

COOK COUNTY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
November 30, 2018

requirements as determined by the Pension Board of Trustees. For FY2018, the portion of the County's contribution to the Plan dedicated to paying OPEB was \$38.3 million (\$26.3 million for governmental activities and \$12.0 million for business-type activities/CCHHS).

The Plan may pay all or any portion of the premium for health insurance on behalf of each annuitant who participates in any of the Plan's healthcare plans, subject to the determination of the Pension Board of Trustees. The Plan is currently paying approximately 50% of the total premiums for retiree annuitants, including the cost of any family coverage, and 65% of the premiums for survivor annuitants, including the cost of family coverage. The remaining premium cost is borne by the annuitant.

Total OPEB Liability

The County's total OPEB liability was measured as of December 31, 2017, and was determined by an actuarial valuation as of December 31, 2017.

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the Entry Age Normal cost method and using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	8.00% to 3.50%
Health care cost trend rates	7.25% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for pre-Medicare; 5.75% in the first year, decreasing by .25% per year until an ultimate rate of 4.75% is reached for post-Medicare
Municipal bond rate (discount rate)	3.16%

Mortality rates were based on an experience analysis of the County Employees Annuity and Benefit Fund over the period 2013 through 2016. The RP-2014 Blue Collar Mortality Table, base year 2006, Conduent Modified MP-2017 projection scale was used.

Discount rate. The discount rate used to measure the total OPEB liability was 3.16%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates required by the Illinois Pension Code (40 ILCS 5/9-169). Based on this assumption, the HPP's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members.

A municipal bond rate of 3.16% was used in the development of the discount rate. The 3.16% rate is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of the measurement date (December 31, 2017). The discount rate used of 3.16%, is a .55 decrease from the discount rate used in the prior valuation of 3.71%. Additional changes in benefits and assumptions or inputs since the previous measurement date are also noted below:

- The 2018 subsidy for member health benefits was changed from 52% to 50% for annuitants in the Choice Plan Medicare, the Choice Plan non-Medicare and the Choice Plus Plan Medicare.
- The 2018 subsidy for survivor health benefits was changed from 67% to 65% for annuitants in the Choice Plan Medicare, the Choice Plan non-Medicare and the Choice Plus Plan Medicare.