



North Carolina State Health Plan
For Teachers And State Employees

Summary of GASB 74 OPEB Valuation As of December 31, 2024/Measured June 30, 2025

**Committee on Actuarial Valuation of Retired Employees' Health
Benefits (OPEB Committee)**

August 27, 2025 / Robert Burrell, ASA, FCA, MAAA, EA

Agenda

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Summary of Key Valuation Results

| | June 30, 2025 | June 30, 2024 |
|---|------------------|------------------|
| Total OPEB Liability (TOL) | \$26,195,350,628 | \$37,702,714,420 |
| Plan Fiduciary Net Position (Assets) | 4,242,259,676 | 3,690,124,741 |
| Net OPEB Liability (NOL) | 21,953,090,952 | 34,012,589,679 |
| Plan Fiduciary Net Position as a percentage of Total OPEB Liability | 16.19% | 9.79% |
| | June 30, 2025 | June 30, 2024 |
| Service Cost at Beginning of Year | \$1,430,998,481 | \$1,318,986,759 |
| Covered Payroll ¹ | 21,807,134,000 | 20,784,240,000 |
| | June 30, 2025 | June 30, 2024 |
| Actuarially Determined Contribution for Fiscal Year Ending | \$1,726,096,000 | \$2,652,649,000 |
| Actual Contribution for Fiscal Year Ending ² | 1,524,318,680 | 1,483,994,767 |
| Benefit Payments | 1,280,653,921 | 1,222,657,343 |

The “waterfall” chart on slide 6 shows the components of the change in Net OPEB Liability (NOL) from the prior year.

¹Covered payroll represents the 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 in the measurement year.

²Does not include \$10.3 million transfer to Retiree Health Benefit Trust Fund in fiscal year 2024 or a \$0.3 million transfer in fiscal year 2025.

Changes from Prior Report

- Starting claims costs
 - Updated to be consistent with Q1 financial projections
- Revised short-term trend assumptions
 - Separate trends for medical claims, Rx claims and rebates, MA plans, retiree contributions and admin costs
- Plan election and migration assumptions
 - Updated to be consistent with Q1 financial projections
 - No change to long-term Medicare Advantage/ Prescription Drug (MAPD) plan enrollment targets
- Updated Medicare Advantage Prescription Drug (MA-PD) rates
- Discount rate
 - Updated from 3.93% to 5.20%, based on GO Bond index at Measurement Date
- Updated the expected participant contribution rates to reflect the rates adopted by the Board in August 2025
- Reflected known plan changes
 - Increase in Out-of-Pocket maximum for MA Base and MA Enhanced as well as several plan changes for the 70/30 and 80/20 Plans



Summary by Participant Type

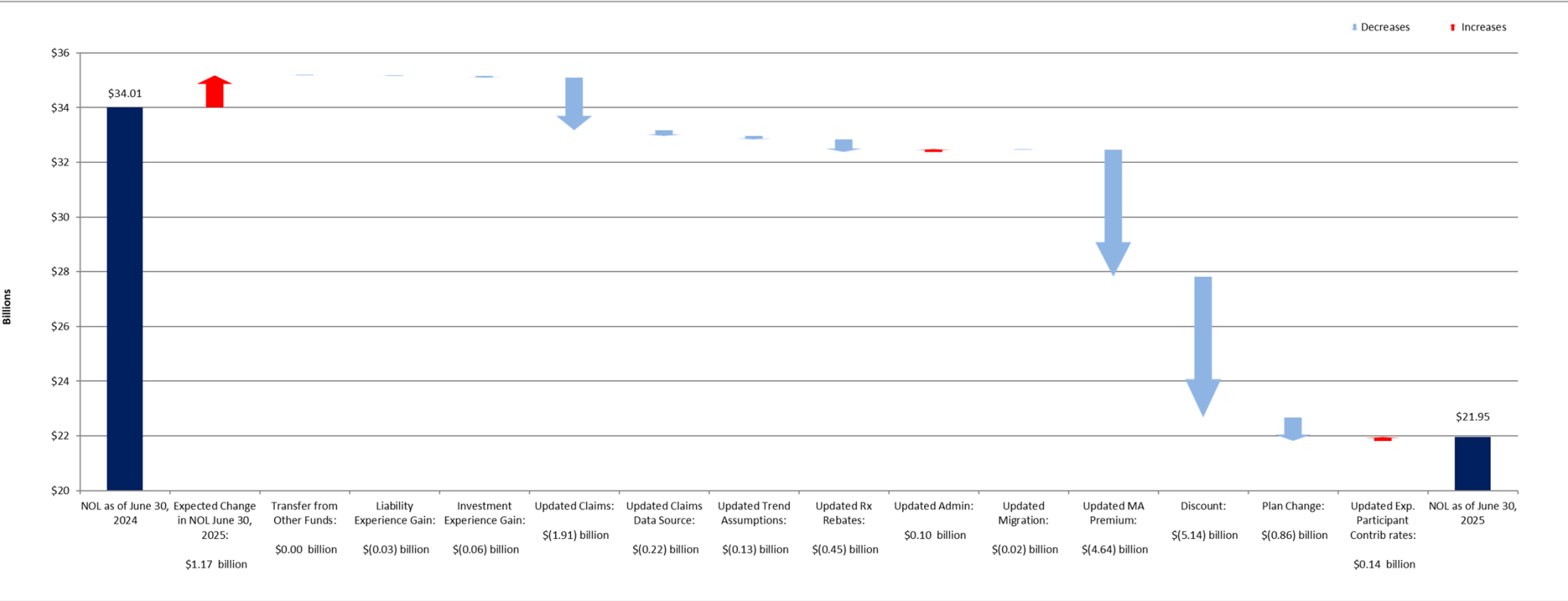
| Total OPEB Liability as of June 30, 2025 | Pre-65 | Post-65 | Total |
|--|-------------------------|-------------------------|-------------------------|
| Active | \$9,377,648,310 | \$5,109,065,175 | \$14,486,713,485 |
| Vested | 1,546,603,641 | 1,433,100,278 | 2,979,703,919 |
| Retired | 2,544,109,941 | 5,799,533,019 | 8,343,642,960 |
| Beneficiary | 5,689,621 | 7,740,741 | 13,430,362 |
| Disabled | 114,138,159 | 257,721,746 | 371,859,905 |
| Total | \$13,588,189,672 | \$12,607,160,959 | \$26,195,350,631 |

| | As of December 31, 2024 | As of December 31, 2023 |
|---|----------------------------|----------------------------|
| Number of retirees | 226,125 | 224,000 |
| Number of spouses | 27,158 | 26,595 |
| Number of surviving spouses | 3,169 | 3,092 |
| Number inactive vested | 58,068 | 55,907 |
| Number of actives | 241,330 | 260,967 |
| Total number of participants and spouses | 555,850 | 570,561 |

- Pre-65 liability is 52% of the TOL, up from 44% of the total last year.
- 55% of the TOL is for active employees, down from 56% last year.
- Number of active employees continues to decrease, as new hires are not eligible for OPEB.

Reconciliation of the Net OPEB Liability

Change in Net OPEB Liability



Roll Forward from Valuation Date to Measurement Date

December 31, 2024 Valuation Liabilities Adjusted to June 30, 2025

| | |
|--|------------------|
| 1. Entry Age Normal Actuarial Liability as of December 31, 2024 | \$25,541,157,971 |
| 2. Normal Cost for Calendar 2025 | 790,850,871 |
| 3. Expected Benefit Payments for Calendar 2025 | 803,824,413 |
| 4. Discount Rate | 5.20% |
| 5. Proration of Normal Cost ($\frac{1}{2}$ of 2.) | 395,425,436 |
| 6. Proration of Benefit Payments ($\frac{1}{2}$ of 3.) | 401,912,207 |
| 7. Interest (compound) on 1. for six months | 655,654,612 |
| 8. Interest (compound) on 5. for six months | 10,150,774 |
| 9. Interest (compound) on 6. for three months | 5,125,958 |
| 10. Adjusted Entry Age Normal Actuarial Liability (TOL) 1. + 5. - 6. + 7. + 8. - 9. | \$26,195,350,628 |
| 11. Market Value of Assets | 4,242,259,676 |
| 12. Net OPEB Liability (NOL) | \$21,953,090,952 |

Comparative Results

| GASB 74 Results | June 30, 2025 | June 30, 2024 | June 30, 2023 | June 30, 2022 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | \$26,195,350,628 | \$37,702,714,420 | \$29,850,087,265 | \$26,557,120,814 |
| Plan Fiduciary Net Position (Assets) | 4,242,259,676 | 3,690,124,741 | 3,202,661,014 | 2,810,269,038 |
| Net OPEB Liability | 21,953,090,952 | 34,012,589,679 | 26,647,426,251 | 23,746,851,776 |
| Plan Fiduciary Net Position as a percentage of TOL | 16.19% | 9.79% | 10.73% | 10.58% |
| Discount Rate | 5.20% | 3.93% | 3.65% | 3.54% |
| Contributions | \$1,524,318,680 | \$1,483,994,767 | \$1,366,927,988 | \$1,197,278,490 |
| Covered Payroll | \$21,807,134,000 | \$20,784,240,000 | \$19,839,303,000 | \$19,034,634,000 |
| Contributions as a Percentage of Covered Payroll | 6.99% | 7.14% | 6.89% | 6.29% |
| Service Cost (w/o interest) for the Next Fiscal Year | \$790,850,871 | \$1,430,998,481 | \$1,318,986,759 | \$1,279,519,056 |
| Service Cost as a Percentage of Covered Payroll | 3.63% | 6.89% | 6.65% | 6.72% |
| Pre-65 Blended Claims Costs (Age 65) | \$17,496 | \$17,725 | \$16,779 | \$15,452 |
| Post-65 Blended Claims Costs (Age 65) | \$909 | \$788 | \$671 | \$907 |
| Retiree and Spouse Count on Previous Dec. 31 | 256,452 | 253,687 | 249,026 | 242,186 |
| Vested Terminations Count on Previous Dec. 31 | 58,068 | 55,907 | 51,616 | 48,413 |
| Active Count on Previous Dec. 31 | 241,330 | 260,967 | 287,783 | 318,849 |
| Total Valuation Count on Previous Dec. 31 | 555,850 | 570,561 | 588,425 | 609,448 |

- Post-65 valuation average starting costs through 2024 include reduced premiums due to the Medicare Advantage contract and also reflect updated MAPD rates following the end of the guarantee period.
- Post-65 valuation average starting costs for 2025 reflect migration from 70/30 to Medicare Advantage plan

Reconciliation of Participant Data

Data Reconciliation from December 31, 2023 to December 31, 2024

| | Actives | Vested | Retirees | Retiree Spouses | Disabled | Disabled Spouses | Beneficiaries | Total |
|--|----------------|---------------|----------------|--------------------|---------------|---------------------|---------------|----------------|
| Counts as of December 31, 2023 | 260,967 | 55,907 | 212,772 | 25,858 | 11,228 | 737 | 3,092 | 570,561 |
| Act to Vested | -5,904 | 5,904 | 0 | 0 | 0 | 0 | 0 | 0 |
| Act to Ret | -8,749 | 0 | 8,749 | 0 | 0 | 0 | 0 | 0 |
| Act to Dis | -132 | 0 | 0 | 0 | 132 | 0 | 0 | 0 |
| Rehires | 1,494 | -1,420 | -58 | -4 | -11 | -1 | 0 | 0 |
| Vest to "In Pay" | 0 | -1,127 | 1,025 | 0 | 102 | 0 | 0 | 0 |
| Transfer to Vest | 0 | 218 | -19 | -10 | -189 | 0 | 0 | 0 |
| Transfer to Ret | 0 | 0 | 67 | -42 | -21 | -1 | -3 | 0 |
| Transfer to Ret Sp | -31 | -32 | 0 | 68 | 0 | -5 | 0 | 0 |
| Transfer to Dis | 0 | 0 | -80 | -2 | 82 | 0 | 0 | 0 |
| Transfer to Dis Sp | 0 | 0 | 0 | -5 | 0 | 5 | 0 | 0 |
| Death w/ Ben | 0 | 0 | 0 | -360 | -1 | -14 | 375 | 0 |
| Death w/o Ben OR to Non-Participating | -9,480 | -1,389 | -7,613 | -1,305 | -458 | -56 | -330 | -20,631 |
| "Pickups" | 3,165 | 7 | 402 | 2,235 | 16 | 60 | 35 | 5,920 |
| Net Movement | -19,647 | 2,161 | 2,473 | 575 | -348 | -12 | 77 | -14,711 |
| Counts as of December 31, 2024 | 241,330 | 58,068 | 215,245 | 26,433 | 10,880 | 725 | 3,169 | 555,850 |

- “Pickup” actives would not be new hires (since OPEB plan is closed to post-1/1/21 hires), but likely due to:
 - Match issues (e.g., change in SSN)
 - Movement from a non-covered employer to a covered one
 - Prior non-vested terminations who returned to work
- Count of ~3,200 new actives lower than last year (~3,700)

Plan Provisions

- Eligibility: Retirees from State, UNC, community colleges, local school systems, and certain other entities including some local governments
 - Employees hired on or after January 1, 2021, are not eligible for OPEB benefits
- Retirees contribute based on plan elected (and years of service for retirees hired after 10/1/2006)
- Benefit types
 - Pre-Medicare
 - 70/30 Plan
 - 80/20 Plan
 - Medicare-eligible
 - 70/30 Plan
 - Medicare Advantage Plan – Base
 - Medicare Advantage Plan – Enhanced
- Coverage duration: Lifetime



Please see our full valuation report dated August 27, 2025 for additional information regarding plan provisions, assumptions, data, and methods.

Thank You

