



UNIVERSITY SYSTEM OF GEORGIA

Other Post-Employment Benefits Update/ Funding Policy

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New GASB Pronouncements

- **GASB 74** -Financial Reporting for Postemployment Benefits Other Than Pension Plans (“Plan Accounting”) – Effective Fiscal Year 2017
- **GASB 75** - Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (“Employer Accounting”) – Effective Fiscal Year 2018



Summary of Required Changes

	Current	New (GASB 75)	Impact
Actuarial Cost Method	Project Unit Credit	Entry Age Normal Method (EAN)	Results in a higher liability
Discount Rate	Expected LT Return on Assets	20 Year Municipal bond rate	Increase in OPEB liability
Balance Sheet Liability	Net OPEB Obligation	Actual funded status on market value basis	Large swing on balance sheet upon adoption

GASB 75 Results Versus GASB 45

GASB 45 (Current)

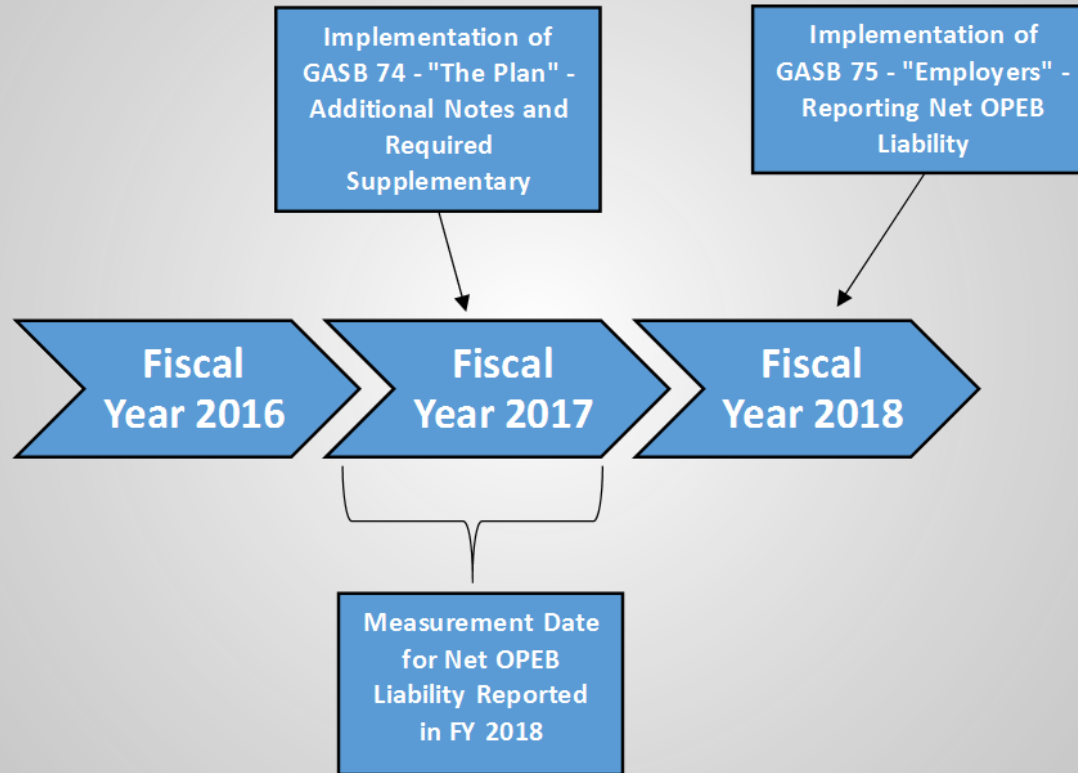
- Actuarial Accrued Liability at 7/1/2015: \$2.657 billion
- Net OPEB Obligation: \$2.355 billion

GASB 75 (New)

- Actuarial Accrued Liability at 7/1/2015: \$3.8 billion
- Net OPEB Liability: \$3.8 billion



Implementation Timeline



OPEB Funding Policy

Purpose – State intent for accumulation of reserve funding for OPEB liability of the Board of Regents Health Benefit Plan

General Objectives -

- To achieve long-term funding of the cost of benefits provided by the Board of Regents Health Benefit Plan;
- To seek reasonable and equitable allocation of the cost of benefits over time;
- To minimize volatility of employer contributions to the extent reasonably possible, consistent with other policy goals; and
- To maintain a policy that is both transparent and accountable to the stakeholders of the Board of Regents Health Benefit

Plan.

OPEB Funding Policy

Reserve Funding Levels and OPEB Trust Fund Allocation –

Any reserve funds in the Board of Regents Health Benefit plan remaining after allowing for the plan's Incurred But Not Reported (IBNR) liability plus twenty (20%) percent of plan benefit claims expense, be transferred to the OPEB Trust Fund annually, upon completion of the financial audit. Additional one-time contributions may be made on a discretionary basis in connection with de-risking and other objectives upon approval of the Board of Regents.



OPEB Funding Policy

As of June 30, 2016:

OPEB Trust Fund

Cash/Investments - \$7.9 million

Net Position - \$2.9 million

Health Insurance Reserve (Active) - \$135 million

Implementation at 6/30/2016

Transfer to OPEB Trust Fund - \$60 million

Health Insurance Reserve (Active) - \$75 million



QUESTIONS?

