

GASB Statement No. 43 and 45
Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions & Financial Reporting for Postemployment Benefits Other Than Pensions

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GASB Statement No. 43 and 45

Phased in implementation (based on GASB #34):

- >\$100m annual revenues
 - Years beginning after 12/15/06
- \$10m to \$100m annual revenues
 - Years beginning after 12/15/07
- <\$10m annual revenues
 - Years beginning after 12/15/08

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GASB Statement No. 43 and 45
Liabilities at Transaction

- Set OPEB obligation at zero, apply measurement criteria prospectively
- OR-
- Compute OPEB obligation retroactively (follow GASB 27 ¶ 30 to 35)

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- Normally defined as benefits not offered through pension plan
 - Life insurance
 - Disability insurance
- Healthcare
 - Even if included in pension plan

Represents future compensation for current service:

- Accrue expense when earned in government-wide and proprietary fund statements
- Recognize expenditure in governmental funds on modified accrual basis
 - When either due and payable or when paid

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GASB Statement No. 43 and 45
OPEB Costs

- Employer's annual required contribution (ARC)
 - Defined parameters, and includes
 - a. Normal cost for year
 - b. Amortization of unfunded accrued liability
- OPEB costs add to ARC
 - One year's interest on net obligation
 - Adjustment for past over/under contributions
- Parameters include
 - Frequency/Timing (Bi-annual or Tri-annual)
 - Actuarial Methods
- Simplified alternate measure for plans with less than 100 members

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GASB Statement No. 43 and 45
Net OPEB Obligation – Measurement

- Cumulative difference between:
 - Annual OPEB costs and
 - Employer's contribution to plan (including transition obligation)

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GASB Statement No. 43 and 45 OPEB Costs

- OPEB Disclosures
 - Plan descriptions, including funding policy
 - Contributions
 - Annual OPEB costs
 - Change in OPEB obligation
 - Funded status of plans (as of most recent actuarial valuation)
 - Method and assumptions used by actuary
 - RSI schedule of funding progress
- Cost Sharing Employers
 - Admissions as formal trust
 - Contributions are irrevocable
 - Plan assets are dedicated to OPEB
 - Legally protected from creditors of employer and administrator
- Recognize OPEB for
 - Contractually required contribution (CRC)
- Disclose
 - Method for determining CRC
 - RSI if not publicly available



GASB Statement No. 43 and 45 Defined Contribution Plan

- Expense/expenditure recognized equal to
 - Required contribution in accordance with plan
- Disclose
 - Plan name and state it is defined contribution
 - Plan provisions and authority that established
 - Contribution requirements
 - Contributions actually made by plan members and employer



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- Benefits are based on a substantive plan
- Must use age adjusted premium unless you participated in a community rated plan
- Discounted to present value
- Apply separately for each plan



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