

Ohio Public Employees Retirement System

Government Relations



GASB/OPEB Standards

The recently implemented Governmental Accounting Standards Board standards change how pension liabilities are accounted for but have no impact on pension contribution requirements. The net pension liabilities now being placed on an employer's balance sheet are not obligations the employers owe.

BACKGROUND INFORMATION

Issue: OPERS-covered employers are required to reflect a portion of OPERS' unfunded pension liabilities on their financial statements. In June 2017 they'll also be required to report OPERS' unfunded health care liabilities.

- Public employers are not required to fund these liabilities beyond the statutorily required contribution rates, currently 14 percent for most employers.
- The new standards are not an indication of funded status, which measures the amount of assets accumulated to-date to pay future liabilities.
- GASB implemented the standards because it believes a pension is a component of the employee compensation package and the employer should report a share of the liability for the unfunded future employee benefits.
- In addition to changes to pension reporting, GASB made changes to reporting Other Post-Employment Benefits (OPEB), including health care. OPERS believes employers should not have to carry these liabilities on their books because OPERS health care coverage is discretionary.
- Bond rating agency Moody's, which often rates public employers, uses a unique calculation to re-estimate the pension liability. The resulting liability often is higher, but the public employer's pension obligation is unaffected.