

North Carolina State Health Plan

**Governmental Accounting Standards Board (GASB)
Statement 74 Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB) as of June 30, 2025**



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Segal



2727 Paces Ferry Road SE, Bldg. 1, Suite 1400
Atlanta, GA 30339-4053
segalco.com
T 678.306.3100

August 27, 2025

Committee on Actuarial Valuation of Retired Employees' Health Benefits (OPEB)
State Health Plan of North Carolina
430 N. Salisbury St.
Raleigh, North Carolina 27603

Dear Committee Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2025, under Governmental Accounting Standards Board Statement No. 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability (NOL), and analyzes the preceding year's experience. This report was based on the census data provided by the Department of the State Treasurer, the financial information prepared by the Department of the State Treasurer, and the terms of the Plan. The actuarial calculations were completed under the supervision of Robert Burrell, ASA, FCA, MAAA, EA, Vice President and Consulting Actuary and Peter Wang, PhD, ASA, MAAA, Senior Actuary.

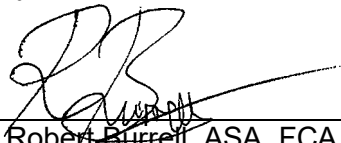
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The demographic assumptions were prescribed by the OPEB Valuation Committee to be consistent with the TSERS pension valuation where assumptions overlap. Further, in our opinion, the assumptions used in this valuation and described in Section 3, Exhibit B are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Section 3, Exhibit C.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The OPEB Valuation Committee is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

Sincerely,

Segal

A handwritten signature in black ink, appearing to read "R. Burrell", written over a horizontal line.

Robert Burrell, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary

Table of Contents

Section 1: Actuarial Valuation Summary	5
Purpose and basis	5
Highlights of the valuation	5
Summary of key valuation results	7
Important information about actuarial valuations	8
 Section 2: GASB 74 Information	11
General information about the OPEB plan	11
Net OPEB Liability (in thousands)	13
Sensitivity (in thousands)	15
Total OPEB Liability by Status and Payment Age (in thousands)	16
Schedule of changes in Net OPEB Liability – Last two fiscal years (in thousands)	17
Expected Net Benefit Payments (in thousands)	20
Schedule of contributions – last ten fiscal years (in thousands)	21
Actuarially Determined Contribution (in thousands)	23
Statement of Fiduciary Net Position (in thousands)	24
 Section 3: Supporting Information	25
Exhibit A: Summary of participant data	25
Exhibit B: Actuarial assumptions and actuarial cost method	27
Exhibit C: Summary of plan	49
Exhibit D: Definition of terms	59
Exhibit E: Accounting requirements	61
Appendix: Sensitivity of Valuation Results as of December 31, 2024 (in thousands)	63

Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the North Carolina State OPEB plan as of June 30, 2025, required by Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here.

Highlights of the valuation

Accounting and financial reporting

- The Net OPEB Liability (NOL) as of June 30, 2025, is \$21.95 billion, a decrease of \$12.06 billion, from the prior valuation NOL of \$34.01 billion. Net unfunded plan obligations had been expected to increase to \$35.19 billion due to normal plan operations. The difference between actual and prior actuarial accrued liabilities was the net effect of several factors:
 - An actuarial experience gain decreased the NOL by \$0.09 billion. This was the net result of (1) a liability gain (\$0.03 billion), the result of demographic changes and actual 2024 benefit payments that were different from expected, and (2) an asset gain (\$0.06 billion), the result of fund investment performance. We have taken these actuarial gains and losses into account in reviewing our assumptions for the current valuation.
 - Valuation assumption changes decreased the NOL by \$12.28 billion. This was the net result of (1) a decrease in obligations due to updating the valuation-year per capita health costs (\$2.13 billion, of which \$0.22 billion was due to data improvements in the claims development methodology), (2) a decrease in obligations due to updating future trends (\$0.13 billion), (3) a decrease in obligations due to updating the valuation-year per capita prescription drug rebates and future trend (\$0.45 billion), (4) an increase in obligations due to updating the assumed administrative expenses and future trend to be consistent with the most recently available fee schedules (\$0.10 billion), (5) a decrease in obligations due to updating the migration assumption (\$0.02 billion), (6) a decrease in obligations due to updating the Medicare Advantage/Prescription Drug rates (\$4.64 billion), (7) a decrease in obligations due to increasing the discount rate (\$5.14 billion), and (8) an increase in obligations due to updating the expected participant contribution rates to reflect the rates adopted by the Board in August 2025 (\$0.14 billion).
 - A Plan change decreased the NOL by \$0.86 billion. Effective January 1, 2026, Out-of-Pocket maximums for the MA Base and MA Enhanced plans will be increased from \$2,000 to \$2,100, and several plan changes for the 70/30 and 80/20 Plans will also be implemented. These changes are described in Exhibit C. The current plan of benefits is summarized in Exhibit C of Section 3.
 - During the year ended June 2025, a total of less than \$0.01 billion was transferred to the Retiree Health Benefit Trust Fund (RHBTF), which reduced the NOL.

Section 1: Actuarial Valuation Summary

- As of June 30, 2025, the ratio of assets to the Total OPEB Liability (the funded ratio) is 16.19%. This is based on the market value of assets at this point in time.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Disclosure elements for fiscal year ending June 30:		
• Total OPEB Liability	26,195,351	\$37,702,714
• Plan Fiduciary Net Position (Assets)	4,242,260	3,690,125
• Net OPEB Liability	21,953,091	34,012,589
• Plan Fiduciary Net Position as a percentage of Total OPEB Liability	16.19%	9.79%
• Service cost at beginning of year	1,430,998	1,318,987
• Total payroll	21,807,134	20,784,240
Schedule of contributions for fiscal year ending June 30:		
• Actuarially Determined Contributions	1,726,096	\$2,652,649
• Actual contributions	1,524,319	1,483,995
• Contribution deficiency / (excess)	201,777	1,168,654
• Benefit payments	1,280,654	1,222,657

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for the State to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the market value of assets as of the valuation date, as provided by the State.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by the State's financial officers. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If the State is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The State should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by the State upon delivery and review. The State should notify Segal immediately of any questions or concerns about the final content.

Section 1: Actuarial Valuation Summary

August 27, 2025

Actuarial Certification

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of the State Health Plan of North Carolina other postemployment benefit programs as of June 30, 2025, in accordance with generally accepted actuarial principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statement 74 for the determination of the liability for postemployment benefits other than pensions.

The actuarial valuation is based on the plan of benefits verified by the State Health Plan and reliance on participant, premium, claims and expense data provided by the Plan or from vendors employed by the Plan. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, does review the data for reasonableness and consistency.

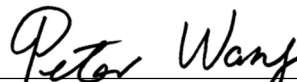
The actuarial computations made are for purposes of fulfilling plan accounting and funding requirements. Determinations for purposes other than meeting financial accounting and funding requirements may be significantly different from the results reported here. Accordingly, additional determinations may be needed for other purposes, such as judging benefit security at termination of the plan or determining short-term cash flow requirements.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: retiree group benefits program experience or rates of return on assets differing from that anticipated by the assumptions; changes in assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in retiree group benefits program provisions or applicable law. Retiree group benefits models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these approximations and estimates may lead to significant changes in actuarial measurements. The scope of the assignment did not include performing an analysis of the potential change of such future measurements except where noted.

To the best of our knowledge, this report is complete and accurate and, in our opinion, presents the information necessary to comply with GASB Statement 74 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries, and other professional actuarial organizations and collectively meet the “General Qualification Standards for Statements of Actuarial Opinions” to render the actuarial opinion contained herein.



Robert Burrell, ASA, FCA, MAAA, EA
Vice President and Consulting Actuary
Certifying Liability Calculations



Peter Wang, PhD, ASA, FCA, MAAA
Senior Actuary
Certifying Claims and Medical Trend Calculations

Section 2: GASB 74 Information

General information about the OPEB plan

Plan administration. The State administers the OPEB plan – a multiple employer cost-sharing OPEB plan that is used to provide postemployment benefits other than pensions for permanent full-time general employees. Management of the OPEB plan is governed by North Carolina General Statutes.

Plan membership. Plan membership consisted of the following:

Category of membership	Number as of December 31, 2024	Number as of December 31, 2023
Retirees	226,125	224,000
Spouses	27,158	26,595
Surviving spouses	3,169	3,092
Inactive vested	58,068	55,907
Actives	241,330	260,967
Total	555,850	570,561

Benefits provided. The Plan benefits employees and former employees of the State, the University of North Carolina System, community colleges, and certain other component units. In addition, Local Education Agencies (LEAs), charter schools, and some select local governments that are not part of the financial reporting entity also participate.

Health benefit programs and premium rates are determined by the State Treasurer upon approval of the Board of Trustees. Plan benefits received by retired employees and disabled employees are other postemployment benefits (OPEB). The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees, a choice between the self-funded 80/20 and 70/30 Preferred Provider Organization (PPO) Plans. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options or the self-funded 70/30 PPO plan option that is also offered to non-Medicare members. If the 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Section 2: GASB 74 Information

State Contributions. The Plan is funded by both employer contributions and premiums charged to retirees and their spouses and dependents. A percent of pay is charged to each participating employer; the rate was 7.14% for fiscal 2024 and 6.99% for fiscal 2025. Premiums are charged to retirees and vary based on the coverage selected. The premiums for spouses are much higher than the premiums for retirees. Additional contributions of \$10.3 million and \$0.3 million were made in FY 2024 and FY 2025 and are not assumed to recur in the future. The RHBTF may also be funded through the Unfunded Liability Solvency Reserve as stated in G.S 143C-4-10.

Section 2: GASB 74 Information

Net OPEB Liability (in thousands)

Components of the Net OPEB Liability	Current	Prior
Measurement date	June 30, 2025	June 30, 2024
Total OPEB Liability	\$26,195,351	\$37,702,714
Plan Fiduciary Net Position	4,242,260	3,690,125
Net OPEB Liability	21,953,091	34,012,589
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	16.19%	9.79%

The Net OPEB Liability was measured as of June 30, 2025, and 2024. Plan Fiduciary Net Position (plan assets) was valued as of the measurement dates and the Total OPEB Liability was determined from actuarial valuations using data as of December 31, 2024, and 2023, respectively.

Actuarial assumptions. The Total OPEB Liability was measured by an actuarial valuation as of December 31, 2024, and rolled forward to June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumption	Description
Inflation	2.50%
Salary increases	Teachers: 7.30% grading down to 3.25% Law Enforcement Officers: 8.05% grading down to 3.25% General Employees: 6.25% grading down to 3.25% Other Education Employees: 7.50% grading down to 3.25%
Discount rate	5.20% for fiscal 2025, 3.93% for fiscal 2024
Health care cost trend rates	
• Medical (Non-MA)	6.00% grading down to 5.00% by 2027
• Prescription drug (Non-MA)	9.50% grading down to 5.00% by 2034
• Prescription drug (Non-MA) rebates	9.77% in 2025, 9.20% in 2026, -6.59% in 2027, then 8.00% grading down to 5.00% by 2034
• Medicare Advantage Base	Rates are guaranteed for 2021-2025; Rates for 2026 and 2027 reflect MA premium rates that were provided by the State. Rates beyond 2027 reflect an ultimate level increase in MA rates of 5.00%.

Section 2: GASB 74 Information

Assumption	Description
<ul style="list-style-type: none">• Medicare Advantage Enhanced	Rates are guaranteed for 2021-2025; Rates for 2026 and 2027 reflect MA premium rates that were provided by the State. Rates beyond 2027 reflect an ultimate level increase in MA rates of 5.00%.
<ul style="list-style-type: none">• Administrative costs	-7.90% in 2025, 0.58% in 2026, then an ultimate level of 3.00%
Mortality rates	Pub-2010 Healthy Annuitant Mortality Table for males and females, adjusted for classification for some Participants, further adjusted with scaling factors varying by participant group, and projected for mortality improvement using Scale MP-2019

The actuarial assumptions used in the June 30, 2025, measurement were based on the results of an actuarial experience study performed by Cavanaugh Macdonald for the period January 1, 2015 to December 31, 2019.

The Plan does not have a funding policy that covers both the Normal Cost and a payment toward the unfunded liability. The plan is funded based on contributions set each year to target the projected benefit payments for the year and investment returns and current plan assets do not fund a material portion of long-term projected benefits. As such, we have not calculated a blended discount rate.

Detailed information regarding all actuarial assumptions can be found in Section 3, Exhibit B.

Section 2: GASB 74 Information

Sensitivity (in thousands)

The following presents the NOL of the State as well as what the State's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate. Also, shown is the NOL as if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

Item	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Net OPEB Liability (Asset)	\$25,829,234	\$21,953,091	\$18,779,313

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability (Asset)	\$18,296,002	\$21,953,091	\$26,564,810

Section 2: GASB 74 Information

Total OPEB Liability by Status and Payment Age (in thousands)

The following presents a breakdown of Total OPEB Liability as of June 30, 2025, by participant status (active, retired, etc.) and payment age (pre-65 and post-65).

Total OPEB Liability (in thousands)

Status	Pre-65	Post-65	Total
Active	\$9,377,648	\$5,109,065	\$14,486,713
Vested	1,546,604	1,433,100	2,979,704
Retired	2,544,110	5,799,533	8,343,643
Beneficiary	5,690	7,741	13,431
Disabled	114,138	257,722	371,860
Total	\$13,588,190	\$12,607,161	\$26,195,351

Section 2: GASB 74 Information

Schedule of changes in Net OPEB Liability – Last two fiscal years (in thousands)

Components of the Net OPEB Liability	Current	Prior
Measurement dates		
Measurement Date	June 30, 2025	June 30, 2024
Total OPEB Liability		
Service cost	\$1,430,998	\$1,318,987
Interest	1,513,033	1,115,558
Change of benefit terms	-861,372	-1,370,032
Differences between expected and actual experience	-28,149	91,403
Changes of assumptions	-12,281,219	7,919,368
Benefit payments, including refunds of member contributions	-1,280,654	-1,222,657
Net change in Total OPEB Liability	-\$11,507,363	\$7,852,627
Total OPEB Liability – beginning	37,702,714	29,850,087
Total OPEB Liability – ending	\$26,195,351	\$37,702,714
Plan Fiduciary Net Position		
Contributions – employer	\$1,524,319	\$1,483,995
Contributions – employee	- -	- -
Net investment income	308,345	215,939
Benefit payments, including refunds of member contributions	-1,280,654	-1,222,657
Administrative expense	-169	-161
Other	294	10,348
Net change in Plan Fiduciary Net Position	\$552,135	\$487,464
Plan Fiduciary Net Position – beginning	3,690,125	3,202,661
Plan Fiduciary Net Position – ending	\$4,242,260	\$3,690,125

Section 2: GASB 74 Information

Components of the Net OPEB Liability	Current	Prior
Net OPEB Liability		
Net OPEB Liability – ending	\$21,953,091	\$34,012,589
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	16.19%	9.79%
Covered payroll ¹	\$21,807,134	\$20,784,240
Plan Net OPEB Liability as percentage of covered payroll	100.67%	163.65%

Notes to Schedule:

- **Benefit changes:**
 - **Reflected in the June 30, 2025, Net OPEB Liability**
 - Effective January 1, 2026, Out-of-Pocket maximums for the MA Base and MA Enhanced plans will be increased from \$2,000 to \$2,100, and several plan changes for the 70/30 and 80/20 Plans will also be implemented. These changes are described in Exhibit C. The current plan of benefits is summarized in Exhibit C of Section 3.
 - **Reflected in the June 30, 2024, Net OPEB Liability**
 - Effective January 1, 2024, new prescriptions of GLP-1 AOM were no longer covered and effective April 1, 2024, all coverage of GLP-1 AOM ceased.
- **Changes of assumptions:**
 - **Reflected in the June 30, 2025, Net OPEB Liability**
 - The discount rate was updated, changing from 3.93% to 5.20%, based on changes in the Bond Buyer 20-year GO index rate, as selected by the State's OPEB Valuation Committee.
 - The medical, prescription drug and administrative starting claims cost were updated based on the most recent experience.
 - Medical, prescription drug, prescription drug rebates, and administrative trend rates were updated to current schedule.
 - Enrollment assumptions were updated to model expected migrations among plan options over the next four years.
 - The Medicare Advantage Prescription Drug (MA-PD) rates were updated.
 - The expected participant contribution rates were updated to reflect the rates adopted by the Board in August 2025.

¹ Covered payroll represents total compensation basis for OPEB contributions. This amount is estimated for 2024 and 2025, based on the reported employer contributions divided by the employer contribution rate in effect for the measurement year.

Section 2: GASB 74 Information

– Reflected in the June 30, 2024, Net OPEB Liability

- The discount rate was updated, changing from 3.65% to 3.93%, based on changes in the Bond Buyer 20-year GO index rate, as selected by the State's OPEB Valuation Committee.
- The medical, prescription drug and administrative starting claims cost were updated based on the most recent experience.
- Medical, prescription drug and administrative trend rates were updated to current schedule.
- Enrollment assumptions were updated to model expected migrations among plan options over the next four years.
- The percentage of new smokers was updated to reflect current experience.
- The Medicare Advantage Prescription Drug (MA-PD) rates were updated.
- Employer contribution rates through 2029 were updated based on rates projected by the State.

Section 2: GASB 74 Information

Expected Net Benefit Payments (in thousands)

Year Ended December 31	Projected Net Claims	Year Ended December 31	Projected Net Claims	Year Ended December 31	Projected Net Claims	Year Ended December 31	Projected Net Claims
2025	\$803,824	2050	\$2,622,763	2075	\$1,277,550	2100	\$51,745
2026	887,318	2051	2,609,900	2076	1,227,623	2101	38,522
2027	1,032,945	2052	2,576,665	2077	1,174,414	2102	28,044
2028	1,153,775	2053	2,531,965	2078	1,118,235	2103	19,936
2029	1,245,399	2054	2,463,138	2079	1,059,456	2104	13,816
2030	1,338,795	2055	2,371,977	2080	998,458	2105	9,321
2031	1,438,822	2056	2,272,680	2081	935,704	2106	6,112
2032	1,534,486	2057	2,174,664	2082	871,726	2107	3,891
2033	1,631,405	2058	2,083,570	2083	807,064	2108	2,402
2034	1,717,691	2059	1,987,437	2084	742,321	2109	1,437
2035	1,786,536	2060	1,896,178	2085	678,189	2110	833
2036	1,841,505	2061	1,816,843	2086	615,248	2111	469
2037	1,912,076	2062	1,732,002	2087	554,001	2112	257
2038	1,995,647	2063	1,652,715	2088	494,895	2113	136
2039	2,072,796	2064	1,608,917	2089	438,338	2114	71
2040	2,145,120	2065	1,582,029	2090	384,701	2115	36
2041	2,231,197	2066	1,561,659	2091	334,305	2116	17
2042	2,300,984	2067	1,542,977	2092	287,423	2117	8
2043	2,374,509	2068	1,522,611	2093	244,271	2118	4
2044	2,445,309	2069	1,499,090	2094	205,008	2119	1
2045	2,506,940	2070	1,471,822	2095	169,732	2120	1
2046	2,557,125	2071	1,440,691	2096	138,477	2121	0
2047	2,585,704	2072	1,405,620	2097	111,205	2122	0
2048	2,603,189	2073	1,366,688	2098	87,798	2123	0
2049	2,621,431	2074	1,323,958	2099	68,065	2124	0

Section 2: GASB 74 Information

Schedule of contributions – last ten fiscal years (in thousands)

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	2,516,706	880,847	1,635,859	15,729,411	5.60%
2017	2,728,064	950,813	1,777,251	16,365,112	5.81%
2018	2,613,258	1,018,693	1,594,565	16,837,901	6.05%
2019	2,971,069	1,104,902	1,866,167	17,622,035	6.27%
2020	2,823,873	1,162,967	1,660,906	17,974,758	6.47%
2021	3,049,625	1,214,750	1,834,875	18,184,883	6.68%
2022	2,084,130	1,197,278	886,869	19,034,634	6.29%
2023	2,240,057	1,366,928	873,129	19,839,303	6.89%
2024	2,652,649	1,483,995	1,168,654	20,784,240	7.14%
2025	1,726,096	1,524,319	201,777	21,807,134	6.99%

See accompanying notes to this schedule on next page.

Section 2: GASB 74 Information

Notes to Schedule:

Methods and assumptions used to establish “actuarially determined contribution” rates:

Method or Assumption	Description
Valuation Date	December 31 prior to the fiscal year end
Actuarial Cost Method	Projected Unit Credit (for years ended June 30, 2017, and earlier) Entry Age Normal (for years ended June 30, 2018, and after)
Amortization Method	Open 30-year level pay
Remaining Amortization Period	30 years
Asset Valuation Method	Market value
Discount Rate	4.25% (for years ended June 30, 2016, and earlier) Bond Buyer 20-Year GO Index Rate as of fiscal year end (for years ended June 30, 2017 and after)
Timing and Payroll Adjustment	This includes interest, rounding, and an adjustment for the difference between valuation payroll and covered payroll (not applicable for years ended June 30, 2017, and earlier) Beginning with June 30, 2022, calculation, the payroll adjustment no longer applies, as valuation payroll excludes hires after January 1, 2021
Payroll Increase Assumption	3.50% (for years ending June 30, 2020, and earlier) 3.25% (for years ending June 30, 2021, and later)

Section 2: GASB 74 Information

Actuarially Determined Contribution (in thousands)

Item	July 1, 2024 - June 30, 2025	% of Payroll	July 1, 2023 - June 30, 2024	% of Payroll
Normal Cost as of preceding December 31	\$790,851	3.63%	\$1,430,998	6.89%
Actuarial Accrued Liability as of preceding December 31	25,541,158	117.12%	36,658,152	176.37%
Assets as of preceding December 31	3,949,025	18.11%	3,394,238	16.33%
Unfunded Actuarial Accrued Liability as of preceding December 31	21,592,133	99.01%	33,263,914	160.04%
Amortization of Unfunded Actuarial Accrued Liability	\$931,787	4.27%	\$1,217,556	5.86%
Timing Adjustment	3,458	0.02%	4,095	0.02%
Total Actuarially Determined Contribution	\$1,726,096	7.92%	\$2,652,649	12.76%
Covered Payroll	\$21,807,134		\$20,784,240	

Section 2: GASB 74 Information

Statement of Fiduciary Net Position (in thousands)

Item	Amounts as of June 30, 2025	Amounts as of June 30, 2024
Assets		
Cash and deposits	\$1,245,923	\$1,279,906
Receivables		
• Accounts receivable	618	636
• Interest receivable	4,433	4,592
• Contributions receivable	72,474	72,237
• Total receivables	\$77,525	\$77,465
Investments	\$2,918,812	\$2,332,754
Total assets	\$4,242,260	\$3,690,125
Net position restricted for OPEB	\$4,242,260	\$3,690,125

Section 3: Supporting Information

Exhibit A: Summary of participant data

Statistic	Amount as of December 31, 2024	Amount as of December 31, 2023
Number of retirees	226,125	224,000
Average age of retirees	72.2	71.9
Number of spouses	27,158	26,595
Average age of spouses	70.8	70.5
Number of surviving spouses	3,169	3,092
Average age	79.6	79.5
Number inactive vested	58,068	55,907
Average age	49.6	49.3
Number of actives	241,330	260,967
Average age	48.5	47.8
Average service	14.0	13.2

Section 3: Supporting Information

Exhibit A: Summary of participant data (continued)

Active Employees Valued as of December 31, 2024 - Count and Average Pay by Age and Service

Age on 12/31/2024	Years of Service										Total
	0	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 & over	
Under 25	3	162	96	-	-	-	-	-	-	-	261
	\$14,341	\$40,080	\$47,261	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$42,425
25 - 29	41	2,761	6,538	28	-	-	-	-	-	-	9,368
	\$31,144	\$43,339	\$52,940	\$58,408	\$0	\$0	\$0	\$0	\$0	\$0	\$50,031
30 - 34	129	2,414	12,003	4,882	10	-	-	-	-	-	19,438
	\$38,566	\$44,422	\$56,789	\$61,982	\$74,667	\$0	\$0	\$0	\$0	\$0	\$56,445
35 - 39	140	2,271	10,965	10,410	3,657	33	-	-	-	-	27,476
	\$44,002	\$47,067	\$64,055	\$66,636	\$70,586	\$64,374	\$0	\$0	\$0	\$0	\$64,396
40 - 44	161	2,103	9,905	8,002	9,753	5,086	108	-	-	-	35,118
	\$51,760	\$47,180	\$68,060	\$73,114	\$73,680	\$73,897	\$72,930	\$0	\$0	\$0	\$70,307
45 - 49	205	1,892	8,251	7,038	7,498	8,870	3,869	22	-	-	37,645
	\$55,413	\$46,280	\$64,051	\$74,174	\$77,938	\$77,318	\$79,766	\$67,007	\$0	\$0	\$72,512
50 - 54	164	1,835	8,055	6,969	7,567	6,982	7,987	1,346	14	-	40,919
	\$71,578	\$46,219	\$61,302	\$69,907	\$75,660	\$77,885	\$81,005	\$84,980	\$82,438	\$0	\$72,249
55 - 59	135	1,456	6,742	5,851	7,256	6,353	5,513	1,780	321	3	35,410
	\$65,598	\$47,652	\$59,943	\$64,978	\$70,281	\$75,948	\$78,956	\$89,810	\$89,851	\$122,930	\$70,019
60 - 64	128	1,051	4,938	4,064	4,680	4,512	2,611	1,183	571	125	23,863
	\$73,564	\$44,826	\$58,614	\$64,375	\$67,906	\$71,959	\$81,098	\$97,495	\$91,138	\$89,140	\$68,740
65 - 69	65	408	1,728	1,476	1,446	1,215	864	521	323	176	8,222
	\$85,923	\$39,112	\$63,306	\$66,458	\$73,853	\$77,032	\$88,916	\$110,196	\$124,232	\$97,907	\$75,530
70 & over	47	302	668	627	577	429	280	222	184	274	3,610
	\$47,951	\$35,858	\$52,049	\$68,066	\$69,847	\$75,323	\$85,527	\$110,655	\$146,312	\$145,508	\$77,133
Total	1,218	16,655	69,889	49,347	42,444	33,480	21,232	5,074	1,413	578	241,330
	\$57,469	\$45,341	\$61,080	\$68,389	\$73,255	\$75,886	\$80,599	\$93,227	\$105,509	\$118,706	\$68,456

Section 3: Supporting Information

Exhibit B: Actuarial assumptions and actuarial cost method

Data

Detailed census data, premium rates, claim experience, and summary plan descriptions for OPEB were provided by the State. Active participants hired after January 1, 2021, were excluded based on “Membership Begin Date” provided in the data file.

Actuarial cost method

Entry Age, Level Percentage of Pay. Decrements are assumed to occur mid-year.

Asset valuation method

Market Value

Basis for demographic assumptions

The demographic assumptions are based on a study performed by Cavanaugh Macdonald for the period ending December 31, 2019. The study was presented to the Board of Trustees for the Teachers' and State Employees' Retirement System (TSERS) of North Carolina in December 2020 and was approved for use. Participants in the Consolidated Judicial Retirement System, the Legislative Retirement System, the University Employees' Optional Retirement Program, and eligible local governments are valued using the General Employees' assumptions. All demographic assumptions were prescribed by the OPEB Valuation Committee to be consistent with the TSERS pension valuation.

Census valuation date

December 31, 2024. Employees that become participants after the valuation date are excluded. Participating employers for sake of the valuation are determined at the beginning of the fiscal year (i.e., included in the total OPEB liability). Allocations to employers are determined based on whether the employer has made contributions during the fiscal year and prior to the valuation date.

Section 3: Supporting Information

Measurement date

Liabilities were rolled forward to June 30, 2025. The Entry Age Actuarial Accrued Liability was adjusted from the Valuation Date to the Measurement Date using compound interest adjustments to half the service cost, half the interest cost, and half the expected benefit payments. Financial data was collected as of the Measurement Date

Allocations to employers

Pro rata allocation of the NOL based on the Present Value of Future Salaries for employers that made contributions to the Trust during the fiscal year.

Discount rate

5.20%. The discount rate is based on the Bond Buyer 20-year GO index as of June 30, 2025.

The Plan is funded essentially on a “pay-as-you-go” basis, and any prefunding that results from employer and retiree contributions in excess of benefit payments is not material. The additional contribution of \$0.3 million in FY 2025 was not assumed to recur. As such, a blended discount rate is not applicable.

Salary increases based on service

Teachers: 7.30% grading down to 3.25%

Law Enforcement Officers: 8.05% grading down to 3.25%

General Employees: 6.25% grading down to 3.25%

Other Education Employees: 7.50% grading down to 3.25%

Payroll increases

3.25%.

Section 3: Supporting Information

Investment return

6.50%. This rate is provided by the State and the Building Blocks table used for GASB disclosures is provided by the Investment Management Division of the Department of the State Treasurer.

Pre-Retirement mortality

Teachers use the Pub-2010 Teachers table. General and other education employees use the Pub-2010 General table. Law enforcement officers use the Pub-2010 Safety table.

Post-Disability mortality

Non-safety participants use the Pub-2010 General Disabled Retirees Amount-Weighted table, set back 1 year for females, and set forward 3 years for males.

Safety participants use the Pub-2010 General Disabled Retirees Amount-Weighted table, set back 3 years.

Post-Retirement mortality

Retirees	Mortality Table and adjustments
Male General and Other Education	Pub-2010 General Table adjusted by a factor of 105.5%
Female General and Other Education	Pub-2010 General Table, adjusted by a factor grading from 95% for 76 and below to 110% for 90 and above
Male Teachers	Pub-2010 Teachers Below Median Table, adjusted by a factor grading from 96% for 83 and below to 106% for 87 and above
Female Teachers	Pub-2010 Teacher Below Median Table, adjusted by a factor grading from 100% for 81 and below to 105% for 85 and above
Law Enforcement	Pub-2010 Safety, set forward 1 year, adjusted by a factor of 97% for both males and females
Spouses	Pub-2010 Teachers Contingent Annuitant Below Median Table, set forward 3 years for males and 1 year for females

Section 3: Supporting Information

Mortality projection scale

MP-2019

Disability rates

Age	Male	Female
20-24	0.045%	0.014%
25-29	0.018%	0.014%
30-34	0.029%	0.064%
35-39	0.059%	0.072%
40-44	0.084%	0.120%
45-49	0.123%	0.176%
50-54	0.230%	0.256%
55-59	0.346%	0.336%
60-62	0.302%	0.336%
63-64	0.302%	0.240%

These rates are the non-grandfathered rates used in the DIPNC valuation. The number of members eligible for transitional disability coverage provisions under G.S. 135-112 (“grandfathered”) is a relatively small group of individuals.

Section 3: Supporting Information

Turnover rates

Teachers – Male:

Age	Years of Service					
	0	1	2	3	4	>=5
25	5.00%	17.50%	15.50%	14.50%	11.50%	30.00%
30	5.00%	17.50%	15.50%	14.50%	11.50%	9.00%
35	5.00%	17.50%	15.50%	14.50%	11.50%	6.00%
40	5.00%	17.50%	15.50%	14.50%	11.50%	4.75%
45	5.00%	17.50%	15.50%	14.50%	11.50%	3.75%
50	5.00%	17.50%	15.50%	14.50%	11.50%	4.25%
55	5.00%	17.50%	15.50%	14.50%	11.50%	4.25%
60	5.00%	17.50%	15.50%	14.50%	11.50%	4.25%

Teachers – Female:

Age	Years of Service					
	0	1	2	3	4	>=5
25	3.50%	16.50%	15.50%	13.75%	11.50%	35.00%
30	3.50%	16.50%	15.50%	13.75%	11.50%	10.00%
35	3.50%	16.50%	15.50%	13.75%	11.50%	5.75%
40	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%
45	3.50%	16.50%	15.50%	13.75%	11.50%	3.50%
50	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%
55	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%
60	3.50%	16.50%	15.50%	13.75%	11.50%	4.00%

Section 3: Supporting Information

Turnover rates (continued)

General – Male:

Age	Years of Service					
	0	1	2	3	4	>=5
25	9.00%	17.00%	15.00%	12.50%	11.00%	25.00%
30	9.00%	17.00%	15.00%	12.50%	11.00%	12.50%
35	9.00%	17.00%	15.00%	12.50%	11.00%	7.50%
40	9.00%	17.00%	15.00%	12.50%	11.00%	5.00%
45	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%
50	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%
55	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%
60	9.00%	17.00%	15.00%	12.50%	11.00%	4.00%

General – Female:

Age	Years of Service					
	0	1	2	3	4	>=5
25	9.00%	17.50%	15.75%	14.00%	11.50%	25.00%
30	9.00%	17.50%	15.75%	14.00%	11.50%	12.00%
35	9.00%	17.50%	15.75%	14.00%	11.50%	10.00%
40	9.00%	17.50%	15.75%	14.00%	11.50%	5.75%
45	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%
50	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%
55	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%
60	9.00%	17.50%	15.75%	14.00%	11.50%	4.00%

Section 3: Supporting Information

Turnover rates (continued)

Other – Male:

Age	Years of Service					
	0	1	2	3	4	>=5
25	9.00%	19.00%	17.00%	13.00%	11.00%	25.00%
30	9.00%	19.00%	17.00%	13.00%	11.00%	10.00%
35	9.00%	19.00%	17.00%	13.00%	11.00%	5.50%
40	9.00%	19.00%	17.00%	13.00%	11.00%	5.00%
45	9.00%	19.00%	17.00%	13.00%	11.00%	5.00%
50	9.00%	19.00%	17.00%	13.00%	11.00%	5.00%
55	9.00%	19.00%	17.00%	13.00%	11.00%	4.00%
60	9.00%	19.00%	17.00%	13.00%	11.00%	4.00%

Other – Female:

Age	Years of Service					
	0	1	2	3	4	>=5
25	7.00%	17.50%	15.50%	12.50%	10.75%	25.00%
30	7.00%	17.50%	15.50%	12.50%	10.75%	15.00%
35	7.00%	17.50%	15.50%	12.50%	10.75%	7.50%
40	7.00%	17.50%	15.50%	12.50%	10.75%	6.50%
45	7.00%	17.50%	15.50%	12.50%	10.75%	4.75%
50	7.00%	17.50%	15.50%	12.50%	10.75%	4.50%
55	7.00%	17.50%	15.50%	12.50%	10.75%	3.50%
60	7.00%	17.50%	15.50%	12.50%	10.75%	3.50%

Section 3: Supporting Information

Turnover rates (continued)

Law Enforcement – Male and Female:

Age	Years of Service					
	0	1	2	3	4	>=5
25	3.50%	9.25%	9.25%	9.50%	8.00%	7.50%
30	3.50%	9.25%	9.25%	9.50%	8.00%	7.50%
35	3.50%	9.25%	9.25%	9.50%	8.00%	3.50%
40	3.50%	9.25%	9.25%	9.50%	8.00%	2.50%
45	3.50%	9.25%	9.25%	9.50%	8.00%	2.00%
50	3.50%	9.25%	9.25%	9.50%	8.00%	2.00%
55	3.50%	9.25%	9.25%	9.50%	8.00%	5.00%
60	3.50%	9.25%	9.25%	9.50%	8.00%	5.00%

Section 3: Supporting Information

Active retirement rates

Teachers – Male:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	70.00%	70.00%
50	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	4.25%	70.00%	70.00%
51	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	4.25%	70.00%	70.00%
52	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	4.25%	70.00%	70.00%
53	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	5.50%	40.00%	70.00%
54	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	3.00%	5.50%	40.00%	45.00%
55	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	5.50%	40.00%	45.00%
56	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	5.50%	40.00%	30.00%
57	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	5.50%	40.00%	30.00%
58	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	11.00%	40.00%	30.00%
59	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	3.00%	11.00%	40.00%	30.00%
60	0.00%	8.50%	8.00%	10.00%	10.00%	30.00%	30.00%	30.00%	40.00%	30.00%
61	0.00%	8.50%	8.00%	10.00%	10.00%	40.00%	40.00%	30.00%	35.00%	30.00%
62	0.00%	12.50%	13.50%	20.00%	25.00%	40.00%	40.00%	30.00%	35.00%	35.00%
63	0.00%	12.50%	13.50%	20.00%	20.00%	40.00%	40.00%	30.00%	30.00%	35.00%
64	0.00%	12.50%	13.50%	20.00%	20.00%	40.00%	40.00%	30.00%	30.00%	25.00%
65	0.00%	17.50%	22.50%	25.00%	32.50%	32.50%	40.00%	30.00%	30.00%	25.00%
66	0.00%	17.50%	22.50%	25.00%	32.50%	32.50%	40.00%	35.00%	30.00%	30.00%
67	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	35.00%	15.00%	30.00%
68	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	15.00%	30.00%
69	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	15.00%	30.00%
70	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	15.00%	30.00%
71	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	30.00%
72	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	30.00%
73	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	10.00%
74	0.00%	17.50%	22.50%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	10.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Teachers – Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	65.00%	75.00%
50	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	65.00%	75.00%
51	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	65.00%	75.00%
52	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	50.00%	75.00%
53	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	40.00%	55.00%
54	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	5.00%	40.00%	40.00%
55	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	7.00%	40.00%	37.50%
56	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	7.00%	40.00%	37.50%
57	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.50%	7.00%	45.00%	37.50%
58	0.00%	0.00%	0.00%	0.00%	7.50%	7.50%	4.50%	7.00%	45.00%	37.50%
59	0.00%	0.00%	0.00%	0.00%	7.50%	7.50%	4.50%	7.00%	45.00%	37.50%
60	0.00%	8.00%	10.00%	10.00%	13.00%	25.00%	25.00%	40.00%	50.00%	37.50%
61	0.00%	8.00%	10.00%	10.00%	13.00%	47.50%	47.50%	40.00%	45.00%	40.00%
62	0.00%	13.50%	20.00%	20.00%	22.50%	47.50%	47.50%	40.00%	45.00%	40.00%
63	0.00%	13.50%	20.00%	20.00%	22.50%	47.50%	47.50%	40.00%	37.50%	40.00%
64	0.00%	13.50%	20.00%	20.00%	22.50%	47.50%	47.50%	40.00%	37.50%	40.00%
65	0.00%	25.00%	30.00%	25.00%	35.00%	35.00%	47.50%	40.00%	45.00%	40.00%
66	0.00%	25.00%	30.00%	35.00%	35.00%	35.00%	47.50%	40.00%	45.00%	40.00%
67	0.00%	25.00%	30.00%	35.00%	35.00%	35.00%	47.50%	40.00%	40.00%	40.00%
68	0.00%	22.50%	30.00%	25.00%	35.00%	35.00%	30.00%	40.00%	40.00%	32.50%
69	0.00%	22.50%	25.00%	25.00%	35.00%	35.00%	30.00%	30.00%	40.00%	32.50%
70	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	30.00%	30.00%	40.00%	32.50%
71	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
72	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
73	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
74	0.00%	22.50%	25.00%	30.00%	30.00%	30.00%	40.00%	30.00%	40.00%	32.50%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

General – Male:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	60.00%	60.00%
50	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	60.00%	60.00%
51	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	50.00%	50.00%
52	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	50.00%	50.00%
53	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	50.00%
54	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	35.00%
55	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	35.00%
56	0.00%	0.00%	0.00%	0.00%	3.00%	3.00%	4.00%	7.00%	40.00%	35.00%
57	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	4.00%	7.00%	40.00%	35.00%
58	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	4.00%	7.00%	40.00%	27.00%
59	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	4.00%	7.00%	40.00%	27.00%
60	0.00%	9.00%	7.00%	7.00%	10.00%	22.50%	22.50%	30.00%	40.00%	27.00%
61	0.00%	9.00%	7.00%	7.00%	10.00%	30.00%	30.00%	30.00%	40.00%	27.00%
62	0.00%	9.00%	20.00%	17.50%	22.50%	40.00%	40.00%	30.00%	40.00%	30.00%
63	0.00%	9.00%	15.00%	17.50%	20.00%	40.00%	40.00%	25.00%	40.00%	30.00%
64	0.00%	9.00%	15.00%	15.00%	20.00%	40.00%	40.00%	25.00%	27.50%	30.00%
65	0.00%	18.00%	25.00%	25.00%	30.00%	30.00%	40.00%	35.00%	27.50%	30.00%
66	0.00%	18.00%	25.00%	32.50%	30.00%	30.00%	40.00%	35.00%	40.00%	30.00%
67	0.00%	18.00%	25.00%	22.50%	25.00%	25.00%	40.00%	30.00%	40.00%	30.00%
68	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	30.00%
69	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	30.00%
70	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	30.00%
71	0.00%	18.00%	25.00%	22.50%	22.50%	22.50%	20.00%	30.00%	30.00%	25.00%
72	0.00%	20.00%	25.00%	22.50%	22.50%	22.50%	25.00%	30.00%	30.00%	25.00%
73	0.00%	20.00%	25.00%	22.50%	15.00%	15.00%	15.00%	30.00%	30.00%	25.00%
74	0.00%	20.00%	25.00%	22.50%	15.00%	15.00%	15.00%	30.00%	30.00%	25.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

General – Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	40.00%
50	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
51	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
52	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
53	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	40.00%
54	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.00%	6.00%	40.00%	30.00%
55	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	6.00%	40.00%	25.00%
56	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	4.00%	6.00%	40.00%	25.00%
57	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.00%	6.00%	40.00%	25.00%
58	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.00%	6.00%	40.00%	25.00%
59	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	4.00%	6.00%	40.00%	25.00%
60	0.00%	7.00%	8.00%	9.00%	9.50%	20.00%	20.00%	30.00%	40.00%	25.00%
61	0.00%	7.00%	8.00%	9.00%	9.50%	35.00%	35.00%	30.00%	35.00%	25.00%
62	0.00%	10.00%	16.00%	17.00%	20.00%	35.00%	35.00%	30.00%	35.00%	30.00%
63	0.00%	10.00%	16.00%	17.00%	20.00%	35.00%	35.00%	30.00%	35.00%	30.00%
64	0.00%	10.00%	16.00%	17.00%	20.00%	35.00%	35.00%	30.00%	35.00%	30.00%
65	0.00%	20.00%	25.00%	30.00%	30.00%	30.00%	35.00%	30.00%	35.00%	30.00%
66	0.00%	20.00%	25.00%	30.00%	30.00%	30.00%	35.00%	35.00%	35.00%	30.00%
67	0.00%	15.00%	25.00%	30.00%	30.00%	30.00%	35.00%	35.00%	35.00%	30.00%
68	0.00%	15.00%	20.00%	22.50%	30.00%	30.00%	35.00%	25.00%	35.00%	25.00%
69	0.00%	15.00%	20.00%	22.50%	25.00%	25.00%	35.00%	25.00%	35.00%	25.00%
70	0.00%	15.00%	20.00%	22.50%	25.00%	25.00%	35.00%	25.00%	30.00%	30.00%
71	0.00%	17.50%	20.00%	22.50%	25.00%	25.00%	20.00%	25.00%	30.00%	30.00%
72	0.00%	17.50%	20.00%	22.50%	25.00%	25.00%	20.00%	25.00%	30.00%	30.00%
73	0.00%	12.50%	20.00%	17.50%	20.00%	20.00%	20.00%	25.00%	30.00%	30.00%
74	0.00%	12.50%	20.00%	17.50%	20.00%	20.00%	20.00%	25.00%	30.00%	30.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Other – Male:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	50.00%	50.00%
50	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	50.00%	50.00%
51	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	50.00%	50.00%
52	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	50.00%	50.00%
53	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	30.00%	50.00%
54	0.00%	0.00%	0.00%	0.00%	3.50%	3.50%	4.50%	4.50%	30.00%	50.00%
55	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	30.00%
56	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
57	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
58	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
59	0.00%	0.00%	0.00%	0.00%	4.00%	4.00%	5.00%	5.00%	30.00%	27.50%
60	0.00%	8.00%	7.00%	10.00%	9.00%	20.00%	20.00%	20.00%	30.00%	27.50%
61	0.00%	8.00%	7.00%	10.00%	12.50%	20.00%	20.00%	20.00%	30.00%	27.50%
62	0.00%	12.50%	20.00%	25.00%	28.00%	35.00%	35.00%	35.00%	30.00%	27.50%
63	0.00%	12.50%	15.00%	17.50%	22.00%	27.50%	27.50%	27.50%	30.00%	27.50%
64	0.00%	12.50%	15.00%	17.50%	19.00%	27.50%	27.50%	27.50%	30.00%	27.50%
65	0.00%	10.00%	25.00%	25.00%	30.00%	30.00%	27.50%	27.50%	25.00%	27.50%
66	0.00%	22.50%	25.00%	27.50%	25.00%	25.00%	30.00%	30.00%	25.00%	35.00%
67	0.00%	10.00%	25.00%	27.50%	17.50%	17.50%	30.00%	30.00%	25.00%	35.00%
68	0.00%	10.00%	25.00%	30.00%	20.00%	20.00%	30.00%	30.00%	25.00%	35.00%
69	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	30.00%	30.00%	25.00%	35.00%
70	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	30.00%	30.00%	25.00%	35.00%
71	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	25.00%	25.00%	25.00%	35.00%
72	0.00%	10.00%	25.00%	25.00%	22.50%	22.50%	17.50%	17.50%	25.00%	35.00%
73	0.00%	25.00%	25.00%	25.00%	22.50%	22.50%	17.50%	17.50%	25.00%	35.00%
74	0.00%	25.00%	25.00%	25.00%	22.50%	22.50%	17.50%	17.50%	25.00%	35.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Other – Female:

Years of Service

Age	<=4	5 to 9	10 to 14	15 to 19	20 to 23	24	25	26 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	40.00%	50.00%
50	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	40.00%	50.00%
51	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	40.00%	50.00%
52	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	40.00%	50.00%
53	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	30.00%	35.00%
54	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	4.50%	4.50%	30.00%	30.00%
55	0.00%	0.00%	0.00%	0.00%	4.50%	4.50%	6.00%	6.00%	30.00%	30.00%
56	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
57	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
58	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
59	0.00%	0.00%	0.00%	0.00%	6.00%	6.00%	6.00%	6.00%	30.00%	30.00%
60	0.00%	7.00%	9.00%	10.00%	10.00%	30.00%	30.00%	30.00%	37.50%	30.00%
61	0.00%	7.00%	9.00%	10.00%	10.00%	30.00%	30.00%	30.00%	37.50%	30.00%
62	0.00%	12.50%	20.00%	22.50%	22.50%	30.00%	30.00%	30.00%	37.50%	35.00%
63	0.00%	12.50%	20.00%	20.00%	20.00%	30.00%	30.00%	30.00%	37.50%	35.00%
64	0.00%	12.50%	20.00%	20.00%	20.00%	30.00%	30.00%	30.00%	30.00%	35.00%
65	0.00%	17.50%	25.00%	25.00%	30.00%	30.00%	35.00%	35.00%	30.00%	35.00%
66	0.00%	17.50%	25.00%	25.00%	30.00%	30.00%	35.00%	35.00%	30.00%	35.00%
67	0.00%	15.00%	25.00%	25.00%	30.00%	30.00%	35.00%	35.00%	20.00%	35.00%
68	0.00%	15.00%	20.00%	22.50%	30.00%	30.00%	27.50%	27.50%	20.00%	35.00%
69	0.00%	15.00%	20.00%	22.50%	30.00%	30.00%	27.50%	27.50%	20.00%	35.00%
70	0.00%	15.00%	20.00%	22.50%	20.00%	20.00%	27.50%	27.50%	20.00%	35.00%
71	0.00%	15.00%	17.50%	22.50%	20.00%	20.00%	27.50%	27.50%	20.00%	35.00%
72	0.00%	15.00%	17.50%	22.50%	20.00%	20.00%	25.00%	25.00%	20.00%	35.00%
73	0.00%	15.00%	17.50%	20.00%	20.00%	20.00%	25.00%	25.00%	20.00%	35.00%
74	0.00%	15.00%	17.50%	20.00%	20.00%	20.00%	25.00%	25.00%	20.00%	35.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Section 3: Supporting Information

Active retirement rates (continued)

Law Enforcement – Male and Female:

Age	Years of Service							
	<=4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 28	29	>=30
<=48	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
49	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	90.00%	80.00%
50-54	0.00%	0.00%	0.00%	4.00%	5.00%	5.00%	90.00%	80.00%
55	0.00%	20.00%	20.00%	35.00%	35.00%	50.00%	90.00%	65.00%
56	0.00%	20.00%	20.00%	17.50%	30.00%	25.00%	90.00%	65.00%
57	0.00%	10.00%	20.00%	17.50%	30.00%	25.00%	90.00%	65.00%
58	0.00%	15.00%	20.00%	17.50%	30.00%	25.00%	90.00%	65.00%
59	0.00%	10.00%	20.00%	17.50%	30.00%	25.00%	90.00%	50.00%
60	0.00%	10.00%	20.00%	12.50%	25.00%	25.00%	50.00%	50.00%
61	0.00%	10.00%	20.00%	12.50%	25.00%	25.00%	50.00%	50.00%
62	0.00%	15.00%	45.00%	12.50%	25.00%	25.00%	50.00%	50.00%
63	0.00%	15.00%	45.00%	12.50%	25.00%	25.00%	50.00%	50.00%
64	0.00%	15.00%	45.00%	12.50%	25.00%	25.00%	50.00%	50.00%
65	0.00%	15.00%	45.00%	25.00%	25.00%	25.00%	50.00%	50.00%
66	0.00%	20.00%	45.00%	25.00%	25.00%	25.00%	50.00%	50.00%
67-74	0.00%	25.00%	15.00%	25.00%	25.00%	25.00%	25.00%	50.00%
>=75	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

The eligibility for retirement is determined as of the timing of the assumed decrement (middle of year), rather than as of the anniversary of the Valuation Date (the beginning of year). This creates assumed retirements for participants with 4.5, 24.5, and 29.5 years of service as of the anniversary of the Valuation Date.

Inactive vested retirement expected enrollment age

Age 55 with 20 or more years of service; age 63 with 5 or more years of service, but less than 20 years of service

Section 3: Supporting Information

Missing participant data

Actives and terminated vested who do not have plan codes are assumed to be enrolled in plans based on enrollment assumptions.

Missing, invalid, or unreasonable dates of birth are assumed an average value of the group. Invalid gender codes are replaced with the default of male.

Any other missing census item for a given participant was assumed to equal the average value of that item over all other participants of the same status for whom the item is known.

Participation and coverage election

100% of employees eligible to retire and receive subsidized postretirement health coverage were assumed to elect medical and prescription drug coverage. All participants are assumed to be enrolled in plans based on enrollment assumptions.

Dependents

Demographic data was available for spouses of current retirees. For future retirees, husbands were assumed to be four years older than their wives. 10% of future retirees who elect to continue their health coverage at retirement were assumed to have an eligible spouse who also opts for health coverage at that time.

Data adjustments

Since child records under split contract were reported as subscribers, we assumed retirees under age 27 were children.

For participants with both an active and terminated vested records, the active record was maintained. For participants with multiple active records from different employers, service was merged, earliest provided membership date was used to determine pre-2006 vs post-2006 status, and (if applicable), the teacher record was used to determine assumptions and plan provisions.

Matching spouses of retirees to retirees when they were covered under split contracts (one Medicare eligible and the other not) was problematic. Additionally, surviving spouses who are not receiving survivor benefits under the retirement plan were not readily distinguishable from retirees. We believe that there are spouses of retirees that we have valued as retirees without paying the spouse premium. No adjustment has been made to the valuation liabilities.

Section 3: Supporting Information

Per capita cost development

Medical and Prescription Drug: Per capita claims costs were based on actual incurred claim experience for the periods January 1, 2022, through December 31, 2024. Medical claims for 2024 were further adjusted by a factor of 1.17% to account for claims incurred in 2024 but not yet processed through March 2025. Drug claims for 2022/2023/2024 were also adjusted by -1.48%/-0.98%/-1.44% for the performance guarantees received in March 2022-2024. Claims were separated by Medicare and Non-Medicare participants, then adjusted as follows:

- Total claims were divided by the number of adult members to yield a per capita claim
- The per capita claim was trended to the midpoint of the valuation year at assumed trend rates
- The per capita claim was adjusted for the effect of any plan changes
- Prescription drug claims were adjusted to reflect initial PBM contract savings
- Actuarial factors were then applied to the per capita claims to estimate individual retiree and spouse costs by age and by gender.

Medicare Advantage plans were valued by actuarially adjusting the insured premium rates by age and gender.

Administrative Expenses: Administrative expenses were based on a recent quarterly projection prepared by Segal, using detailed administrative expense data provided by the State.

Section 3: Supporting Information

Per capita health costs (2025)

Non-Medicare Retiree and Spouse

Age	70/30 Medical Male	70/30 Medical Female	80/20 Medical Male	80/20 Medical Female	70/30 Rx Male	70/30 Rx Female	80/20 Rx Male	80/20 Rx Female
50	\$7,327	\$7,737	\$9,934	\$10,489	\$1,640	\$1,731	\$2,764	\$2,918
55	8,268	8,399	11,209	11,386	1,850	1,880	3,118	3,168
60	9,520	9,105	12,906	12,343	2,130	2,038	3,590	3,434
65	12,147	10,089	16,468	13,678	2,719	2,258	4,581	3,805
70	13,643	11,287	18,496	15,302	3,053	2,526	5,146	4,257
75	15,071	11,866	20,432	16,087	3,373	2,656	5,684	4,475
80	15,781	12,666	21,395	17,171	3,532	2,835	5,952	4,777

Medicare Retiree and Spouse

Age	MA Base Male	MA Base Female	MA Enhanced Male	MA Enhanced Female	70/30 Medical Male	70/30 Medical Female	70/30 Rx Male	70/30 Rx Female
50	\$228	\$241	\$657	\$694	\$470	\$496	\$1,550	\$1,636
55	258	262	741	753	530	539	1,749	1,776
60	297	284	853	816	610	584	2,013	1,926
65	379	315	1,089	904	779	647	2,569	2,134
70	425	352	1,223	1,012	875	724	2,885	2,387
75	470	370	1,351	1,064	966	761	3,187	2,510
80	492	395	1,415	1,135	1,012	812	3,338	2,679

Section 3: Supporting Information

Health care cost trend rates

Health care trend measures the anticipated overall rate at which health plan costs are expected to increase in future years. The rates shown below are “net” and are applied to the net per capita costs shown above. The trend shown for a particular plan year is the rate that is applied to that year’s cost to yield the next year’s projected cost.

Year Ending Dec 31	Medical Self-Funded	Prescription Drug	Prescription Drug Rebates	Medicare Advantage Base	Medicare Advantage Enhanced	Admin
2025	6.00%	9.50%	9.77%	95.06%	46.83%	-7.90%
2026	5.50%	9.00%	9.20%	64.46%	29.43%	0.58%
2027	5.00%	8.50%	-6.59%	5.00%	5.00%	3.00%
2028	5.00%	8.00%	8.00%	5.00%	5.00%	3.00%
2029	5.00%	7.50%	7.50%	5.00%	5.00%	3.00%
2030	5.00%	7.00%	7.00%	5.00%	5.00%	3.00%
2031	5.00%	6.50%	6.50%	5.00%	5.00%	3.00%
2032	5.00%	6.00%	6.00%	5.00%	5.00%	3.00%
2033	5.00%	5.50%	5.50%	5.00%	5.00%	3.00%
2034	5.00%	5.00%	5.00%	5.00%	5.00%	3.00%
2035 & later	5.00%	5.00%	5.00%	5.00%	5.00%	3.00%

The trend rate assumptions were based on the trends consistent with the Quarterly Financial Projections and were developed using Segal’s internal guidelines. The guidelines are established each year using data sources such as the 2025 Segal Health Trend Survey, internal client results, trends from other published surveys prepared by the S&P Dow Jones Indices, consulting firms and brokers, and CPI statistics published by the Bureau of Labor Statistics.

Adjustments to the base trends above were made as follows:

- MA Base/Enhanced premiums are assumed to be \$64.37/\$140.96 for 2026 and \$105.86/\$182.45 for 2027.
- Net prescription drug rebates trend is based on minimum guarantees for 2026-2027 and rebate amounts are assumed to be 43% of baseline claims starting 2028.
- Administrative trends reflect BCBS runout fees in 2025 and flat fees for Aetna through 2027.

Section 3: Supporting Information

Medicare Part D subsidy assumptions

GASB guidelines prohibit the offset of OPEB obligations by the future value of Medicare Part D subsidies. Therefore, these calculations do not include an estimate for retiree prescription drug plan federal subsidies that the North Carolina State Health Plan may be eligible to receive.

Retiree contribution increase rate

The 2025 trend on contributions was adjusted to project 2025 contribution rates to the 2026 rates that were adopted by the Board in August 2025, including anticipated wellness credits and enrollment migration. Retiree/spouse contributions for the 80/20 and 70/30 plans were generally assumed to remain flat for the following four years. Employer contributions are assumed to change over the next five years in accordance with contribution expectations projected by the State. Beyond that point, retiree contributions for medical and prescription drugs were assumed to increase at the same blended trend rate as medical and prescription drug cost. After 10 years, all contributions are assumed to increase at ultimate trend of 5.0%.

Assumption for Tobacco Attestation

The percentage of participants in the 80/20 Plan that complete a Tobacco Attestation is assumed to be 99.1% in all years.

Administrative expenses

Administrative expense loads of \$405 per participant (retiree and spouse) for non-Medicare retirees and of \$103 for Medicare retirees (blended MA & non-MA).

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit C.

Maximum benefits

There are no annual or lifetime maximum benefits assumed.

Section 3: Supporting Information

Plan enrollment assumptions

Based on most recent financial report: Plan Enrollment Assumptions are valued by adjusting the trend for 2025-2029 for enrollment migration.

Non-Medicare Retiree

Plan	2025	2026	2027	2028	2029
80/20 Plan	42.5%	42.0%	41.5%	41.0%	40.5%
70/30 Plan	57.5%	58.0%	58.5%	59.0%	59.5%

Medicare Retiree

Plan	2025	2026	2027	2028	2029
MA Base	75.7%	75.0%	75.0%	75.0%	75.0%
MA Enhanced	8.5%	10.0%	10.0%	10.0%	10.0%
70/30 Plan	15.8%	15.0%	15.0%	15.0%	15.0%

Models

Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility, and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuaries.

The results are also based on models for cost projections developed by Segal actuaries and programmers. The client team customizes and validates the models, and reviews the results, under the supervision of the responsible actuary.

Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are

Section 3: Supporting Information

also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

Assumption changes since prior valuation

- The discount rate was updated, changing from 3.93% to 5.20%, based on changes in the Bond Buyer 20-year GO index rate, as selected by the State's OPEB Valuation Committee.
- The medical, prescription drug and administrative starting claims cost were updated based on the most recent experience.
- Medical, prescription drug, prescription drug rebates, and administrative trend rates were updated to current schedule.
- Enrollment assumptions were updated to model expected migrations among plan options over the next four years.
- The Medicare Advantage Prescription Drug (MA-PD) rates were updated.
- The expected participant contribution rates were updated to reflect the rates adopted by the Board in August 2025.

Section 3: Supporting Information

Exhibit C: Summary of plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Eligibility

Participants in the North Carolina State Health Plan for Teachers and State Employees who retire from the State, the University of North Carolina System, community colleges, local school systems, and certain other component units are eligible to continue to participate in the State Health Plan in retirement if they meet certain criteria. Employees hired on or after January 1, 2021, are not eligible for OPEB benefits.

Former employees who are eligible to receive medical benefits are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the Teachers' and State Employees' Retirement System (TSERS), the Consolidated Judicial Retirement system (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (UEORP), and a small number of local governments. General retirement requirements are as follows:

Law Enforcement Officer:

- age 50 and 15 years of service;
- age 55 and 5 years of service; or
- any age with 25 or more years of service.

All Others:

- age 50 and 20 years of service;
- age 60 and 5 years of service; or
- any age with 30 or more years of service.
- Members achieve vesting at any age with 5 years of service. Members who separate from service after becoming vested and do not withdraw their contributions from the Retirement System may later retire (and enroll in the plan) once they have attained the retirement eligibility age.

Section 3: Supporting Information

Benefit types:

70/30 and 80/20 Plans are offered to non-Medicare participants, and the 70/30 Plan, Medicare Advantage Base (MA Base) and Medicare Advantage Enhanced (MA Enhanced) plans are offered to Medicare eligible participants. Coverage under 70/30 Plan becomes secondary when former employees become eligible for Medicare.

Duration of coverage:

Lifetime for retirees and dependents

Dependent benefits:

Same as retirees

Section 3: Supporting Information

Retiree contributions:

Monthly contributions, effective January 1, 2025, are shown below.

For Retirees hired prior to October 1, 2006 (February 1, 2007, for legislators):

Non-Medicare

Category	70/30 Plan	80/20 Plan Tobacco Attest. Not Complete	80/20 Plan Tobacco Attest. Complete
Retiree	\$0.00	\$110.00	\$50.00
Spouse	\$590.00	\$650.00	\$650.00

Medicare

Category	70/30 Plan	MA Base	MA Enhanced
Retiree	\$0.00	\$0.00	\$67.00
Spouse	\$425.00	\$37.00	\$100.00

For Retirees hired on or after October 1, 2006 (February 1, 2007, for legislators), contributions are defined as a percentage of the total premium costs based on the following service-based schedule:

Years of Service at Retirement	Retiree Contribution Percentage	Spouse Contribution Percentage
5 – 9.99	100%	100%
10 – 19.99	50%	100%
20 or more	0%	100%

Section 3: Supporting Information

100% and 50% of the total premium costs are shown below:

Non-Medicare

Category	70/30 Plan	80/20 Plan Tobacco Attest. Not Complete	80/20 Plan Tobacco Attest. Complete
Retiree (100% of Premium)	\$452.08	\$562.08	\$502.08
Retiree (50% of Premium)	\$226.04	\$336.04	\$276.04
Spouse	\$590.00	\$650.00	\$650.00

Medicare

Category	70/30 Plan	MA Base	MA Enhanced
Retiree (100% of Premium)	\$452.08	\$37.00	\$100.00
Retiree (50% of Premium)	\$226.04	\$37.00	\$100.00
Spouse	\$425.00	\$37.00	\$100.00

Section 3: Supporting Information

Monthly contributions, effective January 1, 2026, are shown below.

For Retirees hired prior to October 1, 2006 (February 1, 2007, for legislators):

Non-Medicare

Category	Standard	Plus
Retiree	\$0.00	\$66.00
Spouse	\$575.00	\$680.00

Medicare

Category	70/30 Plan	MA Base	MA Enhanced
Retiree	\$0.00	\$0.00	\$81.00
Spouse	\$575.00	\$68.00	\$145.00

For Retirees hired on or after October 1, 2006 (February 1, 2007, for legislators), contributions are defined as a percentage of the total premium costs based on the following service-based schedule:

Years of Service at Retirement	Retiree Contribution Percentage	Spouse Contribution Percentage
5 – 9.99	100%	100%
10 – 19.99	50%	100%
20 or more	0%	100%

Section 3: Supporting Information

100% and 50% of the total premium costs are shown below:

Non-Medicare

Category	Standard	Plus
Retiree (100% of Premium)	\$360.00	\$426.00
Retiree (50% of Premium)	\$180.00	\$246.00
Spouse	\$575.00	\$680.00

Medicare

Category	70/30 Plan	MA Base	MA Enhanced
Retiree (100% of Premium)	\$360.00	\$68.00	\$145.00
Retiree (50% of Premium)	\$180.00	\$68.00	\$145.00
Spouse	\$575.00	\$68.00	\$145.00

Section 3: Supporting Information

Benefit descriptions PPO 70/30 Plan (as of January 1, 2026):

PPO 70/30 Plan	In-Network	Out-Of-Network
Medical		
• Annual Deductible	\$3,000/\$9,000	\$6,000/\$18,000
• Member Coinsurance	30%	50%
• Out-of-Pocket Maximum	\$6,500/\$16,300	\$13,000/\$32,600
• Primary Care Office Visit Co-pay	\$50 (\$40 for PCP on ID card, \$15 for Preferred PCP)	Deductible & Coinsurance
• Specialist Office Visit Co-pay	\$94 (\$50 for Preferred Providers)	Deductible & Coinsurance
• Preventive Care	\$0	N/A
• Urgent Care Co-pay	\$100	\$100
• Inpatient Hospitalization Co-pay	\$600 + Deductible & Coinsurance	\$600 + Deductible & Coinsurance
• Outpatient Surgery Co-pay	\$350 + Deductible & Coinsurance	Deductible & Coinsurance
• Emergency Room	\$600 + Deductible & Coinsurance	same as In-Network
• Physical, Occupational, Speech, or Chiropractic Therapy	\$62	Deductible & Coinsurance
• Mental Health and Substance Abuse Office Visit Co-pay	\$15	Coinsurance
Prescription Drugs¹		
• Tier 1 - Generic	\$25	\$25
• Tier 2 - Preferred Brand	\$75	\$75
• Tier 3 - Non-Preferred Brand	Deductible & Coinsurance	Deductible & Coinsurance
• Tier 4 - Generic Specialty	\$200	\$200
• Tier 5 - Preferred Specialty	\$600	\$600
• Tier 6 - Non-Preferred Specialty	Deductible & Coinsurance	Deductible & Coinsurance
• Preferred diabetic testing supplies	\$25	\$25
• Non-Preferred diabetic testing supplies	Deductible & Coinsurance	Deductible & Coinsurance
• Out-of-Pocket Maximum	Combined with Medical	Combined with Medical

¹ Up to 30-day supply – copays are 2x for 31–60 day supply and 3x for 61-90 day supply

Section 3: Supporting Information

Benefit descriptions PPO 80/20 Plan (as of January 1, 2026):

PPO 80/20 Plan	In-Network	Out-Of-Network
Medical		
• Annual Deductible	\$1,500/\$4,500	\$3,000/\$9,000
• Member Coinsurance	20%	40%
• Out-of-Pocket Maximum	\$5,000/\$15,000	\$10,000/\$30,000
• Primary Care Office Visit Co-pay	\$40(\$30 for PCP on ID card, \$10 for preferred PCP)	Deductible & Coinsurance
• Specialist Office Visit Co-pay	\$80 (\$40 for Preferred Providers)	Deductible & Coinsurance
• Preventive Care	\$0	N/A
• Urgent Care Co-pay	\$70	\$70
• Inpatient Hospitalization Co-pay	\$500 + Deductible & Coinsurance	\$300 + Deductible & Coinsurance
• Outpatient Surgery Co-pay	\$300 + Deductible & Coinsurance	Deductible & Coinsurance
• Emergency Room	\$500 + Deductible & Coinsurance	same as In-Network
• Physical, Occupational, Speech, or Chiropractic Therapy	\$42	Deductible & Coinsurance
• Mental Health and Substance Abuse Office Visit Co-pay	\$10	Coinsurance
Prescription Drugs¹		
• Tier 1 - Generic	\$15	\$15
• Tier 2 - Preferred Brand	\$55	\$55
• Tier 3 - Non-Preferred Brand	Deductible & Coinsurance	Deductible & Coinsurance
• Tier 4 - Generic Specialty	\$100	\$100
• Tier 5 - Preferred Specialty	\$500	\$500
• Tier 6 - Non-Preferred Specialty	Deductible & Coinsurance	Deductible & Coinsurance
• Preferred diabetic testing supplies	\$10	\$10
• Non-Preferred diabetic testing supplies	Deductible & Coinsurance	Deductible & Coinsurance
• Out-of-Pocket Maximum	Combined with Medical	Combined with Medical

¹ Up to 30-day supply – copays are 2x for 31-60 day supply and 3x for 61-90 day supply

Section 3: Supporting Information

Benefit descriptions Medicare Advantage Plans (as of January 1, 2026):

Medicare Advantage	MA-PDP Base	MA-PDP Enhanced
Medical		
• Annual Deductible	\$0	\$0
• Member Coinsurance	20%	20%
• Out-of-Pocket Maximum	\$4,000	\$3,300
• Primary Care Office Visit Co-pay	\$20	\$10
• Specialist Office Visit Co-pay	\$40	\$35
• Preventive Care	\$0	\$0
• Urgent Care Co-pay	\$50	\$40
• Inpatient Hospitalization Co-pay	Days 1-10: \$160/day; Days 11+: \$0	Days 1-10: \$125/day; Days 11+: \$0
• Outpatient Hospitalization Co-pay	\$125	\$100
• Emergency Room Co-pay	\$65	\$65
• Physical, Occupational, Speech, or Chiropractic Therapy	\$20	\$20
• Mental Health and Substance Abuse Office Visit Co-pay	\$20	\$10
Prescription Drugs		
• Retail (up to 31-day supply)		
– Tier 1 - Preferred Generic	\$10	\$10
– Tier 2 - Preferred Brand	\$40	\$40
– Tier 3 - Non-Preferred	\$64	\$50
– Tier 4 - Specialty	25% coinsurance, \$100 max.	25% coinsurance, \$100 max.
– Out-of-Pocket Maximum	\$2,100	\$2,100
• Mail Order (up to 90-day supply)		
– Tier 1 - Preferred Generic	\$24	\$24
– Tier 2 - Preferred Brand	\$80	\$80
– Tier 3 - Non-Preferred	\$128	\$100
– Tier 4 - Specialty	25% coinsurance, \$300 max.	25% coinsurance, \$200 max.
– Out-of-Pocket Maximum	\$2,100	\$2,100

Section 3: Supporting Information

Plan Changes since Prior Valuation:

Effective January 1, 2026, Out-of-Pocket maximum for MA Base and MA Enhanced will be increased from \$2,000 to \$2,100. For 70/30 and 80/20 Plans there will be multiple plan changes, see below.

Services	2025 70/30 Plan	2025 80/20 Plan	2026 Standard	2026 Plus
• Annual Deductible	\$1,500/\$4,500	\$1,250/\$3,750	\$3,000/\$9,000	\$1,500/\$4,500
• Out-of-Pocket Maximum (Combined Medical and Pharmacy)	\$5,900/\$16,300	\$4,890/\$14,670	\$6,500/\$16,300	\$5,000/\$15,000
• Inpatient Hospitalization / Emergency Room	\$337 + Deductible & Coinsurance	\$300 + Deductible & Coinsurance	\$600 + Deductible & Coinsurance	\$500 + Deductible & Coinsurance
• Outpatient Surgical Co-pay	Deductible & Coinsurance	Deductible & Coinsurance	\$350 + Deductible & Coinsurance	\$300 + Deductible & Coinsurance
• Primary Care Provider Office Visit	\$45 / \$30 / CPP \$0	\$25 / \$10 / CPP \$0	\$50 / \$40 / \$15	\$40 / \$30 / \$10
• Specialist Visits	\$94 / CPP \$47	\$80 / CPP \$40	\$94 / \$50	\$80 / \$40
• Behavioral Health Provider	\$45 / CPP \$0	\$25 / CPP \$0	\$15	\$10
• Speech, Occupational, Chiropractic and Physical Therapy	\$72 / CPP \$36	\$52 / CPP \$26	\$62	\$42
• Rx Tier 1	\$16	\$5	\$25	\$15
• Rx Tier 2	\$47	\$30	\$75	\$55
• Rx Tier 4	\$200	\$100	\$200	\$100
• Rx Tier 5	\$350	\$250	\$600	\$500

Section 3: Supporting Information

Exhibit D: Definition of terms

Definitions of certain terms as they are used in Statement 74. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: <ul style="list-style-type: none">a. Investment return — the rate of investment yield that the Plan will earn over the long-term future;b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates;c. Retirement rates — the rate or probability of retirement at a given age;d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: <ul style="list-style-type: none">a. the actuarial present value of projected benefit payments projected to be funded by plan assets using a long-term rate of return, andb. the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health care cost trend rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Market Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.

Section 3: Supporting Information

Term	Definition
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 Statement No. 74.
Valuation date:	The date at which the actuarial valuation is performed

Section 3: Supporting Information

Exhibit E: Accounting requirements

The Governmental Accounting Standards Board (GASB) issued Statement Number 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Under this statement, all state and local government entities that provide other post-employment benefits are required to report the cost of these benefits on their financial statements. The accounting standards supplement cash accounting, under which the expense for postemployment benefits is equal to benefit and administrative costs paid on behalf of retirees and their dependents (i.e., a pay-as-you-go basis).

The statements cover postemployment benefits of medical, prescription drugs, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are *not* offered as part of a pension plan; and long-term disability insurance for employees. The benefits valued in this report are limited to those described in Exhibit C of Section 3, which are based on those provided under the terms of the substantive plan in effect at the time of the valuation and on the pattern of sharing costs between the employer and plan members. The projection of benefits is not limited by legal or contractual limits on funding the plan unless those limits clearly translates into benefit limits on the substantive plan being valued.

The new standards prescribe an accrual-basis accounting requirement, thereby recognizing the employer cost of postemployment benefits over an employee's career. The standards also prescribe a consistent accounting requirement for both pension and non-pension benefits.

The total cost of providing postemployment benefits is projected, taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions. These assumptions are summarized in Exhibit B of Section 3. This amount is then discounted to determine the Total OPEB Liability. The Net OPEB Liability (NOL) is the difference between the Total OPEB Liability and market value of assets in the Plan, called the Plan Fiduciary Net Position.

Once the NOL is determined, the annual OPEB expense is determined as the change in NOL from the prior year with deferred recognition of certain elements. In addition, Required Supplementary Information (RSI) must be reported, including historical information about the Net OPEB Liability and the contributions made to the Plan. Exhibit D of Section 3 contains a definition of terms as well as more information about GASB 74 concepts.

The calculation of an accounting obligation does not, in and of itself, imply that there is any legal liability to provide the benefits valued, nor is there any implication that the Employer is required to implement a funding policy to satisfy the projected expense.

Actuarial calculations reflect a long-term perspective, and the methods and assumptions use techniques designed to reduce short-term volatility in accrued liabilities and the actuarial value of assets, if any.

Section 3: Supporting Information

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Section 3: Supporting Information

Appendix: Sensitivity of Valuation Results as of December 31, 2024 (in thousands)

Item	4.78% Discount Rate	5.64% Discount Rate	6.50% Discount Rate	7.36% Discount Rate	8.22% Discount Rate
Normal Cost	\$887,127	\$702,706	\$561,209	\$451,643	\$366,080
Actuarial Accrued Liability	27,041,292	24,098,418	21,610,046	19,491,882	17,677,249
Market Value of Assets	3,949,025	3,949,025	3,949,025	3,949,025	3,949,025
Unfunded Actuarial Accrued Liability	23,092,267	20,149,393	17,661,021	15,542,857	13,728,224
Amortization of Unfunded Actuarial Accrued Liability	\$945,065	\$917,827	\$890,316	\$862,403	\$834,006
Timing Adjustment	3,403	3,506	3,575	3,619	3,646
Total Actuarially Determined Contribution	1,835,595	1,624,039	1,455,100	1,317,665	1,203,732
Total Actuarially Determined Contribution as a percentage of pay	8.42%	7.45%	6.67%	6.04%	5.52%

Actuarially determined contributions shown here are calculated using the same methodology as described in Section 2 of the valuation report, except for use of the various discount rates shown above. Covered payroll is \$21,807,134,000.