treasury yield curve comparing traditional yields to the yields of Treasury Inflation-Protected Securities as of December 31, 2019. We assumed 2040 as the year after which medical costs are limited to the rate of growth of GDP, and that the cost growth is assumed to meet resistance above 25% of GDP. For all other assumptions, the default model assumption was used including real GDP growth of 1.5% and excess medical cost growth of 1.1%.

Incurred but not paid claims are based on claims lags provided by the administrator through May 2020 plus 1/3 of pharmacy claims for the first quarter 2020 as reported in the Administrative Manager's Report.

We did not make any adjustments or comments for future changes that may be required by the Patient Protection and Affordable Care Act of 2010 or related legislation or regulations.

.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

This section summarizes the current plan provisions; however, benefits are subject to bargaining and could change.

Eligibility

Eligible:

- Majority of service Tier I immediate retirees who meet the age and service requirement for pension benefits and are at least age 55 and have 20 years of service or have 30 years of service regardless of age.
- Members receiving a disability pension benefit from the FELRA and UFCW Pension Plan.
- Dependents of covered retirees if covered while active.
- Widow(er)s of pre-1/1/1984 meat department retirees.
- Special rules apply for part-time retirees who retired prior to 10/1/1992.

Ineligible:

- Tier II participants.
- Terminated vested participants.
- Participants who retire frozen credited service, but do not meet the requirement above.
- Dependents of deceased retirees except COBRA and pre-1/1/1984 meat department retirees.
- Effective 8/1/2011, SuperFresh retirees with the exception of those currently employed by two stores.

Current Retiree Contribution Amounts

Retirees must make a monthly copayment to maintain eligibility for health and welfare benefits. The monthly copayments are negotiated by the Trustees. The current agreement is that the retiree will pay 20% of the total cost. If experience demonstrates that the retirees pay more or less than 20%, then that experience is accounted for in future retiree copayment calculations at the Trustees' discretion.

The non-Medicare retiree benefits are a flat dollar subsidy ($400 per non-Medicare family for Safeway retirees, $350 per non-Medicare family for other retirees, $200 per surviving spouse).

Conversions and/or COBRA self pays that pay 100% of their costs have been excluded from these calculations.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Plan Provisions

Plan Last Modified:	1/1/2016	1/1/2016
Provider Network:	**HMO (Kaiser)**	**Out of Area (OOA)**
Medicare Benefits	**Kaiser Medicare Advantage**	**Medicare Supplement**
Prescription Drugs		
Retail (INN)	$ 15 copay	11% (Dependents $200 ded + 25%)
Retail (OON)	$ 25 copay	18% (Dependents $200 ded + 25%)
Mail Order	$ 10 copay	
Vision Care Services		
Exam	Covered at 100%; 1 exam / 24 months	Covered at 100%; 1 exam / 24 months
Lens	1 pair lenses / 24 months	1 pair lenses / 24 months
Frames	1 frame / 24 months	1 frame / 24 months
Contacts	Not Covered	Not Covered
Dental:		
Annual Deductible	N/A	N/A
Coinsurance (Preventive / Prosthotic / Restoration)	Copay based on schedule	Copay based on schedule
Annual Maximum Covered	N/A	N/A
Orthodontics	$425 per year + $75 completion	$425 per year + $75 completion

Vendors

General and Claims Administrator:	Associated Admin.
Medical Provider Network:	Kaiser; Well Care
Pharmacy Benefit Manager:	Express Scripts
Dental Provider:	Dental Service of Maryland
Vision Provider:	Advantica
Actuary (for Retiree calculations):	Cheiron
Auditor:	Salter & Co, LLC
Counsel:	Slevin & Hart; Morgan Lewis

Summary of Changes Since Last Valuation

None

APPENDIX D – DEFINITION OF TERMS

Definition of Terms

Postretirement Benefit Obligation (PBO):

The PBO is the same as the APBO defined below.

Expected Postretirement Benefit Obligation (EPBO):

The EPBO is the actuarial present value of the benefits expected to be paid to or for an employee, the employee's beneficiaries, and any covered dependents, pursuant to the terms of the Postretirement Benefit Plan.

Accumulated Postretirement Benefit Obligation (APBO):

The APBO is the portion of the EPBO allocated to service rendered prior to the measurement date, based on the accrual period defined by the accounting standards. (This is equivalent to the "projected benefit obligation" of SFAS 87.) For an employee who is not fully eligible for the postretirement non-pension benefits, the APBO will be less than the EPBO. After the date of becoming fully eligible, the APBO and the EPBO will be the same.

Substantive Plan:

The terms of the Postretirement Benefit Plan as understood by a fund that provides postretirement benefits and the participants who render services in exchange for those benefits. The substantive plan is the basis for the accounting for that exchange transaction. In some situations, an employer's cost-sharing provisions, or past practice of regular increases in certain monetary benefits, may indicate that the substantive plan differs from the extant written plan. Minor negotiated benefit changes that occur after the valuation date are not considered. An example would be changing providers or HMOs.

Plan Amendment:

A change in the existing terms of a plan. A plan amendment may increase or decrease benefits, including those attributed to years of service already rendered. Our understanding of the substantive plan is that there are typically periodic changes to the dollar limits to keep up with inflation, and to the level of care management depending upon market availability. We have not considered such changes to be plan amendments. We would, however, consider plan amendments to include changes such as modifications to the eligibility requirements or changes to the retiree copay policy.

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