

# Other Post Employment Benefits (OPEB)

May 6, 2024



**UNIONCOUNTY**  
north carolina



# Retirees Health Insurance Special Separation Allowance

# OPEB - Retirees Health Insurance

**Plan provides health insurance for retirees for the following group of employees:**

1. Hired before July 1, 2008, and immediately prior to retirement earns 10 creditable continuous years of service.\*
2. Hired on or after July 1, 2008, and has 20 creditable continuous years of service.\*
3. Hired on or after July 1, 2013, are not eligible to participate

\*Please see Personnel Resolution for full description of eligible employees regarding continuous years of service.

# OPEB - Retirees Health Insurance

## Benefits provided for retiree's health insurance:

1. Before age 65 retirees participate in the County's Group Health Plan just as regular employees
2. After age 65 retirees receive a supplement to Medicare Benefits

Current retirees = 437 (annual benefits avg of \$3.5-4.5M)

Employees that will be eligible at retirement = 345

Total membership = 782

# OPEB - Retirees Health Insurance

## Net OPEB Liability as of June 30, 2023

Total OPEB Liability	\$ 99,588,248
Fiduciary Net Position	<u>61,698,125</u>
Net OPEB Liability	\$ 37,890,123

Ratio of Fiduciary Net Position to Total OPEB Liability 61.95%

Governmental Accounting Standards Board requires an **actuarial valuation** be conducted for determining the OPEB Liability.

# OPEB – Retirees Health Insurance

**Key Assumptions, Methods and Inputs that are considered in the GASB liability calculation:**

- ⌚ Inflation
- ⌚ Wage growth
- ⌚ Salary increases
- ⌚ Long-term investment rate of return, net of OPEB expense
- ⌚ Municipal Bond Index Rates
- ⌚ Health Care Cost Trends
- ⌚ Demographics
- ⌚ Age Mortality
- ⌚ Separations for Active Service Members

# OPEB – Retirees Health Insurance

## Scenarios to Consider:

1. Add coverage for all current employees and new hires that are not currently eligible for retiree health insurance with the same eligibility requirements as those hired on or after July 1, 2008. (20 years of service)
2. Add coverage for all current employees and new hires that retiree with 10 years of service once the retiree reaches the age of 60 years old.

## **OPEB - Special Separation Allowance (SEPA)**

SEPA annual allowance to an eligible retired member = 0.85% of the annual base rate of compensation multiplied by total years of creditable service.

Example : Employee has a salary of \$60,000 at retirement and 30 years of creditable service

$$\$60,000 \times 0.85\% = \$510$$

$$\$510 \times 30 \text{ years} = \$15,300 \text{ SEPA Annual Amount}$$

Paid monthly in equal installments until retiree reaches age 62, dies, or is reemployed full time by a NC Local Government employer

## OPEB – SEPA

Plan provides SEPA for retirees for the following group of employees:

All Law Enforcement Officers - NC GS 143-166.42

General Employees based on eligibility

Current retirees = 73 (annual benefits \$1.5M)

Employees that will be eligible at retirement = 399

Total membership = 472

# OPEB– SEPA

## General Employees-eligibility requirements\*

1. Hired before July 1, 2013
2. Have a minimum of 5 years of continuous service with UC as of July 1, 2013
3. Either accrued 30 years of creditable service, regardless of age, or have attained 55 years of age with a minimum of 5 years of creditable service.
4. Not attained 62 years of age
5. Hired on or after July 1, 2013, does not qualify to receive SEPA

\*Please see Personnel Resolution for full description of eligible employees regarding continuous years of service.

# OPEB - SEPA

## Net SEPA Liability as of June 30, 2023

Total SEPA Liability	\$ 18,734,002
Fiduciary Net Position	<u>4,765,519</u>
Net SEPA Liability	\$ 13,968,483

Ratio of Fiduciary Net Position to Total SEPA Liability 25.44%

Governmental Accounting Standards Board requires an **actuarial valuation** be conducted for determining the OPEB Liability.

# OPEB – SEPA

**Key Assumptions, Methods and Inputs that are considered in the GASB liability calculation:**

- ⌚ Inflation
- ⌚ Wage growth
- ⌚ Salary increases
- ⌚ Long-term investment rate of return, net of OPEB expense
- ⌚ Municipal Bond Index Rates
- ⌚ Demographics
- ⌚ Age Mortality
- ⌚ Separations for Active Service Members

# OPEB – SEPA

## Scenarios to Consider:

1. Add coverage for all current employees and new hires that are not currently eligible for SEPA with the same eligibility requirements as those hired before July 1, 2013.

A nighttime aerial photograph of a small town. In the center, a church with a large, ornate steeple is illuminated, casting a warm glow. The town is built on a hillside, with numerous houses and buildings visible. The sky is dark, and the overall atmosphere is peaceful and quiet.

Questions?



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