

City of San Jose
OPEB Issues
Tier 1 Closed Group Total ARC Projections

	Federated Tier 1			[REDACTED]		
	Total	EE	City	[REDACTED]	[REDACTED]	[REDACTED]
	Initially					
• Normal Cost	8%	4%	4%	[REDACTED]	[REDACTED]	[REDACTED]
• UAAL Amort	<u>22%</u>	<u>11%</u>	<u>11%</u>	[REDACTED]	[REDACTED]	[REDACTED]
• Total ARC	30%	15%	15%	[REDACTED]	[REDACTED]	[REDACTED]
	In 5 Years					
• Normal Cost	8%	4%	4%	[REDACTED]	[REDACTED]	[REDACTED]
• UAAL Amort	<u>30%</u>	<u>15%</u>	<u>15%</u>	[REDACTED]	[REDACTED]	[REDACTED]
• Total ARC	38%	19%	19%	[REDACTED]	[REDACTED]	[REDACTED]
	In 20 Years					
• Normal Cost	8%	4%	4%	[REDACTED]	[REDACTED]	[REDACTED]
• UAAL Amort	<u>156%</u>	<u>78%</u>	<u>78%</u>	[REDACTED]	[REDACTED]	[REDACTED]
• Total ARC	164%	82%	82%	[REDACTED]	[REDACTED]	[REDACTED]

For simplicity purposes, results assume:

- 1) Cost sharing is 50/50 for both medical and dental;
- 2) No future gains/losses;
- 3) Continued current amortization policy.

Note that rate projections depend heavily on anticipated payroll growth assumptions.

As noted in the bond disclosure, the projections do not take into account the \$200 million reduction in the unfunded liability that occurred in the June 30, 2012, as these projections are based on June 30, 2011 data.