



Actuarial Valuation Report

State of Oklahoma

State of Oklahoma's Other Postemployment Benefits

For the Fiscal Year Ending June 30, 2025

Measurement Date July 1, 2024



Introduction

This report documents the results of the actuarial valuation for the fiscal year ending June 30, 2025 of the State of Oklahoma's Other Postemployment Benefits for the State of Oklahoma. The plan is a single-employer plan and does not issue a separate financial statement. As a result, all reporting requirements are included in the employer's financial statement. These results are based on a Measurement Date of July 1, 2024. The information provided in this report is intended strictly for documenting information relating to company and plan disclosure and reporting requirements.

Determinations for purposes other than the financial accounting requirements may be significantly different from the results in this report. Thus, the use of this report for purposes other than those expressed here may not be appropriate.

This valuation has been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board. In addition, the valuation results are based on our understanding of the financial accounting and reporting requirements under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75 (GASB 75) including any guidance or interpretations provided by the Company and/or its audit partners prior to the issuance of this report. The information in this report is not intended to supersede or supplant the advice and interpretations of the State of Oklahoma's auditors. Additional disclosures may be required under GASB 74.

A valuation model was used to develop the liabilities for this valuation. The valuation model relies on ProVal software, which was developed by Winklevoss Technologies, LLC. Experts within Aon selected this software and determined it is appropriate for performing valuations. We coded and reviewed the software for the provisions, assumptions, methods, and data of the State of Oklahoma's Other Postemployment Benefits.

Models are used to estimate underlying per capita medical and prescription drug claim costs subsequently utilized as assumption inputs for valuation models used to develop the liabilities for the 2023 and future valuations. Models are also used to develop underlying future trend rates for Medicare Advantage plans. The Aon consulting team leveraged expertise of Health experts within Aon as it relates to reviewing the models for development of the per capita claims costs and future trend rates.

Based on the actuary's experience and professional expertise, the claims development methodology followed generally accepted actuarial practices and is consistent with applicable ASOPs. Based on comparison of the historical actual claims costs, we believe the assumed per capita claims costs are reasonable and representative of future costs.

The valuation model outputs various cost scenarios. The "1 percent increase" and "1 percent decrease" interest rate scenarios vary only the discount rate assumption, in order to illustrate the impact of a change in that assumption in isolation. In practice, certain other assumptions, such as the expected or realized asset returns, would also be expected to vary when the discount rate changes. Therefore, the output from these scenarios should be used solely for assessing the impact of the discount rate in isolation and may not represent a realistic set of results for other purposes.

The “1 percent increase” and “1 percent decrease” healthcare cost trend scenarios vary only the healthcare cost trend assumption, in order to illustrate the impact of a change in that assumption in isolation. Therefore, the output from these scenarios should be used solely for assessing the impact of the healthcare cost trend in isolation and may not represent a realistic set of results for other purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to (but not limited to) such factors as the following:

- Plan experience differing from that anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- Changes in plan provisions or applicable law.

Due to the limited scope of our assignment, we did not perform an analysis of the potential range of such future measurements.

Funded status measurements shown in this report are determined based on various measures of plan assets and liabilities. For entity and plan disclosure and reporting purposes, funded status is determined using plan assets measured at market value. Plan liabilities are measured based on the interest rates and other assumptions summarized in the Actuarial Assumptions and Methods section of this report.

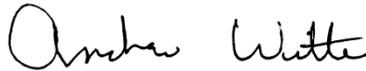
These funded status measurements may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations, and funded status measurements for the State of Oklahoma and plan disclosure and reporting purposes may not be appropriate for assessing the need for or the amount of future contributions. In conducting the valuation, we have relied on personnel, plan design, health care claim cost, and asset information supplied by State of Oklahoma as of the valuation date. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

The actuarial assumptions and methods used in this valuation are described in the Actuarial Assumptions and Methods section of this report. The State of Oklahoma selected the economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

The undersigned are familiar with the near-term and long-term aspects of OPEB valuations and collectively meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. The information provided in this report is dependent upon various factors as documented throughout this report, which may be subject to change. Each section of this report is considered to be an integral part of the actuarial opinions.

To our knowledge, no colleague of Aon providing services to the State of Oklahoma has any material direct or indirect financial interest in State of Oklahoma. Thus, we believe there is no relationship existing that might affect our capacity to prepare and certify this actuarial report for the State of Oklahoma.

State of Oklahoma.



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Accounting Requirements

Development of GASB 75 Net OPEB Expense

Calculation Details

The following table illustrates the Net OPEB Liability under GASB 75.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving Payment	\$ 54,641,032	\$ 44,962,091
(b) Active Participants	<u>145,142,807</u>	<u>154,908,264</u>
(c) Total	\$ 199,783,839	\$ 199,870,355
(2) Plan Fiduciary Net Position	<u>0</u>	<u>0</u>
(3) Net OPEB Liability	\$ 199,783,839	\$ 199,870,355
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	N/A	N/A
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	\$ 10,002,645	TBD

Expense

The following table illustrates the OPEB expense under GASB 75.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Service Cost	\$ 4,765,460	\$ 8,890,163
(2) Interest Cost	4,489,632	7,435,689
(3) Expected Investment Return	0	0
(4) Employee Contributions	0	0
(5) Administrative Expense	0	0
(6) Plan Changes	0	0
(7) Amortization of Unrecognized		
(a) Liability (Gain)/Loss	(837,919)	(1,059,516)
(b) Asset (Gain)/Loss	0	0
(c) Assumption Change (Gain)/Loss	<u>9,786,568</u>	<u>10,935,392</u>
(8) Total Expense	\$ 18,203,741	\$ 26,201,728

Shown below are details regarding the calculation of Service Cost, Interest Cost and Expected Investment Return components of the Expense.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) Development of Service Cost:		
(a) Normal Cost at Beginning of Measurement Period	\$ 4,765,460	\$ 8,890,163
(2) Development of Interest Cost:		
(a) Total OPEB Liability at Beginning of Measurement Period	\$ 127,072,555	\$ 199,783,839
(b) Normal Cost at Beginning of Measurement Period	4,765,460	8,890,163
(c) Actual Benefit Payments	(10,112,431)	(10,002,645)
(d) Discount Rate	<u>3.54%</u>	<u>3.65%</u>
(e) Interest Cost	\$ 4,489,632	\$ 7,435,689
(3) Development of Expected Investment Return:		
(a) Plan Fiduciary Net Position at Beginning of Measurement Period	\$ 0	\$ 0
(b) Actual Contributions – Employer	10,112,431	10,002,645
(c) Actual Contributions – Employee	0	0
(d) Actual Benefit Payments	(10,112,431)	(10,002,645)
(e) Administrative Expenses	0	0
(f) Other	0	0
(g) Expected Return on Assets	<u>N/A</u>	<u>N/A</u>
(h) Expected Return	\$ 0	\$ 0

Reconciliation of Net OPEB Liability

Shown below are details regarding the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for the Measurement Period from July 1, 2023 to July 1, 2024:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance Recognized at 6/30/2024 (Based on 7/1/2023 Measurement Date)	\$ 199,783,839	\$ 0	\$ 199,783,839
Changes Recognized for the Fiscal Year:			
Service Cost	\$ 8,890,163	N/A	\$ 8,890,163
Interest on the Total OPEB Liability	7,435,689	N/A	7,435,689
Changes of Benefit Terms	0	N/A	0
Differences Between Expected and Actual Experience	(2,112,229)	N/A	(2,112,229)
Changes of Assumptions	(4,124,462)	N/A	(4,124,462)
Benefit Payments	(10,002,645)	(10,002,645)	0
Contributions From the Employer	N/A	10,002,645	(10,002,645)
Contributions From the Employee	N/A	0	0
Net Investment Income	N/A	0	0
Administrative Expense	N/A	0	0
Net Changes	\$ 86,516	\$ 0	\$ 86,516
Balance Recognized at 6/30/2025 (Based on 7/1/2024 Measurement Date)	\$ 199,870,355	\$ 0	\$ 199,870,355

Liability (Gain)/Loss

The following table illustrates the liability gain/loss under GASB 75.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) OPEB Liability at Beginning of Measurement Period	\$ 127,072,555	\$ 199,783,839
(2) Service Cost	4,765,460	8,890,163
(3) Interest on the Total OPEB Liability	4,489,632	7,435,689
(4) Changes of Benefit Terms	0	0
(5) Changes of Assumptions	77,671,330	(4,124,462)
(6) Benefit Payments	<u>(10,112,431)</u>	<u>(10,002,645)</u>
(7) Expected OPEB Liability at End of Measurement Period	\$ 203,886,546	\$ 201,982,584
(8) Actual OPEB Liability at End of Measurement Period	<u>199,783,839</u>	<u>199,870,355</u>
(9) OPEB Liability (Gain)/Loss	\$ (4,102,707)	\$ (2,112,229)
(10) Average Future Working Life Expectancy	<u>6.66</u>	<u>6.88</u>
(11) OPEB Liability (Gain)/Loss Amortization	\$ (616,022)	\$ (307,010)

Asset (Gain)/Loss

The following table illustrates the asset gain/loss under GASB 75.

	Fiscal Year Ending 6/30/2024	Fiscal Year Ending 6/30/2025
(1) OPEB Asset at Beginning of Measurement Period	\$ 0	\$ 0
(2) Contributions – Employer	10,112,431	10,002,645
(3) Contributions – Employee	0	0
(4) Expected Investment Income	0	0
(5) Benefit Payments	(10,112,431)	(10,002,645)
(6) Administrative Expense	0	0
(7) Other	<u>0</u>	<u>0</u>
(8) Expected OPEB Asset at End of Measurement Period	\$ 0	\$ 0
(9) Actual OPEB Asset at End of Measurement Period	<u>0</u>	<u>0</u>
(10) OPEB Asset (Gain)/Loss	\$ 0	\$ 0
(11) Amortization Factor	<u>5.00</u>	<u>5.00</u>
(12) OPEB Asset (Gain)/Loss Amortization	\$ 0	\$ 0

Deferred Outflows/Inflows

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2025 under GASB 75.

	Deferred Outflows	Deferred Inflows
(1) Difference Between Actual and Expected Experience	\$ 0	\$ 5,003,308
(2) Net Difference Between Expected and Actual Earnings on OPEB Plan Investments	0	0
(3) Assumption Changes	<u>57,382,726</u>	<u>10,296,161</u>
(4) Sub Total	\$ 57,382,726	\$ 15,299,469
(5) Contributions Made in Fiscal Year Ending 6/30/2025 After Measurement Date	<u>TBD</u>	<u>N/A</u>
(6) Total	\$ TBD	\$ 15,299,469

Amortization of Deferred Inflows/Outflows

The table below lists the amortization bases included in the deferred inflows/outflows as of June 30, 2025.

Date Established	Type of Base	Period		Balance		Annual Payment
		Original	Remaining	Original	Remaining	
6/30/2020	Liability (Gain)/Loss	6.76	1.76	(559,968)	(145,788)	(82,836)
6/30/2021	Liability (Gain)/Loss	6.75	2.75	(109,120)	(44,456)	(16,166)
6/30/2022	Liability (Gain)/Loss	6.66	3.66	(249,628)	(137,182)	(37,482)
6/30/2023	Liability (Gain)/Loss	6.66	4.66	(4,102,707)	(2,870,663)	(616,022)
6/30/2024	Liability (Gain)/Loss	6.88	5.88	(2,112,229)	(1,805,219)	(307,010)
6/30/2020	Assumptions	6.76	1.76	11,661,460	3,036,120	1,725,068
6/30/2021	Assumptions	6.75	2.75	(67,911)	(27,667)	(10,061)
6/30/2022	Assumptions	6.66	3.66	(12,270,991)	(6,743,518)	(1,842,491)
6/30/2023	Assumptions	6.66	4.66	77,671,330	54,346,606	11,662,362
6/30/2024	Assumptions	6.88	5.88	<u>(4,124,462)</u>	<u>(3,524,976)</u>	<u>(599,486)</u>
	Total Charges			65,735,774	42,083,257	9,875,876

Amounts Recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year End June 30:

2026	\$	9,875,876
2027	\$	9,481,744
2028	\$	8,240,202
2029	\$	8,899,063
2030	\$	6,384,087
Total Thereafter	\$	(797,715)

Interest Rate Sensitivity

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2024:

	1% Decrease (2.65%)	Current Rate (3.65%)	1% Increase (4.65%)
(1) Total OPEB Liability	\$ 214,856,037	\$ 199,783,839	\$ 185,644,185
(2) Plan Fiduciary Net Position	0	0	0
(3) Net OPEB Liability (Asset)	\$ 214,856,037	\$ 199,783,839	\$ 185,644,185

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2025:

	1% Decrease (2.93%)	Current Rate (3.93%)	1% Increase (4.93%)
(1) Total OPEB Liability	\$ 214,937,572	\$ 199,870,355	\$ 185,767,469
(2) Plan Fiduciary Net Position	0	0	0
(3) Net OPEB Liability (Asset)	\$ 214,937,572	\$ 199,870,355	\$ 185,767,469

Healthcare Cost Trend Sensitivity

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2024:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	\$ 179,888,142	\$ 199,783,839	\$ 223,119,244
(2) Plan Fiduciary Net Position	0	0	0
(3) Net OPEB Liability (Asset)	\$ 179,888,142	\$ 199,783,839	\$ 223,119,244

The following table illustrates the impact of healthcare cost trend sensitivity on the Net OPEB Liability for fiscal year ending June 30, 2025:

	1% Decrease	Trend Rate	1% Increase
(1) Total OPEB Liability	\$ 178,659,627	\$ 199,870,355	\$ 224,814,652
(2) Plan Fiduciary Net Position	0	0	0
(3) Net OPEB Liability (Asset)	\$ 178,659,627	\$ 199,870,355	\$ 224,814,652

Disclosure – Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios¹

	Fiscal Year Ending				
	2016	2017	2018	2019	2020
Total OPEB Liability					
Service Cost	N/A	N/A	\$ 5,919,685	\$ 5,189,771	\$ 5,180,826
Interest Cost	N/A	N/A	4,497,315	5,306,629	5,634,290
Changes of Benefit Terms	N/A	N/A	0	0	0
Differences Between Expected and Actual Experiences	N/A	N/A	0	(1,242,437)	(611,029)
Changes of Assumptions	N/A	N/A	(7,404,259)	(539,662)	(12,507,142)
Benefit Payments	N/A	N/A	(12,706,088)	(11,008,441)	(11,698,492)
Net Change in Total OPEB Liability	N/A	N/A	\$ (9,693,347)	\$ (2,294,140)	\$ (14,001,547)
Total OPEB Liability (Beginning)	<u>N/A</u>	<u>N/A</u>	<u>158,189,265</u>	<u>148,495,918</u>	<u>146,201,778</u>
Total OPEB Liability (Ending)	N/A	\$ 158,189,265	\$ 148,495,918	\$ 146,201,778	\$ 132,200,231
Plan Fiduciary Net Position					
Contributions—Employer	N/A	N/A	\$ 12,706,088	\$ 11,008,441	\$ 11,698,492
Contributions—Member	N/A	N/A	0	0	0
Net Investment Income	N/A	N/A	0	0	0
Benefit Payments	N/A	N/A	(12,706,088)	(11,008,441)	(11,698,492)
Administrative Expense	N/A	N/A	0	0	0
Other	N/A	N/A	0	0	0
Net Change in Plan Fiduciary Net Position	N/A	N/A	\$ 0	\$ 0	\$ 0
Plan Fiduciary Net Position (Beginning)	<u>N/A</u>	<u>N/A</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position (Ending)	N/A	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability (Ending)	N/A	\$ 158,189,265	\$ 148,495,918	\$ 146,201,778	\$ 132,200,231
Net Position as a Percentage of OPEB Liability	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	N/A	\$ 1,521,793,857	\$ 1,537,568,995	\$ 1,585,454,834	\$ 1,696,478,068
Net OPEB Liability as a Percentage of Payroll	N/A	9.70%	9.66%	9.22%	8.38%

¹ GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Disclosure – Changes in the Net OPEB Liability and Related Ratios

Changes in the Net OPEB Liability and Related Ratios¹

	Fiscal Year Ending				
	2021	2022	2023	2024	2025
Total OPEB Liability					
Service Cost	\$ 4,910,509	\$ 6,213,935	\$ 6,151,815	\$ 4,765,460	\$ 8,890,163
Interest Cost	4,625,647	3,161,622	3,061,562	4,489,632	7,435,689
Changes of Benefit Terms	0	0	0	0	0
Differences Between Expected and Actual Experiences	(559,968)	(109,120)	(249,628)	(4,102,707)	(2,112,229)
Changes of Assumptions	11,661,460	(67,911)	(12,270,991)	77,671,330	(4,124,462)
Benefit Payments	(10,744,500)	(10,552,640)	(10,359,468)	(10,112,431)	(10,002,645)
Net Change in Total OPEB Liability	\$ 9,893,148	\$ (1,354,114)	\$ (13,666,710)	\$ 72,711,284	\$ 86,516
Total OPEB Liability (Beginning)	<u>132,200,231</u>	<u>142,093,379</u>	<u>140,739,265</u>	<u>127,072,555</u>	<u>199,783,839</u>
Total OPEB Liability (Ending)	\$ 142,093,379	\$ 140,739,265	\$ 127,072,555	\$ 199,783,839	\$ 199,870,355
Plan Fiduciary Net Position					
Contributions—Employer	\$ 10,744,500	\$ 10,552,640	\$ 10,359,468	\$ 10,112,431	\$ 10,002,645
Contributions—Member	0	0	0	0	0
Net Investment Income	0	0	0	0	0
Benefit Payments	(10,744,500)	(10,552,640)	(10,359,468)	(10,112,431)	(10,002,645)
Administrative Expense	0	0	0	0	0
Other	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Plan Fiduciary Net Position (Beginning)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Plan Fiduciary Net Position (Ending)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability (Ending)	\$ 142,093,379	\$ 140,739,265	\$ 127,072,555	\$ 199,783,839	\$ 199,870,355
Net Position as a Percentage of OPEB Liability	N/A	N/A	N/A	N/A	N/A
Covered-Employee Payroll	\$ 1,729,591,552	\$ 1,773,431,078	\$ 1,933,574,089	\$ 2,160,930,533	TBD
Net OPEB Liability as a Percentage of Payroll	8.22%	7.17%	6.57%	9.25%	TBD

¹ GASB 75 was effective first for employer fiscal years beginning after June 15, 2017.

Appendix

Participant Data

Participant Data

The actuarial valuation was based on personnel information from State of Oklahoma records as of July 1, 2023. Following are some of the pertinent characteristics from the personnel data as of that date. Prior valuation characteristics are also provided for comparison purposes. Both age and service have been determined using years and months as of the valuation date.

	July 1, 2021	July 1, 2023
Health Care Participants		
Active Participants		
Number	31,223	31,223
Average Age	46.1	46.2
Average Service	11.0	10.9
Inactive Participants		
Retirees and Surviving Spouses	2,206	1,817
Average Age	60.7	60.8
Covered Spouses	291	240
Average Age	59.2	59.1
Total Participants		
Number	33,720	33,280

Age—Service Distribution

July 1, 2023

Age	Completed Years of Employment									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
< 20	49	0	0	0	0	0	0	0	0	49
20-24	1,009	21	0	0	0	0	0	0	0	1,030
25-29	2,088	422	24	0	0	0	0	0	0	2,534
30-34	1,724	1,193	350	32	0	0	0	0	0	3,299
35-39	1,439	1,015	837	376	9	0	0	0	0	3,676
40-44	1,354	881	721	916	201	12	0	0	0	4,085
45-49	1,193	738	566	721	597	183	3	0	0	4,001
50-54	1,027	662	575	598	498	512	150	11	0	4,033
55-59	774	592	475	531	388	415	359	127	10	3,671
60+	750	785	720	719	466	399	346	326	334	4,845
Total	11,407	6,309	4,268	3,893	2,159	1,521	858	464	344	31,223

Average Age as of Valuation Date 46.2

Average Service as of Valuation Date 10.9

Health Care Claims Development

Health Care Claims Development

The sample per capita claims cost assumptions shown below by age and benefit represent the true underlying baseline experience estimated for State of Oklahoma's sponsored postretirement benefits and costs. These rates were used in the expense calculation for the period 7/1/2023-6/30/2024 and disclosures as of 6/30/2024, and projected at assumed trend for the expense calculation for the period 7/1/2024-6/30/2025 and disclosures as of 6/30/2025.

Age	Medical	Rx	Admin	Total
40	\$4,312	\$1,393	\$382	\$6,087
45	\$4,998	\$1,761	\$382	\$7,141
50	\$5,994	\$2,216	\$382	\$8,592
55	\$7,363	\$2,788	\$382	\$10,533
60	\$9,132	\$3,491	\$382	\$13,005

The pre-65 average medical per capita claims costs were developed from actual claims experience and enrollment for the two-year period January 1, 2022 through December 31, 2023 and estimated for calendar 2021. The pre-65 average Rx per capita claims costs were developed from actual claims experience and enrollment for the three-year period April 1, 2021 through March 31, 2024. Claims and enrollment information was provided by State of Oklahoma's health care vendors. The annualized paid claims experience for each respective historical base period was adjusted to an incurred basis by assuming claim lag of two months for medical and one-half months for prescription drugs. Rx rebates of 42% were assumed based on actual rebates from calendar 2023. The average medical and Rx per capita claims costs from each respective historical base period were trended to the mid-point of the annual period following the valuation date.

To improve the credibility of a single projection estimate, a combination of estimates from the distinct historical periods was used, placing 50% credibility to the most recent twelve months, 33 1/3% credibility to the twelve months prior, and 16 2/3% credibility to the oldest twelve month period. Finally, average medical and Rx per capita claims costs were then age-adjusted based on the demographics of the population and the assumed health care aging factors shown in the table below.

Pre-65 per-capita administration costs were developed and added onto the claim cost assumptions using information supplied by State of Oklahoma. These administrative costs were converted from a per-employee basis to a per-member basis using the most recent census. For fiscal 2024, \$382 annually was added for each pre-65 retiree and spouse. This amount was not age graded.

Health Care Aging (Morbidity) Factors:

Since health care costs increase with age, and an OPEB valuation is by its nature an analysis of a closed group that will age throughout the measurement, the effect that this aging of the population will have on claims costs must be reflected in the valuation. The claim costs for medical and prescription drugs were assumed to increase with age according to the table below.

Age Band	Medical	Rx
40-44	3.00%	4.80%
45-49	3.70%	4.70%
50-54	4.20%	4.70%
55-59	4.40%	4.60%
60-64	3.70%	4.60%

The aging factor assumptions shown above were based on normative data analyses, along with consideration of the results from the 2013 Society of Actuaries sponsored study “Health Care Costs—From Birth to Death” prepared by Dale H. Yamamoto, reporting on the effect of age on claims costs. In addition to age, this study shows the effect of service type (medical vs. pharmacy) and gender on claims costs. We believe they are reasonable and representative of future cost differences due to age.

Health Care Cost Trend Rates:

The health care cost trend assumptions shown below were based on national average information from a variety of sources, including S&P Healthcare Economic Index, NHE data, plan renewal data, and vendor Rx reports, with adjustments based on the provisions of the benefits sponsored by State of Oklahoma.

Year	Medical	Rx	Composite Med/Rx	Admin	Composite Med/Rx/Admin
2023-2024	7.50%	10.00%	8.10%	3.00%	7.80%
2024-2025	7.25%	9.50%	7.80%	3.00%	7.55%
2025-2026	7.00%	9.00%	7.50%	3.00%	7.25%
2026-2027	6.65%	8.35%	7.05%	3.00%	6.90%
2027-2028	6.30%	7.70%	6.65%	3.00%	6.50%
2028-2029	5.95%	7.05%	6.20%	3.00%	6.10%
2029-2030	5.55%	6.45%	5.80%	3.00%	5.65%
2030-2031	5.20%	5.80%	5.35%	3.00%	5.25%
2031-2032	4.85%	5.15%	4.95%	3.00%	4.85%
2032-2033	4.50%	4.50%	4.50%	3.00%	4.45%

Inflation Reduction Act – Trend

Prescription drug costs and trends have not been adjusted for the provisions introduced in the IRA related to Medicare’s price negotiations with manufacturers. There is significant uncertainty about the net impact of those negotiations to Part D plan costs. Components of net plan cost other than list price are expected to be impacted, including member cost, manufacturer rebates, manufacturer discounts, federal reinsurance and federal direct subsidy. Reasonable estimates of the net impact of those components combined could result in plan cost that is higher, lower, or unchanged.

Health Care Reform Excise Tax Adjustment:

The “Further Consolidated Appropriations Act, 2020” signed into law on December 20, 2019, included a permanent repeal of the excise tax on high-cost plans (a.k.a. “the Cadillac tax”) originally imposed by the Affordable Care Act in 2010. As a result, there is no impact from the excise tax in the valuation.

Actuarial Assumptions and Methods

Actuarial Assumptions and Methods

Measurement Date	July 1, 2024
Census Date	July 1, 2023
Discount rate as of July 1, 2023	3.65%
Discount rate as of July 1, 2024	3.93%
Expected Rate of Return on Assets	N/A, the plan is unfunded and benefits are not paid from a qualifying Trust

Salary Scale

<ul style="list-style-type: none"> Applicable for participants of Oklahoma Public Employees Retirement System (other than elected officials or Hazardous Duty employees), Pathfinder, or Oklahoma Department of Wildlife Conservation Defined Benefit Plan 	Age Group	Percent Increase
	20	9.25%
	25	7.55%
	30	6.05%
	35	5.25%
	40	4.95%
	45	4.55%
	50	4.25%
	55	4.05%
	60	3.55%
65	3.25%	
<ul style="list-style-type: none"> Applicable for participants of Oklahoma Law Enforcement Retirement System (Sample rates shown) 	Service Group	Percent Increase
	0	10.00%
	5	7.25%
	10	4.25%
	15	3.75%
	20	3.70%
25	3.50%	
<ul style="list-style-type: none"> Applicable for participants of Teachers' Retirement System of Oklahoma 	Service Group	Percent Increase
	0	11.00%
	1-2	4.50%
	3-4	4.25%
	5-11	4.00%
	12-17	3.75%
	18-21	3.50%
	22-24	3.25%
25+	3.00%	
<ul style="list-style-type: none"> Applicable for participants of Uniform Retirement System of Justices & Judges 	Salary Increases: 3.50% per year	

Employees Included in the Calculation All current employees.

Retirement Rates

- Applicable for participants of Oklahoma Public Employees Retirement System (other than elected officials or Hazardous Duty employees), Pathfinder, or Oklahoma Department of Wildlife Conservation Defined Benefit Plan See Table A
- Applicable for elected officials of Oklahoma Public Employees Retirement System See Table B
- Applicable for Hazardous Duty employees of Oklahoma Public Employees Retirement System See Table C
- Applicable for participants of Oklahoma Law Enforcement Retirement System See Table D
- Applicable for participants of Teachers' Retirement System of Oklahoma See Table E
- Applicable for participants of Uniform Retirement System of Justices & Judges See Table F

Mortality Rates

Pub-2010 Public Retirement Plans General Mortality Table weighted by Headcount projected by MP-2021 as of July 1, 2023

Withdrawal Rates

- Applicable for participants of Oklahoma Public Employees Retirement System (including elected officials and Hazardous Duty employees), Pathfinder, and Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan See Table G
- Applicable for participants of Oklahoma Law Enforcement Retirement System See Table H
- Applicable for participants of Teachers' Retirement System of Oklahoma See Table I
- Applicable for participants of Uniform Retirement System of Justices & Judges 2% for all years of service prior to retirement eligibility in the pension plan

Disability Rates

- Applicable for participants of Oklahoma Public Employees Retirement System (other than Hazardous Duty employees), Pathfinder, or Oklahoma Department of See Table J

Wildlife Conservation Defined Benefit Plan
(Sample rates shown)

- Applicable for Hazardous Duty employees of Oklahoma Public Employees Retirement System (Sample rates shown) See Table K
- Applicable for participants of Oklahoma Law Enforcement Retirement System (Sample rates shown) See Table L
- Applicable for participants of Teachers' Retirement System of Oklahoma (Sample rates shown) See Table M
- Applicable for participants of Uniform Retirement System of Justices & Judges 0%

Plan Participation

65% of retired employees are assumed to participate.

Marital Assumption

Male Participants: 25% of those who elect coverage are assumed to have a spouse that will receive coverage. Males are assumed to be four years older than their spouses.

Female Participants: 15% of those who elect coverage are assumed to have a spouse that will receive coverage. Males are assumed to be four years older than their spouses.

Market-related value of assets

Not applicable

Cost Method

Entry Age Normal based upon salary

Attribution

Entry Date is Date of hire

Health Care Reform

We reviewed the anticipated impact of Health Care Reform and estimate that it will have little impact on the liabilities of this plan, based upon our understanding of the legislation.

Actuarial Assumptions

Table A
Retirement Rates

Age	Hired Prior to 11/1/11		Hired on or After 11/1/11	
	Eligible for Unreduced Ret	Eligible for Reduced Ret	Eligible for Unreduced Ret	Eligible for Reduced Ret
50	15%	N/A	N/A	N/A
51	15%	N/A	N/A	N/A
52	15%	N/A	N/A	N/A
53	15%	N/A	N/A	N/A
54	15%	N/A	N/A	N/A
55	10%	4%	N/A	N/A
56	10%	4%	N/A	N/A
57	11%	4%	N/A	N/A
58	12%	4%	N/A	N/A
59	13%	5%	N/A	N/A
60	14%	5%	30/15%*	5%
61	20%	11%	30/15%*	6%
62	25%	N/A	30/15%*	6%
63	15%	N/A	30/15%*	6%
64	15%	N/A	30/15%*	13%
65	30%	N/A	30/15%*	N/A
66	30%	N/A	25%	N/A
67	30%	N/A	25%	N/A
68	30%	N/A	25%	N/A
69	30%	N/A	25%	N/A
70	40%	N/A	50%	N/A
71	40%	N/A	50%	N/A
72	40%	N/A	50%	N/A
73	40%	N/A	50%	N/A
74	40%	N/A	50%	N/A
75	100%	N/A	100%	N/A

*30% when first eligible and 15% thereafter

Actuarial Assumptions

Table B
Retirement Rates

Age	Hired Prior to 11/1/11		Hired on or After 11/1/11	
	Eligible for Unreduced Ret	Eligible for Reduced Ret	Eligible for Unreduced Ret	Eligible for Reduced Ret
50	25%	N/A	N/A	N/A
51	25%	N/A	N/A	N/A
52	25%	N/A	N/A	N/A
53	25%	N/A	N/A	N/A
54	25%	N/A	N/A	N/A
55	20%	7%	N/A	N/A
56	20%	7%	N/A	N/A
57	20%	7%	N/A	N/A
58	20%	7%	N/A	N/A
59	20%	7%	N/A	N/A
60	20%	N/A	N/A	10%
61	20%	N/A	N/A	10%
62	20%	N/A	20%	N/A
63	20%	N/A	20%	N/A
64	20%	N/A	20%	N/A
65	20%	N/A	20%	N/A
66	20%	N/A	20%	N/A
67	35%	N/A	35%	N/A
68	35%	N/A	35%	N/A
69	35%	N/A	35%	N/A
70	35%	N/A	35%	N/A
71	35%	N/A	35%	N/A
72	35%	N/A	35%	N/A
73	35%	N/A	35%	N/A
74	35%	N/A	35%	N/A
75	100%	N/A	100%	N/A

Actuarial Assumptions

Table C

Retirement Rates

Hired Prior to 11/1/2011				Hired on or After 11/1/2011			
Less Than 20 Yrs of Service		at Least 20 Yrs of Service		Less Than 20 Yrs of Service		at Least 20 Yrs of Service	
Age	Rate	Service	Rate	Age	Rate	Service	Rate
50	N/A	20	25%	50	N/A	20	25%
51	N/A	21	25%	51	N/A	21	25%
52	N/A	22	20%	52	N/A	22	20%
53	N/A	23-24	15%	53	N/A	23-24	15%
54	N/A	25-29	23%	54	N/A	25-29	23%
55	4%	30-34	25%	55	N/A	30-34	25%
56	5%	35+	100%	56	N/A	35+	100%
57	5%			57	N/A		
58	5%			58	N/A		
59	5%			59	N/A		
60	5%			60	7%		
61	20%			61	20%		
62	40%			62	20%		
63	22%			63	20%		
64	25%			64	20%		
65	40%			65	40%		
66	25%			66	25%		
67	25%			67	23%		
68	25%			68	22%		
69	25%			69	21%		
70	100%			70	100%		

Actuarial Assumptions

Table D

Retirement Rates

Service	Rate
20	10%
21	10%
22	10%
23	10%
24	10%
25	15%
26	15%
27	15%
28	15%
29	20%
30	25%
31	30%
32	35%
33	45%
34	60%
35+	100%

*100% at age 75

Actuarial Assumptions

Table E
Retirement Rates

Age	Eligible for Unreduced Retirement		Eligible for Reduced Retirement	
	Male	Female	Male	Female
50	12%	12%	0.0%	0.0%
51	12%	12%	0.0%	0.0%
52	12%	12%	0.0%	0.0%
53	12%	12%	0.0%	0.0%
54	12%	12%	0.0%	0.0%
55	12%	12%	1.0%	1.3%
56	12%	14%	1.3%	1.5%
57	12%	14%	1.5%	1.5%
58	12%	14%	1.8%	1.8%
59	12%	14%	2.0%	2.5%
60	12%	16%	2.8%	4.5%
61	16%	20%	3.5%	5.0%
62	25%	25%	10.0%	10.0%
63	18%	20%	7.5%	7.5%
64	18%	20%	7.5%	7.5%
65	25%	30%		
66	25%	30%		
67	25%	30%		
68	25%	30%		
69	25%	30%		
70	25%	30%		
71	25%	30%		
72	25%	30%		
73	25%	30%		
74	25%	30%		
75	100%	100%		

Actuarial Assumptions

Table F

Retirement Rates

Age	Rate
59	10%
60	10%
61	10%
62	15%
63	15%
64	15%
65	15%
66	15%
67	20%
68	20%
69	25%
70	25%
71	25%
72	25%
73	25%
74	25%
75	100%

**Table
G**

Withdrawal Rates

Service	Rate
0	26%
1	22%
2	18%
3	14%
4	12%
5	11%
6	9%
7	8%
8	7%
9	7%
10	6%
11	6%
12	5%
13	5%
14	5%
15	4%
16	4%
17	4%
18	4%
19	3%
20	3%
21	3%
22	3%
23	2%
24	2%
25	2%
26	2%
27	1%
28	1%

Actuarial Assumptions

Table H

Withdrawal Rates

Service	Rate
0	12%
2	6%
4	4%
6	2%
8	2%
10	2%
15	2%
20	0%

Table I

Withdrawal Rates

Service	Rate
0	35.00%
1	16.00%
2	14.00%
3	12.00%
4	10.00%
5	9.00%
6	8.00%
7	7.50%
8	7.00%
9	6.50%
10	6.00%
11	5.50%
12	5.00%
13	4.50%
14	4.00%
15	3.75%
16	3.50%
17	3.50%
18	3.00%
19	3.00%
20	2.50%
21	2.50%
22	2.50%
23	2.50%
24	1.50%
25	1.50%

Actuarial Assumptions

Table J

Disability Rates

Age	Rate
20	0.009%
30	0.009%
40	0.022%
50	0.139%
60	0.200%

Table K

Disability Rates

Age	Rate
20	0.009%
30	0.022%
40	0.058%
50	0.180%
60	0.400%

Table L

Disability Rates

Age	Rate
20	0.020%
30	0.070%
40	0.220%
50	0.650%
60	2.200%

Table M

Disability Rates

Age	Males	Females
25	0.020%	0.018%
30	0.020%	0.018%
35	0.028%	0.036%
40	0.053%	0.090%
45	0.081%	0.144%
50	0.243%	0.216%
55	0.365%	0.333%
60	0.142%	0.234%
65	0.000%	0.000%

Changes in Assumptions

- The discount rate to calculate liabilities was changed from 3.65% as of July 1, 2023 to 3.93% as of July 1, 2024. These discount rates use the Bond Buyer GO 20-Bond Municipal Bond Index as of those applicable dates.

Actuarial Assumptions and Methods

Discussion of Actuarial Assumptions and Methods

State of Oklahoma selected the economic, demographic and health care claim cost assumptions and prescribed them for use for purposes of compliance with GASB 75. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

Calculation of Normal Costs and Liabilities

The method used to calculate the service cost and accumulated postretirement benefit obligation for determining OPEB expense is the entry age normal cost method. Under this cost method, the actuarial accrued liability is based on a prorated portion of the present value of all benefits earned to date over expected future working lifetime as defined by GASB. The proration is determined so that the cost with respect to service accrued from date of hire is recognized as a level percentage of pay each year. The Normal Cost is equal to the prorated cost for the year of the valuation.

Accounting Information Under GASB 75

Benefit obligations and expense/(income) are calculated under U.S. Generally Accepted Accounting Principles as set forth in Government Accounting Standards Board Statement 75.

The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date. The service cost represents the actuarial present value of benefits that are attributed to the 2025 fiscal year, reflecting the effect of assumed future health care claim cost and/or pay increases.

The total OPEB liability represents the actuarial present value of benefits based on the entry age normal cost method as of the measurement date reflecting all normal costs over the period when benefits were earned.

The OPEB expense is the annual amount to be recognized in the income statement as the cost of OPEB benefits for this plan for the period ending June 30, 2025.

Plan Provisions

Plan Provisions

Coverage

Provides for employee and dependent healthcare coverage from the date of retirement to age 65, provided the participant was covered by the plan before retiring.

Benefits

Oklahoma provides postretirement medical benefits until age 65 if the retiree and spouse pay the full active premium

Spouse Coverage

Participant can elect to enroll in spousal coverage. Surviving spouses may continue in the plan until age 65.

Retirement Eligibility

For a retiree to retain coverage with EGID, the participant must make an election within 30 days of termination of service and have 8+ years of creditable service in OPERS or 10+ years of creditable service in TRS.

Additionally, a participant can satisfy eligibility requirements if pension plan eligibility requirements described below are satisfied.

- Applicable for participants of Oklahoma Public Employees Retirement System and Pathfinder

For employees hired prior to July 7, 1992:

- Age 62 with 6 years of service
- 80 Points
- Reduced retirement at age 55 with 10 years of service

For employees hired on or after July 7, 1992, but before November 11, 2011:

- Age 62 with 6 years of service
- 90 points
- Reduced retirement at age 55 with 10 years of service

For employees hired on or after November 11, 2011:

- Age 65 with 6 years of service
- 90 points at age 60
- Reduced retirement at age 60 and 10 years of service

- Applicable for elected officials of Oklahoma Public Employees Retirement System

For employees elected or appointed before November 11, 2011:

- Age 60 with 6 years of service
- 80 points
- Reduced retirement at age 55 with 10 years of service

- Applicable for participants of Uniform Retirement System of Justices & Judges

For those in office prior to January 1, 2012:

- Age 65 with 8 years of service
- Age 60 with 10 years of service
- 80 points

For those in office after January 1, 2012:

- Age 67 with 8 years of service
- Age 62 with 10 years of service

- Applicable for participants of Oklahoma Department of Wildlife Conservation Defined Benefit Pension Plan

- Age 65
- Reduced retirement at age 55 with 15 years of service

Employer Allocations

Company Number	Number of Employees	Active OPEB Liability	Proportion of Liability	Total Portion of Liability
20	11	46,969	0.000303205	60,602
22	2	3,856	0.000024892	4,975
25	363	1,215,712	0.007847948	1,568,572
30	37	527,783	0.003407068	680,972
39	5	6,944	0.000044827	8,959
40	346	1,620,753	0.010462663	2,091,176
45	4	25,096	0.000162006	32,380
47	122	484,875	0.003130078	625,610
49	220	780,333	0.005037388	1,006,824
55	16	56,362	0.000363841	72,721
60	13	39,704	0.000256307	51,228
65	39	293,608	0.001895367	378,828
85	11	31,666	0.000204418	40,857
90	1,320	5,022,262	0.032420878	6,479,972
92	30	119,787	0.000773277	154,555
125	19	62,530	0.000403658	80,679
127	26	165,061	0.001065540	212,970
131	3,465	25,059,873	0.161772344	32,333,497
145	2	16,001	0.000103293	20,645
148	3	35,457	0.000228890	45,748
160	128	484,679	0.003128813	625,357
170	29	65,772	0.000424587	84,862
185	514	2,090,007	0.013491901	2,696,631
190	11	12,656	0.000081700	16,329
199	27	179,066	0.001155949	231,040
204	4	11,411	0.000073663	14,723
215	6	21,999	0.000142013	28,384
219	583	2,159,618	0.013941270	2,786,447
220	911	3,324,729	0.021462567	4,289,731
265	379	1,057,257	0.006825052	1,364,126
266	51	170,597	0.001101278	220,113
270	25	90,362	0.000583326	116,590
275	55	58,991	0.000380812	76,113
285	3	6,644	0.000042890	8,572
290	453	1,827,150	0.011795045	2,357,480

Employer Allocations (cont.)

Company Number	Number of Employees	Active OPEB Liability	Proportion of Liability	Total Portion of Liability
292	491	2,541,047	0.016403560	3,278,585
296	5	20,135	0.000129980	25,979
300	112	611,250	0.003945884	788,665
305	27	32,070	0.000207026	41,378
306	24	129,768	0.000837709	167,433
307	4	1,849	0.000011936	2,386
308	335	3,599,974	0.023239393	4,644,866
309	86	182,749	0.001179724	235,792
310	16	61,328	0.000395899	79,128
315	10	52,056	0.000336044	67,165
320	341	2,847,821	0.018383919	3,674,400
326	3	0.00	0.000000000	-
340	1,996	6,473,302	0.041787971	8,352,177
342	118	385,876	0.002490997	497,876
345	2,229	12,720,751	0.082117962	16,412,946
346	6	2,941	0.000018985	3,795
350	133	484,625	0.003128464	625,287
353	33	42,693	0.000275602	55,085
369	6	39,641	0.000255900	51,147
370	5	41,432	0.000267462	53,458
385	119	481,718	0.003109699	621,537
391	8	7,189	0.000046408	9,276
400	427	2,084,104	0.013453795	2,689,015
405	74	360,365	0.002326312	464,961
410	56	190,093	0.001227133	245,267
415	43	111,620	0.000720555	144,018
416	6	33,324	0.000215121	42,996
421	161	387,047	0.002498556	499,387
422	238	545,449	0.003521110	703,765
423	18	67,112	0.000433237	86,591
430	30	90,271	0.000582738	116,472
435	30	57,765	0.000372898	74,531
440	5	14,333	0.000092526	18,493
445	8	23,348	0.000150721	30,125
448	1	0.00	0.000000000	-

Employer Allocations (cont.)

Company Number	Number of Employees	Active OPEB Liability	Proportion of Liability	Total Portion of Liability
450	27	72,212	0.000466160	93,172
452	1,808	4,525,900	0.029216647	5,839,542
455	278	517,211	0.003338821	667,331
475	3	9,207	0.000059435	11,879
477	160	1,954,285	0.012615757	2,521,516
509	3	8,009	0.000051702	10,334
510	29	98,088	0.000633201	126,558
515	57	239,057	0.001543217	308,443
520	3	7,369	0.000047570	9,508
525	7	15,296	0.000098742	19,736
557	11	86,027	0.000555342	110,996
560	14	47,122	0.000304193	60,799
563	2	1,181	0.000007624	1,524
566	516	1,701,196	0.010981958	2,194,968
570	9	22,358	0.000144331	28,847
575	1	19,568	0.000126320	25,248
585	1,097	19,366,927	0.125021910	24,988,173
588	11	17,422	0.000112467	22,479
619	9	26,333	0.000169991	33,976
622	1	25,155	0.000162386	32,456
625	32	128,128	0.000827122	165,317
628	12	48,750	0.000314702	62,900
629	45	177,821	0.001147912	229,434
630	27	109,509	0.000706928	141,294
632	2	8,268	0.000053374	10,668
635	34	113,429	0.000732233	146,352
645	53	300,131	0.001937476	387,244
650	1,200	3,911,478	0.025250286	5,046,784
670	215	513,056	0.003311999	661,970
677	181	773,730	0.004994763	998,305
678	2	4,005	0.000025854	5,167
695	533	1,784,559	0.011520102	2,302,527
715	46	159,242	0.001027976	205,462
740	49	139,678	0.000901682	180,220
753	2	12,615	0.000081435	16,277

Employer Allocations (cont.)

Company Number	Number of Employees	Active OPEB Liability	Proportion of Liability	Total Portion of Liability
755	11	36,197	0.000233667	46,703
772	6	38,311	0.000247314	49,431
790	3	12,415	0.000080144	16,018
800	201	918,074	0.005926566	1,184,545
803	5	13,023	0.000084069	16,803
805	856	3,624,463	0.023397480	4,676,463
807	550	2,510,530	0.016206560	3,239,211
830	6,032	26,390,025	0.170359052	34,049,724
835	102	470,893	0.003039818	607,570
865	45	185,414	0.001196928	239,230
<u>978</u>	<u>496</u>	<u>1,863,981</u>	<u>0.012032805</u>	<u>2,405,001</u>
Total	31,223	154,908,264	1.000000000	199,870,355

The total liability of \$199,870,355 is as of the July 1, 2024 measurement date as shown in this report.