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VIA E-MAIL

May 24, 2021

Ms. Margo Allen
Fiscal Services Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612-1900

**Re: Alameda County Employees' Retirement Association (ACERA)
Addendum to the Governmental Accounting Standards Board (GASB) Statement 67
Actuarial Valuation as of December 31, 2020**

Dear Margo:

In our Governmental Accounting Standards (GASB) Statement 67 actuarial valuation report dated May 24, 2021, we provided the Net Pension Liabilities (NPL) and other elements that are required for completing the Plan's financial reporting requirements under GASB Statement 67. In this letter, we have provided as an addendum to that report two additional schedules that the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel recommends be prepared by the Retirement Association's actuary (Segal) for use in allocating the NPL and pension expense by employer, before we issue the full companion report for the employer's financial reporting for ACERA under GASB Statement 68.

The attached schedules have been developed based on the assumptions, methods, and results shown in our report dated May 24, 2021. Exhibits A1 and A2 detail the method used for allocating the NPL and they provide the NPL amounts allocated to the seven employers at ACERA as of December 31, 2019 and December 31, 2020, respectively.

The Alameda County Office of Education (ACOE) made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined had they not make the additional lump sum contribution in 2019. We have continued to use that method in determining ACOE's proportionate share of the non-OPEB SRBR NPL in this letter.

Ms. Margo Allen
May 24, 2021
Page 2

Exhibit B summarizes the allocated NPL, deferred outflows and inflows of resources, and pension expense by the seven employers. Additional information required under GASB Statement 68 that each of the employers will need to disclose will be provided later in a separate report.

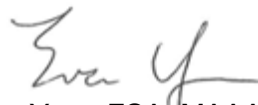
These calculations were performed under the supervision of Eva Yum, FSA, MAAA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary



Eva Yum, FSA, MAAA, EA
Senior Actuary

JB/jl
Enclosures

Schedule of Employer Allocations as of December 31, 2019

Actual Employer Contributions by Employer and Membership Class January 1, 2019 to December 31, 2019

Employer	General Members, Excluding ACOE and LARPD		General ACOE Members Only		General LARPD Members Only		All General Members Combined	
	Contributions	Percentage ¹	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage
Alameda County	\$124,398,408	64.606%	\$0	0.000%	\$0	0.000%	\$124,398,408	63.924%
Health System	54,239,577	28.169%	0	0.000%	0	0.000%	54,239,577	27.872%
Superior Court	11,501,609	5.973%	0	0.000%	0	0.000%	11,501,609	5.910%
First 5	1,200,993	0.624%	0	0.000%	0	0.000%	1,200,993	0.617%
Housing Authority	1,208,258	0.628%	0	0.000%	0	0.000%	1,208,258	0.621%
LARPD	0	0.000%	0	0.000%	1,306,574	100.000%	1,306,574	0.671%
ACOE	0	0.000%	750,000	100.000%	0	0.000%	750,000	0.385%
Total for all Employers	\$192,548,845	100.000%	\$750,000	100.000%	\$1,306,574	100.000%	\$194,605,419	100.000%

Actual Employer Contributions by Employer and Membership Class January 1, 2019 to December 31, 2019

Employer	Safety Members		Total		Adjusted Total ²	
	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage ¹
Alameda County	\$103,921,531	100.000%	\$228,319,939	76.482%	\$228,319,939	76.639%
Health System	0	0.000%	54,239,577	18.169%	54,239,577	18.207%
Superior Court	0	0.000%	11,501,609	3.853%	11,501,609	3.861%
First 5	0	0.000%	1,200,993	0.402%	1,200,993	0.403%
Housing Authority	0	0.000%	1,208,258	0.405%	1,208,258	0.406%
LARPD	0	0.000%	1,306,574	0.438%	1,306,574	0.439%
ACOE	0	0.000%	750,000	0.251%	132,883 ²	0.045%
Total for all Employers	\$103,921,531	100.000%	\$298,526,950	100.000%	\$297,909,833	100.000%

¹ The unrounded percentages are used in the allocation of the NPL amongst the employers.

² ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using the total annual UAAL contribution ACOE would have made of \$132,883 in 2019 if they did not make the additional contribution to partially pay off their UAAL.

Schedule of Employer Allocations as of December 31, 2019

Allocation of December 31, 2019 Net Pension Liability

Employer	General NPL, Excluding ACOE and LARPD (Excl. non-OPEB SRBR NPL)		General ACOE NPL Only (Excl. non-OPEB SRBR NPL)		General LARPD NPL Only (Excl. non-OPEB SRBR NPL)		Total General NPL (Excl. non-OPEB SRBR NPL)	
	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage
Alameda County	\$750,950,156	64.606%	\$0	0.000%	\$0	0.000%	\$750,950,156	63.849%
Health System	327,425,563	28.169%	0	0.000%	0	0.000%	327,425,563	27.838%
Superior Court	69,431,235	5.973%	0	0.000%	0	0.000%	69,431,235	5.903%
First 5	7,249,979	0.624%	0	0.000%	0	0.000%	7,249,979	0.616%
Housing Authority	7,293,836	0.628%	0	0.000%	0	0.000%	7,293,836	0.620%
LARPD	0	0.000%	0	0.000%	13,024,823	100.000%	13,024,823	1.107%
ACOE	0	0.000%	793,504	100.000%	0	0.000%	793,504	0.067%
Total for all Employers	\$1,162,350,769	100.000%	\$793,504	100.000%	\$13,024,823	100.000%	\$1,176,169,096	100.000%

Allocation of December 31, 2019 Net Pension Liability

Employer	Safety NPL (Excl. non-OPEB SRBR NPL)		General & Safety Total (Excl. non-OPEB SRBR NPL)		General & Safety Non-OPEB SRBR NPL		Total	
	NPL	Percentage ¹	NPL	Percentage	NPL	Percentage ²	NPL	Percentage
Alameda County	\$810,219,254	100.000%	\$1,561,169,410	78.594%	\$118,260,007	76.639%	\$1,679,429,417	78.452%
Health System	0	0.000%	327,425,563	16.483%	28,093,792	18.207%	355,519,355	16.608%
Superior Court	0	0.000%	69,431,235	3.495%	5,957,344	3.861%	75,388,579	3.522%
First 5	0	0.000%	7,249,979	0.365%	622,063	0.403%	7,872,042	0.368%
Housing Authority	0	0.000%	7,293,836	0.367%	625,826	0.406%	7,919,662	0.370%
LARPD	0	0.000%	13,024,823	0.656%	676,750	0.439%	13,701,573	0.640%
ACOE	0	0.000%	793,504	0.040%	68,828	0.045%	862,332	0.040%
Total for all Employers	\$810,219,254	100.000%	\$1,986,388,350	100.000%	\$154,304,610	100.000%	\$2,140,692,960	100.000%

Notes:

¹ Allocated based on the actual employer contributions within each membership class.

² Allocated based on the actual employer contributions in total, with an adjustment to reflect the total annual UAAL contribution ACOE would have made of \$132,883 in 2019 if they did not make the additional contribution to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA.

Based on the January 1, 2019 through December 31, 2019 employer contributions as provided by ACERA.

Pension (excluding non-OPEB SRBR)

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan's Fiduciary Net Position for each membership class is obtained by allocating the total Plan's Fiduciary Net Position for Pension (excluding non-OPEB SRBR) proportionally based on the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes.¹ The total Plan's Fiduciary Net Position for pension as of December 31, 2019 includes the net fair value of assets less SRBR assets. The SRBR assets include the SRBR-OPEB reserve (after reducing the reserve by the SRBR implicit subsidy transfer), the 401(h) reserve, and the Non-OPEB SRBR reserve, plus a proportionate share of one half of the deferred market gains (after adjustment to replenish the balance in the Contingency Reserve) commensurate with the size of those SRBR reserves and 401(h) reserve to valuation and 401(h) reserves.

The General ACOE membership class has only one employer (ACOE), so all of the NPL for General ACOE is allocated to the ACOE. The General LARPD membership class has only one employer (LARPD), so all of the NPL for General LARPD is allocated to LARPD. The Safety membership class also has only one employer (County), so all of the NPL for Safety is allocated to the County.

For General excluding ACOE and LARPD, the NPL is allocated based on the actual employer contributions within the General membership class excluding any contributions made by ACOE and LARPD. The steps used for the allocation are as follows:

- First calculate the ratio of the employer's contributions to the total contributions for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

Non-OPEB SRBR

The non-OPEB SRBR assets include the Non-OPEB SRBR reserve, plus a proportionate share of one half of the deferred market gains (after adjustment to replenish the balance in the Contingency Reserve) commensurate with the size of the non-OPEB to total SRBR reserves.

For non-OPEB SRBR, the NPL is allocated based on the actual employer contributions in total.² The steps used for the allocation are as follows:

- First calculate the ratio of the employer's total contributions to the total contributions for all employers.
- This ratio is multiplied by the NPL for the non-OPEB SRBR to determine the employer's proportionate share of the NPL for the non-OPEB SRBR.

Total

The employer's total allocated NPL is the sum of its allocated pension NPL from each membership class and the non-OPEB SRBR. The proportionate share of the total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

¹ As of December 31, 2019, the total Plan's Fiduciary Net Position for Pension (excluding non-OPEB SRBR) is \$174.9 million **higher** than the valuation value of assets as of the same date due to the inclusion of deferred market **gains**.

² Includes an adjustment to reflect the total annual UAAL contribution ACOE would have made of \$132,883 in 2019 if they did not make the additional contribution to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA.

Schedule of Employer Allocations as of December 31, 2020

Actual Employer Contributions by Employer and Membership Class January 1, 2020 to December 31, 2020

Employer	General Members, Excluding ACOE and LARPD		General ACOE Members Only		General LARPD Members Only		All General Members Combined	
	Contributions	Percentage ¹	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage
Alameda County	\$129,742,973	65.180%	\$0	0.000%	\$0	0.000%	\$129,742,973	64.672%
Health System	54,283,769	27.271%	0	0.000%	0	0.000%	54,283,769	27.059%
Superior Court	12,372,365	6.216%	0	0.000%	0	0.000%	12,372,365	6.167%
First 5	1,329,139	0.668%	0	0.000%	0	0.000%	1,329,139	0.663%
Housing Authority	1,323,493	0.665%	0	0.000%	0	0.000%	1,323,493	0.660%
LARPD	0	0.000%	0	0.000%	1,490,917	100.000%	1,490,917	0.743%
ACOE	0	0.000%	72,051	100.000%	0	0.000%	72,051	0.036%
Total for all Employers	\$199,051,739	100.000%	\$72,051	100.000%	\$1,490,917	100.000%	\$200,614,707	100.000%

Actual Employer Contributions by Employer and Membership Class January 1, 2020 to December 31, 2020

Employer	Safety Members		Total		Adjusted Total ²	
	Contributions	Percentage	Contributions	Percentage	Contributions	Percentage ¹
Alameda County	\$109,138,291	100.000%	\$238,881,264	77.121%	\$238,881,264	77.104%
Health System	0	0.000%	54,283,769	17.525%	54,283,769	17.521%
Superior Court	0	0.000%	12,372,365	3.994%	12,372,365	3.993%
First 5	0	0.000%	1,329,139	0.429%	1,329,139	0.429%
Housing Authority	0	0.000%	1,323,493	0.427%	1,323,493	0.427%
LARPD	0	0.000%	1,490,917	0.481%	1,490,917	0.481%
ACOE	0	0.000%	72,051	0.023%	138,832 ²	0.045%
Total for all Employers	\$109,138,291	100.000%	\$309,752,998	100.000%	\$309,819,779	100.000%

¹ The unrounded percentages are used in the allocation of the NPL amongst the employers.

² ACOE made a lump sum contribution of \$750,000 in 2019 to partially pay off their UAAL. That lump sum is greater than the amount that ACOE would have to make on an installment basis over 20 years. In order to have a more level allocation of the NPL to ACOE, ACERA approved an approach outlined in our March 2, 2020 letter to determine ACOE's proportionate share of the non-OPEB SRBR NPL by using ACOE's required contributions determined in our December 31, 2018 valuation in the amount of \$78,000 based on an April 1, 2020 payment date plus the amortization of the remaining balance of the original \$750,000 lump sum amount (an amount of \$60,832 which represents the additional UAAL contribution ACOE would have been required to pay if they did not make the additional lump sum contribution in 2019). Note that in 2020, the actual contribution made by ACOE is \$72,051 which is \$5,949 less than the required contribution. Since \$5,949 is part of the required contributions, we included this amount for purposes of determining ACOE's proportionate share of the non-OPEB SRBR NPL.

Schedule of Employer Allocations as of December 31, 2020

Allocation of December 31, 2020 Net Pension Liability

Employer	General NPL, Excluding ACOE and LARPD (Excl. non-OPEB SRBR NPL)		General ACOE NPL Only (Excl. non-OPEB SRBR NPL)		General LARPD NPL Only (Excl. non-OPEB SRBR NPL)		Total General NPL (Excl. non-OPEB SRBR NPL)	
	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage ¹	NPL	Percentage
Alameda County	\$826,710,745	65.180%	\$0	0.000%	\$0	0.000%	\$826,710,745	64.436%
Health System	345,891,373	27.271%	0	0.000%	0	0.000%	345,891,373	26.959%
Superior Court	78,835,615	6.216%	0	0.000%	0	0.000%	78,835,615	6.145%
First 5	8,469,156	0.668%	0	0.000%	0	0.000%	8,469,156	0.660%
Housing Authority	8,433,180	0.665%	0	0.000%	0	0.000%	8,433,180	0.657%
LARPD	0	0.000%	0	0.000%	13,833,231	100.000%	13,833,231	1.078%
ACOE	0	0.000%	832,627	100.000%	0	0.000%	832,627	0.065%
Total for all Employers	\$1,268,340,069	100.000%	\$832,627	100.000%	\$13,833,231	100.000%	\$1,283,005,927	100.000%

Allocation of December 31, 2020 Net Pension Liability

Employer	Safety NPL (Excl. non-OPEB SRBR NPL)		General & Safety Total (Excl. non-OPEB SRBR NPL)		General & Safety Non-OPEB SRBR NPL		Total	
	NPL	Percentage ¹	NPL	Percentage	NPL	Percentage ²	NPL	Percentage
Alameda County	\$850,522,497	100.000%	\$1,677,233,242	78.614%	\$46,946,231	77.104%	\$1,724,179,473	78.572%
Health System	0	0.000%	345,891,373	16.212%	10,668,139	17.521%	356,559,512	16.248%
Superior Court	0	0.000%	78,835,615	3.695%	2,431,484	3.993%	81,267,099	3.703%
First 5	0	0.000%	8,469,156	0.397%	261,210	0.429%	8,730,366	0.398%
Housing Authority	0	0.000%	8,433,180	0.395%	260,100	0.427%	8,693,280	0.396%
LARPD	0	0.000%	13,833,231	0.648%	293,003	0.481%	14,126,234	0.644%
ACOE	0	0.000%	832,627	0.039%	27,284	0.045%	859,911	0.039%
Total for all Employers	\$850,522,497	100.000%	\$2,133,528,424	100.000%	\$60,887,451	100.000%	\$2,194,415,875	100.000%

¹ Allocated based on the actual employer contributions within each membership class.

² Allocated based on the actual employer contributions in total, with an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$138,832 in 2020 if they did not make the additional contribution in 2019 to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA.

Notes:

Based on the January 1, 2020 through December 31, 2020 employer contributions as provided by ACERA.

Pension (excluding non-OPEB SRBR)

The Net Pension Liability (NPL) for each membership class is the Total Pension Liability (TPL) minus the Plan's Fiduciary Net Position (plan assets). The Total Pension Liability for each membership class is obtained from internal valuation results. The Plan's Fiduciary Net Position for each membership class is obtained by allocating the total Plan's Fiduciary Net Position for Pension (excluding non-OPEB SRBR) proportionally based on the valuation value of assets for each membership class relative to the total valuation value of assets for all membership classes.¹ The total Plan's Fiduciary Net Position for pension as of December 31, 2020 includes the net fair value of assets less SRBR assets. The SRBR assets include the SRBR-OPEB reserve (after reducing the reserve by the SRBR implicit subsidy transfer), the 401(h) reserve, and the Non-OPEB SRBR reserve, plus a proportionate share of one half of the deferred market gains (after adjustment to replenish the balance in the Contingency Reserve) commensurate with the size of those SRBR reserves and 401(h) reserve to valuation and 401(h) reserves.

The General ACOE membership class has only one employer (ACOE), so all of the NPL for General ACOE is allocated to the ACOE. The General LARPD membership class has only one employer (LARPD), so all of the NPL for General LARPD is allocated to LARPD. The Safety membership class also has only one employer (County), so all of the NPL for Safety is allocated to the County.

For General excluding ACOE and LARPD, the NPL is allocated based on the actual employer contributions within the General membership class excluding any contributions made by ACOE and LARPD. The steps used for the allocation are as follows:

- First calculate the ratio of the employer's contributions to the total contributions for the membership class.
- This ratio is multiplied by the NPL for the membership class to determine the employer's proportionate share of the NPL for the membership class.

Non-OPEB SRBR

The non-OPEB SRBR assets include the Non-OPEB SRBR reserve, plus a proportionate share of one half of the deferred market gains (after adjustment to replenish the balance in the Contingency Reserve) commensurate with the size of the non-OPEB to total SRBR reserves.

For non-OPEB SRBR, the NPL is allocated based on the actual employer contributions in total.² The steps used for the allocation are as follows:

- First calculate the ratio of the employer's total contributions to the total contributions for all employers.
- This ratio is multiplied by the NPL for the non-OPEB SRBR to determine the employer's proportionate share of the NPL for the non-OPEB SRBR.

Total

The employer's total allocated NPL is the sum of its allocated pension NPL from each membership class and the non-OPEB SRBR. The proportionate share of the total plan NPL is then the ratio of the employer's total allocated NPL to the total NPL of all employers.

¹ As of December 31, 2020, the total Plan's Fiduciary Net Position for Pension (excluding non-OPEB SRBR) is \$306.4 million **higher** than the valuation value of assets as of the same date due to the inclusion of deferred market **gains**. The total Plan's Fiduciary Net Position also includes the Contingency Reserve and the deferred market gains for replenishing the Contingency Reserve from \$69.0 million to \$98.7 million.

² Includes an adjustment to reflect the total annual UAAL contribution ACOE would have been required to make of \$138,832 in 2020 if they did not make the additional contribution to partially pay off their UAAL. This approach is outlined in our March 2, 2020 letter and is approved by ACERA.

Schedule of Pension Amounts by Employer as of December 31, 2020

Employer	Net Pension Liability	Deferred Outflows of Resources				Total Deferred Outflows of Resources
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	
Alameda County	\$1,724,179,473	\$42,239,675	\$0	\$293,037,119	\$11,520,977	\$346,797,771
Health System	356,559,512	8,559,363	0	72,609,580	3,818,149	84,987,092
Superior Court	81,267,099	1,950,851	0	16,549,187	5,881,353	24,381,391
First 5	8,730,366	209,576	0	1,777,847	923,064	2,910,487
Housing Authority	8,693,280	208,686	0	1,770,295	438,903	2,417,884
LARPD	14,126,234	3,162,181	0	1,809,278	59,936	5,031,395
ACOE	<u>859,911</u>	<u>705,561</u>	<u>0</u>	<u>48,179</u>	<u>26,280</u>	<u>780,020</u>
Total for all Employers	\$2,194,415,875	\$57,035,893	\$0	\$387,601,485	\$22,668,662	\$467,306,040

Schedule of Pension Amounts by Employer as of December 31, 2020

Employer	Deferred Inflows of Resources				Pension Expense			
	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Alameda County	\$7,854,374	\$286,812,664	\$73,087,610	\$2,547,465	\$370,302,113	\$214,728,025	\$1,555,596	\$216,283,621
Health System	2,621,704	80,123,553	16,608,548	17,345,961	116,699,766	42,784,267	-2,168,534	40,615,733
Superior Court	597,539	18,261,773	3,785,423	1,987,380	24,632,115	9,751,396	483,130	10,234,526
First 5	64,192	1,961,827	406,661	10,197	2,442,877	1,047,575	281,813	1,329,388
Housing Authority	63,919	1,953,493	404,933	693,125	3,115,470	1,043,122	-118,356	924,766
LARPD	156,944	2,342,976	456,158	45,153	3,001,231	2,129,738	-16,303	2,113,435
ACOE	<u>1,159</u>	<u>106,696</u>	<u>42,477</u>	<u>39,381</u>	<u>189,713</u>	<u>344,092</u>	<u>-17,346</u>	<u>326,746</u>
Total for all Employers	\$11,359,831	\$391,562,982	\$94,791,810	\$22,668,662	\$520,383,285	\$271,828,215	\$0	\$271,828,215

Schedule of Pension Amounts by Employer as of December 31, 2020

Notes:

Amounts shown in this exhibit were allocated first by employer within each of the four pension plan membership class (excl. non-OPEB SRBR) and within the non-OPEB SRBR based on the Employer Allocation Percentage calculated in Exhibit A2, and added together to produce the results by employer in total.

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current-period (i.e., 2020) differences between expected and actual experience and changes of assumptions are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through ACERA determined as of December 31, 2019 (the beginning of the measurement period ending December 31, 2020) and is 5.26 years.
- Prior-period differences between expected and actual experience and changes of assumptions are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

The average of the expected remaining service lives of all employees was determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employees and nonactive and retired members.

There was a decrease in the total employer pension expense from \$420.5 million calculated last year to \$271.8 million calculated this year. The primary cause of the decrease was due to the full recognition of: (a) expense from assumption changes implemented in the December 31, 2014 valuation and (b) investment loss from the December 31, 2015 valuation used in developing last year's pension expense.