

2024 OPEB Valuation Review

State of Utah Employees and
Elected Officials Plans

November 2025



| Executive Summary



Certification

This information was prepared for the State of Utah to provide a summary of results and key funding and/or accounting issues for the State Employees Other Post-Employment Benefit Plan and Elected Officials Other Post-Employment Benefit Plan. The information contained herein is based on the data, assumptions, and methods used in the GASB 74/75 Financial Accounting Disclosure reports for fiscal year ending June 30, 2025. The June 30, 2025 reports contain additional information that is necessary to understand this analysis.

Steven Kapper, ASA, MAAA, is a member of the Society of Actuaries and other professional organizations and meets the General Qualification Standards of the American Academy of Actuaries for purposes of issuing Statements of Actuarial Opinion, including Code of Professional Conduct Precept 7 regarding conflict of interest. Neither Korn Ferry nor any of its employees has any relationship with the Plan Sponsor that could impair or appear to impair the objectivity of this report.



Overview of Actuarial Valuations

- Korn Ferry provides biennial actuarial valuations for:
 - State of Utah Employees OPEB Plan as of December 31
 - State of Utah Elected Officials Health Care Plan as of December 31
- The results of the 12/31/2024 valuation are used to develop:
 - The required financial disclosures and the OPEB expense for the fiscal years ending 6/30/2025 and 6/30/2026
 - Funding consideration for FY 2027 budget
- The results of the 12/31/2024 OPEB valuations based on updated census, claim costs, and actuarial assumptions for State Employees Plan and Elected Officials Plan are shown in this presentation.



Assumption Updates since Prior Valuation

Item	Description of Changes	Liability Impact	
		State Employees	Elected Officials
Trend Rates	Health care trend rates have been updated based on SOA Long-Run Medical Cost Trend model (from 2023 version to 2025 version)	- 0.3%	- 0.7%
Discount Rate	<u>State Employees Plan Only:</u> The Discount Rate has been increased from 3.00% to 5.25% due to updated long-term expected rate of return assumptions for the Trust	- 8.6%	n/a
Termination and Retirement	<u>State Employees Plan Only:</u> Termination rates for public safety employees and retirement rates for all categories of employees have been updated to align with the same rates as those used in the URS actuarial valuation as of January 1, 2024	< 0.1%	n/a



A diverse group of people, including men and women of various ethnicities, are shown from the chest up, clapping and smiling. They are arranged in a row, facing right. The image is overlaid with a teal gradient that is darker on the left and fades towards the right. The text "State Employees Plan" is written in white, sans-serif font, positioned in the middle-left of the image. A vertical white line is to the left of the text.

| State Employees Plan



Comparison of Valuation Results

Results shown in thousands

Valuation Date (VD)	12/31/2022	12/31/2022	12/31/2024
Measurement Date (MD)	6/30/2023	6/30/2024	6/30/2025
Participants			
Active ¹	4,439	4,439	4,376
Retirees	2,392	2,392	2,019
Total	6,831	6,831	6,395
Market Value of Assets as of MD	\$ 255,536	\$ 243,659	\$ 245,649
Total OPEB Liability (TOL) as of MD	\$ 236,899	\$ 209,963	\$ 173,468
Net OPEB Liability (NOL) as of MD	\$ (18,637)	\$ (33,696)	\$ (72,180)
Funded Ratio	107.9%	116.0%	141.6%
Discount Rate for determining TOL	3.00%	3.00%	5.25%

As of December 31,	2022 ²	2023 ³	2024 ⁴
Actuarially Determined Contribution (ADC)	\$ 0	\$ 0	\$ 0
Discount Rate for determining ADC	3.00%	3.00%	5.25%

² ADC as of December 31, 2022 was calculated using Actuarial Accrued Liability (AAL) and Normal Cost (NC) from 12/31/2022 actuarial valuation. The Actuarial Value of Asset (AVA) is based on market value of asset as of 12/31/2022. Since the calculated ADC yields a negative number, the final recommended ADC is \$0. The State uses this ADC to budget State's contribution for fiscal years ending June 30, 2024 and 2025.

³ ADC as of December 31, 2023 was calculated using AAL and NC from 12/31/2022 actuarial valuation with initial trend adjustment, projected to 12/31/2023. The AVA is based on market value of asset as of 12/31/2023. Since the calculated ADC yields a negative number, the final recommended ADC is \$0. The State uses this ADC to budget State's contribution for fiscal year ending June 30, 2026.

⁴ ADC as of December 31, 2024 was calculated using AAL and NC from 12/31/2024 valuation. The AVA is based on market value of asset as of 12/31/2024. Since the calculated ADC yields a negative number, the final recommended ADC is \$0. The State uses this ADC to budget State's contribution for fiscal year ending June 30, 2027.



¹ Excludes active employees hired after January 1, 2006 as well as those hired prior to January 1, 2006 with no sick leave balance as they do not receive employer subsidy for medical or life insurance benefit.

Reconciliation of TOL

Results shown in thousands

Fiscal Years Ending	6/30/2025
Total OPEB Liability (TOL)	\$ 209,963
	As of 6/30/2024
Expected TOL as of the end of FY	\$ 191,622
Sources of Actuarial (Gain) / Loss:	
Actual experience (data and cost)	\$ 8,359
Updated healthcare costs	(9,522)
Updated termination / retirement rates	81
Updated trend rates	(660)
Updated Discount Rate	(16,412)
Total Actuarial (Gain) / Loss	\$ (18,154)
Actual TOL as of the end of FY	\$ 173,468

- Actual Experience (gain) includes both demographic and healthcare costs (represented by claims for pre-Medicare retirees and premium rates for Medicare retirees)
- Updated healthcare costs refer to aging subsidy addition to the post-65 periods for prescription drug coverage as a reflection of healthcare costs that vary by age (higher cost as the participant gets older).



Net OPEB Liability and Funded Status by Fund

Results shown in thousands

Measurement Date	6/30/2024					6/30/2025				
	Total	Public Education	Public Safety	General	Transportation	Total	Public Education	Public Safety	General	Transportation
Total OPEB Liability (TOL)	\$ 209,963	\$ 3,882	\$ 18,926	\$ 151,481	\$ 35,674	\$ 173,468	\$ 3,083	\$ 15,242	\$ 124,639	\$ 30,504
Fiduciary Net Position	(243,659)	(5,306)	(18,498)	(186,584)	(33,272)	(245,648)	(5,368)	(24,965)	(177,062)	(38,254)
Net OPEB Liability (NOL)	\$ (33,696)	\$ (1,424)	\$ 428	\$ (35,103)	\$ 2,402	\$ (72,180)	\$ (2,285)	\$ (9,723)	\$ (52,423)	\$ (7,750)
Funded Ratio	116.0%	136.7%	97.7%	123.2%	93.3%	141.6%	174.1%	163.8%	142.1%	125.4%



Actuarially Determined Contribution by Pool

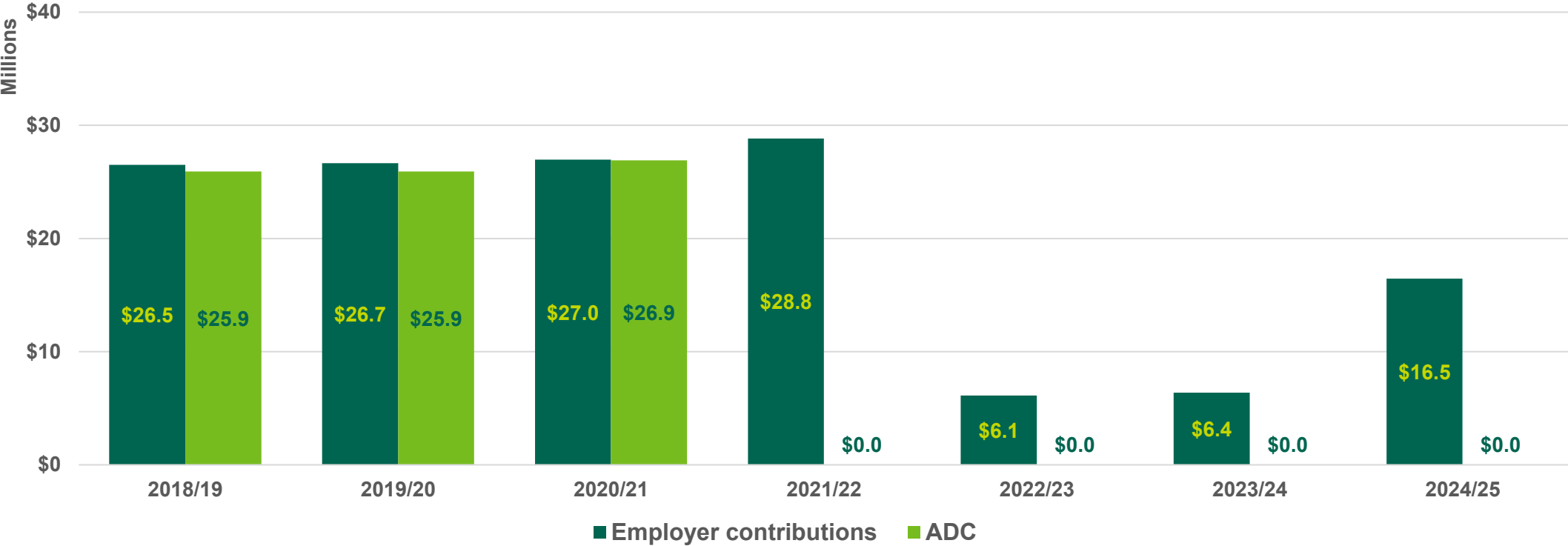
Results shown in thousands

As of December 31	2023 ¹					2024 ²				
	Total	Public Education	Public Safety	General	Transportation	Total	Public Education	Public Safety	General	Transportation
Discount Rate			3.00%					5.25%		
Amortization Method			Level Dollar					Level Dollar		
Amortization Period			1 years					1 years		
AAL as of BOY	\$ 218,405	\$ 4,062	\$ 19,925	\$ 157,361	\$ 37,058	\$ 180,887	\$ 3,216	\$ 16,018	\$ 129,887	\$ 31,766
FMV as of BOY	(251,849)	(5,393)	(18,280)	(193,743)	(34,433)	(243,268)	(5,321)	(21,637)	(180,736)	(35,574)
Unfunded AAL (UAAL)	\$ (33,443)	\$ (1,331)	\$ 1,645	\$ (36,382)	\$ 2,625	\$ (62,381)	\$ (2,105)	\$ (5,619)	\$ (50,849)	\$ (3,808)
Normal cost as of BOY	\$ 3,126	\$ 54	\$ 308	\$ 2,318	\$ 446	\$ 1,759	\$ 31	\$ 195	\$ 1,282	\$ 251
Amortization of UAAL as of BOY	(33,443)	(1,331)	1,645	(36,382)	2,625	(62,381)	(2,105)	(5,619)	(50,849)	(3,808)
Total normal cost and amortization	\$ (30,317)	\$ (1,277)	\$ 1,953	\$ (34,064)	\$ 3,071	\$ (60,622)	\$ (2,074)	\$ (5,424)	\$ (49,566)	\$ (3,558)
Interest to EOY	(910)	(38)	59	(1,022)	92	(3,183)	(109)	(285)	(2,602)	(187)
ADC as of EOY	\$ (31,227)	\$ (1,316)	\$ 2,011	\$ (35,086)	\$ 3,163	\$ (63,805)	\$ (2,183)	\$ (5,709)	\$ (52,169)	\$ (3,744)

¹ ADC as of December 31, 2023 was calculated using AAL and NC from 12/31/2022 actuarial valuation with initial trend adjustment, projected to 12/31/2023. The AVA is based on market value of asset as of 12/31/2023. Since the calculated ADC yields a negative number, the final recommended ADC is \$0. The State uses this ADC to budget State's contribution for FYE June 30, 2026.

² ADC as of December 31, 2024 was calculated using AAL and NC from 12/31/2024 actuarial valuation. The AVA is based on market value of asset as of 12/31/2024. Since the calculated ADC yields a negative number, the final recommended ADC is \$0. The State uses this ADC to budget State's contribution for FYE June 30, 2027.

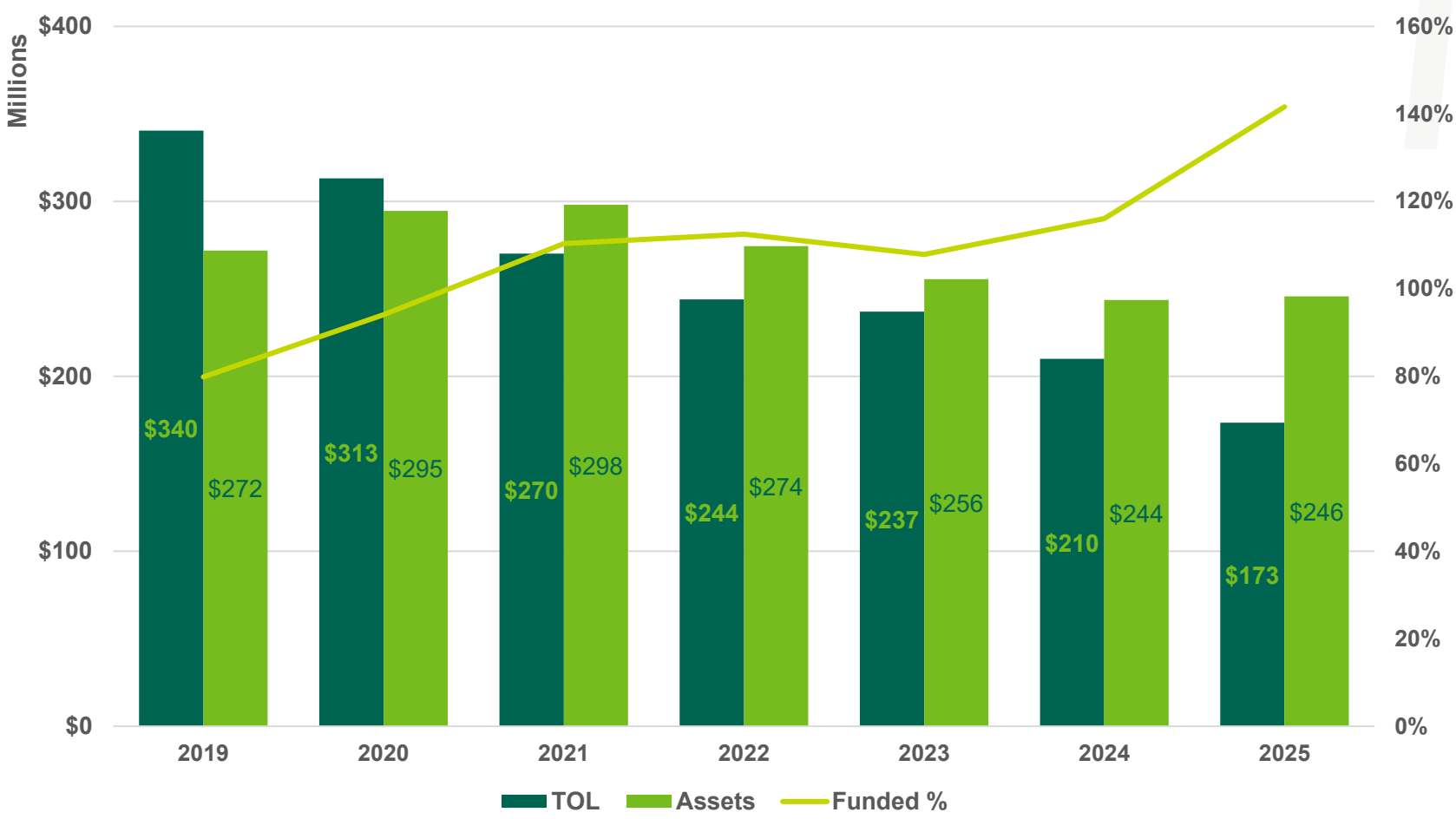
Historical Contributions



(\$ in Thousands)	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Employer Contributions	\$26,510	\$26,663	\$26,966	\$28,842	\$6,130	\$6,375	\$16,452
ADC	\$25,928	\$25,928	\$26,902	\$0	\$0	\$0	\$0



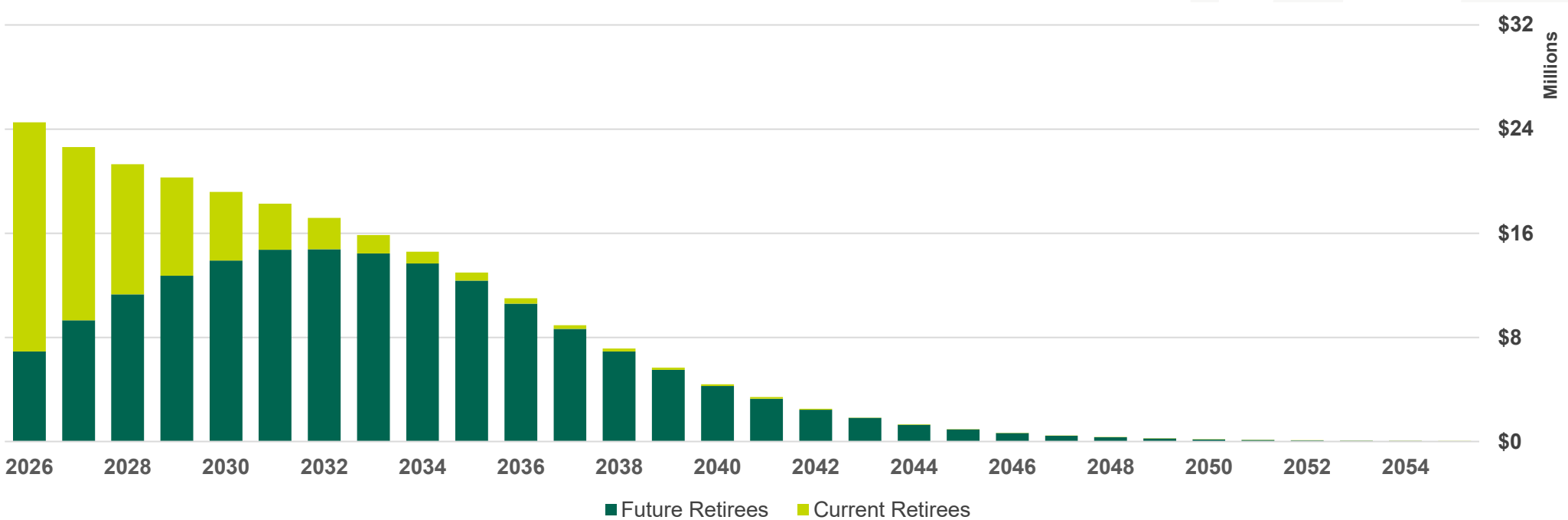
Historical Funding Level



As of	Funded %
6/30/2019	79.9%
6/30/2020	94.1%
6/30/2021	110.3%
6/30/2022	112.5%
6/30/2023	107.9%
6/30/2024	116.0%
6/30/2025	141.6%



Projected Benefit Payments



(\$ in Thousands)	FY 2025/26	FY 2030/31	FY 2035/36	FY 2040/41	FY 2045/46	FY 2050/51	FY 2055/56
Actives	\$6,919	\$14,736	\$10,590	\$3,279	\$648	\$117	\$16
Retirees	\$17,595	\$3,539	\$407	\$132	\$17	\$8	\$3
Total	\$24,514	\$18,275	\$10,997	\$3,411	\$665	\$125	\$19

Discussion on Discount Rate

- Discount rate is used to calculate the present value of future cash flows (net of retiree contributions).
- Under GASB 74/75, discount rate for funding valuation and accounting disclosure can be different.
 - Funding valuation discount rate is based on the Trust’s expected long-term rate of return (ROR)
 - GASB 75 is silent on how the Actuarially Determined Contribution (ADC) should be calculated
 - It is reasonable to use the Trust’s long-term ROR to determine the ADC since this is the return that the asset is expected to earn
 - For accounting disclosure purposes, discount rate is determined using cashflow projection
 - This can result in the same discount rate for funding valuation if future plan assets are projected to always be sufficient to pay for all future benefit payments.

- The State’s target allocation in the 12/31/2024 valuation is based on the investment policy, which is shown below along with the expected real rates of return for each asset class.
 - As the Trust is expected to be able to pay for all future benefit payments (i.e. no depletion date), the State’s funding and accounting results were developed using 5.25% discount rate.

Asset Class	Target Allocation	Real Rates of Return
Debt Securities	67%	1.64%
Hedge Fund Strategies	33%	5.00%
Assumed Inflation		2.50%
Long-term Trust ROR		5.25%



| Elected Officials Plan



Comparison of Valuation Results

Results shown in thousands

Valuation Date (VD)	12/31/2022	12/31/2022	12/31/2024
Measurement Date (MD)	6/30/2023	6/30/2024	6/30/2025
Participants			
Active	35	35	25
Terminated Vested Participants ¹	101	101	120
Retirees	109	109	90
Total	245	245	235
Market Value of Assets as of MD	\$ 21,550	\$ 23,309	\$ 24,971
Total OPEB Liability (TOL) as of MD	\$ 23,160	\$ 21,871	\$ 16,240
Net OPEB Liability (NOL) as of MD	\$ 1,610	\$ (1,438)	\$ (8,731)
Funded Ratio	93.0%	106.6%	153.8%
Discount Rate for determining TOL	5.25%	5.25%	5.25%
As of December 31,	2022 ²	2023 ³	2024 ⁴
Actuarially Determined Contribution (ADC)	\$ 0	\$ 452	\$ 0
Discount Rate for determining ADC	5.25%	5.25%	5.25%

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¹ Excludes terminated vested elected officials with less than 4 years of legislative service as of termination date.

Reconciliation of TOL

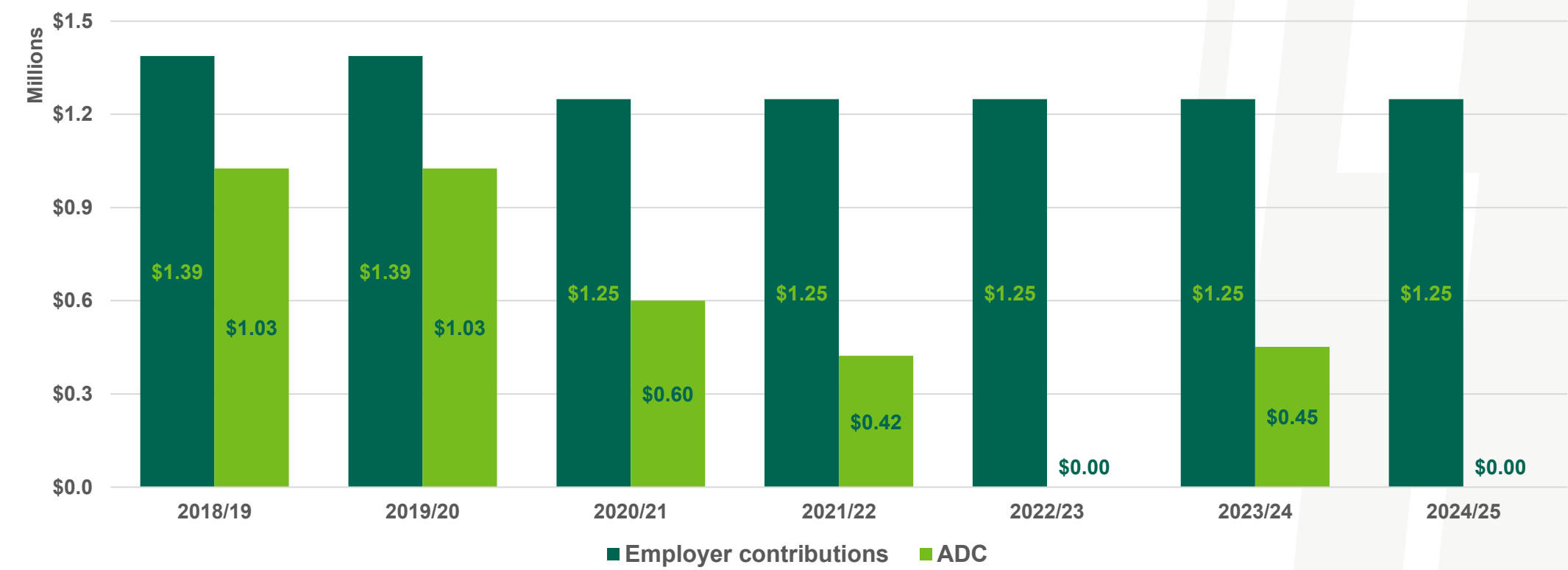
Results shown in thousands

Fiscal Years Ending	6/30/2025
Total OPEB Liability (TOL)	\$ 21,871
	As of 6/30/2025
Expected TOL as of the end of FY	\$ 22,316
Sources of Actuarial (Gain) / Loss:	
Actual experience (data and cost)	\$ 124
Updated healthcare costs	(6,085)
Updated trend rates	(115)
Total Actuarial (Gain) / Loss	\$ (6,076)
Actual TOL as of the end of FY	\$ 16,240

- Actual Experience (gain) includes both demographic and healthcare costs (represented by claims for pre-Medicare retirees and premium rates for Medicare retirees)
- Updated healthcare costs refer to aging subsidy addition to the post-65 periods for prescription drug coverage as a reflection of healthcare costs that vary by age (higher cost as the participant gets older).



Historical Contributions



(\$ in Thousands)	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Employer Contributions	\$1,388	\$1,388	\$1,249	\$1,249	\$1,249	\$1,249	\$1,249
ADC	\$1,026	\$1,026	\$600	\$423	\$0	\$452	\$0



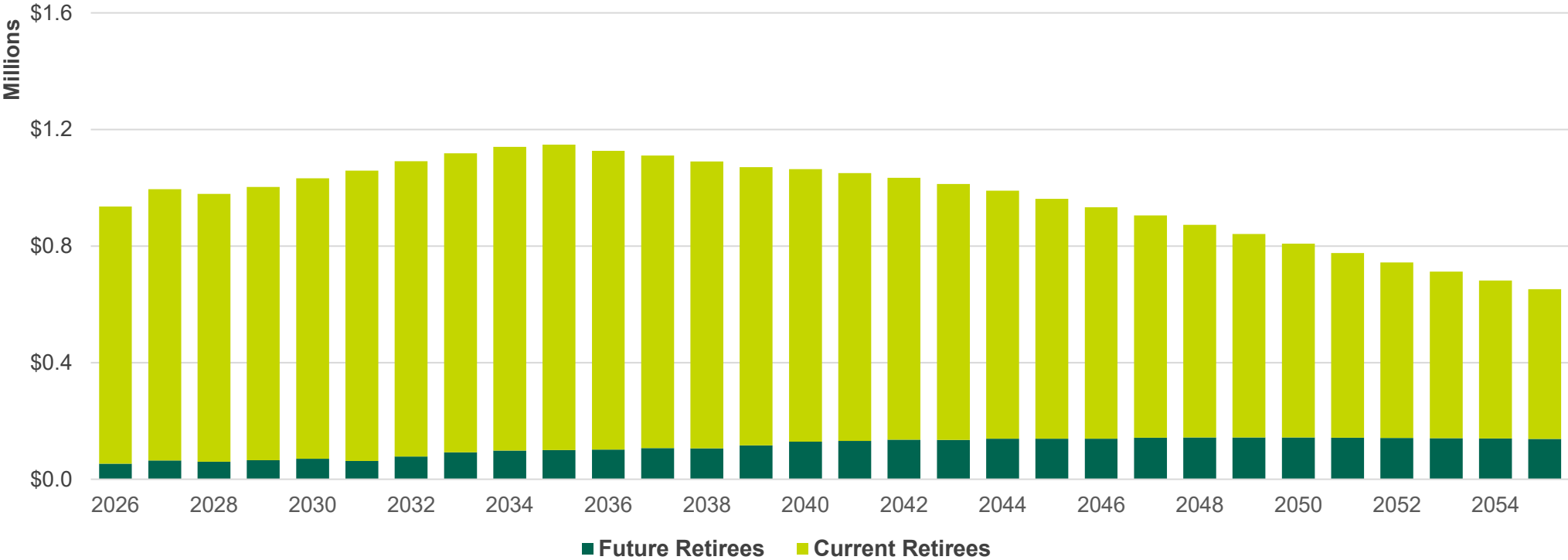
Historical Funding Level



As of	Funded %
6/30/2019	91.2%
6/30/2020	98.4%
6/30/2021	97.3%
6/30/2022	90.6%
6/30/2023	93.1%
6/30/2024	106.6%
6/30/2025	153.8%



Projected Benefit Payments



(\$ in Thousands)	FY 2025/26	FY 2030/31	FY 2035/36	FY 2040/41	FY 2045/46	FY 2050/51	FY 2055/56
Actives	\$53	\$63	\$102	\$132	\$139	\$143	\$137
Retirees	\$882	\$996	\$1,024	\$919	\$794	\$633	\$486
Total	\$935	\$1,059	\$1,126	\$1,051	\$933	\$776	\$623

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- The State’s target allocation in the 12/31/2024 valuation is based on the investment policy, which is shown below along with the expected real rates of return for each asset class.
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Asset Class	Target Allocation	Real Rates of Return
Debt Securities	67%	1.64%
Hedge Fund Strategies	33%	5.00%
Assumed Inflation		2.50%
Long-term Trust ROR		5.25%





Questions?

Thank You

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