



# **UPDATE: OTHER POST- EMPLOYMENT BENEFITS**

Finance & Budget Committee  
March 28, 2024

# What does OPEB mean?

- Other Post-Employment Benefits are benefits provided to employees after retirement
- Most public agencies provide some sort of benefits to retirees
- Enhances recruitment efforts by the Agency
- Enhances retention efforts by the Agency





# What does SGPWA provide?

- Lifetime medical insurance after retirement for employee and family
- Employee must have worked for five years for the Agency
- Employee must retire from the Agency
- Maximum benefit: Blue Shield Access+HMO Family



# What does CalPERS require?

- All employees must be treated equally
- PEPRA and Classic employees receive the same benefit
- Current and retired employees receive the same benefit





# What does GASB require?

- Actuarial study every two or three years
  - Estimate of Agency liability
- Results of study included in audited financial statements
  - Balance Sheet: liability or asset
  - Balance Sheet: deferred outflows and deferred inflows
  - Report: Changes in OPEB Liability and Related Ratios
- Impacts Net Position



# How does SGPWA respond?

- Invests in CERBT; started in 2009
  - California Employers' Retiree Benefit Trust (CERBT)
  - IRS Section 115 Irrevocable Trust
- Pays retiree benefits annually on a 'pay as you go' basis
- Makes additional contributions to CERBT
- Has requested occasional disbursements





# What are SGPWA's results?

- Minimal impact on financial statements (6-30-23)
- Contributions: \$588,305
- Investment earnings: \$570,438
- Money-weighted annualized rate of return: 6.8%
- Total assets as of March 5, 2024: \$1,066,094
- Current funded status: 118% - super-funded

