

Effect of Benefit Changes on Liability

Town of Paradise

May 13, 2025

Agenda

Proposed Benefit Change

GASB 75

Effect of Change on Liability and Related Measures

Effect of Change on Future Benefit Payments

Questions





Proposed Benefit Change

- The Town pays up to the given amounts each month for those who retire from the Town under CalPERS. In the 2025–2026 year, the subsidies would increase to the proposed subsidy amounts.
 - <u>Coverage</u>
 Employee Only
 Employee + Spouse
 Family
 Current Subsidy
 State Structure
 Proposed Subsidy
 \$810.96
 \$1,008.29
 \$1,621.92
 \$2,108.50
- The subsidies will increase with medical trend so that they remain equal to 80% of the Pre-Medicare PERS Gold rates.

GASB 75

- GASB 75 is a Governmental Accounting Standards Board statement requiring the measurement of the liability of retiree health benefits.
- Technically, it is all benefits other than pensions, known as "Other Postemployment Benefits", or OPEB, and the liability is called the Total OPEB Liability.
- One way to think of this liability is that it is the amount that you would need to have in a trust fund at the valuation date to cover all promised health care to all employees and retirees who have met the eligibility requirements for the health benefits.
- It does not include amounts for employees who are not eligible yet for the benefits.
- It does not include amounts for employees who have not been hired yet.





Effect of Change on Liability and Related Measures

GASB 75 Results for the Fiscal Year Ending June 30, 2024

	Current Benefits	Proposed Benefits	<u>Change \$</u>	Change %
Total OPEB Liability	\$ 13,406,267	\$ 19,467,530	\$ 6,061,263	45.2%
Present Value of Future Normal Costs	6,651,753	15,196,850	8,545,097	<u>128.5%</u>
Total Present Value of Future Benefits	\$ 20,058,020	\$ 34,664,380	\$14,606,360	72.8%
Total OPEB Liability	13,406,267	19,467,530	6,061,263	45.2%
Fiduciary Net Position (Assets in Trust)	(281,643)	(281,643)	<u> </u>	0.0%
Net OPEB Liability	\$ 13,124,624	\$ 19,185,887	\$ 6,061,263	46.2%
Expense	\$ 1,281,707	\$ 7,342,970	\$ 6,061,263	472.9%
Actuarially Determined Contribution (to be made in				
Actuarially Determined Contribution (to be made in 2025–2026)	1,550,227	2,763,143	1,212,916	78.2%

Effect of Change on Future Benefit Payments

Year	Current Benefits	Proposed Benefits	Projected Benefit	
2026	917,336	1,009,756		
2027	967,285	1,084,080	Payments	
2028	995,113	1,130,450	\$2,500,000	
2029	1,006,185	1,160,234	\$2,000,000	
2030	977,903	1,148,386		
2031	977,869	1,174,597		
2032	1,001,306	1,242,530	\$2,000,000	
2033	995,270	1,270,619		
2034	994,967	1,310,235		
2035	979,436	1,333,762	\$1,500,000	
2036	964,890	1,349,808	\$1,500,000	
2037	987,150	1,424,143		
2038	974,764	1,457,109		
2039	992,388	1,533,264	\$1,000,000	
2040	1,013,958	1,619,547		
2041	990,969	1,635,329		
2042	1,000,872	1,692,446	¢500.000	
2043	1,019,267	1,773,051	\$500,000	
2044	1,046,452	1,862,569		
2045	1,078,308	1,962,326		
2046	1,087,728	2,031,499	\$-	
2047	1,030,941	1,995,286	2026 2029 2032 2036 204, 204, 204, 204,	
2048	1,039,395	2,062,313		
2049	996,481	2,048,519	Current Benefits Proposed Benefit	
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Any Questions?

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