



101 North Wacker Drive Suite 500 Chicago, IL 60606-1724  
T 312.984.8500 www.segalco.com

January 15, 2015

SEARV Board of Directors  
c/o Mr. Charles W. Breitsman

This is to certify that Segal Consulting, a member of The Segal Group, Inc. ("Segal"), performed an actuarial valuation of the Staff Education Association Retiree VEBA to determine the "Final Contribution Amount" as of December 31, 2015, in accordance with the February 2, 2010 settlement agreement, and a discounted "Final Contribution Amount" calculated as of December 31, 2014. The valuation was conducted in accordance with generally accepted principles and practices. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of "Final Contribution Amount" as defined in the February 2, 2010 settlement agreement.

The actuarial valuation is based on the plan of benefits and reliance on participant and premium data provided by CW Breitsman Associates, LLC. Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we based this report and have no reason to believe there are facts or circumstances that would affect the validity of these results.

The present values resulting from our calculations and shown in this report are contingent upon a variety of assumptions about future events. Actual experience is likely to vary from these assumptions.

The signing actuaries are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please feel free to contact us with any questions.

Sincerely,

Barbara Zaveduk EA MAAA  
Vice President and Actuary

Yori Robinson FSA MAAA  
Retiree Health Actuary

cc: Mr. Dave Arenberg

5482172v1/14174.001

**Staff Education Association Retiree VEBA Trust**  
**Determination of Final Contribution Amount as of December 31, 2015**

---

---

**Results**

---

The agreement defines the “Final Contribution Amount” as the amount necessary to fully fund the VEBA, providing a specific level of medical and prescription drug benefits to the remaining class members beginning in 2016 and for the remainder of their lives, using the Revised Monthly Contribution Amount and appropriate assumptions.

The Final Contribution Amount may be paid in five annual payments on or before December 31, 2015, 2016, 2017, 2018, and 2019, or may be pre-paid at an earlier time, reduced to the then-present value of the payment.

| Payment   | Contribution Amount |
|---|---------------------|
| Final Contribution Amount as of December 31, 2015 | <b>\$32,483,828</b> |
| Five Annual Payments:                             |                     |
| December 31, 2015                                 | <b>\$7,275,041</b>  |
| December 31, 2016                                 | <b>\$7,275,041</b>  |
| December 31, 2017                                 | <b>\$7,275,041</b>  |
| December 31, 2018                                 | <b>\$7,275,041</b>  |
| December 31, 2019                                 | <b>\$7,275,041</b>  |

| Payment   | Contribution Amount |
|---|---------------------|
| Final Contribution Amount as of December 31, 2014 | <b>\$30,645,121</b> |

**Staff Education Association Retiree VEBA Trust**  
**Determination of Final Contribution Amount as of December 31, 2015**

---

---

**Summary of Participant Data**

---

|                              | <u><b>December 31, 2014</b></u> |
|------------------------------|---------------------------------|
| <b>SEARV Participants</b>    |                                 |
| Number                       | 352                             |
| Average age                  | 68.58                           |
| Number in payment status     | 248                             |
| Number not in payment status | 104                             |

---

**Staff Education Association Retiree VEBA Trust**  
**Determination of Final Contribution Amount as of December 31, 2015**

---

**Actuarial Assumptions**

---

| <b>Data:</b>                        | Detailed census data was provided by CW Breitsman Associates, LLC.   |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
|-------------------------------------|--|---------|------|--------|----|---------|---------|----|-------|-------|----|-------|-------|----|-------|-------|
| <b>Measurement Date:</b>            | December 31, 2014  |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| <b>Discount Rate:</b>               | 6.0% net of investment fees  |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| <b>Mortality Rates:</b>             | RP-2000 Combined Healthy Mortality Tables (sex distinct) projected generationally from 2000 with Scale AA  |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| <b>Participation:</b>               | 100% of participants will be assumed to participate in the plan once eligible for Medicare.  |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| <b>Dependents:</b>                  | Spouse data was provided for current and future retirees, and 100% of spouses provided will be assumed to opt for health coverage once eligible for Medicare.  |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| <b>Per Capita Cost Development:</b> | Per capita costs, including administrative costs, for the valuation year were based on the Revised Monthly Contribution Amount effective January 1, 2015 of \$425.60 per participant per month. Actuarial factors were applied to the Revised Monthly Contribution Amount to estimate individual retiree and spouse costs by age and by gender.  |         |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| <b>Per Capita Health Costs:</b>     | <p>Per capita costs for the year beginning January 1, 2015 are shown in the table below at selected ages.</p> <table><tr><th>Age</th><th>Male</th><th>Female</th></tr><tr><td>65</td><td>\$4,847</td><td>\$4,120</td></tr><tr><td>70</td><td>5,618</td><td>4,440</td></tr><tr><td>75</td><td>6,054</td><td>4,779</td></tr><tr><td>80</td><td>6,519</td><td>5,152</td></tr></table> <p>Pre-65 Medicare eligible participants were assumed to have a per capita cost of \$4,847.</p> | Age     | Male | Female | 65 | \$4,847 | \$4,120 | 70 | 5,618 | 4,440 | 75 | 6,054 | 4,779 | 80 | 6,519 | 5,152 |
| Age                                 | Male   | Female  |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| 65                                  | \$4,847  | \$4,120 |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| 70                                  | 5,618  | 4,440   |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| 75                                  | 6,054  | 4,779   |      |        |    |         |         |    |       |       |    |       |       |    |       |       |
| 80                                  | 6,519  | 5,152   |      |        |    |         |         |    |       |       |    |       |       |    |       |       |

**Staff Education Association Retiree VEBA Trust**  
**Determination of Final Contribution Amount as of December 31, 2015**

---

**Health Care Cost Trend Rates:**

| <b>Year Ending<br/>December 31</b> | <b>Rate (%)</b> |
|------------------------------------|-----------------|
| 2015                               | 8.00            |
| 2016                               | 7.75            |
| 2017                               | 7.50            |
| 2018                               | 7.25            |
| 2019                               | 7.00            |
| 2020                               | 6.75            |
| 2021                               | 6.50            |
| 2022                               | 6.25            |
| 2023                               | 6.00            |
| 2024                               | 5.75            |
| 2025                               | 5.50            |
| 2026                               | 5.25            |
| 2027 & Later                       | 5.00            |

**Staff Education Association Retiree VEBA Trust**  
**Determination of Final Contribution Amount as of December 31, 2015**

**EXHIBIT II**

**Summary of Plan**

|                                     |   |                         |                    |
|-------------------------------------|---|-------------------------|--------------------|
| <b>Eligibility:</b>                 | Benefits begin at age 65 (with limited exceptions).   |                         |                    |
| <b>Benefit Types:</b>               | Medical and prescription drug benefits are available to eligible retirees.  |                         |                    |
| <b>Duration of Coverage:</b>        | Lifetime.   |                         |                    |
| <b>Dependent Benefits:</b>          | Same as retiree.  |                         |                    |
| <b>Dependent Coverage:</b>          | Lifetime.   |                         |                    |
| <b>Monthly Contribution Amount:</b> | The Revised Monthly Contribution Amount is equal to the initial Monthly Contribution Amount (\$375) increased by the percentage increase in the cost of the Medicare Supplement and Supplemental Prescription Drug plans identified by the Initial VEBA Trustees. The following information was provided by CW Breitsman Associates, LLC. |                         |                    |
|                                     |   | <b><u>2009/2010</u></b> | <b><u>2015</u></b> |
|                                     | Prescription Drug (United Healthcare)   | \$178.70                | \$205.26           |
|                                     | Medical (Monumental Life)   | <u>164.00</u>           | <u>183.68</u>      |
|                                     | Total   | \$342.70                | \$388.94           |
|                                     | <b>Percentage Increase in Cost</b>  |                         | <b>13.49%</b>      |
|                                     | <b>Monthly Contribution Amount</b>  | <b>\$375.00</b>         |                    |
|                                     | <b>Revised Monthly Contribution Amount</b>  |                         | <b>\$425.60</b>    |