GASB 75

OPEB Implementation

Presented by:
Lindsey McGuire, CPA
Brown Armstrong
Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
Tel. (661) 324-4971

Overview

• Provide a high-level overview of the GASB OPEB standard
• Discuss employer accounting requirements emphasizing differences between trust and non-trust accounting for OPEB
• Contrast pension accounting and reporting from OPEB accounting and reporting
OPEB Overview

- GASB 74 (Financial Reporting for Postemployment Benefit Plans Other Than Pensions) and GASB 75 (Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions) are almost identical to their pension siblings [i.e., GASB 67 (Plans) and 68 (Employers)] except for:
  ◦ Pension lessons learned have been built into the base standards (e.g., GASB 71-transition guidance for contributions after the measurement date and GASB 73-non trusted plans):
    - subsections of the standard have also been labeled at the corner of each page to promote easy navigation)
  ◦ Minor tweaking to better fit retiree healthcare have been made (e.g., recognizing implicit rate subsidies or requiring sensitivity analysis for healthcare trend rate)
  ◦ Alternative method for very small plans (100 or fewer total participants) is still included in the new guidance.

OPEB Overview

- OPEB is divided into two categories:
  ◦ Postemployment health care benefits are always accounted for separately
  ◦ Other forms of OPEB — such as death benefits, life insurance and disability benefits — only accounted for separately when provided separately from a pension plan
- GASB defines a pension plan as all assets are available to pay all liabilities.
  ◦ Disability is blended in with pensions as all disability assets and liabilities are accounted for in the pension trust fund
  ◦ Supplemental Death is accounted for separately as related assets and liabilities have their own trust fund and cannot be used for any other purpose
OPEB Overview

- Major impacts of GASB 75 vs. its predecessor (GASB 45)
  - Net or total OPEB liability is now recorded in Statement of Net Position
  - Strictly prescribed actuarial methodology and discounting guidance will produce a different (often higher) OPEB liability than GASB 45
  - Annual measurement dates are now required using either annual or biennial valuations
  - Triennial valuations no longer allowed
  - Entry Age Normal as a level percentage of pay is required for all plans
  - Expense volatility is likely due to claims volatility, discount rate volatility and more frequent plan changes
  - Much more robust note and required supplementary information (RSI) is required

Employer Standard

- GASB 75
  - Effective for June 30, 2018, employer year-ends and later
  - Implementation guide scheduled for 2017 exposure and issuance
  - Apply changes retroactively by restating financial statements for all periods presented, if practical
    - May not be practical to present balances all deferred outflows and inflows of resources at beginning of period
    - Report beginning deferred outflow of resources for any contributions or OPEB payments after the measurement date

- Divided into two primary sections:
  - OPEB provided through plans administered as trusts or equivalent arrangements (i.e., meets paragraph 4 of GASB 75 requirements)
  - OPEB provided through plans that are NOT administered as trusts or equivalent arrangements (i.e., does not meet paragraph 4 of GASB 75 requirements)
GASB Definition of a Trust

- Paragraph 4 of GASB 75 creates three “substance over form criteria” for determining whether the plan qualifies as a trust
  - Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
  - OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
  - OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

OPEB Liability

- Plan administered as a trust or equivalent arrangement:
  - Employer reports a net OPEB liability in their financial statements.
- Plan NOT administered as a trust or equivalent arrangement:
  - Employer reports a total OPEB liability in their financial statements.
Measurement Date

If not already as of measurement date, actuarial valuation must be rolled forward to measurement date.

**Employer Standard**

- Measurement of the total OPEB liability in employer’s financial statements must be as of a date no earlier than the end of the employer’s prior fiscal year.
- Measurement must be based on an actuarial valuation performed within 30 months plus 1 day of the employer’s year-end. If actuarial valuation not performed as of measurement date, update procedures must be performed to roll forward amounts to measurement date.

**Measurement Date**

- A good measurement date should:
  - Facilitate timely financial reporting
  - Minimize the need for roll-forwards from the valuation date
  - Facilitate a quality actuarial valuation by:
    - Allowing ample time for the gathering of related census and claims data
    - Coincide adequately with the plan year to be able to incorporate the most recent changes in plan provisions.
  - Avoid different measurement dates for plan and employer when plan financial statements are included in the employer’s financial statements.
Determining OPEB Expense

- GASB defines OPEB expense almost identically to that of pensions:
  - Begin with the change in the net or total (non-trust) from beginning Measurement Date (MD) to ending MD
  - Defer any amounts specifically required by GASB 75
    - Actuarial gains (inflows) and losses (outflows) on the total OPEB liability for difference between actual and assumed
    - Actuarial gains and losses on assumption changes
    - Difference between expected and actual investment return (trust only)
  - Defer an outflow for contributions (trust) or employer OPEB payments (non-trust) made subsequent to the MD
  - Amortize and recognize into expense deferred outflows and inflows from previous years

Recap of GASB 75 Reporting

<table>
<thead>
<tr>
<th>Description</th>
<th>Trust meeting par. 4</th>
<th>Non-Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Recognize in Statement of Net Position</td>
<td>Net OPEB Liability (NOL)</td>
<td>Total OPEB Liability (TOL)</td>
</tr>
<tr>
<td>2 PV for TOL determined using:</td>
<td>Long term rate of return (LTROR) or single blended rate (SBR) of LTROR and AA 20 year Municipal Bond Index</td>
<td>AA 20 year municipal bond index</td>
</tr>
<tr>
<td>3 Recognize in Statement of Net Position</td>
<td>Deferred I/O for both TOL and Investments</td>
<td>Deferred I/O for TOL only</td>
</tr>
<tr>
<td>4 Recognize in Statement of Net Position</td>
<td>Deferred outflow for contributions after MD</td>
<td>Deferred outflow for OPEB payments after MD</td>
</tr>
<tr>
<td>5 OPEB related assets</td>
<td>Recorded in Plan F5 and used to determine Plan Fiduciary Net Position</td>
<td>Recorded in appropriate governmental or proprietary fund</td>
</tr>
<tr>
<td>6 OPEB Expense</td>
<td>Change in the NOL with appropriate deferrals and amortization</td>
<td>Change in TOL with appropriate deferrals and amortization</td>
</tr>
</tbody>
</table>
### Employer Note Disclosures – Descriptions

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of plan, administrator of plan, and type of plan</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Benefit terms, including (1) classes of employees covered, (2) types of benefits, (3) key elements of OPEB formula, (4) terms or policies with respect to automatic benefit changes, including ad hoc colas, (5) legal authority</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Number of employees covered</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fact that no assets accumulated in a trust</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution requirements, including (1) authority under which contributions made, (2) legal or maximum contributions rates, (3) contribution rates, and (4) contributions made</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Authority under which to pay OPEB benefits as they come due and amount</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Availability of audited plan financial statements</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

A = Trusted: Single/Agent  B = Trusted: Cost-sharing  C = Non-trusted: Single  D = Non-trusted: PG + CU (stand-alone reports only)

### Employer Note Disclosures – Assumptions

<table>
<thead>
<tr>
<th>Assumptions and Other Inputs</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant assumptions, including inflation, healthcare cost trend rates, salary changes, postemployment benefit changes</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Source of mortality assumptions</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Dates of experience studies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Fact that projections of sharing of benefit costs based on established pattern of practice</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td><strong>Net OPEB liability sensitivity to healthcare cost trend rate (+/- 1%)</strong></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total OPEB liability sensitivity to healthcare cost trend rate (+/- 1%)</strong></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

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### Employer Note Disclosures – Discount Rates

<table>
<thead>
<tr>
<th>Discount Rate</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate used</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Assumptions about projected cash flows</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term expected rate of return on plan investments and how determined</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal bond rate used</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Periods of projected benefit payments applied to long-term rate of return</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and municipal bond rate, if applicable</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assumed asset allocation and long-term expected real rate of return for each</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>major asset class</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net OPEB liability sensitivity to discount rate (+/- 1%)</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Total OPEB liability sensitivity to municipal bond rate (+/- 1%)</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

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### Employer Note Disclosures – Additional Disclosures

<table>
<thead>
<tr>
<th>Additional Disclosures</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information about plan’s fiduciary net position if report not publicly</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>available</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule of changes in net OPEB liability</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schedule of changes in total OPEB liability</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measurement date</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Actuarial valuation date</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Employers proportionate share of net (total) OPEB liability and basis for</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>allocation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in assumptions and benefit terms</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Changes subsequent to measurement date</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>OPEB expense in current period</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Balance of deferred outflows/inflows by source and aggregate impact</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>on OPEB expense in each of next 5 years and thereafter</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Employer Required Supplementary Information (RSI)

<table>
<thead>
<tr>
<th>10-Year Schedules</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in net OPEB liability by source</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Components of net OPEB liability and related ratios</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportionate share of net OPEB liability</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer contributions</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in total OPEB liability by source</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total OPEB liability as a percentage of covered employee payroll</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proportionate share of total OPEB liability</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

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Transition

- Beginning deferred outflow of resources for contributions/OPEB payments if any, subsequent to the measurement date of the beginning OPEB liability
- All other deferred outflows/deferred inflows of resources balances—all or nothing at initial implementation
- RSI schedules are prospective if information not initially available. Information on contributions will generally be available for all periods in which the trusted plan was in existence.
Required Journal Entries

- Similar to pensions, the initial journal entries will require:
  - A prior period adjustment to reverse the previously recorded OPEB obligation and record the beginning measurement date Net or Total OPEB Liability with the resulting restatement of beginning Net Position.

- Unlike pensions that always have contributions as the starting point, OPEB will not be so uniform:
  - Turnkey trust that collects, invests and pays benefits-employer contributions to the trust
  - Reimbursement Trusts
    - Self-Insured-actual OPEB payments including retiree claims, stop loss and administrative expense less retiree premium contributions and employer contributions to trust
    - Insured-premiums paid for retirees less retiree premium contributions plus the implicit subsidy portion of active premiums and employer contributions to the trust
  - Non-Trusts
    - Same as Reimbursement Trust but no employer contributions

Prior Period Adjustment of Beginning Amounts

Adjustment of prior period to record the beginning NOL per GASB 75

Net Position (Beginning of Year) 3,500,000
Net OPEB Liability 3,500,000

Recording deferred outflow for contributions after the measurement date

Deferred Outflow-OPEB Payments/Contributions 1/1/17-6/30/17 1,600,000
Net Position 1,600,000

To eliminate the GASB 45 Net OPEB Obligation

Net OPEB Obligation 800,000
Net Position 800,000
Entry to Record the FY 2018 Amounts

OPEB Expense 3,980,000
Deferred Outflow OPEB Payments after MD 100,000
Deferred Outflow-Assumption Losses 180,000
Deferred Inflow-Excess Investment Return 160,000
OPEB Payments/Contributions to Trust 2,300,000
Net OPEB Liability 800,000

Notes for 2018 Entries

1) The purpose of these journal entries is to convert budget or cash basis general ledger amounts to the full accrual government-wide amounts. The specific accounting used by the employer will directly impact the nature of the entries needed. Employers will need to implement controls to ensure that premiums or claims are properly classified as retiree or active and that cut-offs/accruals related to the MD are working properly.

2) The first year of amortization is taken in the year of the deferral so only six years of the deferred outflow and four year of the investment related deferred inflow were deferred.

3) The deferred outflow for OPEB payments and contributions between the measurement date and year end does not get amortized as it will naturally flow through the calculation in the next year with a new deferral being made. The journal entry showed the net change, the reconciliation showed the gross changes. The initial deferral required by GASB 75 in order to not understate OPEB expense in the year of implementation. If not for the required prior period adjustment, current year OPEB expense would have been reported as $2,380,000.
Allocations

- Requirements for allocation of the OPEB amounts between funds and activities should be similar to that of pensions
  - Allocate if material and if the liability is expected to be liquidated through the resources of that fund or activity
  - Utilize cost-sharing methodology
- However Actuarially Determined Contributions may not be calculated:
  - Other possible allocation bases
    - Premiums paid on behalf of the fund/activities employees
    - Entity specific experience including participation rates and retirement ages by employee groups

Allocations

- The Net OPEB Liability and related accounts should be allocated in the Government-wide statements between Governmental Activities, Business-Type Activities, and Component Units in a proportion that represents the facts and circumstances of the ultimate payment of OPEB benefit payments.
- Allocations should be made on the basis of the benefits that each fund and program offer to its eligible employees.
- Allocations of the Net OPEB Liability to Enterprise, Internal Service, and Fiduciary Funds are appropriate if plan contributions or benefits are paid from these funds.
Allocations

- Common allocation methods include:
  - a percentage of payroll
  - a percentage of plan
  - contributions (pay-as-you-go benefits plus new trust contributions)
  - total OPEB Liability
  - the number of full time employees.

Allocations

- Allocations should be fair, reasonable and appropriate for each local government's particular plan characteristics.
- An allocation methodology that is reasonable for one government might not be appropriate for another government
Reporting Requirements - Key Takeaways

- The basic accounting and reporting including recording of liabilities and expense determination will be similar to pensions
- Non-trusted or reimbursement trusts will be much more common
- With the lack of independently governed plans the employers will need to be much more involved in:
  - Selecting the actuary
  - Approving the assumptions
  - Documenting the Plan
  - Providing the census data

OPEB vs. Pension
Contrasting Pensions to OPEB

While the basic actuarial and accounting methodology is similar, there are key differences:

- Pensions are salary and time based projections vs. OPEB is claims based projections
  - In pensions, the longer you work and the more your salary, the higher your pension
  - In OPEB years of service and amount of pay do not typically impact the value of the retirement benefit
- OPEB actuaries must have experience in both pensions and health claims development or have two certifications
- There are many actuarial assumptions used for OPEB that do not exist in pension valuations
- Even when the same assumption is used, an extremely significant assumption for pensions may not be significant for OPEB and vice versa

Contrasting Pensions to OPEB

- Pension benefits are well documented and change infrequently vs. OPEB in which documentation is much more informal and the underlying health benefits changes almost every year
  - In pensions the base benefit is the pension
  - OPEB is typically an “overlay” in which the base benefit is the active employee health plan with an administrative policy, collective bargaining agreement, etc. added (overlaid) to specify the terms and cost for retirees to stay on the plan
  - It is critical that HR and Finance talk to each other
- Pensions are most often administered by separate, independently governed plans vs. OPEB that is most often administered by the employer
- Source of data, key internal controls, responsible personnel will all be different
A Three Slide Primer on Actuaries

- Pension and OPEB actuaries will generally need to be either an Associate (ASA) or a Fellow (FSA) of the Society of Actuaries.
- In addition to the base designation, they will also need to meet the Actuarial Qualification Standards for the specific task they are engaged.
- Actuaries must follow Actuarial Standards of Practice (ASOPs) the Code of Professional Conduct (CPC) in performing their work.
- In assessing the objectivity of the consulting actuary as a management specialist, auditor’s should know that ASOPs do not contain the same protections regarding independence or duty to the public as AICPA standards.
  - ASOP 41 defines an intended user as any person the actuary identifies as able to rely on the actuarial findings—anyone else is an “other user” and should have no basis for reliance. **Actuaries do not automatically acknowledge the financial reporting purpose of the valuation**

A Three Slide Primer on Actuaries

- ASOPs are typically principles based standards that allow for a great deal of professional judgement.
- The Actuarial Standards Board has made ASOP 6 for OPEB parallel ASOP 4 for pensions.
  - **Similarities**
    - Utilizes the same actuarial cost methods
    - Utilizes the same ASOPs for assumptions ASOP 27-Economic & 35-Demographic
    - Utilizes the same ASOPs for Data Quality (23), Actuarial Communications (41) and Communicating with Auditors (21)
    - Acknowledges but provides little specific guidance for updating/rolling forward the valuation to a new measurement date
  - **Differences**
    - Addresses OPEB specific topics such as Medicare integration, dependents, contingent participants, premiums and stop loss coverage
    - Utilizes ASOP 5 on incurred health and disability claims
A Three Slide Primer on Actuaries

- Actuarial valuations begin with the plan documents and the census data but ASOP 23 requires only high level reviews regarding the quality and consistency of the Census Data.
- For all plan participants (active or inactive), the actuary:
  - Projects the amount and timing of the future benefit and
  - Discounts those future payments to a present value and
  - Attributes those amounts to specific reporting periods.
- The actuary then applies group assumptions such as turnover, participation rates etc. to calculate the present value of the accrued actuarial liability as of the valuation date (which GASB refers to as TPL or TOL).

Assumptions-Pension vs. OPEB

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Pension</th>
<th>OPEB</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Term Rate of Return</td>
<td>Long-Term Rate of Return</td>
<td>Usually the main driver for Pension; often immaterial for OPEB due to limited funding or non-trusted plans.</td>
<td></td>
</tr>
<tr>
<td>Mortality Rate</td>
<td>Mortality Rate</td>
<td>Crucial for Pension because it determines the payment period; less so for OPEB since all or much of the liability is pre-65.</td>
<td></td>
</tr>
<tr>
<td>Inflation/Salary Progression</td>
<td>Inflation/Salary Progression</td>
<td>For Pension this is usually the basis for the benefit; OPEB is rarely tied to salary.</td>
<td></td>
</tr>
<tr>
<td>Retirement Age/Rates</td>
<td>Retirement Age/Rates</td>
<td>For Pension this can be an age point if payment forms are actuarially equivalent; for OPEB retirement rates are crucial to determine cash-flows and liabilities. State-wide plans offering reciprocity also complicate matters as the employer may not know how many years of service participants have with the plan.</td>
<td></td>
</tr>
<tr>
<td>Inflation-COLA</td>
<td>Health Care Trend Rate</td>
<td>For Pension this only matters if the Plan has a post-retirement COLA; for OPEB this is one of the most significant driver for liabilities.</td>
<td></td>
</tr>
<tr>
<td>Retirement Options</td>
<td>Retiree only, beneficiary receives 100%, 75%, 50% of annuity after death of retiree</td>
<td>Retiree Options-Plan Choice; Number of dependents/beneficiaries; For Pension the options offered are often actuarially equivalent and do not impact plan liability. For OPEB there are multiple choices all of which significantly impact plan liabilities.</td>
<td></td>
</tr>
</tbody>
</table>
**Assumptions-Pension vs. OPEB**

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Pensions</th>
<th>OPEB</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>Utilization by Age</td>
<td>Individuals require more health care as they age. Actuarial tables exist showing the expected healthcare utilization of plan participants at various ages.</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>Participation Rate</td>
<td>Unlike pension in which the payments flow only one way (to the retiree), retirees are most commonly expected to pay sometimes significant monthly premiums to continue receiving health benefits. As expected, higher premiums typically result in lower participation as retirees may find less expensive options. Post 65 provisions also greatly impact participation rate.</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>Cadillac Tax</td>
<td>This tax for “luxury” level of benefits is likely to affect many plans and will significantly add to the costs.</td>
<td></td>
</tr>
</tbody>
</table>

**Pension vs. OPEB-Key Takeaways**

- Detailed Plan documentation and ensuring that the plan as documented is the plan as administered is critical
  - HR and Finance must talk to each other!
- Interfacing the OPEB valuation with the pension valuation is important
  - Certain assumptions should be the same such as mortality, retirement rates, etc.
  - The plan may be the only source of key information such as total years of service
- Audit procedures that worked well for pensions may be totally ineffective for OPEB
  - Truly understanding the benefits, key assumption drivers, sources of data, and key census data will be critical to designing procedures and gathering audit evidence.
Questions