REPORT ON THE ACTUARIAL VALUATION
OF **POST RETIREMENT BENEFITS**
OF THE VERMONT STATE TEACHERS'
RETIREMENT SYSTEM
PREPARED AS OF JUNE 30, 2008

November 2008

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SECTION I - OVERVIEW

The Board of Trustees of the Vermont State Teachers' Retirement System has engaged Buck to prepare an actuarial valuation of their post-retirement benefits program as of June 30, 2008. The State Treasurer's Office provided the employee data and premium information used in the completion of this study.

The purposes of the valuation are to measure the current liabilities of the System for its post-retirement benefits program, to determine the level of contributions necessary to assure sound funding of such benefits and to provide reporting and disclosure information for financial statements, governmental agencies and other interested parties. This valuation report contains information that is required for compliance with the Governmental Accounting Standards Board's Statement 45, which relates to accounting and financial reporting for post-employment benefits other than pensions.

We performed the calculations presented in this study on two bases. Under one, it is assumed the System's post-retirement benefits other than pensions will be funded in a manner similar to that used for pensions, starting with the fiscal year beginning July 1, 2008. Under the second, it is assumed that there will be no pre-funding of such benefits. Section II provides a summary of the principal valuation results. Section V provides a projection of expense and funding amounts.

The demographic actuarial assumptions were changed from those used in the 2007 valuation to be consistent with changes made in the assumptions used to value the System's pension benefits. These changes, and the reasons for them, are fully described in our report on the 2007 Experience Study we prepared for the System. In addition, the discount rate used in calculations prepared on a no-prefunding basis was increased to 4%, and the healthcare trend rates were increased to be consistent with current expectations.

We are an Associate and a Fellow, respectively, of the Society of Actuaries and Members of the American Academy of Actuaries. We meet the Qualification Standards of the Academy to render the actuarial opinions contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice, and we are available to answer questions concerning it.

Respectfully Submitted,

BUCK CONSULTANTS, LLC

Daniel W. Sherman

Daniel W. Sherman, ASA, MAAA, EA Director and Consulting Actuary	November 14, 2008 Date

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SECTION I - OVERVIEW

The System experienced a net increase in its accrued liability for post-retirement benefits over the past year, primarily due to an increase in the healthcare cost trend assumption. Liabilities were also affected by premium increases that differed from the expected 7.00% rate. In particular, premiums for pre-Medicare coverage increased 5% for all plans and there were no increases in premiums for Medicare plans except MediComp (for which premiums rose 13.8%). An additional explanatory factor was a net increase in the participant population from 14,224 to 15,194. This increase resulted in part from a decision this year to include current terminated vested participants (705) in the valuation for the first time. Results were also affected by revisions made to the demographic assumptions used in the valuation. Using an 8.25% investment return, the actuarial accrued liability as of June 30, 2008, is about $13 million greater than the expected actuarial accrued liability at that date.

The economic assumptions used in this valuation are the same as those used last year, except that the discount rate for the pay-as-you-go basis was increased to 4%, and the expected healthcare cost trend rate was increased to be consistent with current expectations. All demographic assumptions are the same as those used in the 2008 pension actuarial valuation, which have been changed in accordance with the recommendations made in the 2007 Experience Study. The OPEB-specific assumptions are the same as those used last year, except for the assumed incidence of election of medical coverage upon retirement and the inclusion of terminated vested participants. The election rate for terminated vested participants was set at 30%. The results do not reflect any announced cost rates for 2009.

GASB Staff Technical Bulletin No. 2006-1, Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D, was issued on June 30, 2006. The Technical Bulletin provides that GASB OPEB calculations cannot reflect offsets for future Medicare Part D payments. Instead, such payments are to be reflected when the drug subsidy is actually earned (i.e., when the drug benefit costs for which the subsidy is due have been incurred by the participants.)

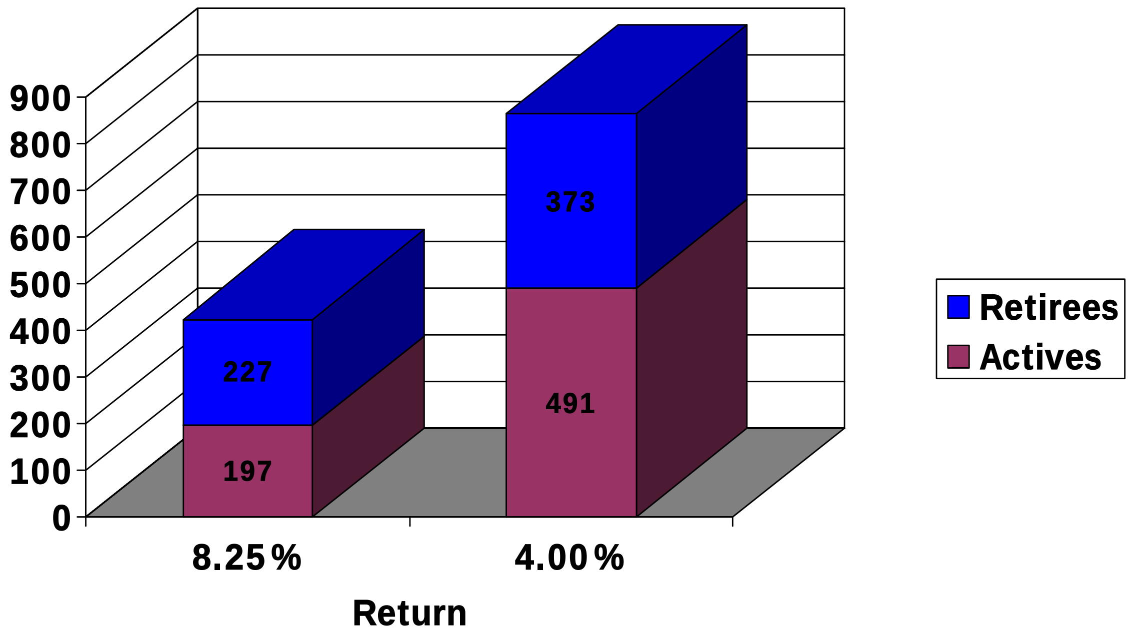
SECTION II – REQUIRED INFORMATION

		Pre-Funding Basis	Pay-as-you-go Basis
a)	Assumed investment return	8.25%	4.00%
b)	Actuarial value of assets	$ 0	$ 0
c)	Actuarial accrued liability		
	Active Participants	$ 196,940,917	$ 490,552,525
	Retired Participants	227,220,558	373,003,287
	Total	$ 424,161,475	$ 863,555,812
d)	Unfunded actuarial liability (c. - b.)	$ 424,161,475	$ 863,555,812
e)	Funded ratio (c. / b.)	0%	0%
f)	Annual covered payroll	$ 535,807,012	$ 535,807,012
g)	Unfunded actuarial liability as percentage of covered payroll	79.2%	161.2%
h)	Normal cost for the 2009 fiscal year	$ 11,029,253	$ 34,154,136
i)	Amortization of unfunded actuarial liability for the 2009 fiscal year (30-year)	$ 21,249,926	$ 24,970,028
j)	Annual Required Contribution (ARC) for the 2009 fiscal year* (h. + i.)	$ 32,279,179	$ 59,124,164
k)	Expected value of premium payments	$ 16,978,585	$ 16,978,585
l)	Increase in annual cost to fund the Plan (j. - k.)	$ 15,300,594	N/A

* Payment is assumed to be made at the beginning of the fiscal year.

SECTION II – REQUIRED INFORMATION

Actuarial Accrued Liability in $millions



SECTION III - MEMBERSHIP DATA AND MEDICAL PREMIUM

Number of participants included in valuation

	2008	2007
Actives	10,685	10,675
Retired	3,804	3,549
Terminated Vested	705	Not Included
Total	15,194	14,224

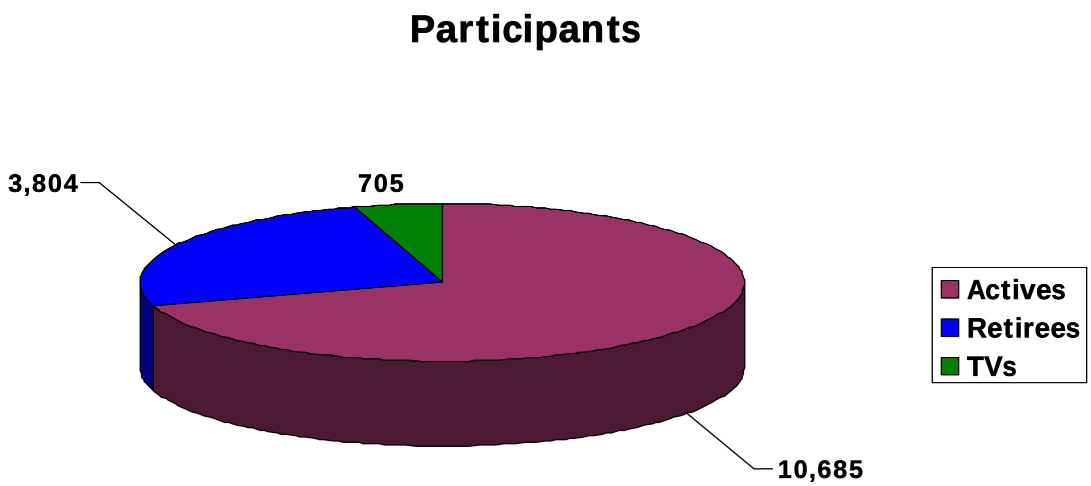


TABLE 1
THE NUMBER OF
ACTIVE MEMBERS DISTRIBUTED BY AGE AND SERVICE
AS OF JUNE 30, 2008

	0 to 4	*5 to 9*	*10 to 14*	*15 to 19*	*20 to 24*	*25 to 29*	*30 to 34*	*35 to 39*	*40 & up*	*Total*
AGE	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Under 20	1	0	0	0	0	0	0	0	0	1
20 to 24	127	0	0	0	0	0	0	0	0	127
25 to 29	610	121	0	0	0	0	0	0	0	731
30 to 34	539	483	69	0	0	0	0	0	0	1,091
35 to 39	384	401	374	50	0	0	0	0	0	1,209
40 to 44	324	313	257	222	65	0	0	0	0	1,181
45 to 49	304	292	266	238	278	67	1	0	0	1,446
50 to 54	235	291	292	251	309	336	96	0	0	1,810
55 to 59	168	248	273	330	341	327	314	70	0	2,071
60 to 64	72	93	89	132	171	133	99	90	7	886
65 to 69	14	17	10	16	16	17	13	8	6	117
70 & up	5	4	2	0	2	0	0	2	0	15
TOTAL	2,783	2,263	1,632	1,239	1,182	880	523	170	13	10,685

Monthly State Costs (including expenses) for 2008

Plan	State Share	Increase from 2007	Participants
JY			
Retiree under 65	$423.06	5.0%	238
Retiree over 65	$324.47	0.0%	1040
			1278
$250 Comprehensive Plan			
Retiree under 65	$423.06	5.0%	1923
Retiree over 65	$324.47	0.0%	271
			2194
Vermont Health Partnership			
Retiree under 65	$423.06	5.0%	95
MediComp C Plan			
Medicare Eligible, over 65	$182.87	13.8%	240

SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION

The Schedule of Funding Progress will be required to be included in the State's Financial Statements beginning with the Fiscal Year ending in 2008.

SCHEDULE OF FUNDING PROGRESS

BASED ON A POLICY OF PRE-FUNDING

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
June 30, 2008	$0	$424,161	$424,161	0%	$535,807	79.2%
June 30, 2007	$0	$373,637	$373,637	0%	$515,573	72.5%
June 30, 2006	$0	$414,283	$414,283	0%	$499,044	83.0%
June 30, 2005	$0	$401,680	$401,680	0%	$486,857	82.5%

Liabilities above were based on an assumed discount rate of 8.25%.

SCHEDULE OF FUNDING PROGRESS

BASED ON POLICY OF PAY-AS-YOU-GO FUNDING

(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
June 30, 2008	$0	$863,555	$863,555	0%	$535,807	161.2%
June 30, 2007	$0	$820,212	$820,212	0%	$515,573	159.1%
June 30, 2006	$0	$952,526	$952,526	0%	$499,044	190.9%
June 30, 2005	$0	$890,412	$890,412	0%	$486,587	182.9%

Liabilities above were based on assumed discount rates of 3.75% prior to 2008 and 4.00% for 2008.

SECTION V – FORECASTS

The Government Accounting Standards Board's Statement 45 on Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions outlines various requirements of a funding schedule that will amortize the unfunded actuarial liability and cover normal costs. Amortization of the unfunded actuarial liability is to be based on a schedule that extends no longer than 30 years. The contribution towards the amortization of the unfunded actuarial liability may be made in level payments or in payments increasing at the same rate as assumed salary increases.

In the amortization schedule shown on the following page, the amortization of the unfunded accrued liability is made in installments that increase annually by 5%. The normal cost is expected to increase at a rate that reflects both the assumed ultimate health care trend rate and a modest amount of growth in the active population for the next few years. The contributions were computed assuming that the contribution is paid on July 1, (i.e., at the beginning of the fiscal year). Below is a comparison of the forecasted Annual Required Contributions, computed under discount rates of 8.25% and 4.00%.

Also included is a forecast of the pay-as-you-go amount. If the State chooses to not fund the obligation, the difference between the pay-as-you-go amount and the actuarially determined contribution would be recorded as a liability on the financial statements. The liability will grow with interest and net new differences in successive years.

SECTION V – FORECASTS

FORECAST OF FUNDING AND GASB EXPENSE UNDER A DISCOUNT RATE OF 8.25%

Fiscal Year Ending in	Normal Cost	Amortization of the Unfunded Actuarial Liability	Total State ARC	Pay-as-you-go	Difference
2009	11,029,253	21,249,926	32,279,179	16,978,585	15,300,594
2010	11,959,148	22,312,423	34,271,571	18,820,345	15,451,226
2011	12,906,317	23,428,044	36,334,361	21,037,264	15,297,097
2012	13,841,996	24,599,446	38,441,442	23,372,544	15,068,898
2013	14,991,830	25,829,418	40,821,248	25,449,022	15,372,226
2014	16,290,481	27,120,889	43,411,370	27,567,778	15,843,592
2015	17,679,676	28,476,934	46,156,610	29,726,871	16,429,739
2016	19,114,567	29,900,780	49,015,347	32,080,240	16,935,107
2017	20,600,317	31,395,819	51,996,136	34,442,814	17,553,322
2018	22,261,056	32,965,610	55,226,666	36,914,197	18,312,469
2019	24,312,536	34,613,891	58,926,427	39,595,707	19,330,720
2020	25,766,215	36,344,585	62,110,800	42,374,141	19,736,659
2021	27,233,072	38,161,815	65,394,887	45,503,455	19,891,432
2022	28,737,326	40,069,905	68,807,231	48,722,453	20,084,778
2023	30,226,923	42,073,401	72,300,324	52,301,924	19,998,400
2024	31,752,274	44,177,071	75,929,345	55,922,754	20,006,591
2025	33,277,644	46,385,924	79,663,568	59,878,630	19,784,938
2026	34,851,929	48,705,220	83,557,149	64,044,400	19,512,749
2027	36,500,061	51,140,481	87,640,542	68,390,056	19,250,486
2028	38,251,283	53,697,506	91,948,789	72,979,402	18,969,387
2029	40,094,230	56,382,381	96,476,611	77,735,865	18,740,746
2030	42,013,780	59,201,500	101,215,280	82,932,741	18,282,539
2031	44,072,678	62,161,575	106,234,253	88,253,670	17,980,583
2032	46,246,300	65,269,654	111,515,954	93,834,553	17,681,401
2033	48,524,527	68,533,136	117,057,663	99,622,361	17,435,302
2034	50,918,842	71,959,793	122,878,635	105,624,731	17,253,904
2035	53,435,054	75,557,783	128,992,837	111,854,286	17,138,551
2036	56,089,933	79,335,672	135,425,605	118,179,841	17,245,764
2037	58,874,314	83,302,455	142,176,769	124,782,079	17,394,690
2038	61,800,811	87,467,578	149,268,389	131,662,035	17,606,354
2039	64,872,179	0	64,872,179	138,942,037	-74,069,858

SECTION V – FORECASTS

FORECAST OF FUNDING AND GASB EXPENSE UNDER A DISCOUNT RATE OF 4.00%

Fiscal Year Ending in	Normal Cost	Amortization of the Unfunded Actuarial Liability	Total State ARC	Pay-as-you-go	Difference
2009	34,154,136	24,970,028	59,124,164	16,978,585	42,145,579
2010	36,327,573	26,506,297	62,833,870	18,820,345	44,013,525
2011	38,704,672	28,110,128	66,814,800	21,037,264	45,777,536
2012	41,144,632	29,782,624	70,927,256	23,372,544	47,554,712
2013	44,241,854	31,553,928	75,795,782	25,449,022	50,346,760
2014	47,924,927	33,444,364	81,369,291	27,567,778	53,801,513
2015	51,953,866	35,467,908	87,421,774	29,726,871	57,694,903
2016	56,080,923	37,627,107	93,708,030	32,080,240	61,627,790
2017	60,313,813	39,930,297	100,244,110	34,442,814	65,801,296
2018	64,938,424	42,391,809	107,330,233	36,914,197	70,416,036
2019	70,374,014	45,036,169	115,410,183	39,595,707	75,814,476
2020	74,562,122	47,830,318	122,392,440	42,374,141	80,018,299
2021	78,779,275	50,770,773	129,550,048	45,503,455	84,046,593
2022	83,094,283	53,863,686	136,957,969	48,722,453	88,235,516
2023	87,391,696	57,103,995	144,495,691	52,301,924	92,193,767
2024	91,791,663	60,499,462	152,291,125	55,922,754	96,368,371
2025	96,219,956	64,047,263	160,267,219	59,878,630	100,388,589
2026	100,802,635	67,751,947	168,554,582	64,044,400	104,510,182
2027	105,592,685	71,620,720	177,213,405	68,390,056	108,823,349
2028	110,665,308	75,661,457	186,326,765	72,979,402	113,347,363
2029	115,999,225	79,883,966	195,883,191	77,735,865	118,147,326
2030	121,569,585	84,289,641	205,859,226	82,932,741	122,926,485
2031	127,526,647	88,893,781	216,420,428	88,253,670	128,166,758
2032	133,814,237	93,706,598	227,520,835	93,834,553	133,686,282
2033	140,411,136	98,739,638	239,150,774	99,622,361	139,528,413
2034	147,343,470	104,005,471	251,348,941	105,624,731	145,724,210
2035	154,624,746	109,517,202	264,141,948	111,854,286	152,287,662
2036	162,303,670	115,293,795	277,597,465	118,179,841	159,417,624
2037	170,352,735	121,348,817	291,701,552	124,782,079	166,919,473
2038	178,809,505	127,697,475	306,506,980	131,662,035	174,844,945
2039	187,689,046	134,352,432	322,041,478	138,942,037	183,099,441

SECTION VI - ACTUARIAL ASSUMPTIONS AND METHODS

VERMONT STATE TEACHERS

Interest 8.25% per year, net of investment expenses for a funded plan. 4.00% per year for a non-funded plan.

Actuarial Cost Method: Projected Unit Credit with benefits attributed from date of hire until fully eligible for benefits.

Medical Care and State Share Inflation:

Fiscal Year Ending	Inflation Rate
2009	7.0%
2010	8.0
2011	7.0
2012	6.0
2013 & After	5.0

Amortization period: Closed basis. Thirty year amortization starting in FYE09 with payments increasing 5% annually.

Retirement Eligibility: Age 55 for Group A. Earlier of (a) age 55 with 5 years of service and (b) 30 years of service for Group C. Participants terminating prior to age 55 with at least 5 years of service, may elect medical coverage beginning at age 55.

Marital status: Active participants are assumed to keep their current marital status upon retirement. Spouses of retirees are ineligible for plan benefits.

SECTION VI - ACTUARIAL ASSUMPTIONS AND METHODS

Separations before Normal Retirement: Representative values of the assumed annual rates of withdrawal, vested retirement, early retirement, disability and death are as follows:

Age	Withdrawal and Vested Retirement		Disability		Death	
	Males	Females	Males	Females	Males	Females
25	20.00%	20.00%	.010%	.015%	.02%	.02%
30	12.00	14.00	.015	.015	.02	.02
35	8.00	11.30	.020	.015	.02	.02
40	6.50	8.60	.030	.020	.05	.02
45	5.80	6.00	.053	.045	.05	.04
50	5.40	5.00	.180	.180	.07	.06
55	5.40	4.84	.440	.390	.07	.10
59	5.40	4.84	1.170	.710	.09	.14
60	5.40	4.84	1.470	.840	.09	.15
61	5.40	4.84	1.830	1.010	.297	.17

Age	Reduced Early Retirement		Full Early Retirement	
	Males	Females	Males	Females
50	-	-	40.00%	40.00%
55	8.75%	8.75%	20.00	20.00
56	6.25	6.25	10.00	10.00
57	6.25	6.25	10.00	10.00
58	6.25	6.25	10.00	10.00
59	6.25	6.25	10.00	10.00
60	12.50	12.50	30.00	30.00
61	12.50	12.50	17.00	17.00

SECTION VI - ACTUARIAL ASSUMPTIONS AND METHODS

Service Retirements: Occur between ages 62 (60 for Group A) and 70. The assumed rates of service retirement are as follows:

Age	Annual Rate of Retirement	
	Male	Female
62	25.0%	25.0%
63	20.0	20.0
64	20.0	20.0
65	30.0	30.0
66	30.0	30.0
67	30.0	30.0
68	20.0	20.0
69	30.0	30.0
70	100.0	100.0

Deaths after Retirement: The 1995 Buck Mortality Tables, set back one year, are used for the period after service retirement, while the RP-2000 Tables for Disabled Retirees are used for the period following disability retirement.

Health Plans: Retirees without Medicare may select from three plans: JY Plan, $250 Comprehensive, and Vermont Health Partnership. Retirees with Medicare may select from three plans: JY Carve-Out, $250 Comprehensive Carve-Out, and Medi-Comp C.

Pre-Age 65 Retirees: Current retirees who are under age 65 are assumed to remain in their current medical plan until age 65, at which time they enter the average plan provided to current post-65 retirees.

Current active employees who are assumed to retire prior to age 65 are valued with a weighted-average premium. This weighted-average premium is based on the medical plan coverage of current retirees under age 65. The weighted average premium includes an adjustment based on age to account for the implicit subsidy of older employees' true benefit cost.

At age 65, all participants are assumed to participate in post-65 plans in the same proportions as current retirees over age 65.

SECTION VI - ACTUARIAL ASSUMPTIONS AND METHODS

Retirees and beneficiaries remain in their current medical plan until death. Therefore, if the retiree predeceases the beneficiary, the beneficiary will continue to have coverage until his or her death.

Post-Age 65 Retirees: Current retirees over age 65 remain in their current medical plan until death. Beneficiaries remain in their current medical plan until death. Therefore, if the retiree predeceases the beneficiary, the beneficiary will continue to have coverage until his or her death.

Coverage: It is assumed that 60% of current active employees with 10 years of service will elect retiree medical coverage. It is assumed that 30% of terminated vested participants will elect medical coverage.

Medical Plan Costs: Estimated net per capita incurred claim costs for 2008-09 at age 64 and 65 was $5,670 and $2,964, respectively. It is assumed that future retirees are Medicare eligible. Per capita costs were developed from the State-provided monthly premiums. Claims information was not available. The plans are experienced rated.

Future employee cost sharing is assumed to be a constant percentage of total costs.

Age-based Morbidity: Per capita costs are adjusted to reflect expected cost increases related to age. The increase in the net incurred claims was assumed to be:

Age	Annual Increase Retiree
49 and below	2.6%
50-54	3.2%
55-59	3.4%
60-64	3.7%
65-69	3.2%
70-74	2.4%
75-79	1.8%
80 and over	0.0%

SECTION VII GLOSSARY OF TERMS

Actuarial accrued liability
That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of OPEB benefits and expenses which is not provided for by future Normal Costs and therefore is the value of benefits already earned.

Actuarial assumptions
Assumptions as to the occurrence of future events affecting OPEB costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided OPEB benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial cost method
A procedure for determining the Actuarial Present Value of OPEB benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial experience gain or loss
A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

Amortization (of unfunded actuarial accrued liability)
That portion of the OPEB plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability or the Unfunded Frozen Actuarial Accrued Liability.

Annual OPEB cost
An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Annual required contributions of the employer (ARC)
The employer's periodic expense to a defined benefit OPEB plan, calculated in accordance with the parameters. It is the value of the cash contributions for a funded plan and the value of the expense entry in the profit and loss section of the financial statements.

Closed amortization period (closed basis)
A specific number of years that is counted from one date and, therefore, declines to zero with the passage of time. For example, if the amortization period initially is thirty years on a closed basis, twenty-nine years remain after the first year, twenty-eight years after the second year, and so forth. In contrast, an open amortization period (open basis) is one that begins again or is recalculated at each actuarial valuation date. Within a maximum number of years specified by law or policy (for example, thirty years), the period may increase, decrease, or remain stable.

Covered payroll
Annual compensation paid to active employees covered by an OPEB plan. If employees also are covered by a pension plan, the covered payroll should include all elements included in compensation on which contributions to the pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

Defined benefit OPEB plan
An OPEB plan having terms that specify the benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums).

Funded ratio
The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

Funding policy
The program for the amounts and timing of contributions to be made by plan members, employer(s), and other contributing entities (for example, state government contributions to a local government plan) to provide the benefits specified by an OPEB plan.

Healthcare cost trend rate
The rate of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Investment return assumption (discount rate)
The rate used to adjust a series of future payments to reflect the time value of money.

Level dollar amortization method
The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal (similar to a mortgage payment on a building). Because payroll can be expected to increase as a result of inflation, level dollar payments generally represent a decreasing percentage of payroll; in dollars adjusted for inflation, the payments can be expected to decrease over time.

Level percentage of projected payroll amortization method
Amortization payments are calculated so that they are a constant percentage of the projected payroll of active plan members over a given number of years. The dollar amount of the payments generally will increase over time as payroll increases due to inflation; in dollars adjusted for inflation, the payments can be expected to remain level.

Net OPEB obligation (NOO)
The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt. It will be included as a balance sheet entry on the financial statements.

Normal cost
That portion of the Actuarial Present Value of OPEB benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. It is the value of benefits to be accrued in the valuation year by active employees.

OPEB-related debt
All long-term liabilities of an employer to an OPEB plan, the payment of which is not included in the annual required contributions of a sole or agent employer (ARC) or the actuarially determined required contributions of a cost-sharing employer. Payments generally are made in accordance with installment contracts that usually include interest. Examples include contractually deferred contributions and amounts assessed to an employer upon joining a multiple-employer plan.

Other postemployment benefits
Postemployment benefits other than pension benefits. Other postemployment benefits (OPEB) include postemployment healthcare benefits, regardless of the type of plan that provides them, and all postemployment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Pay-as-you-go
A method of financing a OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Required supplementary information (RSI)
Schedules, statistical data, and other information that are an essential part of financial reporting and should be presented with, but are not part of, the basic financial statements of a governmental entity.