

City and County of San Francisco Postretirement Health Plan

GASB 74/75 Report

**June 30, 2021 Measurement Date
for June 30, 2022 Reporting Date**

Produced by Cheiron

January 2023

TABLE OF CONTENTS

<i>Section</i>		<i>Page</i>
Section I	Board Summary	1
Section II	Certification	5
Section III	Determination of Discount Rate	7
Section IV	Projection of Total OPEB Liability	8
Section V	GASB 74 Reporting Information.....	10
Section VI	GASB 75 Reporting Information.....	15
 <i>Appendices</i>		
Appendix A	Membership Information	20
Appendix B	Actuarial Assumptions and Methods	21
Appendix C	Summary of Plan Provisions.....	36
Appendix D	Determination of Discount Rate	43
Appendix E	Glossary of Terms.....	48

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

The purpose of this report is to provide accounting and financial reporting information under the Governmental Accounting Standards Board Statements No. 74 and No. 75 (GASB 74 and GASB 75) for the City and County of San Francisco Postretirement Health Plan. This information includes:

- Determination of the discount rate as of the measurement date;
- Projection of the Total OPEB Liability from the valuation date to the measurement date;
- Sensitivity of the Net OPEB Liability to changes in discount rates and health care cost trend rates;
- Changes in the Net OPEB Liability;
- Schedule of Employer Contributions;
- Disclosure of Deferred Inflows and Outflows; and,
- Calculation of the Annual OPEB Expense for the City and County of San Francisco.

Numbers in the tables in this report may not add due to rounding.

Highlights

For this plan, valuations are conducted every other year, and each valuation is used as the basis for two years of reporting and disclosure of the Total OPEB Liability under GASB 74 and 75. The measurement date for this report is June 30, 2021. Measurements are based on the fair value of assets as of June 30, 2021 and the Total OPEB Liability as of the valuation date, June 30, 2020, updated to June 30, 2021. The update procedures include an adjustment to reflect calendar year 2022 premiums and premium equivalents and the addition of service cost and interest cost offset by actual benefit payments. There were no significant events between the valuation date and the measurement date of which we are aware.

The table on the next page provides a summary of the key results during this measurement period. For GASB 74 reporting purposes, only the Net OPEB Liability applies.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

	Measurement Date	
	6/30/2021	6/30/2020
Net OPEB Liability	\$ 3,691,122	\$ 3,823,334
Deferred Outflows	(519,760)	(580,662)
Deferred Inflows	<u>638,225</u>	<u>547,780</u>
Net Impact on Statement of Net Position	\$ 3,809,587	\$ 3,790,452
Contributions Subsequent to Measurement Date (Included in Deferred Outflows Above)		
Contributions to Trust	\$ 41,841	\$ 39,555
Benefit Payments	<u>211,025</u>	<u>206,439</u>
Total	\$ 252,866	\$ 245,994
OPEB Expense (\$ Amount)	\$ 272,001	\$ 320,685
OPEB Expense (% of Payroll)	6.88%	8.11%

Amounts in Thousands

The Net OPEB Liability (NOL) decreased approximately \$132 million since the prior measurement date. This decrease is due to a combination of \$152 million in experience gains offset by \$20 million due to contributions and net investment income being less than service cost, administrative expenses, and interest on the TOL.

Plan changes are recognized immediately, investment gains and losses are recognized over five years, and experience gains and losses and assumption changes are recognized over the average remaining service life, which is seven years. Unrecognized amounts are reported as deferred outflows and deferred inflows of resources.

As of June 30, 2022, the end of the reporting year, the City and County reports a Net OPEB Liability of \$3,691,122,000, Deferred Outflows of \$519,760,000, and Deferred Inflows of \$638,225,000. Consequently, the net impact on the City and County's Statements of Net Position is \$3,809,587,000 at the end of the reporting year. Contributions of \$252,866,000 between the measurement date (June 30, 2021) and the City and County's reporting date (June 30, 2022) are reported as deferred outflows to offset the cash outflow reported and are included in the figures above.

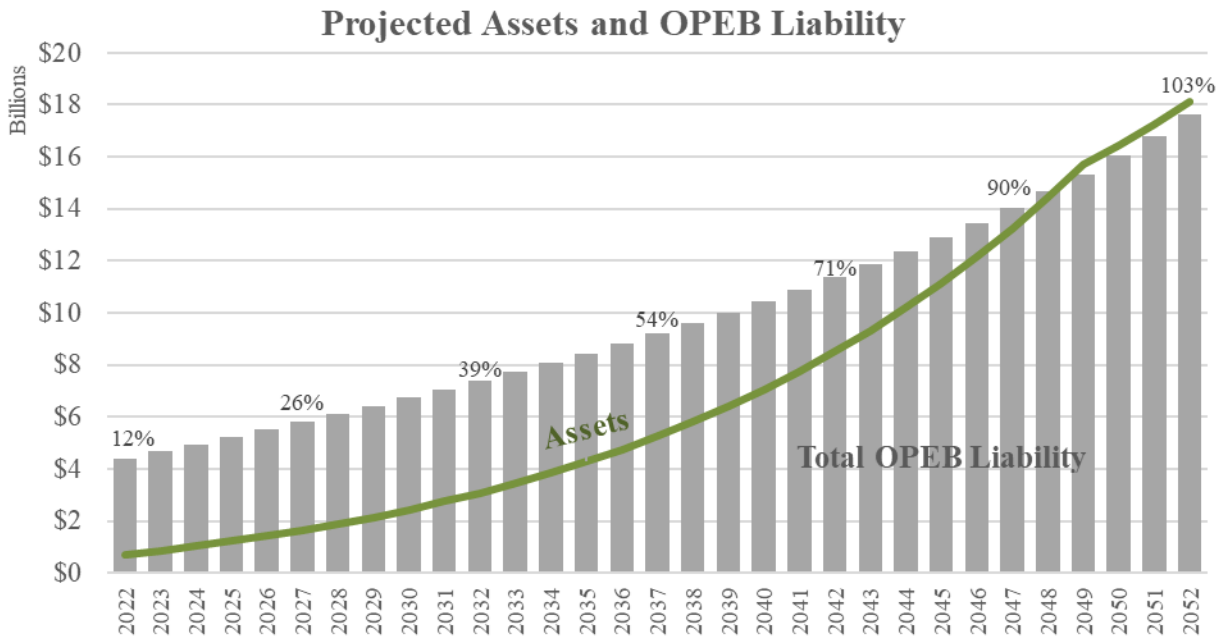
For the fiscal year ending June 30, 2022, the annual OPEB expense is \$272,001,000, or 6.88% of covered payroll. Volatility in OPEB expense from year to year is to be expected given the immediate recognition of plan changes and the short recognition periods for investment gains and losses, assumption changes, and liability gains and losses. A breakdown of the components of the net OPEB expense is shown in Section VI of this report.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY

Funding Projections

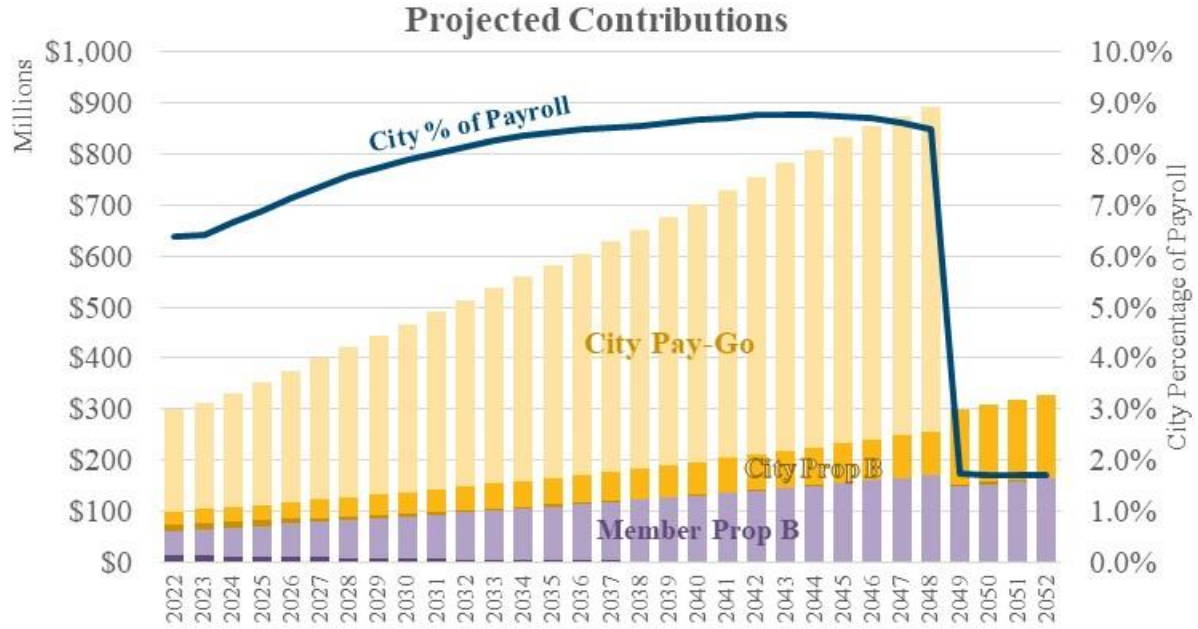
The chart below shows the projected growth of the Total OPEB Liability and the assets in the Retiree Health Care Trust Fund (RHCTF) over the next 30 years. The plan is expected to grow from 12% funded to 103% funded over the 30-year period if all assumptions are met, including the 7.0% expected return on assets. Benefits cannot be paid from the RHCTF until the plan is 100% funded.



Contributions to fund the OPEB plan are defined in the Charter and are not actuarially determined. Until the plan is 100% funded, Pre-Prop B members contribute 1% of pay and Prop B members contribute 2% of pay while the City contributes 1% of pay and pays the benefits on a pay-as-you-go (Pay-Go) basis each year. If the City’s contributions exceed 10% of payroll, there are some potential adjustments that are described in detail in Section III and Appendix C of the report. Once the plan is 100% funded, members pay 50% of the normal cost up to 2% of pay (1% if Pre-Prop B) and the City pays the remainder of the normal cost. The chart on the following page shows the projected contributions over the next 30 years.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION I – BOARD SUMMARY



Member contributions are shown as purple bars with the darker purple for Pre-Prop B members. City contributions are shown as gold bars with dark gold for Pre-Prop B members, medium gold for Prop B members, and light gold for the pay-as-you-go benefit payments. The blue line represents total City contributions as a percentage of payroll. If all assumptions are met, City contributions do not reach the 10% of payroll threshold and contributions drop significantly in 2049 when the plan is projected to reach 100% funding.

Details of the contribution and disbursement structure both before and after full funding are provided in Appendix C (Summary of Plan Provisions).

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION II – CERTIFICATION

The purpose of this report is to provide accounting and financial reporting information under GASB No. 74 for the City and County of San Francisco Postretirement Health Plan (Plan) and under GASB No. 75 for the City and County of San Francisco. This report is for the use of the City and County of San Francisco and its auditors in preparing financial reports in accordance with applicable law and accounting requirements. This report is not appropriate for other purposes, including the calculation of actuarially determined contributions.

In preparing our report, we relied on information (some oral and some written) supplied by the City and County of San Francisco (CCSF), the Health Services System (HSS), and the San Francisco Employees' Retirement System (SFERS). 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 City and County of San Francisco selected the actuarial assumptions based on our analysis and recommendations. We believe the selected assumptions to be reasonable for the purpose of financial reporting under GASB Statement Nos. 74 and 75.

Medical trend assumptions were developed using the Society of Actuaries (SOA) Long-Term Health Care Cost Trends Model (Model). This Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of the SOA Project Oversight Group. We have reviewed the baseline assumptions for the Model and found them to be reasonable and consistent with the other economic assumptions used in the valuation, except the capacity constraint assumptions were adjusted based on our review of the current economic environment, and our expectations for the future. Further rationale and detail on the parameters used in this Model can be found in Appendix B of this report – Actuarial Assumptions and Methods. We have relied on the SOA as the developer of the Model. We have reviewed the Model and have a basic understanding of the Model and have used the Model in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of the Model that would affect these results.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

The funding projections shown in the Board Summary and the projection of future contributions shown in Appendix D – Determination of the Discount Rate are developed using an open group deterministic projection of the liabilities and assets associated with the Plan. The projection uses projected benefit payments for current members but does not include projected benefit payments for new members. This limitation is not material for the purpose of the projection as it would

CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE

SECTION II – CERTIFICATION

affect the assets and liabilities by the same amount. The projection uses standard roll-forward techniques that implicitly assume a stable active population.

Future actuarial measurements may differ significantly from the current measurements 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.

The Inflation Reduction Act of 2022 (the Act) contains provisions that may impact the cost of benefits provided to Medicare eligible retirees. The Act provides for changes that could reduce costs and changes that could increase costs. Implementing regulations and market responses are likely to affect the net impact. Based on information currently available, we do not expect the Act to have a material impact on costs.

This report and its contents have 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, collectively we 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.

This report was prepared exclusively for the City and County of San Francisco for the purposes described herein and for the use by the City's 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.



William R. Hallmark, ASA, EA, FCA, MAAA
Consulting Actuary



Taylor Stevens, ASA, MAAA
Associate Actuary



Michael Schionning, FSA, MAAA
Principal Consulting Actuary

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION III – DETERMINATION OF DISCOUNT RATE

The discount rate used to measure the Total OPEB Liability was 7.00%.

Employee and City and County contributions to the Plan are set in Charter Section A8.432(a) and (b) and are not actuarially determined. Employee and City and County contributions to the Retiree Health Care Trust Fund (RHCTF) are a fixed percent of pay that varies depending on the employee's hire date, the year in which the payment is made, and whether the Trust is fully funded.

As described in Charter Section A8.432(d), before the Trust is fully funded, other than limited disbursements described below to stabilize City and County contributions and disbursements for reasonable administrative expenses, no disbursements may be made from the RHCTF. As a result, the City and County pays for all benefits on a pay-as-you-go basis while the contributions accumulate in the Trust.

If the City and County's retiree health care costs (RHCTF contributions plus benefit payments) are projected to exceed 10% of payroll, with approval of the Mayor and by resolution of the Board of Supervisors, the RHCTF Board may authorize stabilization disbursements to the extent necessary to reduce the City's retiree health care costs to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year.

Once the RHCTF is fully funded:

- Benefits for current retirees can be paid from the Trust,
- Employee contributions to the Trust become 50% of normal cost up to 2% of pay, and
- City and County contributions become the remainder of the normal cost not paid by employee contributions.

Details of the contribution and disbursement structure both before and after full funding are provided in Appendix C (Summary of Plan Provisions).

To determine the discount rate, we have assumed that the City and County and employees will contribute to the RHCTF at the rates specified by the Charter and disbursements from the RHCTF will continue to be limited by the Charter until it is fully funded.

A formal cash flow projection as described under Paragraph 37 of GASB Statement 75 is included in Appendix D. In performing the crossover test, we made the following conservative assumptions to simplify the test:

- In projecting when the Plan becomes fully funded, the Total OPEB Liability includes the service cost for new entrants and the assets include contributions for new entrants, but the Total OPEB Liability and assets are only reduced for projected benefit payments for current members.
- All projected administrative expenses are allocated to current members.

The projection shows that for each future period, the amount of the Plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL OPEB LIABILITY

The Total OPEB Liability (TOL) at the end of the measurement year is measured as of the valuation date, June 30, 2020, and projected to June 30, 2021. The update procedures include an adjustment to reflect actual calendar year 2022 premiums and premium equivalents and the addition of service cost and interest cost offset by actual benefit payments. There were no significant events between the valuation date and the measurement date of which we are aware.

The amounts shown in the exhibits in this section as of June 30, 2020 reflect actual medical premiums and premium equivalents for the 2022 calendar year. They do not match the TOL shown in the prior report because the 2022 premiums and premium equivalents in that report were projected using trend assumptions as of the June 30, 2020 measurement date.

The table below shows the projection of the TOL at discount rates equal to the rate used for disclosure and plus and minus one percent from that rate.

Projection of Total OPEB Liability from Valuation to Measurement Date			
Discount Rate	6.00%	7.00%	8.00%
Valuation Total OPEB Liability, 6/30/2020			
Actives	\$ 1,833,252	\$ 1,564,727	\$ 1,347,081
Deferred Vested	456,987	382,755	325,284
Retirees	2,473,033	2,226,987	2,021,008
Total	\$ 4,763,272	\$ 4,174,469	\$ 3,693,373
Service Cost	192,763	151,544	120,317
Benefit Payments	206,439	206,439	206,439
Interest	285,392	290,324	292,091
Total OPEB Liability, 6/30/2021	\$ 5,034,988	\$ 4,409,899	\$ 3,899,342

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION IV – PROJECTION OF TOTAL OPEB LIABILITY

The table below shows the projection of the TOL at healthcare trend rates equal to the rates used for disclosure and plus and minus one percent from those rates.

Projection of Total OPEB Liability from Valuation to Measurement Date			
Healthcare Trends	-1.00%	Baseline	1.00%
Valuation Total OPEB Liability, 6/30/2020			
Actives	\$ 1,305,785	\$ 1,564,727	\$ 1,897,999
Deferred Vested	330,068	382,755	449,178
Retirees	<u>2,052,123</u>	<u>2,226,987</u>	<u>2,431,266</u>
Total	\$ 3,687,976	\$ 4,174,469	\$ 4,778,443
Service Cost	123,721	151,544	188,787
Benefit Payments	206,439	206,439	206,439
Interest	255,312	290,324	333,884
Total OPEB Liability, 6/30/2021	\$ 3,860,571	\$ 4,409,899	\$ 5,094,675

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Note Disclosures

The table below shows the changes in the Total OPEB Liability (TOL), the Plan Fiduciary Net Position (i.e., fair value of Plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on June 30, 2021.

	Change in Net OPEB Liability		
		Increase (Decrease)	
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at end of prior year	\$ 4,312,323	\$ 488,989	\$ 3,823,334
Changes for the year:			
Service cost	155,840		155,840
Interest	300,122		300,122
Changes of benefits	0		0
Differences between expected and actual experience	(151,947)		(151,947)
Changes of assumptions	0		0
Contributions - employer		245,994	(245,994)
Contributions - member		61,582	(61,582)
Net investment income		128,916	(128,916)
Benefit payments	(206,439)	(206,439)	0
Administrative expense		(265)	265
Net changes	<u>97,576</u>	<u>229,788</u>	<u>(132,212)</u>
Balance at end of current year	<u>\$ 4,409,899</u>	<u>\$ 718,777</u>	<u>\$ 3,691,122</u>

Amounts in Thousands

During the measurement year, the NOL decreased by approximately \$132 million. The service cost, interest cost, and administrative expenses increased the NOL by approximately \$456 million while contributions and investment income decreased the NOL by approximately \$436 million. There were actuarial experience gains during the year of approximately \$152 million.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

Sensitivity of Net OPEB Liability to Changes in Discount Rate			
	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 5,034,988	\$ 4,409,899	\$ 3,899,342
Plan Fiduciary Net Position	<u>718,777</u>	<u>718,777</u>	<u>718,777</u>
Net OPEB Liability	<u>\$ 4,316,212</u>	<u>\$ 3,691,122</u>	<u>\$ 3,180,565</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.3%	16.3%	18.4%

Amounts in Thousands

A one percent decrease in the discount rate increases the TOL by approximately 14% and increases the NOL by approximately 17%. A one percent increase in the discount rate decreases the TOL by approximately 12% and decreases the NOL by approximately 14%.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Changes in healthcare trend rates affect the measurement of the TOL. Lower healthcare trends produce a lower TOL and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates			
	1% Decrease	Healthcare Trend	1% Increase
Total OPEB Liability	\$ 3,860,571	\$ 4,409,899	\$ 5,094,675
Plan Fiduciary Net Position	<u>718,777</u>	<u>718,777</u>	<u>718,777</u>
Net OPEB Liability	<u>\$ 3,141,794</u>	<u>\$ 3,691,122</u>	<u>\$ 4,375,898</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.6%	16.3%	14.1%

Amounts in Thousands

A one percent decrease in the healthcare trends decreases the TOL by approximately 12% and decreases the NOL by approximately 15%. A one percent increase in the healthcare trends increases the TOL by approximately 16% and increases the NOL by approximately 19%.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Required Supplementary Information

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 74 and 75, and eventually will build up to 10 years of information. The schedule below shows the changes in NOL and related ratios required by GASB for each measurement year since implementation. The covered payroll represents the pay on which contributions to the Retiree Health Care Trust Fund were made during the measurement year.

Schedule of Changes in Net OPEB Liability and Related Ratios					
	MYE 2021	MYE 2020	MYE 2019	MYE 2018	MYE 2017
<u>Total OPEB Liability</u>					
Service cost	\$ 155,840	\$ 141,642	\$ 133,736	\$ 127,850	\$ 125,193
Interest	300,122	314,907	283,520	290,029	272,943
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	(151,947)	(381,922)	194,068	(385,732)	0
Changes of assumptions	0	151,725	0	111,119	0
Benefit payments	(206,439)	(196,445)	(185,839)	(178,019)	(165,470)
Net change in TOL	\$ 97,576	\$ 29,907	\$ 425,485	\$ (34,753)	\$ 232,666
TOL - beginning	<u>4,312,323</u>	<u>4,282,416</u>	<u>3,856,931</u>	<u>3,891,684</u>	<u>3,659,019</u>
TOL - ending	<u>\$ 4,409,899</u>	<u>\$ 4,312,323</u>	<u>\$ 4,282,416</u>	<u>\$ 3,856,931</u>	<u>\$ 3,891,684</u>
<u>Plan fiduciary net position</u>					
Contributions - employer	\$ 245,994	\$ 235,963	\$ 218,625	\$ 203,858	\$ 183,898
Contributions - member	61,582	60,236	51,025	41,682	31,686
Net investment income	128,916	22,746	26,959	14,105	17,369
Benefit payments	(206,439)	(196,445)	(185,839)	(178,019)	(165,470)
Administrative expense	(265)	(114)	(132)	(138)	(109)
Net change in plan fiduciary net position	\$ 229,788	\$ 122,387	\$ 110,638	\$ 81,488	\$ 67,373
Plan fiduciary net position - beginning	<u>488,989</u>	<u>366,602</u>	<u>255,964</u>	<u>174,477</u>	<u>107,103</u>
Plan fiduciary net position - ending	<u>\$ 718,777</u>	<u>\$ 488,989</u>	<u>\$ 366,602</u>	<u>\$ 255,964</u>	<u>\$ 174,477</u>
NOL - ending	<u>\$ 3,691,122</u>	<u>\$ 3,823,334</u>	<u>\$ 3,915,814</u>	<u>\$ 3,600,967</u>	<u>\$ 3,717,207</u>
Plan fiduciary net position as a percentage of the TOL	16.3%	11.3%	8.6%	6.6%	4.5%
Covered payroll	\$ 3,955,498	\$ 3,951,792	\$ 3,763,446	\$ 3,583,448	\$ 3,393,658
NOL as a percentage of covered payroll	93.3%	96.7%	104.0%	100.5%	109.5%

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION V – GASB 74 REPORTING INFORMATION

Employee and City and County contributions to the Plan are set by the Charter and are not actuarially determined. Employee and City and County contributions to the Retiree Health Care Trust Fund (RHCTF) are a fixed percent of pay that varies depending on the employee’s hire date, the year in which the payment is being made, and whether the Trust is fully funded. In addition to the contributions to the Trust, the City and County pay plan benefits on a pay-as-you-go basis until the Trust is fully funded. For purposes of the schedule of employer contributions, the combination of the pay-as-you-go amounts and the contributions to the Trust are considered Charter required contributions. The table below shows the Charter required contributions for each of the last 10 measurement years.

Schedule of Employer Contributions					
	MYE 2021	MYE 2020	MYE 2019	MYE 2018	MYE 2017
Charter Required Contribution	\$ 245,994	\$ 235,963	\$ 218,625	\$ 203,858	\$ 183,898
Contributions in Relation to the Charter Required Contribution	<u>245,994</u>	<u>235,963</u>	<u>218,625</u>	<u>203,858</u>	<u>183,898</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 3,955,498	\$ 3,951,792	\$ 3,763,446	\$ 3,583,448	\$ 3,393,658
Actual Contributions as % of Pay	6.22%	5.97%	5.81%	5.69%	5.42%
	MYE 2016	MYE 2015	MYE 2014	MYE 2013	MYE 2012
Charter Required Contribution	\$ 168,855	\$ 167,241	\$ 166,628	\$ 160,300	\$ 156,252
Contributions in Relation to the Charter Required Contribution	<u>168,855</u>	<u>167,241</u>	<u>166,628</u>	<u>160,300</u>	<u>156,252</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 3,241,700	\$ 3,017,847	\$ 2,869,603	\$ 2,810,519	\$ 2,673,271
Actual Contributions as % of Pay	5.21%	5.54%	5.81%	5.70%	5.84%

Amounts in Thousands

For measurement years prior to 2017, covered payroll represents the pay during the measurement year for members eligible to receive future OPEB benefits if they meet the age and service requirements for benefits. For the measurement years ended on or after June 30, 2017 covered payroll is the payroll on which contributions to the RHCTF were made.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

We understand the City and County elected to use a measurement date as of the end of the prior fiscal year for their reporting under GASB 75. As a result, the schedules in this section are based on the June 30, 2021 measurement date and are intended be used for their 2022 reporting date.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources related to the Plan along with the net recognition over the next five years and the total amount recognized thereafter, if any.

Schedule of Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,896	\$ 568,356
Changes in assumptions	155,998	0
Net difference between projected and actual earnings on OPEB plan investments	0	69,869
Contributions subsequent to the measurement date		
Contributions to the Trust	\$ 41,841	
Benefit payments	211,025	
Total contributions	<u>\$ 252,866</u>	
Total	<u>\$ 519,760</u>	<u>\$ 638,225</u>
<p>Amounts reported as deferred outflows due to contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability in the measurement year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:</p>		
Measurement year ended June 30:		
	2022	\$ (83,444)
	2023	(83,736)
	2024	(82,741)
	2025	(45,111)
	2026	(54,592)
	Thereafter	(21,707)

Amounts in Thousands

The tables on the following pages provide details on the current balances of deferred inflows and outflows of resources along with the recognition of each base for each of the current and following five years, as well as the total for any years thereafter.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Recognition of Experience (Gains) and Losses											
Year	Recognition Period	Total Amount	Beginning	Ending	Recognition Year						
			Remaining Amount	Remaining Amount	2021	2022	2023	2024	2025	2026	Thereafter
2021	7.0	\$(151,947)	\$(151,947)	\$(130,240)	\$ (21,707)	\$ (21,707)	\$ (21,707)	\$ (21,707)	\$ (21,707)	\$ (21,707)	\$ (21,707)
2020	7.0	(381,922)	(327,362)	(272,802)	(54,560)	(54,560)	(54,560)	(54,560)	(54,560)	(54,560)	0
2019	7.0	194,068	138,620	110,896	27,724	27,724	27,724	27,724	27,724	0	0
2018	7.0	(385,732)	(220,418)	(165,314)	(55,105)	(55,105)	(55,105)	(55,105)	0	0	0
Deferred Outflows			\$ 138,620	\$ 110,896	\$ 27,724	\$ 27,724	\$ 27,724	\$ 27,724	\$ 27,724	\$ 0	\$ 0
Deferred (Inflows)			<u>(699,727)</u>	<u>(568,356)</u>	<u>(131,372)</u>	<u>(131,372)</u>	<u>(131,372)</u>	<u>(131,372)</u>	<u>(76,267)</u>	<u>(76,267)</u>	<u>(21,707)</u>
Net Change in OPEB Expense			\$ (561,107)	\$ (457,460)	\$ (103,648)	\$ (103,648)	\$ (103,648)	\$ (103,648)	\$ (48,543)	\$ (76,267)	\$ (21,707)

Amounts in Thousands

Recognition of Assumption Changes											
Year	Recognition Period	Total Amount	Beginning	Ending	Recognition Year						
			Remaining Amount	Remaining Amount	2021	2022	2023	2024	2025	2026	Thereafter
2020	7.0	\$ 151,725	\$ 130,050	\$ 108,375	\$ 21,675	\$ 21,675	\$ 21,675	\$ 21,675	\$ 21,675	\$ 21,675	\$ 0
2018	7.0	111,119	63,497	47,623	15,874	15,874	15,874	15,874	0	0	0
Deferred Outflows			\$ 193,547	\$ 155,998	\$ 37,549	\$ 37,549	\$ 37,549	\$ 37,549	\$ 21,675	\$ 21,675	\$ 0
Deferred (Inflows)			<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in OPEB Expense			\$ 193,547	\$ 155,998	\$ 37,549	\$ 37,549	\$ 37,549	\$ 37,549	\$ 21,675	\$ 21,675	\$ 0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Recognition of Investment (Gains) and Losses												
Year	Recognition Period	Total Amount	Beginning	Ending	Recognition Year							
			Remaining Amount	Remaining Amount	2021	2022	2023	2024	2025	2026	Thereafter	
2021	5.0	\$ (91,216)	\$ (91,216)	\$ (72,973)	\$ (18,243)	\$ (18,243)	\$ (18,243)	\$ (18,243)	\$ (18,243)	\$ (18,243)	\$ 0	\$ 0
2020	5.0	8,003	6,402	4,802	1,601	1,601	1,601	1,601	0	0	0	0
2019	5.0	(4,977)	(2,986)	(1,991)	(995)	(995)	(995)	0	0	0	0	0
2018	5.0	1,462	585	292	292	292	0	0	0	0	0	0
2017	5.0	(7,494)	(1,499)	0	(1,499)	0	0	0	0	0	0	0
Net Change in OPEB Expense			\$ (88,714)	\$ (69,869)	\$ (18,845)	\$ (17,346)	\$ (17,638)	\$ (16,643)	\$ (18,243)	\$ (18,243)	\$ 0	\$ 0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

The Annual OPEB Expense recognized by the City and County of San Francisco can be calculated two different ways. It is the change in the amounts reported on the City and County’s Statements of Net Position that relate to the Plan and are not attributable to employer contributions. That is, it is the change in NOL plus the changes in deferred outflows and inflows plus employer contributions. Alternatively, Annual OPEB Expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of the OPEB expense.

The table below shows the development of OPEB expense using both of these methodologies.

Calculation of OPEB Expense		
Measurement Year Ending	June 30, 2021	June 30, 2020
Change in Net OPEB Liability	\$ (132,212)	\$ (92,479)
Change in Deferred Outflows	67,775	(88,954)
Change in Deferred Inflows	90,445	266,155
Employer Contributions	<u>245,994</u>	<u>235,963</u>
OPEB Expense	\$ 272,001	\$ 320,685
OPEB Expense as % of Payroll	6.88%	8.11%
Operating Expenses		
Service cost	\$ 155,840	\$ 141,642
Employee contributions	(61,582)	(60,236)
Administrative expenses	<u>265</u>	<u>114</u>
Total	\$ 94,523	\$ 81,520
Financing Expenses		
Interest cost	\$ 300,122	\$ 314,907
Expected return on assets	<u>(37,700)</u>	<u>(30,749)</u>
Total	\$ 262,422	\$ 284,158
Changes		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	37,549	37,549
Recognition of liability gains and losses	(103,648)	(81,941)
Recognition of investment gains and losses	<u>(18,845)</u>	<u>(601)</u>
Total	\$ (84,943)	\$ (44,993)
OPEB Expense	\$ 272,001	\$ 320,685

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

SECTION VI – GASB 75 REPORTING INFORMATION

Operating expenses are items directly attributable to the operation of the Plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating the Plan for the year.

The financing expenses are the interest on the Total OPEB Liability less the expected return on assets. Financing expenses are the primary source of expenses for the plan. As the funding level improves, the financing expenses will decline.

The remaining components of the annual expense are due to the recognition of changes. These components will drive most of the volatility in OPEB expense from year to year. They include any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TOL, and investment gains or losses.

The Total OPEB Expense decreased by approximately \$49 million. The recognition of changes decreased by about \$40 million and financing expenses decreased about \$22 million while operating expenses increased about \$13 million.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX A – MEMBERSHIP INFORMATION

The census data used to develop the Total OPEB Liability as of June 30, 2021 is the same census data used in our June 30, 2020 actuarial valuation. Please refer to the GASB 74/75 Report for the June 30, 2020 measurement date for a more complete summary of the census data.

Schedule of Valuation Data			
Valuation Date	June 30, 2020	June 30, 2018	% Change
Active Employees			
Count	32,879	32,380	2%
Average Age	46.6	46.4	0%
Average Service	10.8	10.8	0%
Total Payroll (\$000's)	\$ 3,591,515	\$ 3,265,545	10%
Vested, Terminated Members			
Count	2,211	2,071	7%
Average Age	50.3	49.1	2%
In-Pay Members with Coverage			
Count	22,728	22,045	3%
Average Age	72.0	71.3	1%
Total Member Count	57,818	56,496	2%

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Economic Assumptions

Based on Meketa’s 10 and 20-year capital market assumptions for the RHCTF’s asset allocation, an expected return on plan assets of 7.0% was adopted by the City and County.

The wage inflation and price inflation assumptions are the same as those adopted by the City and County of San Francisco Employees’ Retirement System at the December 9, 2020 Board meeting. Please refer to the economic assumption review presentation for SFERS dated December 9, 2020 for the rationale for the wage inflation and price inflation assumptions.

The per person healthcare cost trends were developed using the 2021 Getzen Model of Long-Run Medical Cost Trends published by the Society of Actuaries. Initial trends reflect short-term expectations, including the impact of health insurance tax repeal and Centers for Medicare & Medicaid Services (CMS) rebasing by county. Longer-term trends are based on our review of the current economic environment, and our expectations for the future.

Please refer to the Assumptions and Methods presentations dated October 28, 2021 and June 27, 2022 for further detail on the rationale for these assumptions.

These assumptions have been reviewed and approved by the City and County of San Francisco.

1. Expected Return on Assets and Discount Rate

7.00% per year, net of investment expenses

2. Inflation

Price Inflation: 2.50%, compounded annually

Wage Inflation: Bargained increases through July 1, 2022 followed by 3.25% compounded annually thereafter

3. Per Person Cost Trends

Medical trends were developed using the 2021 Society of Actuaries Long-Term Health Care Cost Trends model with the following parameters:

Inflation:	2.5%
Real GDP per Capita:	1.5%
Excess Medical Cost Growth:	1.1%
Capacity Constraints	
Expected Health Share of GDP in 2030:	20.5%
Resistance Point – Share of GDP:	20.0%
Year Limited to GDP Growth:	2075

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Annual Per Person Cost Increases										
To Fiscal Year Beginning	Medical & Rx				To Fiscal Year Beginning	Medical & Rx				
	10-County Trend	Non- Medicare	Medicare Eligible	Vision / Expense		10-County Trend	Non- Medicare	Medicare Eligible	Vision / Expense	
2022		<i>Varies by Plan</i>			2049	4.70%	4.70%	4.70%	3.00%	
2023	5.50%	6.74%	7.24%	3.00%	2050	4.69%	4.69%	4.69%	3.00%	
2024	5.47%	6.39%	6.84%	3.00%	2051	4.68%	4.68%	4.68%	3.00%	
2025	5.42%	6.17%	6.54%	3.00%	2052	4.67%	4.67%	4.67%	3.00%	
2026	5.37%	5.95%	6.24%	3.00%	2053	4.66%	4.66%	4.66%	3.00%	
2027	5.31%	5.73%	5.93%	3.00%	2054	4.65%	4.65%	4.65%	3.00%	
2028	5.26%	5.51%	5.63%	3.00%	2055	4.64%	4.64%	4.64%	3.00%	
2029	5.21%	5.29%	5.33%	3.00%	2056	4.63%	4.63%	4.63%	3.00%	
2030	5.09%	5.09%	5.09%	3.00%	2057	4.62%	4.62%	4.62%	3.00%	
2031	4.98%	4.98%	4.98%	3.00%	2058	4.62%	4.62%	4.62%	3.00%	
2032	4.96%	4.96%	4.96%	3.00%	2059	4.61%	4.61%	4.61%	3.00%	
2033	4.93%	4.93%	4.93%	3.00%	2060	4.60%	4.60%	4.60%	3.00%	
2034	4.91%	4.91%	4.91%	3.00%	2061	4.59%	4.59%	4.59%	3.00%	
2035	4.89%	4.89%	4.89%	3.00%	2062	4.59%	4.59%	4.59%	3.00%	
2036	4.87%	4.87%	4.87%	3.00%	2063	4.58%	4.58%	4.58%	3.00%	
2037	4.85%	4.85%	4.85%	3.00%	2064	4.57%	4.57%	4.57%	3.00%	
2038	4.83%	4.83%	4.83%	3.00%	2065	4.54%	4.54%	4.54%	3.00%	
2039	4.82%	4.82%	4.82%	3.00%	2066	4.48%	4.48%	4.48%	3.00%	
2040	4.80%	4.80%	4.80%	3.00%	2067	4.42%	4.42%	4.42%	3.00%	
2041	4.79%	4.79%	4.79%	3.00%	2068	4.37%	4.37%	4.37%	3.00%	
2042	4.78%	4.78%	4.78%	3.00%	2069	4.31%	4.31%	4.31%	3.00%	
2043	4.76%	4.76%	4.76%	3.00%	2070	4.26%	4.26%	4.26%	3.00%	
2044	4.75%	4.75%	4.75%	3.00%	2071	4.21%	4.21%	4.21%	3.00%	
2045	4.74%	4.74%	4.74%	3.00%	2072	4.16%	4.16%	4.16%	3.00%	
2046	4.73%	4.73%	4.73%	3.00%	2073	4.11%	4.11%	4.11%	3.00%	
2047	4.72%	4.72%	4.72%	3.00%	2074	4.06%	4.06%	4.06%	3.00%	
2048	4.71%	4.71%	4.71%	3.00%	2075	4.04%	4.04%	4.04%	3.00%	

Deductibles, Co-payments, Out-of-Pocket Maximums, and Annual Maximum are assumed to increase at the above trend rates.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Demographic Assumptions

Rates of retirement, termination, member refunds, mortality, disability, and salary increases are the same as those adopted by the SFERS Board at the December 9, 2020 Board meeting. Please refer to the demographic experience study report for SFERS dated August 2020 for the rationale for these demographic assumptions.

The other demographic assumptions are based on recent Plan experience and our expectations for the future. Please refer to the Assumptions and Methods presentation dated October 28, 2021 for further detail on the rationale for these assumptions.

These assumptions have been reviewed and approved by the City and County of San Francisco.

1. Retirement Rates

Rates of retirement are based on age and service according to the tables on the following pages. Separate rates are used for members hired on or after January 7, 2012 under Charter Sections A8.603 and above (Prop C). Any deferred vested member hired on or after January 10, 2009 is assumed to retire outside of the 180-day retirement window set in place by Proposition B (passed 6/3/2008).

Police Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	1.50%	5.00%	5.00%	1.50%	5.00%	5.00%
51	1.50	5.00	15.00	1.50	5.00	10.00
52	2.00	7.50	20.00	2.00	7.50	20.00
53	5.00	20.00	40.00	5.00	15.00	25.00
54	7.50	22.00	50.00	7.50	17.50	30.00
55	7.50	35.00	50.00	7.50	20.00	35.00
56	7.50	26.00	40.00	7.50	24.00	35.00
57	10.00	28.00	45.00	10.00	26.00	40.00
58	10.00	30.00	45.00	10.00	35.00	60.00
59	15.00	25.00	45.00	15.00	25.00	45.00
60	20.00	34.00	45.00	20.00	34.00	45.00
61	10.00	36.00	40.00	10.00	36.00	40.00
62	15.00	36.00	40.00	15.00	36.00	40.00
63	12.50	36.00	40.00	12.50	36.00	40.00
64	12.50	36.00	40.00	12.50	36.00	40.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Fire Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 25	25 - 29	30 +	< 25	25 - 29	30 +
50	2.00%	5.00%	5.00%	2.00%	2.00%	2.00%
51	1.00	5.00	5.00	1.00	2.00	2.00
52	2.00	5.00	5.00	2.00	5.00	5.00
53	3.00	5.00	15.00	3.00	5.00	12.50
54	7.50	20.00	35.00	7.50	12.50	20.00
55	7.50	25.00	35.00	7.50	15.00	25.00
56	7.50	20.00	35.00	7.50	15.00	30.00
57	12.50	20.00	35.00	12.50	15.00	30.00
58	12.50	20.00	25.00	12.50	30.00	35.00
59	12.50	25.00	25.00	12.50	25.00	25.00
60	15.00	25.00	35.00	15.00	25.00	35.00
61	15.00	40.00	40.00	15.00	40.00	40.00
62	15.00	40.00	40.00	15.00	40.00	40.00
63	15.00	20.00	25.00	15.00	20.00	25.00
64	20.00	20.00	25.00	20.00	20.00	25.00
65 & over	100.00	100.00	100.00	100.00	100.00	100.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Muni Drivers Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.00%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.00	1.50	0.00	0.00	0.00
52	0.00	1.00	1.50	0.00	0.00	0.00
53	0.00	1.00	1.50	0.00	1.00	1.50
54	0.00	1.00	1.50	0.00	1.00	1.50
55	0.00	4.00	5.00	0.00	1.00	5.00
56	0.00	4.00	5.00	0.00	1.00	5.00
57	0.00	4.00	5.00	0.00	2.00	5.00
58	0.00	4.00	5.00	0.00	2.00	5.00
59	0.00	4.00	5.00	0.00	2.00	5.00
60	10.00	10.00	20.00	5.00	10.00	15.00
61	12.50	25.00	30.00	7.50	12.50	20.00
62	20.00	32.50	35.00	10.00	15.00	30.00
63	15.00	30.00	30.00	10.00	20.00	25.00
64	15.00	30.00	30.00	10.00	25.00	25.00
65	27.50	30.00	35.00	27.50	30.00	40.00
66	27.50	30.00	35.00	27.50	30.00	35.00
67	27.50	30.00	35.00	27.50	30.00	35.00
68	27.50	30.00	35.00	27.50	30.00	35.00
69	27.50	30.00	35.00	27.50	30.00	35.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Craft Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	1.50%	1.50%	0.00%	0.00%	0.00%
51	0.00	1.50	1.50	0.00	0.00	0.00
52	0.00	1.50	1.50	0.00	0.00	0.00
53	0.00	2.50	4.00	0.00	1.50	1.50
54	0.00	2.50	4.00	0.00	1.50	1.50
55	0.00	2.50	5.00	0.00	1.50	2.50
56	0.00	3.00	5.00	0.00	1.50	2.50
57	0.00	3.00	5.00	0.00	2.00	2.50
58	0.00	3.00	5.00	0.00	2.00	5.00
59	0.00	8.00	20.00	0.00	2.00	10.00
60	7.50	12.00	32.50	5.00	7.50	15.00
61	10.00	20.00	35.00	7.50	12.50	20.00
62	20.00	30.00	37.50	17.50	25.00	30.00
63	10.00	25.00	30.00	10.00	17.50	25.00
64	17.50	25.00	30.00	10.00	17.50	25.00
65	25.00	27.50	30.00	25.00	30.00	40.00
66	27.50	30.00	32.50	27.50	30.00	32.50
67	27.50	30.00	32.50	27.50	30.00	32.50
68	15.00	25.00	30.00	15.00	25.00	30.00
69	15.00	25.00	30.00	15.00	25.00	30.00
70 & over	100.00	100.00	100.00	100.00	100.00	100.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Miscellaneous Rates of Retirement						
Age	Other than Prop C Years of Service			Prop C Years of Service		
	< 20	20 - 29	30 +	< 20	20 - 29	30 +
50	0.00%	2.75%	3.50%	0.00%	0.00%	0.00%
51	0.00	2.50	3.50	0.00	0.00	0.00
52	0.00	2.50	3.50	0.00	0.00	0.00
53	0.00	3.25	3.50	0.00	3.25	3.25
54	0.00	4.00	4.00	0.00	4.00	4.00
55	0.00	4.00	5.50	0.00	4.00	4.00
56	0.00	4.25	6.75	0.00	4.25	4.25
57	0.00	4.50	8.75	0.00	4.50	4.50
58	0.00	5.00	10.00	0.00	5.00	7.50
59	0.00	8.75	20.00	0.00	8.75	10.00
60	9.00	11.50	30.00	7.50	10.00	12.50
61	13.25	20.00	35.00	10.00	15.00	15.00
62	20.00	30.00	35.00	17.50	25.00	25.00
63	16.00	22.50	30.00	12.50	17.50	20.00
64	16.00	22.50	30.00	12.50	17.50	20.00
65	20.00	30.00	30.00	25.00	40.00	40.00
66	25.00	30.00	35.00	25.00	30.00	35.00
67	25.00	30.00	35.00	25.00	30.00	35.00
68	20.00	30.00	30.00	20.00	30.00	30.00
69	20.00	30.00	30.00	20.00	30.00	30.00
70	25.00	25.00	30.00	25.00	25.00	30.00
71	25.00	25.00	30.00	25.00	25.00	30.00
72	25.00	25.00	30.00	25.00	25.00	30.00
73	25.00	25.00	30.00	25.00	25.00	30.00
74	25.00	25.00	30.00	25.00	25.00	30.00
75 & over	100.00	100.00	100.00	100.00	100.00	100.00

The assumed retirement age for inactive terminated vested members and actives who are expected to terminate is shown below.

Deferred Retirement Age		
	Non-Prop C	Prop C
Safety	51	55
	Non-Reciprocal	Reciprocal
Miscellaneous	55	60

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

2. Rates of Termination of Employment

Sample rates of termination by service for Police, Fire, Muni Drivers, and Craft members are shown below.

Rates of Termination				
Service	Police	Fire	Muni Drivers	Craft
0	8.00%	2.50%	12.00%	9.50%
1	5.00	1.00	5.00	6.50
2	2.00	1.00	4.00	5.75
3	1.50	1.00	3.50	4.50
4	1.00	1.00	3.25	3.50
5	1.00	1.00	3.00	3.25
10	0.75	0.50	2.50	1.75
15	0.50	0.25	2.50	1.75
20+	0.50	0.25	2.50	1.75

Sample rates of termination by age and service for Miscellaneous members are shown below.

Misc. Rates of Termination by Age and Service Years			
Service	Age		
	Under 30	30 to 39	40 & over
0	38.00%	24.00%	20.00%
1	20.00	12.00	9.00
2	14.00	9.00	6.00
3	10.00	7.00	4.80
4	7.50	6.50	4.60
5	6.75	6.00	4.40
10	3.75	3.75	3.75
15	2.25	2.25	2.25
20+	1.00	1.00	1.00

When members are eligible to retire, it is assumed that their termination rates are zero.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

3. Member Refunds

The rates of refund of contributions for terminated vested members are shown below.

Vested Terminated Rates of Refund		
Service	Police & Fire	Miscellaneous
5	24.0%	20.0%
6	20.0	15.0
7	16.0	12.0
8	12.0	10.0
9	8.0	9.0
10	4.0	8.5
15	0.0	6.0
20	0.0	0.0

4. Base Rates of Mortality

The mortality rates used in the valuation are developed from a base table that is projected generationally from the base year of that table using the mortality projection scale described below. Base mortality tables are developed by multiplying a published table by an adjustment factor that was developed in the SFERS experience study for the period ending June 30, 2019. The base mortality tables are described below.

Base Mortality Tables			
	Published Table	Adjustment Factor	
		Male	Female
Non-Annuitants			
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979
Healthy Retirees			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubS-2010 Retiree	0.947	1.044
Disabled Retirees			
Miscellaneous	PubG-2010 Disabled	1.045	1.003
Safety	PubS-2010 Disabled	0.916	0.995
Beneficiaries			
Miscellaneous	PubG-2010 Retiree	1.031	0.977
Safety	PubG-2010 Retiree	1.031	0.977

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

5. Mortality Projection Scale

The mortality rates shown in the base tables above are projected generationally from the base year using the MP-2019 projection scale.

6. Rates of Disability

Sample disability rates of active participants are provided below. 100% of safety and 0% of Miscellaneous disabilities are assumed to be duty related.

Rates of Disability at Selected Ages						
Age	Police	Fire	Muni Drivers	Craft	Misc Females	Misc Males
30	0.05%	0.04%	0.01%	0.01%	0.01%	0.01%
35	0.14	0.09	0.06	0.06	0.04	0.04
40	0.35	0.24	0.11	0.11	0.07	0.08
45	0.44	0.42	0.17	0.20	0.15	0.11
50	0.90	0.84	0.45	0.40	0.40	0.28
55	3.30	3.50	1.35	0.75	0.55	0.45
60	5.75	7.30	0.00	0.00	0.00	0.00
65	0.00	0.00	0.00	0.00	0.00	0.00

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

7. Salary Increase Rate

Wage Inflation Component: Bargained increases through July 1, 2022 followed by 3.25% compounded annually thereafter.

Current Bargained Wage Increases			
Date of Increase	Police	Fire	Misc
12/26/2020	0.0%	0.0%	3.0%
6/30/2021	0.0%	0.0%	0.5%
7/1/2021	3.0%	3.0%	
6/30/2022	2.0%	1.0%	
7/1/2022	3.0%	3.0%	

Additional Merit Component:

Salary Merit Increases - Sample Rates					
Years of Service	Police	Fire	Muni Drivers	Craft	Misc
0	7.50%	14.00%	16.00%	3.75%	5.50%
1	6.75	10.00	11.00	3.00	4.50
2	6.00	8.00	6.50	2.40	3.75
3	5.25	6.00	3.50	1.80	3.25
4	4.50	5.00	1.75	1.50	2.75
5	3.75	4.00	1.25	1.20	2.25
10	1.50	1.50	0.30	0.50	1.10
15	0.50	0.50	0.00	0.50	0.55
20 & over	0.50	0.50	0.00	0.50	0.30

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

8. Percent of Retirees Electing Coverage

Future eligible retirees are assumed to elect coverage at retirement at the following rates, which vary by vesting level and Medicare eligibility.

Percent of Retirees Electing Coverage					
	Vesting Level				
	0%	50%	75%	100%	Disabled
Non-Medicare Eligible	20%	65%	75%	85%	90%
Medicare Eligible	15%	75%	90%	94%	97%

Participants currently receiving benefits are assumed to keep their current coverage.

9. Medical Plan Election

Future retirees’ plan elections are assumed to mirror current retiree plan elections. The following rates are used to determine blended claims and contributions for future retirees.

Assumed Plan Elections for Future Retirees		
Medical Plan	Non-Medicare	Medicare Eligible
Blue Shield Access	20%	N/A
Blue Shield Trio	15%	N/A
City Health Plan	7.5%	N/A
City Health Plan – Choice Not Available	7.5%	N/A
Kaiser	50%	45%
UHC PPO	N/A	55%

Participants currently receiving benefits are assumed to continue participation in their current medical plan.

10. Medicare Participation

All in-pay participants, both current and future, are assumed to be eligible for and elect into Medicare at age 65. All participants under age 65 and currently on Medicare are assumed not to be on Medicare until age 65.

11. Future Service Accruals

Actives are assumed to accrue a full year of credited service each year. Members currently terminated and under a reciprocity arrangement are assumed to meet the City’s eligibility requirements for retiree healthcare through earned reciprocity service.

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

12. Portion of New Entrant Payroll Eligible for Pre-Prop B Benefits

In order to project payroll for employees eligible for the pre-Proposition B vesting schedule, we assumed the following portion of newly hired employees were originally hired on or before January 9, 2009 and returned to work: 10% in fiscal year ending (FYE) 2021 and decreasing by 0.5% each year thereafter until 0%.

13. Coverage Elections for Spouses and Domestic Partners

The percentage of future retirees who elect to cover a spouse or domestic partner is shown in the following table.

Spousal Coverage Elections					
	Vesting Level				
	0%	50%	75%	100%	Disabled
Pre-Medicare	75%	40%	35%	35%	25%
Medicare Eligible	40%	40%	40%	40%	45%

Actual spouse/domestic partner coverage data is used for participants currently receiving a benefit.

The cost for children is fully paid for by the member. No additional load was added for children.

14. Dependent Age

For participants currently receiving a benefit, actual spouse date of birth is used if available. Otherwise, spouses and domestic partners of male members are assumed to be three years younger than the member and spouses and domestic partners of female members are assumed to be two years older than the member.

15. Surviving Spouse Participation

100% of surviving spouses continue coverage.

16. Deferred Member Benefit

Based on the data provided (date of birth, date of hire, date of termination), service credit and deferred retirement age were estimated. These estimates were used to compute eligibility and vesting for the OPEB benefit, upon which the liabilities are based.

17. Future Increases in Retiree Healthcare Trust Fund Administrative Expense

FYE 2021 expenses increased by 3.25% per year

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Claim and Expense Assumptions

- 1. Average Annual Claims Assumptions:** The following claim assumptions are applicable to the 12-month plan year beginning July 1, 2020 and are based on the premiums in effect on the valuation date. Subsequent years’ costs are based on actual premiums, then adjusted with trends previously listed.

Annual Claims and Expenses - Non-Medicare For the Period July 1, 2020 to June 30, 2021								
Age	Medical & Rx				Expense			
	Blue Shield Access	Blue Shield Trio	Kaiser	City Plan	Blue Shield	Kaiser	City Plan	Vision
40	\$ 8,138	\$ 7,247	\$ 6,169	\$ 7,506	\$ 36	\$ 36	\$ 916	\$ 47
45	9,281	8,265	7,036	8,679	36	36	916	47
50	10,993	9,789	8,334	10,572	36	36	916	47
55	13,367	11,903	10,133	13,147	36	36	916	47
60	16,235	14,457	12,308	15,935	36	36	916	47
64	18,594	16,559	14,097	17,636	36	36	916	47

Annual Claims and Expenses - Medicare Eligible For the Period July 1, 2020 to June 30, 2021					
Age	Medical & Rx		Expense		Vision
	Kaiser	UHC	Kaiser	UHC	
65	\$ 3,615	\$ 4,353	\$ 36	\$ 36	\$ 47
70	3,767	4,537	36	36	47
75	4,287	5,163	36	36	47
80	4,865	5,859	36	36	47
85	5,282	6,361	36	36	47

- 2. Dental, Vision, and Expense:** These benefits are assumed to have no implicit subsidy cost.
- 3. Medicare Part D Subsidy:** Per GASB guidance, the Part D Subsidy has not been reflected in this valuation.
- 4. Annual Limits:** Assumed to increase at the same rate as trend.
- 5. Lifetime Maximums:** Unlimited.
- 6. Geography:** Implicitly assumed to remain the same as current retirees.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

Methodology

The Entry Age Actuarial Cost Method was used to measure the Plan’s Total OPEB Liability and service cost. Under this method, the service cost rate is the percentage of pay contribution that is expected to be sufficient to fund the Plan benefits if it were paid from each member’s hire date at the City until termination or retirement.

A service cost rate is determined for each individual by taking the value, as of age at entry into the Plan, of the member’s projected future benefits and dividing it by the value, also as of the member’s entry age, of the member’s expected future salary.

The Total OPEB Liability is that portion of the present value of projected benefits that is not expected to be paid by future service costs. The difference between the Total OPEB Liability and the Market Value of Assets (or Fiduciary Net Position) as of the same date is the Net OPEB Liability.

The medical claims costs were developed based on actual premiums for the six months ending December 31, 2020 and calendar year 2021 for the HMO plans and actual rates for the six months ending December 31, 2020 and calendar year 2021 for the City Plan. For Non-Medicare adults, the premiums (or rates, as applicable) for active employee only, first dependent of active employee, Non-Medicare retiree, and first dependent of Non-Medicare retirees were blended based upon enrollment data for the period July 1, 2019 to June 30, 2020. The same process was used for Medicare adults, except only Medicare retirees and first dependents of Medicare retirees were included. The resulting per person per month (PPPM) cost was then adjusted using age curves. Expenses and vision costs were based directly on the rates in effect for 2020-2021.

Changes Since Last Measurement Date

Future increases in the Retiree Healthcare Trust Fund administrative expenses were updated to reflect actual experience during the fiscal year ending 2021. The Per Person Cost Trends were adjusted to reflect the actual increases in premiums between 2021 and 2022.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Eligibility

Former employees of the City and County of San Francisco who were members of the Health Service System and who retire under SFERS or CalPERS are eligible for postretirement health benefits from the City and County of San Francisco. Superior Court members who were separated as of January 1, 2001 are treated as former employees of the City and County. Effective with Proposition B, passed 6/3/2008, employees hired on or after January 10, 2009 must retire within 180 days of separation in order to be eligible for retiree healthcare benefits from the City.

The eligibility requirements to receive a pension benefit, and thus commence postretirement health benefits, are as follows:

City and County of San Francisco’s Retirement System (SFERS)

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service ¹ Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement ²	Any age with 10 years of credited service	
Terminated Vested	5 years of credited service at separation	

California Public Employees’ Retirement System (CalPERS) – the Safety Plan of the City and County of San Francisco

Normal Retirement	Age 50 with 5 years of credited service
Disabled Retirement ²	Any age with 5 years of credited service
Terminated Vested	5 years of credited service at separation

¹ Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012 under Charter Section 8.603.

² No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses / domestic partners of those killed in the line of duty.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Healthcare Benefits for Retirees

The San Francisco Health Service System administers healthcare benefits to the retirees of the City and County of San Francisco.

Medical: PPO – City Health Plan (self-insured) and UHC Medicare Advantage (fully-insured). The City Health Plan was replaced with the Blue Shield of California PPO-Accolade plan effective January 1, 2022.

HMO – Kaiser (fully-insured) and Blue Shield (flex-funded)

Dental: Delta Dental, DeltaCare USA, and UHC Dental

Vision: Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

Premiums: Monthly premiums for January 1, 2020 through December 31, 2020 are as follows. The premiums for January 1, 2021 through December 31, 2022 are shown on the following page.

Medical Premiums / Premium Equivalents ¹				
	Pre-Medicare		Medicare Eligible	
	Single	Dual	Single	Dual
January 1, 2020 – December 31, 2020				
Active				
Blue Shield Access+	\$ 891.88	\$1,780.98	N/A	N/A
Blue Shield Trio	753.66	1,504.53	N/A	N/A
City Plan - CNA	891.88	1,780.98	N/A	N/A
City Plan	1,185.11	2,295.01	N/A	N/A
Kaiser	645.71	1,288.45	N/A	N/A
Retiree				
Blue Shield Access+	\$2,059.22	\$2,983.75	N/A	N/A
Blue Shield Trio	1,738.67	2,519.44	N/A	N/A
City Plan ²	1,510.84	2,400.05	\$ 441.82	\$ 880.66
Kaiser	1,295.75	1,938.49	372.71	742.44

¹ Includes Rx, vision, and expense. All claims stabilization amounts are included in the premiums shown.
CNA = Choice Not Available.

² Includes Choice Not Available. UHC Medicare Advantage PPO premiums are shown for Medicare eligible

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Medical Premiums / Premium Equivalents ¹				
	Pre-Medicare		Medicare Eligible	
	Single	Dual	Single	Dual
January 1, 2021 – December 31, 2021				
Active				
Blue Shield Access+	\$ 923.71	\$ 1,844.31	N/A	N/A
Blue Shield Trio	800.83	1,598.55	N/A	N/A
City Plan - CNA	923.71	1,844.31	N/A	N/A
City Plan	1,298.42	2,517.88	N/A	N/A
Kaiser	682.48	1,361.98	N/A	N/A
Retiree				
Blue Shield Access+	\$ 2,133.09	\$ 3,090.39	N/A	N/A
Blue Shield Trio	1,848.11	2,677.60	N/A	N/A
City Plan ²	1,747.72	2,535.05	\$ 429.17	\$ 855.36
Kaiser	1,370.10	2,049.60	354.32	705.66
January 1, 2022 – December 31, 2022				
Active				
Blue Shield Access+	\$ 931.44	\$ 1,859.91	N/A	N/A
Blue Shield Trio	816.90	1,630.81	N/A	N/A
Health Net CanopyCare	859.02	1,715.06	N/A	N/A
BSC PPO - Accolade - CNA ³	931.44	1,859.91	N/A	N/A
BSC PPO - Accolade ³	1,337.19	2,586.45	N/A	N/A
Kaiser	715.97	1,428.96	N/A	N/A
Retiree				
Blue Shield Access+	\$ 2,151.00	\$ 3,116.47	N/A	N/A
Blue Shield Trio	1,885.34	2,731.68	N/A	N/A
Health Net CanopyCare	1,983.02	2,873.17	N/A	N/A
BSC PPO - Accolade ^{2,3}	1,797.54	2,604.04	\$ 434.17	\$ 865.36
Kaiser	1,437.79	2,150.78	316.71	630.44

¹ Includes Rx, vision, and expense. All claims stabilization amounts are included in the premiums shown.
CNA = Choice Not Available.

² Includes Choice Not Available. UHC Medicare Advantage PPO premiums are shown for Medicare eligible retirees.

³ Blue Shield of CA PPO-Accolade plans have similar network and benefit structure as the City Plans (UHC PPO).

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The following table summarizes the medical plans that were in effect as of June 30, 2020.

Health Plan Last Modified	1/1/2018	1/1/2018	1/1/2020	1/1/2018
Plan:	Blue Shield Trio (HMO)	Blue Shield Access+ (HMO)	City Health Plan (PPO)	Kaiser (HMO)
In-Network (INN) Benefits				
Deductible (Individual / Family)	None	None	\$250 / \$750	None
Coinsurance	N/A	N/A	15%	N/A
Out-of-Pocket Max (Individual / Family)	\$2,000 / \$4,000	\$2,000 / \$4,000	\$3,750 / \$7,500	\$1,500 / \$3,000
Copays				
Preventive Care	Fully Covered	Fully Covered	Fully Covered	Fully Covered
Office Visit (OV) - Primary Care (PCP)	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
OV - Specialist Care Provider (SCP)	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Hospital Emergency Room (ER)	\$100 per visit	\$100 per visit	DC ¹	\$100 per visit
Outpatient Surgery	\$100 per surgery	\$100 per surgery	DC ¹	\$35 per surgery
Hospital Inpatient	\$200 per admission	\$200 per admission	DC ¹	\$100 per admission
Lifetime Max	Unlimited	Unlimited	Unlimited	Unlimited
Out-of-Network (OON) Benefits				
Deductible (Individual / Family)	Not Covered	Not Covered	\$500 / \$1500	Not Covered
Coinsurance			50%	
Office Visits (PCP) & (SCP)			DC ¹	
Out-of-Pocket Max (Individual / Family)			\$7,500 per person	
Lifetime Max			Unlimited	
Prescription Drugs				
Retail (30 Days) - Generic/Formulary/Non-Form.	\$10 / \$25 / \$50	\$10 / \$25 / \$50	\$10 / \$25 / \$50 (OON \$5 / \$20 / \$45 then 50% coins)	\$5 / \$15 / Physician authorized only
Mail Order (90 Days) - Generic/Form./Non-Form.	\$20 / \$50 / \$100	\$20 / \$50 / \$100	\$20 / \$50 / \$100 (OON no coverage)	\$10 / \$30 / Physician authorized only
Specialty Pharmacy	20% of script up to \$100	20% of script up to \$100	Same as Mail/Retail	20% of script up to \$100
Mental Health and Substance Abuse				
Mental Health Inpatient	\$200 per admission	\$200 per admission	DC ¹	\$100 per admission
Mental Health Outpatient	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Substance Abuse Inpatient	\$200 per admission	\$200 per admission	DC ¹	\$100 per admission
Substance Abuse Outpatient	\$25 per visit	\$25 per visit	DC ¹	\$20 per visit
Detail Benefits				
Chiropractic Benefit	\$15 per visit (30 visit limit)	\$15 per visit (30 visit limit)	Deductible and 50% Coins. (\$1000 limit)	\$15 per visit (combined 30 visit limit with acupuncture)
Rehab (speech, occupational, physical)	\$25 per visit	\$25 per visit	DC ¹ (60 visit limit)	\$20 per visit
Hearing Aids	\$2,500 for 36 mos.	\$2,500 for 36 mos.	DC ¹ (up to \$2,500 for 36 mos.)	\$2,500 for 36 mos.
Durable Medical Equipment	Fully Covered	Fully Covered	DC ¹	Fully Covered
Medical Management	PCP referral required	PCP referral required	Required on Some Services	PCP referral required
Medicare Integration	N/A	N/A	Medicare Advantage PPO	Medicare Advantage HMO
Vision Care Services	Not Covered	Not Covered	Not Covered	Not Covered

¹ DC = Deductible and coinsurance applies

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Cost-Sharing Provisions

Medical & Vision: Members are required to pay the difference between the cost of coverage and the City contribution.

Dental Coverage: Retirees pay the full cost of dental coverage offered by the City for themselves and their dependents.

City Contribution: The City pays a portion of the retiree or spouse/domestic partner premium as detailed in the following table with the vesting schedule also applied. The City’s contribution is limited by the premium. Medicare Part B premiums are the responsibility of the retiree. The City does not contribute to coverage for dependent children.

City Contribution¹	
Pre-Medicare:	
Retiree/Surviving Spouse	Single Retiree Premium less 50% of the amount the Single Active Premium exceeds the 10-County Amount
Spouse/Domestic Partner	50% of the difference between the Single and Dual Retiree Coverage Premiums
Medicare Eligible:	
Retiree/Surviving Spouse	100% of Single Retiree Premium, up to the 10-County Amount
Spouse/Domestic Partner	50% of the difference between the Single and Dual Retiree Coverage Premiums

¹ For participants terminated on or before 6/30/2001 and not yet retired on or before 1/6/2012, Proposition C (passed 11/8/2011) removes the additional City Contribution put in place by Proposition E (passed 11/7/2000), which decreased the amount the retiree pays for one dependent coverage by half.

Vesting Schedule¹ (based on years of service)¹	
Originally hired on or before January 9, 2009 (with 5 years)	100%
Originally hired on or after January 10, 2009	
Under 10 years	0%
10 to 15 years	50%
15 to 20 years	75%
Over 20 years	100%

¹ Proposition B, passed 6/3/2008, introduced this vesting schedule to the postretirement health benefit plan. Participants retiring under disability or benefiting under the active death benefit receive 100% of the City Contribution, regardless of hire date and service. The participant’s vesting schedule is based on their original hire date.

CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE

APPENDIX C – SUMMARY OF PLAN PROVISIONS

10-County Amount: The 10-County Amount (historical amounts are listed in the table below) is the average of the monthly employer contribution in the 10 most populous counties in California (other than San Francisco).

10-County Amount ¹	
Period Ending	
December 31, 2020	\$ 706.78
December 31, 2021	\$ 729.19
December 31, 2022 ¹	\$ 757.31

¹ Calculated amount

Retiree Health Care Trust Fund Contributions

The City and County of San Francisco created the Retiree Health Care Trust Fund (RHCTF) as an irrevocable trust fund established under City Charter Section A8.432.

The employee’s contribution is based on their latest date of hire.

Employees most recently hired before January 10, 2009: Once the plan is fully funded, employees contribute the lesser of 50% of the normal cost or 1% of payroll and the employer contributes the remainder of the normal cost. Prior to becoming fully funded, employee and employer contributions are the lesser of 100% of normal cost or 1% of payroll and employer contributions are 1% of payroll.

Employees most recently hired on or after January 10, 2009: Once the plan is fully funded, employees contribute the lesser of 50% of the normal cost or 2% of payroll and the employer contributes the remainder of the normal cost. Prior to becoming fully funded, employee contributions are the lesser of 100% of normal cost or 2% of payroll and employer contributions are 1% of payroll.

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Disbursements from Retiree Health Care Trust Fund

Other than disbursements described below to stabilize City contributions and disbursements for reasonable administrative expenses, no disbursements may be made from the RHCTF unless it is fully funded.

If City retiree health care costs (RHCTF contributions plus benefit payments) are projected to exceed 10% of payroll, with approval of the Mayor and by resolution of the Board of Supervisors, the RHCTF Board may authorize stabilization disbursements up to the extent necessary to reduce the City's retiree health care costs to 10% of payroll provided that such stabilization disbursement does not exceed 10% of the balance in the RHCTF as of the prior year.

Changes Since Last Measurement Date

There have been no changes to the plan provisions since the last measurement date.

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2022	\$ 718,777	\$ 280,837	\$ 274	\$ 200,061	\$ 53,084	\$ 852,364	\$ 200,061	\$ 0
2023	852,364	285,695	282	207,555	62,344	992,566	207,555	0
2024	992,566	299,427	292	223,945	72,067	1,139,823	223,945	0
2025	1,139,823	313,619	301	240,908	82,279	1,294,512	240,908	0
2026	1,294,512	328,076	311	258,284	93,007	1,457,000	258,284	0
2027	1,457,000	343,415	321	276,682	104,275	1,627,687	276,682	0
2028	1,627,687	358,609	331	294,942	116,117	1,807,140	294,942	0
2029	1,807,140	373,130	342	312,583	128,571	1,995,916	312,583	0
2030	1,995,916	387,324	353	329,995	141,675	2,194,566	329,995	0
2031	2,194,566	401,277	365	347,179	155,468	2,403,767	347,179	0
2032	2,403,767	415,850	377	365,015	170,000	2,624,225	365,015	0
2033	2,624,225	431,193	389	383,630	185,319	2,856,718	383,630	0
2034	2,856,718	445,085	402	400,831	201,479	3,102,050	400,831	0
2035	3,102,050	458,479	415	417,572	218,537	3,361,079	417,572	0
2036	3,361,079	471,296	428	433,818	236,550	3,634,680	433,818	0
2037	3,634,680	484,407	442	450,453	255,581	3,923,772	450,453	0
2038	3,923,772	498,553	456	468,267	275,690	4,229,292	468,267	0
2039	4,229,292	513,209	471	486,777	296,944	4,552,197	486,777	0
2040	4,552,197	528,287	486	505,830	319,410	4,893,577	505,830	0
2041	4,893,577	544,391	502	526,002	343,166	5,254,629	526,002	0
2042	5,254,629	560,330	519	546,130	368,295	5,636,606	546,130	0
2043	5,636,606	574,851	535	564,959	394,884	6,040,847	564,959	0
2044	6,040,847	589,232	553	583,751	423,029	6,468,804	583,751	0
2045	6,468,804	601,035	571	600,001	452,832	6,922,099	600,001	0
2046	6,922,099	611,752	589	615,176	484,409	7,402,494	615,176	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2047	\$ 7,402,494	\$ 619,537	\$ 609	\$ 627,378	\$ 517,884	\$ 7,911,928	\$ 627,378	\$ 0
2048	7,911,928	625,803	628	637,988	553,394	8,452,508	637,988	0
2049	8,452,508	18,448	649	646,842	570,031	8,393,498	646,842	0
2050	8,393,498	15,019	670	653,939	565,538	8,319,445	653,939	0
2051	8,319,445	12,076	692	655,749	560,190	8,235,270	655,749	0
2052	8,235,270	9,643	714	656,996	554,170	8,141,373	656,996	0
2053	8,141,373	7,660	737	655,754	547,571	8,040,113	655,754	0
2054	8,040,113	6,022	761	651,662	540,566	7,934,277	651,662	0
2055	7,934,277	4,685	786	647,120	533,267	7,824,324	647,120	0
2056	7,824,324	3,606	812	642,016	525,708	7,710,811	642,016	0
2057	7,710,811	2,733	838	635,565	517,953	7,595,095	635,565	0
2058	7,595,095	2,039	865	629,220	510,047	7,477,096	629,220	0
2059	7,477,096	1,499	893	623,373	501,969	7,356,298	623,373	0
2060	7,356,298	1,082	922	616,515	493,733	7,233,676	616,515	0
2061	7,233,676	763	952	610,747	485,336	7,108,077	610,747	0
2062	7,108,077	530	983	605,897	476,702	6,978,428	605,897	0
2063	6,978,428	360	1,015	601,111	467,784	6,844,447	601,111	0
2064	6,844,447	238	1,048	595,828	458,582	6,706,390	595,828	0
2065	6,706,390	155	1,082	590,245	449,106	6,564,325	590,245	0
2066	6,564,325	100	1,117	583,551	439,389	6,419,145	583,551	0
2067	6,419,145	63	1,154	575,279	429,508	6,272,283	575,279	0
2068	6,272,283	39	1,191	565,490	419,563	6,125,203	565,490	0
2069	6,125,203	23	1,230	554,050	409,659	5,979,605	554,050	0
2070	5,979,605	13	1,270	540,925	399,917	5,837,341	540,925	0
2071	5,837,341	7	1,311	526,119	390,466	5,700,384	526,119	0

Amounts in Thousands

**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2072	\$ 5,700,384	\$ 4	\$ 1,354	\$ 509,668	\$ 381,444	\$ 5,570,810	\$ 509,668	\$ 0
2073	5,570,810	2	1,398	491,640	372,992	5,450,766	491,640	0
2074	5,450,766	1	1,443	472,114	365,259	5,342,469	472,114	0
2075	5,342,469	0	1,490	451,207	358,396	5,248,168	451,207	0
2076	5,248,168	0	1,539	429,155	352,552	5,170,028	429,155	0
2077	5,170,028	0	1,589	406,193	347,871	5,110,117	406,193	0
2078	5,110,117	0	1,640	382,471	344,492	5,070,497	382,471	0
2079	5,070,497	0	1,693	358,155	342,553	5,053,202	358,155	0
2080	5,053,202	0	1,749	333,429	342,191	5,060,216	333,429	0
2081	5,060,216	0	1,805	308,494	343,538	5,093,454	308,494	0
2082	5,093,454	0	1,864	283,561	346,721	5,154,750	283,561	0
2083	5,154,750	0	1,925	258,844	351,860	5,245,842	258,844	0
2084	5,245,842	0	1,987	234,561	359,070	5,368,364	234,561	0
2085	5,368,364	0	2,052	210,925	368,457	5,523,844	210,925	0
2086	5,523,844	0	2,118	188,139	380,123	5,713,709	188,139	0
2087	5,713,709	0	2,187	166,392	394,159	5,939,289	166,392	0
2088	5,939,289	0	2,258	145,848	410,654	6,201,837	145,848	0
2089	6,201,837	0	2,332	126,645	429,691	6,502,551	126,645	0
2090	6,502,551	0	2,408	108,893	451,349	6,842,599	108,893	0
2091	6,842,599	0	2,486	92,667	475,708	7,223,154	92,667	0
2092	7,223,154	0	2,567	78,005	502,848	7,645,431	78,005	0
2093	7,645,431	0	2,650	64,916	532,855	8,110,720	64,916	0
2094	8,110,720	0	2,736	53,376	565,820	8,620,428	53,376	0
2095	8,620,428	0	2,825	43,336	601,842	9,176,109	43,336	0
2096	9,176,109	0	2,917	34,718	641,033	9,779,507	34,718	0

Amounts in Thousands



**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2097	\$ 9,779,507	\$ 0	\$ 3,012	\$ 27,428	\$ 683,518	\$ 10,432,586	\$ 27,428	\$ 0
2098	10,432,586	0	3,109	21,353	729,439	11,137,563	21,353	0
2099	11,137,563	0	3,211	16,370	778,956	11,896,938	16,370	0
2100	11,896,938	0	3,315	12,350	832,247	12,713,520	12,350	0
2101	12,713,520	0	3,423	9,163	889,513	13,590,448	9,163	0
2102	13,590,448	0	3,534	6,680	950,980	14,531,213	6,680	0
2103	14,531,213	0	3,649	4,783	1,016,895	15,539,677	4,783	0
2104	15,539,677	0	3,767	3,361	1,087,532	16,620,081	3,361	0
2105	16,620,081	0	3,890	2,316	1,163,192	17,777,067	2,316	0
2106	17,777,067	0	4,016	1,565	1,244,203	19,015,689	1,565	0
2107	19,015,689	0	4,147	1,036	1,330,920	20,341,427	1,036	0
2108	20,341,427	0	4,281	671	1,423,729	21,760,204	671	0
2109	21,760,204	0	4,421	426	1,523,048	23,278,405	426	0
2110	23,278,405	0	4,564	264	1,629,322	24,902,899	264	0
2111	24,902,899	0	4,713	160	1,743,035	26,641,062	160	0
2112	26,641,062	0	4,866	95	1,864,704	28,500,806	95	0
2113	28,500,806	0	5,024	54	1,994,882	30,490,609	54	0
2114	30,490,609	0	5,187	31	2,134,163	32,619,554	31	0
2115	32,619,554	0	5,356	17	2,283,184	34,897,365	17	0
2116	34,897,365	0	5,530	9	2,442,625	37,334,452	9	0
2117	37,334,452	0	5,710	5	2,613,215	39,941,953	5	0
2118	39,941,953	0	5,895	2	2,795,734	42,731,789	2	0
2119	42,731,789	0	6,087	1	2,991,016	45,716,717	1	0
2120	45,716,717	0	6,284	0	3,199,954	48,910,386	0	0
2121	48,910,386	0	6,489	0	3,423,504	52,327,401	0	0

Amounts in Thousands



**CITY AND COUNTY OF SAN FRANCISCO POSTRETIREMENT HEALTH PLAN
GASB 74 AND 75 REPORTING FOR JUNE 30, 2021 MEASUREMENT DATE**

APPENDIX D – DETERMINATION OF DISCOUNT RATE

FYE	Beginning Fiduciary Net Position	Contributions	Admin Expenses	Benefit Payments	Investment Earnings	Ending Fiduciary Net Position	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments
2122	\$ 52,327,401	\$ 0	\$ 6,700	\$ 0	\$ 3,662,688	\$ 55,983,389	\$ 0	\$ 0
2123	55,983,389	0	6,917	0	3,918,599	59,895,071	0	0
2124	59,895,071	0	7,142	0	4,192,409	64,080,338	0	0
2125	64,080,338	0	7,374	0	4,485,370	68,558,334	0	0
2126	68,558,334	0	7,614	0	4,798,821	73,349,541	0	0

Amounts in Thousands

APPENDIX E – GLOSSARY OF TERMS

1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience gains on the Total OPEB Liability, assumption changes reducing the Total OPEB Liability, or investment gains that are recognized in future reporting periods.

4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 75, these are experience losses on the Total OPEB Liability, assumption changes increasing the Total OPEB Liability, or investment losses that are recognized in future reporting periods.

5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 74 and 75 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total OPEB Liability.

6. Measurement Date

The date as of which the Total OPEB liability and plan fiduciary net position are measured. The Total OPEB Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

APPENDIX E – GLOSSARY OF TERMS

7. Net OPEB Liability

The liability of employers and nonemployer contributing entities for employees for benefits provided through a defined benefit OPEB plan. It is calculated as the Total OPEB Liability less the plan fiduciary net position.

8. Plan Fiduciary Net Position

The fair or Market Value of Assets.

9. Reporting Date

The last day of the plan or employer's fiscal year.

10. Service Cost

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 74 and 75. The service cost is the normal cost calculated under the Entry Age Actuarial Cost Method.

11. Total OPEB Liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 74 and 75. The Total OPEB Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.



Classic Values, Innovative Advice