

# 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.

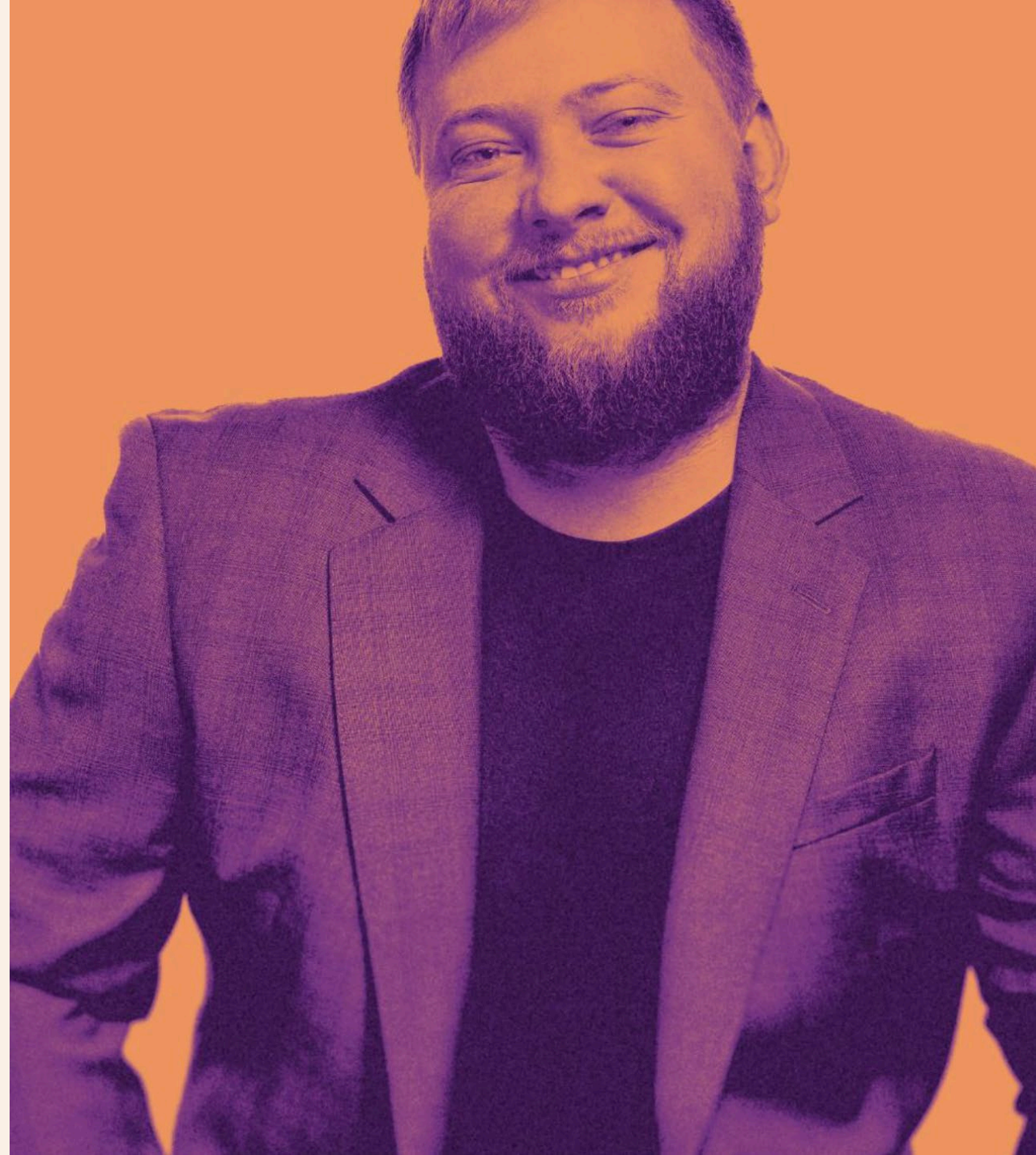
• <u>Coverage</u>	<u>Current Subsidy</u>	<u>Proposed Subsidy</u>
• Employee Only	\$504.15	\$810.96
• Employee + Spouse	\$1,008.29	\$1,621.92
• Family	\$1,310.79	\$2,108.50

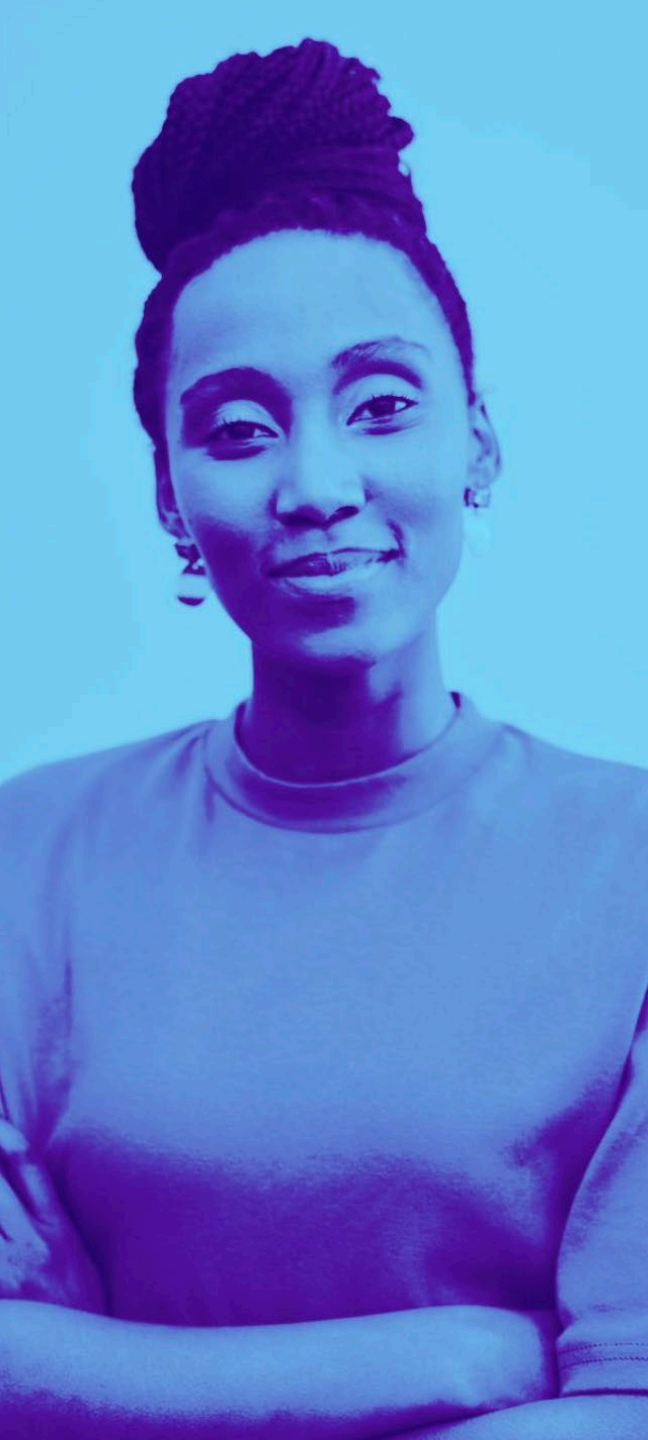
- The subsidies will increase with medical trend so that they remain equal to 80% of the Pre-Medicare PERS Gold rates.



# 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.





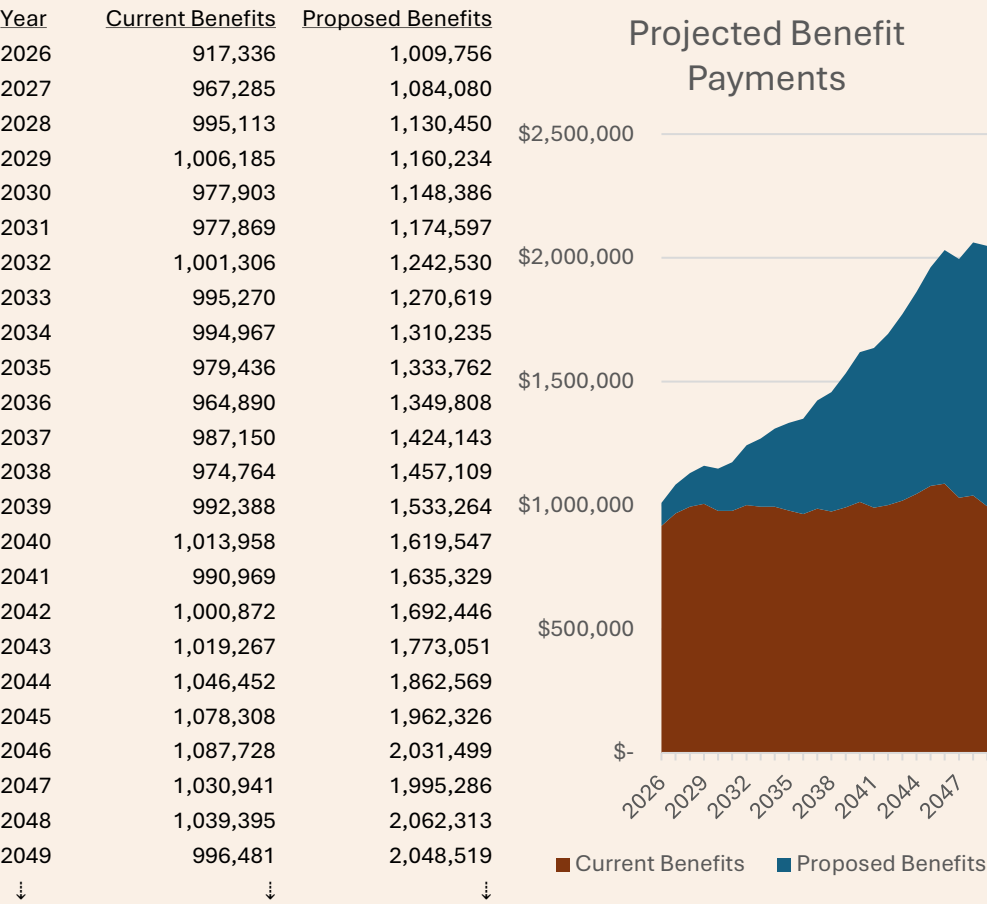
# Effect of Change on Liability and Related Measures

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

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





# Any Questions?

**Presenter:**  
Roger Burton

**Email:**  
[roger@truecomp.com](mailto:roger@truecomp.com)

**Phone:**  
(415) 801-5987

**Website:**  
[truecomp.com](http://truecomp.com)

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