



**Warehouse Employees Union
Local No. 730
Health and Welfare Trust Fund**

**FASB ASC 965
(formerly SOP 92-6)
Actuarial Valuation Report
as of December 31, 2012**

Prepared by [Cheiron](#)

October 2013

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Via Email and U.S. Mail

October 2, 2013

The Trustees of the
Warehouse Employees Union
Local No. 730 Health and Welfare Trust Fund
911 Ridgebrook Road
Sparks, Maryland 21162

Re: Retiree Medical FASB ASC 965 (Formerly SOP 92-6) Actuarial Valuation Report

Dear Trustees:

As requested, we have completed the actuarial valuation of the Postretirement Benefit Obligations as of December 31, 2012 for the postretirement health benefits provided to eligible participants under the Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund. The following sections contain the information the auditors need to prepare the disclosure section of the annual report.

Section I contains the summary of the results for the years ending December 31, 2011 and December 31, 2012. Please note that this valuation was based upon a complete seriatim valuation using updated census and claims data. Last year's valuation as of December 31, 2011 was conducted using a roll-forward methodology.

Section II contains the Postretirement Benefit Obligations for the fiscal years ending December 31, 2011 and December 31, 2012, including the statement of changes in the Postretirement Benefit Obligation during the year. It also includes the Statement of Benefit Obligations and Retiree Contributions. This information is needed for the auditors.

Section III contains expected benefit payments forecasted for the upcoming fifteen (15) years together with projected retiree premiums payable to enroll in coverage. The net plan payments are the amounts in the third column of this exhibit.

Appendix A describes the participant data used in calculating the disclosure items contained in Section I.



The Trustees of the
Warehouse Employees Union
Local No. 730 Health and Welfare Trust Fund
October 2, 2013

Appendix B describes the Assumptions and Methods used in calculating the disclosure items contained in Section I.

Appendix C contains the substantive plan provisions provided by the Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund.

This valuation is a complete valuation with analysis of the actual census and plan experience for the program. The prior year valuation was a roll-forward valuation. In the determination of the program obligations under a full valuation, assumptions were reviewed and certain assumptions updated. Specifically, the discount rate was lowered to reflect the continued lower yields in high quality bonds and the medical trend array was updated to align with most recent experience and projected long-term experience in light of anticipated inflation levels.

This report includes the impact of provisions of the Patient Protection and Affordable Care Act of 2010, signed by President Obama on March 23, 2010, that has taken effect including an estimate of the recent Women's Preventive Care benefits. Also, the HMO offering for non-Medicare retirees includes access for dependent children under age 26, in accordance with the legislation. The fully-insured premium rates from the HMO include these and other required benefit features provided under Health Reform. The prescription drug coverage offered under other programs in the Fund is not offered to dependents (spouses nor children) and, as such, is not impacted by the expansion of coverage for dependent children. Results also recognize certain anticipated fees that PPACA will charge for patient centered outcome research and transitional reinsurance. However, no projected adjustment has been included for any potential impact of the "Cadillac" tax provisions effective in 2018. At this writing, no guidance or regulations are issued related to these future provisions.

For this year's valuation, we relied without audit on information (some oral and some written) supplied by the Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund and Welfare Trust Fund administrator, Associated Administrators, LLC. This information includes, but is not limited to, the plan provisions, employee data, and financial information.

Actuarial computations provided in this report are for purposes of fulfilling employer financial accounting requirements. The calculations reported in the enclosed exhibits have been made on a basis consistent with our understanding of FASB ASC 965. Determinations for purposes other than meeting employer financial accounting requirements (for example, establishing a long-term funding strategy) may be significantly different from the results in this report. Results will also vary to the extent that plan experience differs from the assumptions.

The Trustees of the
Warehouse Employees Union
Local No. 730 Health and Welfare Trust Fund
October 2, 2013

Cheiron's calculations are prepared exclusively for the Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund for a specific and limited purpose. It is not for the use or benefit of any third party for any purpose. Any third-party recipient of Cheiron's work product (other than the Fund's auditor, attorney, third-party administrator or other professional when providing professional services to the Fund or any governmental agency to which this certification is required to be submitted by law or regulation) who desires professional guidance should not rely up Cheiron's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

I hereby certify that, to the best of my knowledge, this report has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice as Promulgated by the Actuarial Standards Board. I am a Member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report. This report does not address any contractual or legal issues. I am not an attorney and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



Michele M. Domash, FSA, EA
Principal Consulting Actuary

cc: Alicia Cochran
Peter Hardcastle

Section I: Summary of Results

We have completed a valuation of the Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund as of December 31, 2012. In this section of the report, we compare key results from this valuation with those from the previous valuation.

	12/31/2011*	12/31/2012	Change
Number of Participants**			
• Eligible Actives	891	801	-10.1%
• <u>Retirees and Dependents</u>	<u>418</u>	<u>462</u>	<u>10.5%</u>
• Total	1,309	1,263	-3.5%
Accumulated Postretirement Benefit Obligations	\$ 64,345,000	\$ 73,648,000	14.5%
Actual Benefits and Expenses Paid*** (Net of Participant Contributions and Part D Subsidy)	\$ 1,501,000	\$ 1,874,000	24.9%
Selected Assumptions:			
- Discount Rate	5.50%	4.50%	
- Non-Medicare and Rx Trends	9.0% 2010-2011 to 5.0% in 2025-2026	9.0% 2012-2013 to 4.5% in 2030-2031	

* Last year's valuation uses a Roll-Forward methodology based on the results presented in the December 31, 2010 valuation report.

** The active counts include members of both Class C and Class E, and the inactive count includes members of Class E only.

This valuation includes benefit obligations for Class E participants only.

*** For 2012, includes Administrative Expense of \$11,000 and net of retiree contributions of \$493,000. Part D subsidy estimated at \$190,000.

Below we offer commentary about selected aspects of the valuation of the obligations:

Changes in Participation: The covered population declined slightly: active employees dropped 10.1% from last year and retirees increased by 10.5%.

Benefits and Expenses Paid: Actual payments of \$1,874,000 were about 10% higher than the expected payments of \$1,699,000.

Changes in Actuarial Assumptions: Claims and Expenses were updated to reflect current and expected experience of the Plan, including most recent Part D subsidy reimbursements. The discount rate was updated to reflect the investment market as of December 31, 2012 for high quality bonds of a similar duration to this obligation to 4.50% per annum, compared to 5.5% per annum in the prior valuation. Future medical and prescription trends have been updated to reflect the current healthcare environment, commencing at an annual trend assumption of 9.0% and grading to 4.5% per annum in the ultimate year.

Section II: Financial Statement Information

Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund FASB ASC 965 Postretirement Benefit Obligations			
	December 31, 2011	December 31, 2012	Percent Change
Accumulated Postretirement Benefit Obligations (Assumed Medical Trend)			
Current Retirees	\$ 30,033,000	\$ 35,782,000	19.1%
Other Participants fully eligible for benefits	5,323,000	5,393,000	1.3%
<u>Other Participants not yet fully eligible for benefits</u>	<u>28,989,000</u>	<u>32,473,000</u>	<u>12.0%</u>
Total	\$ 64,345,000	\$ 73,648,000	14.5%
Benefit Obligations (1% Increase in Medical Trend)	\$ 11,082,000	\$ 12,674,000	14.4%
Benefit Obligations (1% Decrease in Medical Trend)	\$ (8,944,000)	\$ (10,241,000)	14.5%
<u>Statement of Changes in Postretirement Benefit Obligations:</u>			
Balance at Beginning of Year		\$ 64,345,000	
Increase/Decrease due to :			
• Benefits Earned (Net of Participant Contributions)		\$ 2,448,000	
• Expected Benefits Paid (Net of Participant Contributions)		(1,699,000)	
• Changes in Actuarial Assumptions		(4,842,000)	
• Change in Discount Rate		10,641,000	
• Plan Amendments		0	
• Passage of Time		3,628,000	
• Other Changes		(873,000)	
Net Increase/Decrease:		9,303,000	
Balance at End of Year		\$ 73,648,000	

Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund
FASB ASC 965 Postretirement Benefit Obligations
Calculation of Accumulated Postretirement Health & Welfare Benefit Obligation (APBO)

	Projected Cost of Benefits	less Projected Participant Contributions	Net APBO
As of December 31, 2012			
Current Retirees	\$ 40,012,000	\$ 4,230,000	\$ 35,782,000
Other Participants fully eligible for benefits	5,966,000	573,000	5,393,000
Other Participants not yet fully eligible for benefits	<u>35,109,000</u>	<u>2,636,000</u>	<u>32,473,000</u>
Total	\$ 81,087,000	\$ 7,439,000	\$ 73,648,000
As of December 31, 2011*			
Current Retirees	\$ 33,597,000	\$ 3,564,000	\$ 30,033,000
Other Participants fully eligible for benefits	5,754,000	431,000	5,323,000
Other Participants not yet fully eligible for benefits	<u>31,501,000</u>	<u>2,512,000</u>	<u>28,989,000</u>
Total	\$ 70,852,000	\$ 6,507,000	\$ 64,345,000

* Last year's valuation uses a Roll-Forward methodology based on the results presented in the December 31, 2010 valuation report.

Section III: Expected Benefit Payments

Below are the benefit payments that we anticipate for the next 15 years for the current retirees and current active participants after they retire. Also shown are the expected retiree and dependent contributions and the resulting net Plan cash flow. Our actual postretirement benefit obligations are based on the next 75 plus years of benefit payments for participants currently employed or retired.

Warehouse Employees Union Local No. 730 Health and Welfare Trust Fund FASB ASC 965 Postretirement Benefit Obligations <i>Expected Benefit Payments (Incurred Claims and Expenses)</i>				
Fiscal Year Ending December 31	Gross Benefits	Participant Contributions	Net Benefits	
2013	\$ 2,301,000	\$ 515,000	\$	1,786,000
2014	2,589,000	563,000		2,026,000
2015	2,834,000	607,000		2,227,000
2016	3,072,000	628,000		2,444,000
2017	3,380,000	683,000		2,697,000
2018	3,745,000	742,000		3,003,000
2019	3,849,000	659,000		3,190,000
2020	4,062,000	645,000		3,417,000
2021	4,394,000	655,000		3,739,000
2022	4,659,000	617,000		4,042,000
2023	4,768,000	540,000		4,228,000
2024	4,842,000	457,000		4,385,000
2025	5,105,000	461,000		4,644,000
2026	5,204,000	412,000		4,792,000
2027	5,307,000	364,000		4,943,000

Appendix A: Membership Information

Participant Data

Actives	12/31/2011	12/31/2012
Fully Eligible Actives	87	59
<u>Not Yet Eligible Actives</u>	<u>804</u>	<u>742</u>
Total Actives	891	801
Average Age	45.0	45.9
Average Years of Service	13.2	13.4

Attained Age	Service							<Total>
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 and up	
Under 25	9	0	0	0	0	0	0	9
25 to 29	48	19	1	0	0	0	0	68
30 to 34	34	15	21	0	0	0	0	70
35 to 39	30	22	21	7	0	0	0	80
40 to 44	24	22	23	21	5	3	0	98
45 to 49	17	23	22	18	39	29	1	149
50 to 54	17	18	28	23	35	44	13	178
55 to 60	12	21	19	25	6	11	8	102
60 to 64	4	5	9	13	2	2	2	37
65 and up	2	1	0	3	0	0	4	10
Total	197	146	144	110	87	89	28	801

All employees covered by the health benefits (Class E) are assumed to be accruing benefits in the pension plan for valuation purposes.

Retirees	12/31/2011	12/31/2012
HMO Coverage –Medical & Rx (730 OC)		
Retiree and Dependents		
Retirees with single coverage	67	72
Retirees with covered spouses	22	27
Prescription Drug Coverage (only) (730 RRX and 730 RRXM)		
Retirees Only		
Non-Medicare	101	123
Medicare	<u>228</u>	<u>240</u>
Total Cover Retirees & Spouses	418	462
Average Age	66.1	65.7

Appendix B: Actuarial Assumptions and Methods

Economic Assumptions

Measurement Date: December 31, 2012

Discount Rate: 4.50% per annum, reflects bond yield market at valuation date.

Medical Trend:

Year	Initial*	Ultimate	Select Period
Medical	9.0%	4.5%	18
Prescription	9.0%	4.5%	18
Expenses	4.0%	4.0%	NA

Retiree

Contribution: Retirees electing the HMO coverage are required to pay one half of the premium.

Surviving spouses are eligible to continue their coverage if they contribute half of the single premium rate.

There are no contributions for the prescription drug only benefit.

Demographic Assumptions

Rates of Turnover:

Age	Terminations Per 1,000 Participants
25	194.0
30	124.9
35	82.1
40	52.4
45	25.6
50	0.0

Rate of Retirement:

Age	Retirees Per 1,000 Participants
51-54	30
55	14
56-59	70
60	1000

Rate of Disability: None are assumed.

Rate of Mortality: Healthy life mortality is based on the GAM 1983 mortality table.

Family Composition: 40% of future retirees electing the HMO medical coverage have covered spouses and/or dependent children. Wives are assumed to be three years younger than their spouses.

Retirees are valued based on actual benefit elections.

Percent of

Retirees Electing:

Future non-Medicare retirees elect 100% HMO coverage if eligible between 50 and 54, 33% if eligible between 55 and 59, 0% if eligible after 59.

Future non-Medicare retirees elect Rx only coverage 67% if eligible between 55 and 59 and 100% starting at 60.

100% of eligible Medicare retirees have the prescription drug card.

0% of eligible non-Medicare retirees elect the “place holder” benefit.

Claim and Expense Assumptions

For the Prescription Drug Plan (730 RRX and 730 RRXM)

Annual Per-Person/Per-Year Claim and Expenses for CY2013:

Age	Male	Female
55	\$2,389	\$2,940
60	3,072	3,587
65	2,945	3,143
70	3,360	3,386
75	3,579	3,546
80	3,666	3,576
85	3,627	3,483

The claims for age 65 and over reflect the expected Retiree Drug Subsidy (RDS) that this Fund receives for providing benefits that actuarially equivalent to the standard Medicare Part D program. We estimate the RDS to reduce the Medicare

eligible participants’ plan cost by 20.0% based on the actual amount being received in 2012. The claims reflect most recent actual claims experience through March 31, 2013 for eligible retirees, factoring in program rebates allocated to retirees. The above claims per person relate to the primary retiree, with no coverage applicable for the spouse or other dependents.

We also assume that each Medicare eligible person pays their own Medicare Part B Premium.

HMO non-Medicare Medical and Prescription Drug Plan

Annual Per-Person/Per-Year Claim and Expenses for CY2013:

Rating Period	Retirees Alone Per Month	Retirees and Family Per Month	Per Person/Per Month
8/1/12-7/31/13	\$868.78	\$1,690.76	\$856.27

Cost of covered children is built into the per-person/per-year rate.

General Administration Expenses

Year	Rx Per Person/Per Year	HMO Per Person/Per Year
2013	\$22.56	\$49.85

Claim administration and network access fees are included with the claim cost above.

Plan Limits and Caps:

Deductibles, Copays, and Out-of-Pocket maximums are assumed to increase at the appropriate healthcare trend rate.

Lifetime Maximum:

Lifetime maximums were removed for the HMO Plan in accordance with the health reform requirements.

Adjustment for Accumulated Eligibilities:

For the 63 active members fully eligible for retirement, we considered the reduction in obligation by \$50,000 to reflect that as of December 31, 2010, an accumulated liability has already been recognized for this group.

Summary of Assumption Changes Since Last Valuation

The discount rate was updated to reflect lower yields in the bond markets from 5.5% to 4.5% per annum as of December 31, 2012. To reflect consistent long-term inflation assumptions, ultimate medical trends were aligned to initial rates of 9% per annum grading to 4.5% in the ultimate year. These assumptions are monitored as markets and experience develops from year to year. .

Methodology

Standard actuarial procedures were used to calculate the figures in this report. These procedures are described in the ASC 965 publication and the ASC publication both published by the Certified Public Accountants. This valuation reflects a full actuarial valuation (as opposed to a roll-forward methodology) and is conducted using seriatim census data and updated claims and premium experience.

If the Fund is terminated, an actuary would need to evaluate the situation and determine if any assumptions should change.

Appendix C: Summary of Substantive Plan Provisions

Below is a summary of the substantive plan provisions used for purposes of the actuarial valuation of current plan obligations under ASC 965. Plan provisions may change from time to time and the Trustees may amend, terminate or modify the plan in whole or in part. Such plan provisions will be updated with each valuation to the extent that the plan is amended.

Eligible Employees – HMO Coverage

- Covered under a collective bargaining agreement that has a provision or amendment calling for retiree HMO benefits, i.e., Plan E;
- Collecting a pension from the Warehouse Employees Union Local 730 Pension Fund:
 - 1) **Normal Retirement Date** is age 60 with 5 years of service (yos) OR any age with 30 yos.
 - 2) **Early Retirement Date** is age 55 with 20 yos.
 - 3) **Disability Retirement Date** is age 45 with 15 yos.
- Have a combined age plus service of 80 or more. “Age” is actual age at retirement. “Service” is years of service for benefit accrual defined under pension plan. “Age” must be at least 50;
- Retire from active employment on or after 1/1/98 (or later if specified for the covering employer by the Board of Trustees);
- Not yet eligible for Medicare, when retiree becomes Medicare eligible, coverage ceases; and
- When an active member becomes retired and chooses to work for another employer offering health benefits, the retiree may request a “placeholder” on the benefits until termination with the other employer.

Eligible Employees – Prescription Drug Coverage

- Covered under collective bargaining agreement that has a provision or amendment calling for retiree prescription drug coverage.
- Collecting a pension from the Warehouse Employees Union Local 730 Pension Fund:
 - 1) **Normal Retirement Date** is age 60 with 5 yos OR any age with 30 yos.
 - 2) **Early Retirement Date** is age 55 with 20 yos.
 - 3) **Disability Retirement Date** is age 45 with 15 yos.
- Coverage may be temporarily suspended if HMO or placeholder coverage is elected.

Benefits and Cost Sharing – HMO

- Eligible retirees may elect coverage under the HMO. The retiree may elect to cover their dependents. The Fund pays the other 50% of the premium.

The total HMO premiums as of 12/31/13 are:

Retiree only:	\$ 868.78
Retiree and dependent(s) coverage:	\$ 1,690.76

HMO prescription co-pays are \$5/10/25 for generic/brand formulary and brand non-formulary for 30 days supply at retail pharmacies, and twice these copays for 90 days supply at mail order facilities.

- Spouse coverage may continue upon the retiree's death as long as they continue paying 50% of the premium rate. Coverage would terminate at the same time as if the retiree had not died.

Benefits and Cost Sharing – Prescription Drug

- Prescription drug coverage for retirees only – no dependent spouses or dependent children is covered. Coverage continues during the life of the retiree based upon current plan provisions.
- Retirees pay \$1 copay per prescription whether retail or mail order. If it is a brand name prescription, then the retiree is also responsible for the difference between the generic and the brand name.

Benefits Eligibility Provisions

- Members work by quarter to earn coverage and January, February and March works to satisfy eligibility for June, July and August of each calendar year. Also, this assumes hours of 300 per quarter.
- If the member does not satisfy the 300 hours in a quarter, if the member worked at least 600 hours in the prior and previous two quarters, eligibility is granted for the quarter.
- As a result, members may have 3 months to 6 months of coverage eligibility at any given time. This is recognized in the valuation of postretirement benefits in this report.

Summary of Plan Changes Since Last Valuation

There were no plan changes since the last valuation.

Vendors

<i>General Administrator:</i>	Associated Administrators, LLC
<i>Medical Provider Network and Claims Administrator:</i>	CIGNA HealthCare
<i>Pharmacy Benefit Manager:</i>	CIGNA HealthCare
<i>Vision Benefit Manager:</i>	Group Vision Services
<i>DME Provider:</i>	CIGNA HealthCare
<i>Medical Manager:</i>	CIGNA HealthCare
<i>Actuary:</i>	Cheiron, Inc.
<i>Auditor:</i>	Calibre CPA Group, PLLC

Warehouse Employees Union Local No. 730
Health and Welfare Trust Fund

Plan Last Modified:	1/1/2011	1/1/2011
Provider Network:	HMO and Rx	Rx Only
Eligibility:	Non-Medicare Retirees & Dependents	Medicare Retirees only (Dependents not eligible)
<u>In-Network (INN) Benefits</u>		
Deductible (Individual / Family)	\$100/\$200	N/A
Coinsurance	80%	N/A
Copays		
Office Visit (OV)-Primary Care (PCP)	\$15 Copay	N/A
OV - Specialist Care Provider (SCP)	\$15 Copay	N/A
Urgent Care (UC)	\$15 Copay	N/A
Hospital Emergency Room (ER)	\$50 Copay	N/A
Outpatient Surgery	\$50 Copay	N/A
Hospital Inpatient	\$300 Ded, \$25 Copay for first 8 days not to exceed \$200 per admit	N/A
Out-of-Pocket Max (Individual / Family)	\$1,000/\$3,100	N/A
<u>Out-of-Network (OON) Benefits</u>		
Deductible (Individual / Family)	N/A	N/A
Coinsurance	N/A	N/A
Out-of-Pocket (OOP) Max (Individ / Family)	N/A	N/A
Special Limits	N/A	N/A
<u>Lifetime Maximum (INN / OON)</u>	Unlimited	N/A
<u>Prescription Drugs</u>		
Separate Prescription Drug Deductible:	None	None
Retail (30 Days) - Generic/Formulary /Non-Form. Copay	\$5/\$10/\$25	\$1 (Generic is available)
Mail Order (90 Days) - Generic/Form. /Non-Form. Copay	\$10/\$20/\$50 - 90 days supply	\$1 (Generic is available)
<u>Detail Benefits</u>		
Mental Health (MH) - (Inpatient/Outpatient):	Same as Hosp IP /75% Benefit for first 40 visits	N/A
- Per Year Visit Limit (Inpatient / Outpatient)	60/Unlimited	N/A
Substance Abuse (SA) - (Inpatient/Outpatient):	Same as Hosp IP /75% Benefit for first 40 visits	N/A
- Per Year Visit Limit (Inpatient / Outpatient)	60/Unlimited	N/A
Rehabilitation (i.e., speech, occup. physical):	\$15 Copay	N/A
Chiropractors:	50% up to \$500	N/A
Hearing Aids:	Not Covered	N/A
Preventive Care:	100%	N/A
<u>Medicare Integration:</u>	Not applicable	RDS Subsidy
<u>Vision Care Services</u>		
Exam	\$25 Copay	N/A
Lens	\$25 Copay	N/A
Frames	\$25 Copay	N/A
Contacts	\$25 Copay	N/A
<u>Dental:</u>	Not Covered	N/A

¹ DC=Deductible and coinsurance applies.

Appendix D: Definition of Terms

Definition of Terms

Postretirement Benefit Obligation (PBO)

The PBO is the same as the APBO defined below.

Accumulated Postretirement Benefit Obligation (APBO)

The APBO is the portion of the EPBO allocated to service rendered prior to the measurement date, based on the accrual period defined by the accounting standards. (This is equivalent to the “projected benefit obligation” of SFAS 87.) For an employee who is not fully eligible for the Postretirement non-pension benefits, the APBO will be less than the EPBO. After the date of becoming fully eligible, the APBO and the EPBO will be the same.

Expected Postretirement Benefit Obligation (EPBO)

The EPBO is the actuarial present value of benefits expected to be paid to or on behalf of employees and their covered dependents. The EPBO is relevant only as the basis for determination of APBO.

Substantive Plan

The terms of the Postretirement Benefit Plan as understood by an employer that provides Postretirement benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for that exchange transaction. In some situations, an employer’s cost-sharing policy, as evidenced by past practice or by communication of intended changes to a plan’s cost-sharing provisions, or a past practice of regular increases in certain monetary benefits, may indicate that the substantive plan differs from the extant written plan. Minor negotiated benefit changes that occur after the valuation date are not considered. An example would be changing providers or HMOs.

Plan Amendment

A change in the existing terms of a plan, a plan amendment may increase or decrease benefits, including those attributed to years of service already rendered. Our understanding of the substantive plan is that there are typically periodic changes to the dollar limits to keep up with inflation and to the level of care management depending upon market availability. We have not considered such changes to be Plan amendments. We would, however, consider Plan amendments to include changes such as modifications to the eligibility requirements or changes to the retiree copay policy.