

Mississippi State and School Employees' Life and Health Insurance Plan

GASB Statement No. 74 Report



**Prepared for June 30, 2025
Financial Reporting**

November 14, 2025

Board of Trustees

Mississippi State and School Employees' Health Insurance Management Board

P. O. Box 24208

Jackson, MS 39225

Members of the Board:

Presented in this report is information to assist the Mississippi State and School Employees' Life and Health Insurance Plan's (SSELHIP) in meeting the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 74 for the Life and Health Insurance Plan (Plan). GASB Statement No. 74 (GASB 74) is the accounting standard that applies to the financial reports issued by other postemployment benefits (OPEB) plans. This report has been prepared by the SSELHIP's actuary, CavMac, as of June 30, 2025 (Measurement Date).

The annual actuarial valuation used as a basis for much of the information presented in this report was performed as of June 30, 2025 (Valuation Date). The valuation was based on data provided by Plan staff for active, inactive, and retired members along with pertinent financial information. This information was reviewed for completeness and internal consistency but was not audited by us. The valuation results depend on the integrity of the data. If any of the information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

This is to certify that the independent consulting actuary is a member of the American Academy of Actuaries and has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the System and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System. In addition, the calculations were completed in compliance with the laws governing the System and, in our opinion, meet the requirements of GASB 74.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The calculation of the liability associated with the benefits described in this report was performed for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB 74 for accounting valuation purposes and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB 74 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in this report due to such factors as changes in plan experience or changes in economic or demographic assumptions.

If you have any questions, please let us know.

Respectfully submitted,



Edward J. Koebel, FCA, EA, MAAA
Chief Executive Officer

TABLE OF CONTENTS

Section	
I	Summary of Principal Results 1
II	Introduction 2
III	Financial Statement Notes 4
IV	Required Supplementary Information 9
Schedule	
A	Required Supplementary Information Tables 13
B	Summary of Main Plan Provisions..... 16
C	Statement of Actuarial Assumptions and Methods 21
D	Actuarial Cost Method..... 28



SECTION I – SUMMARY OF PRINCIPAL RESULTS

Valuation Date (VD):	June 30, 2025
Prior Measurement Date:	June 30, 2024
Measurement Date (MD):	June 30, 2025
Membership Data as of Valuation Date:	
Covered Retirees in Medical	25,414
Covered Retirees in Life Only	8,340
Active Members	<u>102,769</u>
Total Membership	136,523
Discount Rate:	
Municipal Bond Index Rate at Prior Measurement Date	3.94%
Municipal Bond Index Rate at Measurement Date	5.25%
Year in which Fiduciary Net Position is Projected to be Depleted	2025
Single Equivalent Interest Rate (SEIR) at Prior Measurement Date	3.94%
Single Equivalent Interest Rate (SEIR) at Measurement Date	5.25%
Net OPEB Liability as of Measurement Date (\$ thousands):	
Total OPEB Liability (TOL)	\$ 551,207
Fiduciary Net Position (FNP)	<u>1,149</u>
Net OPEB Liability (NOL = TOL – FNP)	\$ 550,058
FNP as a percentage of TOL	0.21%



SECTION II – INTRODUCTION

The Governmental Accounting Standards Board issued Statement No. 74 (GASB 74), *“Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”* in June 2015. GASB 74’s effective date is for a plan’s fiscal year beginning after June 15, 2016. Under GASB 75, if a cost-sharing employer provides OPEB through a defined benefit plan for which financial statements are not publicly available on the Internet, the employer is required to disclose information about the OPEB plan’s fiduciary net position in its own financial statements. For the purposes of reporting under GASB 74, the Plan is assumed to be a cost sharing-employer, defined benefit OPEB plan where assets are accumulated in a trust that meets the criteria in paragraph 3 of GASB 74. This report, prepared as of June 30, 2025 (Measurement Date or MD), presents information to assist the Plan in meeting the requirements of GASB 74.

GASB 74 requires the determination of the Total OPEB Liability (TOL) utilizing the Entry Age Normal (EAN) actuarial cost method. The Net OPEB Liability (NOL) is then set equal to the TOL minus the plan’s Fiduciary Net Position (FNP) (basically the market value of assets as of the Measurement Date). The plan provisions recognized in the calculation of the TOL are summarized in Schedule B.

Among the items needed for the liability calculation is the discount rate, as defined by GASB, or a Single Equivalent Interest Rate (SEIR). To determine the SEIR, the FNP must be projected into the future for as long as there are anticipated benefits payable under the plan’s provisions applicable to the membership and beneficiaries of the Plan on the Measurement Date. Future contributions are to be projected in accordance with a plan’s funding policy and/or the application of professional judgment to consider the recent contribution history of the employers and non-employer contributing entities. If the FNP is not projected to be depleted at any point in the future, the long term expected rate of return on plan investments expected to be used to finance the benefit payments may be used as the SEIR.

If, however, at a future measurement date, the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System). Using the test as described above, we have determined the trust will be depleted in 2025, so the Municipal Bond Index Rate is used in the determination of the SEIR. Please see Paragraph 35(b) in the GASB 74 section for more explanation into the development of the SEIR.



SECTION II – INTRODUCTION

The funded status measurements included in this report are based on the assumptions and methods used to determine the Plan's obligations and asset values as of the Valuation Date and/or Measurement Date under GASB accounting rules. Funded status measurements for financial accounting purposes may not be appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. Likewise, funded status measurements for financial accounting purposes may not be appropriate for assessing the need for or the amount of future actuarially determined contributions.

The sections that follow provide the results of all the necessary calculations, presented in the order laid out in GASB 74, for note disclosure and Required Supplementary Information (RSI).



SECTION III – FINANCIAL STATEMENT NOTES

The material presented herein will follow the order presented in GASB 74. There are non-actuarial items required which are not included in this report. Paragraph numbers are provided for ease of reference.

Paragraphs 34(a)(1)-(3): CavMac was not expected to supply this information.

Paragraph 34(a)(4): The data required regarding the membership of the Plan was furnished by the System. The following table summarizes the membership of the Plan as of June 30, 2025, the Valuation Date.

Membership Group	Total
Retired members and surviving spouses currently receiving retiree health benefits	25,414
Retired members receiving life insurance only	8,340
Active Participants	<u>102,769</u>
Total	136,523

Active Employees by Employer Group			
Employers	Number of Employers	Number	Annual Payroll
ACFR State Agencies	97	22,981	\$1,232,935,929
Universities/Other State Agencies	18	20,049	1,330,067,055
Public Schools	140	53,757	2,616,854,572
Community/Junior Colleges	15	5,285	303,114,941
Library	54	697	22,831,908
Total	324	102,769	\$5,505,804,405

Paragraphs 34(a)(5)-(6) and 34(b)-(e): CavMac was not expected to supply this information.



SECTION III – FINANCIAL STATEMENT NOTES

Paragraph 35(a)(1)-(4): The information is provided in the following table. As stated previously, the NPL is equal to the TOL minus the FNP. That result as of June 30, 2025, the Measurement Date, is presented in the table below (\$ thousands).

Measurement Date of June 30, 2025	
TOL	\$ 551,207
FNP	<u>1,149</u>
NOL	\$ 550,058
Ratio of FNP to TOL	0.21%

Paragraph 35(b): Listed below is the information to be disclosed regarding the actuarial assumptions and other inputs used to measure the TOL. The complete set of actuarial assumptions and other inputs utilized in developing the TOL are outlined in Schedule C. The TOL was determined by an actuarial valuation as of June 30, 2025, using the following key actuarial assumptions and other inputs:

Inflation	2.40%
Salary increases, including wage inflation	2.65% - 17.90%
Municipal Bond Index Rate	
Measurement Date	5.25%
Prior Measurement Date	3.94%
Year FNP is projected to be depleted	
Measurement Date	2025
Prior Measurement Date	2024
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Measurement Date	5.25%
Prior Measurement Date	3.94%
Health Care Cost Trends	
Medicare Supplement Claims	5.50% for 2026 decreasing to an ultimate rate of 4.50% by 2029 FYE



SECTION III – FINANCIAL STATEMENT NOTES

Mortality rates for service retirees were based on the PubS-2010(B) Retiree Table with the following adjustments: For males, 107% of male rates for all ages. For females, 97% of female rates up to age 82, 100% for ages 83 to 87, and 110% for ages above 87. Mortality rates for disability retirees were based on the PubG-2010 Disabled Table set forward 1 year for males at 134% of male rates and set forward 2 years for females at 121% of female rates. Mortality rates for Contingent Annuitants were based on the PubS-2010(B) Contingent Annuitant Table, set forward 3 years for males and 2 years for females. Mortality rates will be projected generationally using the MP-2021 projection scale to account for future improvements in life expectancy.

The actuarial assumptions used for the purposes of determining the TOL were based on the results of an actuarial experience study for the period July 1, 2020 to June 30, 2024. The experience report is dated April 16, 2025.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2025 valuation were based on a review of recent plan experience done concurrently with the June 30, 2025 valuation.

The long-term expected return on plan assets is reviewed as part of the GASB 74 valuation process. Since there were very little assets in a trust fund on the Measurement Date, there is no long-term expected return determination. We have assumed the Municipal Bond Index of 5.25% as of the Measurement Date.

Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 5.25%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2025.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2025 and, as a result, the Municipal Bond Index Rate, 5.25%, was used in the determination of the SEIR.

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.



SECTION III – FINANCIAL STATEMENT NOTES

Paragraphs 35(b)(1) and 35(b)(2)(g): These paragraphs require disclosure of the sensitivity of the NOL to changes in the health care cost trend rates and the discount rate. The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan's NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. Similarly, the exhibit presents the NOL of the Plan, calculated using the discount rate of 5.25%, as well as what the Plan's NOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (\$ thousands):

Net OPEB Liability			
Discount Rate	Health Care Cost Trend Rates		
	1% Decrease	Current	1% Increase
1% Increase (6.25%)		\$ 505,623	
Current (5.25%)	\$ 521,521	\$ 550,058	\$ 581,645
1% Decrease (4.25%)		\$ 601,209	



SECTION III – FINANCIAL STATEMENT NOTES

Paragraph 35(c): The date of the actuarial valuation upon which the TOL is based, is June 30, 2025, so no roll forward is needed. However, the expected TOL as of June 30, 2025 using last year's SEIR is determined using standard roll forward techniques. The roll forward calculation adds the normal cost for the fiscal year ending in 2025 (also called the service cost), subtracts the actual benefit payments and refunds for the same period, and then applies the expected SEIR for the period. This procedure was used to determine the expected TOL as of June 30, 2025, as shown in the following table. The impact of measuring the liabilities using a discount rate of 3.94% as opposed to the 5.25% used at the end of the period and the impact of the demographic assumption changes is shown as an assumption loss.

TOL Roll-Forward (\$ thousands)	
(a) Interest Rate (SEIR)	3.94%
(b) TOL as of June 30, 2024	\$559,889
(c) Entry Age Service Cost for the period July 1, 2024 – June 30, 2025	\$14,200
(d) Actual Benefit Payments for the period July 1, 2024 – June 30, 2025	\$25,900
(e) Expected TOL as of June 30, 2025 = [(b) x (1 + (a))] + (c) – [(d) x (1 + (a)) ^{1/2}]	\$569,743
(f) Actual TOL as of June 30, 2025 at 3.94% using old assumptions and old plan provisions	\$677,595
(g) Actual TOL as of June 30, 2025 at 3.94% using old assumptions only and new plan provisions	\$624,949
(h) Final TOL as of June 30, 2025 at 5.25% using new assumptions and new plan provisions	\$551,207
(i) Experience (Gain)/Loss: (f) – (e)	\$107,852
(j) Plan Benefit Change (Gain)/Loss: (g) – (f)	\$(52,646)
(k) Assumption Change (Gain)/Loss: (h) – (g)	\$(73,742)



SECTION IV – REQUIRED SUPPLEMENTAL INFORMATION

The material presented herein will follow the order presented in GASB 74. Paragraph numbers are provided for ease of reference.

Paragraphs 36(a)-(c): The required tables of schedules are provided in Schedule A.

Paragraph 36(d): CavMac was not expected to supply this information.

Paragraph 38: Information regarding changes to benefit terms and changes to assumptions or other inputs should be noted regarding the RSI. The information should be listed by the date for which the indicated change was first reflected in reported amounts.

Changes to benefit terms:

- 2025
 - The schedule of monthly retiree contributions was increased as of January 1, 2026. See page 17 for the new premium rates.
 - The base coverage deductible for families was changed to \$3,400 per calendar year.
- 2024
 - The schedule of monthly retiree contributions was increased as of January 1, 2025.
 - The base coverage deductible for families was changed to \$3,300 per calendar year.
- 2023
 - The schedule of monthly retiree contributions was increased as of January 1, 2024.
- 2022
 - The schedule of monthly retiree contributions was increased as of January 1, 2023.
- 2021
 - The schedule of monthly retiree contributions was increased as of January 1, 2022.
 - The in-network medical deductible was increased for the Select coverage beginning January 1, 2022.
- 2020
 - The schedule of monthly retiree contributions was increased as of January 1, 2021.
 - The deductibles and coinsurance maximums were increased for the Select coverage and the coinsurance maximums were increased for the Base Coverage beginning January 1, 2021.

Changes in actuarial assumptions and methods:

- 2025
 - The SEIR was changed from 3.94% for the prior Measurement Date to 5.25% for the current Measurement Date.
 - Mortality rates, disability rates, service retirement rates and termination rates were adjusted to reflect actual experience more closely.



SECTION IV – REQUIRED SUPPLEMENTAL INFORMATION

- 2024
 - The SEIR was changed from 3.66% for the prior Measurement Date to 3.94% for the current Measurement Date.
- 2023
 - The SEIR was changed from 3.37% for the prior Measurement Date to 3.66% for the current Measurement Date.
 - Withdrawal rates, disability rates, service retirement rates and salary merit rates were adjusted to reflect actual experience more closely.
- 2022
 - The SEIR was changed from 2.13% for the prior Measurement Date to 3.37% for the current Measurement Date.
- 2021
 - The SEIR was changed from 2.19% for the prior Measurement Date to 2.13% for the current Measurement Date.
 - The price inflation assumption was reduced from 2.75% to 2.40%.
 - The wage inflation assumption was reduced from 3.00% to 2.65%.
 - Withdrawal rates, mortality rates, disability rates and service retirement rates were adjusted to reflect actual experience more closely.
- 2020
 - The SEIR was changed from 3.50% for the prior Measurement Date to 2.19% for the current Measurement Date.



SECTION IV – REQUIRED SUPPLEMENTAL INFORMATION

- 2019
 - The SEIR was changed from 3.89% for the prior Measurement Date to 3.50% for the current Measurement Date. In addition, the following changes were made in the actuarial assumptions due to the PERS experience study for the four-year period ending June 30, 2018:
 - The price inflation assumption was reduced from 3.00% to 2.75%.
 - The wage inflation assumption was reduced from 3.25% to 3.00%.
 - Withdrawal rates, mortality rates, and service retirement rates were adjusted to reflect actual experience more closely.



SECTION IV – REQUIRED SUPPLEMENTAL INFORMATION

Methods and assumptions used in calculations of Actuarially Determined Contributions.

The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions (Schedule A) are calculated as of the most recent Valuation Date. The following actuarial methods and assumptions (from the June 30, 2024 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2025:

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	30 years, open
Asset valuation method	Market Value of Assets
Price inflation	2.40%
Salary increases, including wage inflation	2.65% to 17.90%
Initial health care cost trend rates	
Medicare Supplement Claims – Pre Medicare	6.00%
Ultimate health care cost trend rates	
Medicare Supplement Claims – Pre Medicare	4.50%
Year of ultimate trend rates	
Medicare Supplement Claims – Pre Medicare	2029
Long-term investment rate of return, net of pension plan investment expense, including price inflation	3.94%



SCHEDULE A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

SCHDULE OF CHANGES IN THE NET OPEB LIABILITY GASB 74 Paragraph 36(a) (\$ thousands)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability										
Service Cost at end of year	\$14,200	\$14,737	\$14,501	\$20,125	\$24,519	\$20,146	\$18,966	\$20,467	\$21,841	
Interest	21,554	19,849	16,234	13,520	16,784	29,196	29,475	27,337	24,112	
Changes of benefit terms	(52,646)	(40,786)	(39,499)	(53,724)	(48,572)	(21,116)	0	0	0	
Difference between expected and actual experience	107,852	49,471	107,369	(69,400)	(112,217)	(150,639)	(14,395)	1,867	0	
Changes of assumptions or other inputs	(73,742)	(13,399)	(13,630)	(41,436)	10,831	83,134	74,975	(26,281)	(46,961)	
Benefit payments	(25,900)	(24,426)	(24,265)	(20,078)	(25,864)	(31,035)	(34,012)	(33,449)	(30,872)	
Net change in Total OPEB Liability	\$(8,682)	\$5,446	\$60,710	\$(150,993)	\$(134,519)	\$(70,314)	\$75,009	\$(10,059)	\$(31,880)	
Total OPEB Liability – beginning	\$559,889	\$554,443	\$493,733	\$644,726	\$779,245	\$849,559	\$774,550	\$784,609	\$816,489	
Total OPEB Liability – ending (a)	\$551,207	\$559,889	\$554,443	\$493,733	\$644,726	\$779,245	\$849,559	\$774,550	\$784,609	
Plan Fiduciary Net Position										
Contributions – employer	\$25,900	\$24,426	\$24,265	\$20,078	\$25,864	\$31,035	\$34,012	\$34,449	\$30,872	
Contributions – active member	0	0	0	0	0	0	0	0	0	
Net investment income	44	37	19	5	7	19	18	0	0	
Benefit payments	(25,900)	(24,426)	(24,265)	(20,078)	(25,864)	(31,035)	(34,012)	(33,449)	(30,872)	
Administrative expense	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	
Net change in Plan Fiduciary Net Position	\$44	\$37	\$19	\$5	\$7	\$19	\$18	\$1,000	\$0	
Plan Fiduciary Net Position – beginning	\$1,105	\$1,068	\$1,049	\$1,044	\$1,037	\$1,018	\$1,000	\$0	\$0	
Plan Fiduciary Net Position –ending (b)	\$1,149	\$1,105	\$1,068	\$1,049	\$1,044	\$1,037	\$1,018	\$1,000	\$0	
Net OPEB Liability –ending (a) – (b)	\$550,058	\$558,784	\$553,375	\$492,684	\$643,682	\$778,208	\$848,541	\$773,550	\$784,609	



SCHEDULE A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

SCHEDULE OF THE NET OPEB LIABILITY GASB 74 Paragraph 36(b) (\$ thousands)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability	\$551,207	\$559,889	\$554,443	\$493,733	\$644,726	\$779,245	\$849,559	\$774,550	\$784,609	
Plan Fiduciary Net Position	1,149	1,105	1,068	1,049	1,044	1,037	1,018	1,000	0	
Net OPEB Liability	\$550,058	\$558,784	\$553,375	\$492,684	\$643,682	\$778,208	\$848,541	\$773,550	\$784,609	
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	0.21%	0.20%	0.19%	0.21%	0.16%	0.13%	0.12%	0.13%	0.00%	
Covered payroll	\$5,505,804	\$5,421,912	\$5,322,050	\$4,913,956	\$4,754,198	\$4,819,356	\$4,579,426	\$4,522,932	\$4,492,725	
Net OPEB Liability as a percentage of covered payroll	9.99%	10.31%	10.40%	10.03%	13.54%	16.15%	18.53%	17.10%	17.46%	



SCHEDULE A – REQUIRED SUPPLEMENTARY INFORMATION TABLES

SCHEDULE OF EMPLOYER CONTRIBUTIONS GASB 74 Paragraph 36(c) (\$ thousands)										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Employer Contribution	\$44,526	\$43,827	\$39,523	\$48,352	\$58,890	\$49,780	\$46,417	\$47,070	\$43,673	\$47,297
Contributions in relation to the Actuarially Determined Contribution	25,900	24,426	24,265	20,078	25,864	31,035	34,012	34,449	30,872	32,270
Annual contribution deficiency (excess)	\$18,626	\$19,401	\$15,258	\$28,274	\$33,026	\$18,745	\$12,405	\$12,621	\$12,801	\$15,027
Covered Payroll	\$5,505,804	\$5,421,912	\$5,322,050	\$4,913,956	\$4,754,198	\$4,819,356	\$4,579,426	\$4,522,932	\$4,492,725	\$4,552,979
Actual contributions as a percentage of covered payroll	0.47%	0.45%	0.46%	0.41%	0.54%	0.64%	0.74%	0.76%	0.69%	0.71%



SCHEDULE B – SUMMARY OF MAIN PLAN PROVISIONS

ELIGIBILITY: Eligible retirees will include State and School employees retiring from the State of Mississippi and electing coverage at retiree contribution rates.

RETIREMENT:

Highway Safety Patrol*:	Any age with 25 years of service Age 55 with at least 5 years of service, or Age 45 with at least 20 years of service.
--------------------------------	--

General State and School Employees Hired before July 1, 2011:

Hired before 7/1/2007	Any age with 25 years of service or Age 60 with at least 4 years of service.
Hired after 7/1/2007	Age 60 with at least 8 years of service.

General State and School Employees Hired on or after July 1, 2011:

Any age with 30 years of service or Age 60 with at least 8 years of service.

*Any Highway Safety Patrolman who has attained age 60 shall be retired forthwith. Effective January 1, 2000, the Commissioner of Public Safety is authorized to allow a member who has attained age 60 to continue in active service. Such continued service may be authorized annually until the member attains age 65.

DUTY DISABILITY RETIREMENT:	No age or service requirements.
------------------------------------	---------------------------------

NON-DUTY DISABILITY RETIREMENT:

Highway Safety Patrol:	Any age with 5 years of service
-------------------------------	---------------------------------

General State and School Employees:

Hired before 7/1/2007	Any age with 4 years of service
Hired after 7/1/2007	Any age with 8 years of service



SCHEDULE B – SUMMARY OF MAIN PLAN PROVISIONS

RETIREE CONTRIBUTIONS: No contributions towards postemployment benefits are made while in active service. At retirement contributions vary based on plan election, dependent coverage, and Medicare eligibility and date of hire. The following tables show the schedule of monthly retiree contributions as of January 1, 2026.

LEGACY EMPLOYEES (initially hired prior to January 1, 2006)			
	Not Medicare Eligible (healthy or disabled)		Medicare Eligible (healthy or disabled) Select Coverage*
	Base Coverage	Select Coverage	
Retiree	\$ 590	\$ 614	\$ 250
Retiree + Spouse (Non-Medicare)	1,235	1,349	985
Retiree + Spouse + Child(ren) (Non-Medicare)	1,571	1,686	1,322
Retiree + Child	758	839	474
Retiree + Children	1,017	1,063	699
Retiree + Spouse (Medicare)	N/A	864	500
Retiree + Spouse + Child(ren) (at least one Medicare)	N/A	1,089	725

HORIZON EMPLOYEES (initially hired January 1, 2006 and later)			
	Not Medicare Eligible (healthy or disabled)		Medicare Eligible (healthy or disabled) Select Coverage*
	Base Coverage	Select Coverage	
Retiree	\$ 941	\$ 975	\$ 250
Retiree + Spouse (Non-Medicare)	1,887	2,010	1,285
Retiree + Spouse + Child(ren) (Non-Medicare)	2,109	2,234	1,509
Retiree + Child	1,109	1,200	474
Retiree + Children	1,368	1,425	699
Retiree + Spouse (Medicare)	N/A	1,225	500
Retiree + Spouse + Child(ren) (at least one Medicare)	N/A	1,450	725

* Medicare eligible members do not have the Base Coverage option.



SCHEDULE B – SUMMARY OF MAIN PLAN PROVISIONS

LIFE INSURANCE

Rates vary by age. The following table shows monthly rates per \$1,000 of benefit at selected ages.

Age	Rate
40	\$ 0.20
45	0.31
50	0.52
55	0.85
60	1.50
65	2.25
70 and above	3.00



SCHEDULE B – SUMMARY OF MAIN PLAN PROVISIONS

SUMMARY OF KEY HEALTH CARE BENEFITS (Calendar Year 2026)

BASE COVERAGE		
Benefits	In-Network Benefit Level	Out-of-Network Benefit Level
Deductible (single/family):	\$1,800/\$3,400 (per calendar year)	\$1,800/\$3,400 (per calendar year)
Coinsurance Maximum (single/family):	\$3,000/\$5,500 (per calendar year)	\$4,000/\$7,500 (per calendar year)
Coinsurance	Plan Pays 80% after deductible	Plan Pays 60% after deductible
Prescription Drugs:	\$12 Generic \$45 Brand Formulary/\$100 Brand Non-Formulary	

SELECT COVERAGE		
Benefits	In-Network Benefit Level	Out-of-Network Benefit Level
Deductible (single/family):	\$1,800/\$3,000 (per calendar year)	\$2,300/\$4,600 (per calendar year)
Coinsurance Maximum (per individual):	\$3,000 (per calendar year)	\$4,000 (per calendar year)
Coinsurance	Plan Pays 80% after deductible	Plan Pays 60% after deductible
Prescription Drugs:	\$12 Generic \$45 Brand Formulary/\$100 Brand Non-Formulary	

Medicare eligible members are not offered the Base Coverage option. These members do not receive prescription drug coverage. Their benefits are coordinated with Medicare but are not subject to the Select Coverage annual deductible.



SCHEDULE B – SUMMARY OF MAIN PLAN PROVISIONS

LIFE INSURANCE FOR SERVICE RETIREES: Service retirees are allowed to participate in the Life Insurance Plan at the rates shown in this report. Since July 1, 1999, retirees have been allowed to select a benefit of \$5,000, \$10,000 or \$20,000. Retirees who retired between May 1, 1987 and June 30, 1999, were allowed to select a benefit of \$2,000, \$4,000 or \$10,000. Prior to May 1, 1987, retirees were limited to a \$2,000 benefit.

LIFE INSURANCE FOR DISABLED RETIREES: Employees who participate in the Life Insurance Plan are covered under a waiver of contribution provision in the event of disability. The benefit provided to disabled retirees is equal to the amount of life insurance in effect at disability, after a nine-month waiting period. At age 65, coverage converts to the same benefits provided to service retirees.



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

VALUATION DATE: June 30, 2025

HEALTH CARE COST TREND RATES: The following table shows assumed annual increases in medical and drug claims, as well as member contributions.

Year	Medical and Drug Claims	Member Contribution
2025-26	5.50%	5.00%
2026-27	5.00%	5.00%
2027-28	4.75%	5.00%
2028-29	4.50%	5.00%
2029+	4.50%	5.00%

ANNUAL EXPECTED MEDICAL/RX CLAIMS (AGE 65): Assumed claims costs will vary by Select and Base (HDHP) plans. A distinction is made between retirees and spouses in determining expected claims costs.

ANNUAL CLAIMS AT AGE 65 For Non-Medicare Members		
Plan	Retirees	Spouses
Select	\$14,201	\$10,524
Base	\$13,705	\$9,619

Once eligible for Medicare, the Plan charges retirees, and spouses contributions sufficient to fund the cost of coverage. This has been done historically and is expected to continue. Contributions have been set close to the full cost; so, there is no negative liability and there is no positive liability. This applies to healthy post-65 retirees/spouses and disabled retirees on Medicare.



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

For current retirees, actual life insurance benefit elections were provided by the Plan and were used to determine the liability for active employees. For future retirees, the following benefit elections were assumed for service retirement and disability retirement.

Benefit Amount	
Service Retirement	\$15,000
Disability Retirement	\$40,000

AGE RELATED MORBIDITY: Per capita costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

Participant Age	Annual Increase
29 and below	0.0%
30 - 34	1.0
35 - 39	1.5
40 - 44	2.0
45 - 49	2.6
50 - 54	3.3
55 - 59	3.6
60 - 64	4.2
65 and over	N/A



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

ANTICIPATED PLAN PARTICIPATION: Current inactives are assumed to maintain current plan and coverage elections. For current active employees, the following rates of participation will be assumed:

Coverage	At Retirement	Upon Disability
Medical/Rx	50%	50%
Life Insurance	25%	100%

Those electing coverage are assumed to have the following plan and spouse coverage elections:

Plan	Election Rate (Retirement)*	Spouse Coverage Rate
Legacy Employees		
Select Coverage	100%	25%
Base Coverage	0%	25%
Horizon Employees		
Select Coverage	80%	25%
Base Coverage	20%	25%

* 100% Select elections are assumed at disability (Horizon and Legacy)

ASSUMED AGE DIFFERENTIAL: For current inactives, actual spouse ages were used; for current active employees, wives are assumed to be two years younger than their husbands.

ACTUARIAL METHOD: Costs were determined using the Entry Age Normal Actuarial Cost Method. Under this method, a calculation is made to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would fund the cost of all benefits payable on his behalf. Service from hire date through date of last retirement eligibility was used in allocating costs.

BENEFITS VALUED: Life Insurance and Medical and Prescription Drug Benefits were valued in accordance with GASB 74 and 75. COBRA, while subject to evaluation under GASB 74/75, is assumed to result in a negligible liability. Benefits determined to produce a negligible liability are an allowable exclusion under GASB 74/75. Therefore, this valuation does not include an explicit COBRA liability.



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

Age	Annual Rates of			
	Death*		Disability	
	Male	Female	Male	Female
20	0.0360%	0.0150%	0.020%	0.020%
25	0.0390	0.0210	0.020	0.020
30	0.0428	0.0285	0.020	0.020
35	0.0503	0.0390	0.020	0.020
40	0.0660	0.0533	0.060	0.050
45	0.0945	0.0720	0.110	0.070
50	0.1850	0.1310	0.180	0.145
55	0.2730	0.1947	0.280	0.200
60	0.5016	0.2651	0.220	0.180
65	0.8400	0.3894	0.200	0.180
70	1.5684	0.7744	0.200	0.180
75	2.9316	1.5411	0.200	0.180
79	7.8576	2.6730	0.200	0.180

* Adjusted Base Rates

AGE	Annual Rates of Withdrawal*											
	Years of Service											
	0		5		10		15		20		24	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
20	40.00%	45.50%	12.50%	13.50%								
25	33.00	35.00	12.50	13.50	6.50%	7.00%						
30	33.00	34.00	12.50	12.50	6.50	7.00	3.50%	4.00%				
35	33.00	29.50	12.00	12.00	6.00	6.00	3.50	4.00	4.00%	2.50%		
40	32.00	27.50	10.50	9.50	6.00	6.00	3.50	4.00	4.00	2.50	4.00%	2.50%
45	32.00	26.00	10.50	8.75	6.00	6.00	3.50	4.00	4.00	3.00	4.00	3.00
50	27.00	26.00	9.00	9.50	6.50	6.00	3.50	4.00	4.00	4.00	4.00	4.00
53+	23.00	23.00	8.50	9.50	6.00	6.00	3.50	4.00	4.00	4.50	4.00	4.50

*Rates stop at eligibility for retirement. For Tier 4, rates at 24 years of service are extended out to 29 years of service.



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

Public Employees Retirement System of Mississippi

Annual Rates of Service Retirements				
Age	Male		Female	
	Under 25 Years of Service*	25 Years of Service and Over*	Under 25 Years of Service*	25 Years of Service and Over*
45		28.00%		22.75%
50		20.50		16.50
55		20.00		22.25
60	11.75%	19.50	14.75%	22.00
62	18.50	29.00	18.50	27.75
65	26.00	30.00	30.00	39.50
70	21.00	22.00	24.50	26.50
75	18.00	15.00	25.00	21.00
80	100.00	100.00	100.00	100.00

*For Tier 4 members, 30 years of service.

DEATH AFTER RETIREMENT:

<u>Membership Table</u>	<u>Adjustment to Rates*</u>	<u>Projection Scale</u>
<u>Service Retirees</u>		
PubS-2010(B) Retiree	Male: 107% for all ages Female: 97% up to age 82, 100% for ages 83 to 87, and 110% for ages above 87	MP-2021
<u>Contingent Annuitants</u>		
PubS-2010(B) Contingent Annuitant	Male: Set forward 3 years Female: Set forward 2 years	MP-2021
<u>Disabled Retirees</u>		
PubG-2010 Disabled	Male: Set forward 1 year and 134% for all ages Female: Set forward 2 years and 121% for all ages	MP-2021

* Please note that none of the recommended tables have any setbacks or set forwards, unless indicated



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

Retirement System for the Mississippi Highway Safety Patrol

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of separation from active service are as follows:

Age	Withdrawal		Death*		Disability	Years of Service	Service Retirement**
	Less than 20 years of service	20 or more years of service	Males	Females	Duty and Non-Duty		
25	6.000%	3.000%	0.0390%	0.0210%	0.0191%	5	7.5%
30	5.500	2.750	0.0428	0.0285	0.0259	10	7.5%
35	3.750	1.875	0.0503	0.0390	0.0383	15	7.5%
40	3.000	1.500	0.0660	0.0533	0.0506	20	8.0%
45	2.750	1.375	0.0945	0.0720	0.0675	25	25.0%
50	2.750	1.375	0.1850	0.1310	0.1035	30	30.0%
55	0.000	0.000	0.2730	0.1947	0.1744	35	35.0%
60	0.000	0.000	0.5016	0.2651	0.2914	40+	100.0%

* Adjusted Base Rates.

* The annual rate of service retirement is 100% at age 63.

It is assumed that a member will be granted 1¼ years of service credit for unused leave at termination of employment. In addition, it is assumed that, on average, ¼ year of service credit for peace-time military service will be granted to each member.



SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

Retirement System for the Mississippi Highway Safety Patrol

DEATH AFTER RETIREMENT:

<u>Membership Table</u>	<u>Adjustment to Rates*</u>	<u>Projection Scale</u>
<u>Service Retirees</u>		
PubS-2010(B) Retiree	Male: 107% for all ages Female: 97% up to age 82, 100% for ages 83 to 87, and 110% for ages above 87	MP-2021
<u>Contingent Annuitants</u>		
PubS-2010(B) Contingent Annuitant	Male: Set forward 3 years Female: Set forward 2 years	MP-2021
<u>Disabled Retirees</u>		
PubG-2010 Disabled	Male: Set forward 1 year and 134% for all ages Female: Set forward 2 years and 121% for all ages	MP-2021

* Please note that none of the recommended tables have any setbacks or set forwards, unless indicated



SCHEDULE D – ACTUARIAL COST METHOD

The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, and an assumed future investment rate of return. The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach and consist of a normal contribution and an actuarial accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for OPEB benefits to determine the uniform and constant percentage rate of employer contribution which, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his behalf.

