

Lessen the impact of your OPEB plan on your financial statements



Our experienced actuaries add value and help reduce pension plan liabilities

The public sector faces unique challenges when it comes to healthcare benefits. A diverse workforce, multiple complex union relationships, rising healthcare costs, bureaucratic impact on decision-making and the heavily regulated GASB 75 standards.

More than 700 government entities across the U.S. trust USI Consulting Group to help them effectively address these challenges today and into the future. Our experienced consultants have been providing Other Postemployment Benefits (OPEB) actuarial services for over 50 years, with a focus on guiding client through all aspects of required accounting, compliance and plan design issues. Our knowledge of sensitivity analyses and projection scenarios delivers results with both fiscal and personnel issues in mind, helping our clients make informed decisions that will impact their finances.

Our reputation of providing cost-effective consulting and administrative solutions that meet our clients' plan goals and objectives means there isn't a situation we have not encountered. Whether you have 5 employees or 100,000, our actuarial consultants will provide your organization with the highest quality of service and expert advice, delivered with the attention you expect and deserve.

Accounting impact

OPEB are benefits, other than pension or retirement income benefits, which are earned during employment but are payable upon employment termination.

There is no requirement that OPEB be funded prior to when the benefits are payable. However, Generally Accepted Accounting Principles (GAAP) view OPEB as a form of deferred compensation and require that the costs related to these benefits be recognized during employment. The accounting requirements for OPEB plans that apply to governmental employers are contained in Governmental Accounting Standard 75, known as "GASB 75". GASB 74 is a parallel accounting standard that applies to postemployment benefit plans and includes the reporting requirements for plan assets, if applicable.

In many cases, the accounting rules will reveal the cost of these plans is substantially greater than assumed. Currently, many government employers do not pre-fund OPEB plans, which results in an obligation on their balance sheet. As this liability grows it may adversely impact bond ratings and increase the cost of borrowing.

OPEB includes postemployment health care benefits (medical, dental, vision, hearing and other health-related benefits) whether provided separately or through a defined benefit pension plan. OPEB also includes life insurance, disability, long-term care, etc., when provided separately from a pension plan.



GASB 74 & 75

The GASB 75 actuarial valuation is a liability and expense study according to GASB Statement 75. Even though GASB standardized the accounting of retiree welfare benefit costs, employers still have some flexibility in recognizing these liabilities and in reflecting the substantial benefit commitment to their retirees.

Government entities should have a strategy to comply with GASB 74 & 75. This strategy may precipitate plan design changes and/or funding policy to be implemented over a reasonable period of time.

Our team of pension and OPEB actuaries can assist you in meeting the challenges of compliance by:

- ✔ Performing required actuarial valuations, including:
 - Data collection and review
 - Assumption setting
 - Accounting standards explanation
 - Plan-related costs and liabilities summary
 - Assets summary (if applicable)
 - Cash flow projections
 - Actuarial certifications
- ✔ Analyzing the potential impact of the accounting standards on your financial statements
- ✔ Consulting to ensure plan design is consistent with human resources' objectives and calculated liabilities are consistent with financial objectives
- ✔ Evaluating financing and pre-funding alternatives
- ✔ Designing a plan to mitigate your financial liability
- ✔ Projecting costs

GASB 74 & 75 disclosures

GASB 74 & 75 requires that certain information be disclosed in a footnote contained in the government entity's annual report. Although much of the information in the valuation will be usable in the end of year footnote, the footnote cannot be finalized until the end of the fiscal year in every situation. At the end of each year, we will issue an abbreviated report summarizing disclosure information.

Our sophisticated valuation system includes software designed for maximum flexibility, so we can adjust your benefit plans as needed to achieve your organization's goals. You will also receive a comprehensive actuarial report, providing you with all of the necessary information for compliance and disclosure purposes.

How USICG can help

Turn to USICG for independent, unbiased and data-driven insights to keep your OPEB plans working for you and your employees.

To learn more about our pension and OPEB plan solutions, contact your local USICG representative, visit our [Contact Us](#) page, or reach out to us at information@usicg.com.

Follow USICG on LinkedIn to stay up to date with retirement news!

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