

Employer *Notice*

Employer input requested on GASB exposure drafts impacting OPEB

What's happening?

In June, the Governmental Accounting Standards Board (GASB) issued two exposure drafts affecting the financial reporting of other post-employment benefits (OPEB). These exposure drafts, as written, could have a serious negative financial impact on OPERS' participating employers.

OPERS is not in favor of these proposed standards because we do not believe they assign the responsibility for the financial liability appropriately for Ohio employers. We are working to ensure all employers understand the impact of these proposed standards and how we can work together to share our concerns about the proposed standards.

About the exposure drafts

The two exposure drafts are revisions to GASB's OPEB Statements 43 and 45. GASB's perspective on the proposed statements is that they are intended to significantly improve financial reporting by state and local governments of other post-employment benefits (OPEB), such as retiree health insurance.

Similar to the new pension standards issued in 2012, these proposed OPEB standards would:

- Require state and local government employers to record a proportionate share of the health care unfunded liability in their financial statements, among other things.
- Standardize actuarial methods being used to calculate the health care liability.
- Provide additional guidance on setting the discount rate for projecting future health care liabilities.

As with the new pension standards, the proposed OPEB standards would represent a financial reporting impact only. The proposed standards do not have an impact on the funding of health care plans. One key difference between health care and pensions in Ohio is that health care is not a statutorily guaranteed benefit.

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Employer input requested on GASB *(continued)*

Employer action requested

By Aug. 29, 2014, OPERS is encouraging all employers to:

- ➔ Contact GASB directly with your input by creating an organization-specific letter. We have created a sample letter for you (attached). You'll see this letter details why OPERS is against the proposed standards as written. However, we know from past experience that GASB gave more credence to employer specific letters than to form letters. We strongly encourage employers to write a tailored letter when contacting GASB.
- ➔ The deadline for input to GASB is Aug. 29, 2014. Send your letters to GASB at:


director@gasb.org, or

Director of Research and Technical Activities
Project No. 34-1E
Governmental Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

- ➔ If possible, please cc OPERS on your letter to GASB so that we can cite employer input in our testimony during the comment period Sept. 10, 11, and 12, 2014. Please send via email to:

nmikola@opers.org.

Why this is important

Your input is vital. GASB is interested in hearing employer-specific concerns. Please be aware this may be your last chance to provide feedback directly to GASB for the purpose of shaping the proposed standards. Please review the available information via OPERS' website at www.opers.org and click on the Finance Section or you may want to read the exposure drafts in their entirety at www.GASB.org. OPERS will be adding education sessions on these new proposed standards in early August. 

For a current listing of OPERS Board members, please visit www.opers.org

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