

Wm Yee Actuarial Consulting

201 Fourth Street, #202
Oakland, CA 94607

August 14, 2009

Mr. Roger Blake
Associate Executive Director
California Interscholastic Federation
1320 Harbor Bay Parkway, Suite 140
Alameda, CA 94502

Dear Mr. Blake:

Attached is my actuarial valuation report for the CIF post-retirement medical plan. Thank you for the opportunity to work with CIF again, and please call if you have any questions.

Sincerely,



William Yee, A.S.A., M.A.A.A.

RECEIVED

AUG 17 2009

California Interscholastic Federation
State Office

CALIFORNIA INTERSCHOLASTIC FEDERATION
POST-RETIREMENT HEALTH PLAN
ACTUARIAL VALUATION AS OF JULY 31, 2009

Purpose of Report

The purpose of this report is to determine the actuarial present value of future post-retirement health plan premiums, and to update the recommended amount of annual funding to the dedicated reserve to pay retirees' health plan premiums.

Covered Eligible Group

The eligible group consists of eight retirees, with five that have coverage for their spouse. There is one dependent minor child who is covered until he attains age 21. The average age of retirees is 68. The post-retirement health plan is closed to future retirees.

Results of Actuarial Valuation

There are no changes in the covered eligible group or in the annual premiums since last year. *The actuarial present value of future retiree health plan premiums is \$1,076,000.*

Funding

CIF has accumulated \$592,638 in a reserve fund dedicated for retiree health benefits. Currently premiums for retirees and dependents totaling \$68,238 per year are paid from CIF operating funds, and the intent is to accumulate sufficient funds by year 2015 to cover the total liabilities for retiree health premiums. At that time, the retirees' health plan premiums would be paid from the reserve fund. The reserve fund must accumulate to \$1,061,000 by the year 2015. Assuming the reserve fund earns 6.5% annually, a level annual funding of approximately \$36,000 is required.

Sensitivity to future health plan increases

We also performed valuations by changing future medical premium inflation by +1.0% and -1.0% in order to gauge the sensitivity to health plan premium inflation. The present value of future premiums changes by approximately \$100,000 for one percentage point change in medical cost inflation.

	-1.0% premium inflation	Best Guess Estimate	+1.0% premium inflation
Present value of future premiums	\$982,000	\$1,076,000	\$1,184,000
Reserve fund accumulation by 2015	\$937,000	\$1,061,000	\$1,205,000
Level annual funding	\$16,000	\$36,000	\$59,000

