



# Employer *Bulletin*

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## Accounting and Reporting for Other Postemployment Benefits (OPEB)

The purpose of this bulletin is to provide some background and the conclusions ETF has reached related to the analysis and implementation of two new GASB pronouncements, Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans” and Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”.

The recently issued GASB Statements define the reporting required for OPEB plans, including the note disclosures and Required Supplementary Information, and the employer recognition, measurement, and presentation of information about OPEB. Most notably, it requires the measurement of a net OPEB liability or asset to be recognized on the balance sheet of participating employers. Many of the provisions in the new OPEB standards are parallel to the provisions of GASB Statement No. 67 and Statement No. 68 for pensions that require the measurement and recognition of a net pension liability or asset. Statement No. 74 is effective for financial statements for fiscal years beginning after June 15, 2016. Statement No. 75 is effective for financial statements for fiscal years beginning after June 15, 2017.

As a result of ETF’s research, analysis, and discussions with auditors, the following programs were identified as OPEBs:

- State retiree health insurance
- Local retiree health insurance
- State retiree life insurance
- Local retiree life insurance

### Retiree Health Insurance

Although there is no explicit employer contribution to retiree health insurance, there is an element of the program that qualifies as an OPEB per GASB. The implicit rate subsidy for pre-Medicare retirees is a subsidy that exists when retirees, by virtue of being included in the same risk pool as healthier, younger employees, pay a lower premium than they would if experience rated as a separate pool.

The retiree health insurance programs are not administered as trusts. As such, ETF will continue reporting these programs as agency funds in its Comprehensive Annual Financial Report and requirements of GASB Statement No. 74 do not apply. However, GASB Statement No. 75 does apply to employers. Each participating employer is responsible for understanding and meeting reporting

requirements under GASB Statement No. 75, including conducting actuarial valuations as necessary.

## Retiree Life Insurance

Post-age 65 life insurance is an employer-funded benefit, and therefore, is considered an OPEB. Unlike the retiree health insurance program, the retiree life insurance is administered as a trust and has plan reporting requirements, following GASB Statement No. 74, as well as employer reporting requirements, following GASB Statement No. 75. ETF has contracted with an actuary to obtain the necessary valuations and will provide the employer allocations necessary for employers to meet their financial reporting obligations under GASB Statement No. 75. ETF will provide this information to participating employers similar to how ETF provides the pension reporting per GASB Statement No. 68. If you have not already done so, you may want to speak to your auditor about the impact of the new OPEB standards on your financial reporting.

ETF anticipates releasing the calendar year 2017 audited schedules in accordance with GASB Statement No. 68 (for the Wisconsin Retirement System) and GASB Statement No. 75 (for the retiree life insurance programs) late September/early October. ETF will send out an additional employer bulletin once the 2017 schedules are published on ETF's Online Network for Employers (ONE) site.

It is important to note that participating employers are solely responsible for accurately presenting their financial statements within the requirements of GASB and will have to determine how the new GASB pronouncements apply to them. We are sharing this information and our assessment for informational purposes only.

## Questions

Please contact ETF at [GASBmail@etf.wi.gov](mailto:GASBmail@etf.wi.gov) with any questions related to the GASB statement numbers 68 or 75 information provided by ETF.

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