

Other Post Employment Benefits (OPEB)



What is the difference between PERS & OPEB?

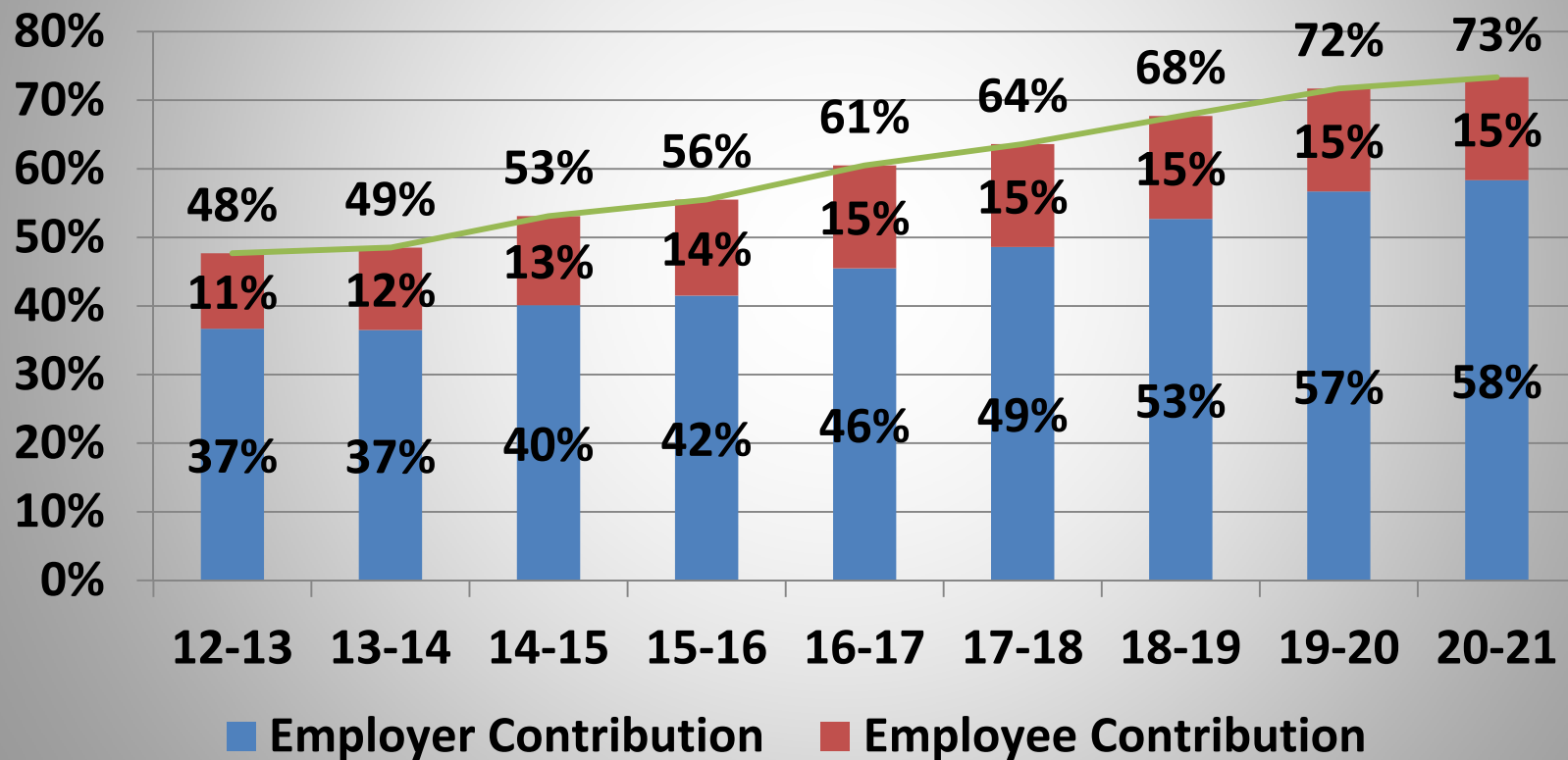
- Public Employment Retirement System (PERS)
- Pensions once an employee retires
 - 3% @ 50 Classic Public Safety Employees
(Ex. 25 years of service x factor (3) = 75% of salary at 50 years of age)
 - 2 % @ 55 Classic Miscellaneous¹ Employees
(Ex. 25 years of service x factor (2) = 50% of salary at 55 years of age)

¹ Miscellaneous Employees = Non-public Safety

What is the difference between PERS & OPEB? (con't)

- Public Employees Pension Reform Act (PEPRA) 2013
aka – “Pension Reform”
 - 2.7% @ 57 Public Safety Employees
 - 2% @ 62 Miscellaneous Employees
- City can control OPEB but not PERS

Projected PERS Rates Through 2021



What is OPEB?

Health Benefits After Retirement

- Miscellaneous Employees = \$122/month
- Public Safety Employees
 - Based on Hire Date
 - Full Medical, Dental Health Care into Retirement
 - Hired prior to June 2011 = Employee + Spouse
 - Hired after June 2011 = Employee Only

How are costs determined & what do we pay?

in millions

	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Normal Cost ¹	\$ 3,625	\$ 3,677	\$ 3,732	\$ 3,786	\$ 3,842	\$ 3,898	\$ 3,949
UAAL ² Amortization	4,848	5,409	6,028	6,700	7,430	8,223	9,088
ARC ³	8,473	9,086	9,760	10,486	11,272	12,121	13,038
Pay as you Go	2,651	2,763	3,006	3,283	3,593	3,897	4,208
Under Funding	5,822	6,323	6,754	7,203	7,679	8,224	8,830

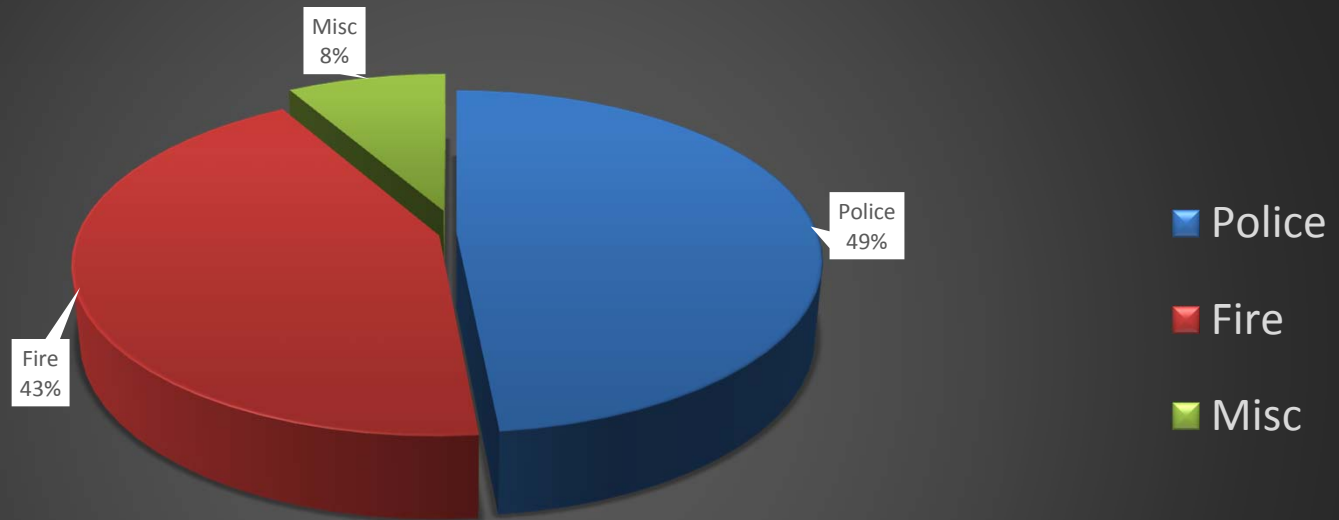
¹ Normal Cost is the cost of all benefits earned for active employees

(i.e. what we should be contributing now for active employees for their retirement benefit earned this year)

² Unfunded Actuarial Accrued Liability Amortization (cost to amortize earned benefits that have not yet been funded)

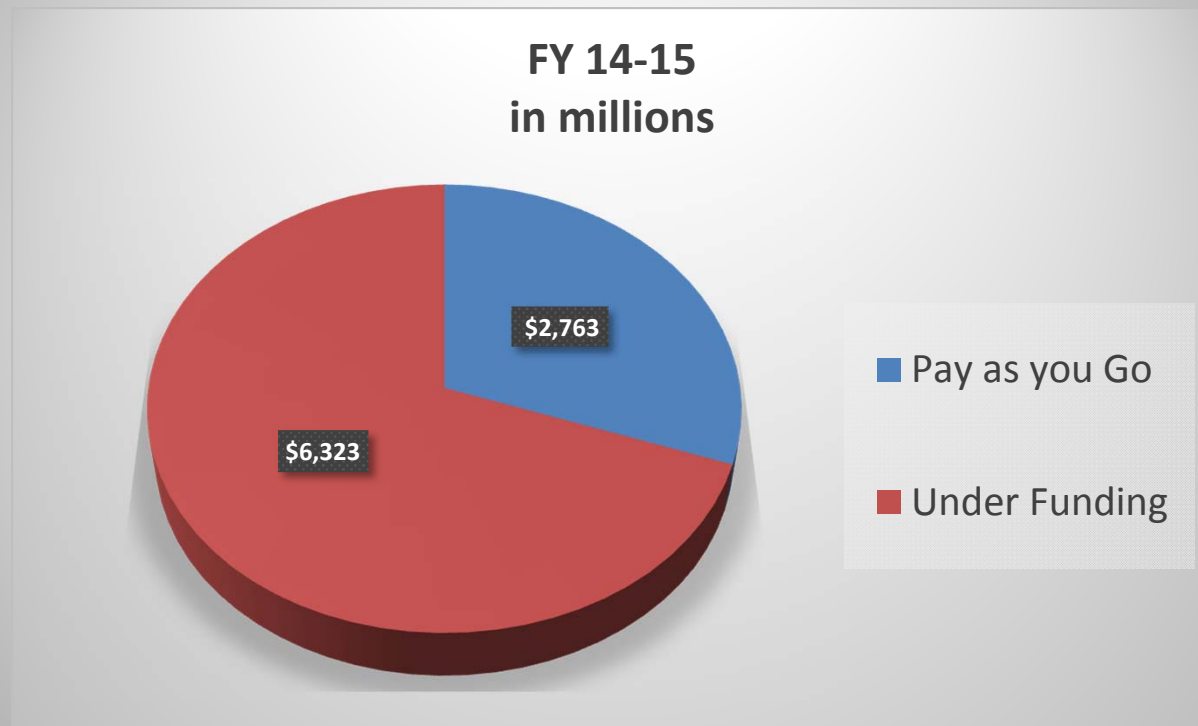
³ Annual Required Contribution

Obligation By Group



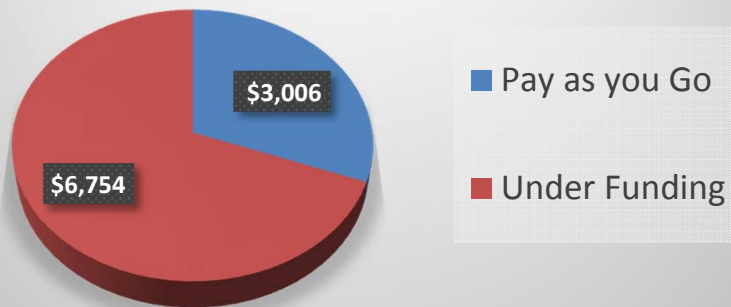
Police	Fire	Miscellaneous	Unfunded Liability
\$ 44,138,000	\$ 39,413,000	\$7,620,000	\$91,171,000

How are we doing?

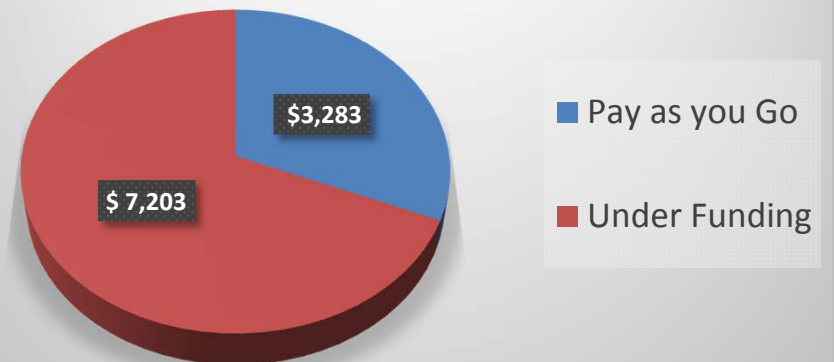


Next Two Fiscal Years

FY 15-16
in millions



FY 16-17
in millions



Actions to Date to Address the Issue

- January 2014 – created OPEB Trust
 - Current Balance - \$2 million
 - Deposited \$300,000 last year
- No Spousal Coverage as of June 2011
- In negotiations with Safety Groups to cost share

How Does This Affect the Budget?

- Pay-Go is charged to Each Department's Budget (found in personnel numbers)
- Any Excess Funds could be deposited in Trust

Questions

