



their employment with the government ends through retirement or separation from government service. The most common type of post-employment benefit is a pension. “Other post-employment benefits,” or OPEB, are generally comprised of health insurance, dental, vision, prescription drugs, and other healthcare benefits provided to eligible retirees.

The Governmental Accounting Standards Board (GASB) established standards in 1994 for how government employers should account for and report on pension benefits, but similar provisions did not exist for OPEB. GASB Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, provide a framework in which government employers can account for OPEB costs earned by an employer in a given year. Currently, most government employers fund OPEB costs on a “pay-as-you-go,” or “cash outlay” basis. GASB Statements 43 and 45 recommend that governments account for and report the annual OPEB costs in the same manner as they currently do for pensions; that is, on an accrued liability basis.

SB 1179, as engrossed, permits the Metropolitan Water Reclamation District board of commissioners to establish one or more OPEB trusts for the purpose of implementing GASB 43 and 45. The bill stipulates that the OPEB trusts are in addition to pension benefits earned under the MWRD article of the Pension Code. Furthermore, the bill allows the OPEB trusts to employ such personnel and enter into such contracts as deemed appropriate by the trustees and recommended by the Treasurer of the MWRD.

SB 1179, as engrossed, also stipulates that OPEB trustees shall adopt an investment policy consistent with the standards articulated in the Public Funds Investment Act, which calls for public agencies to adopt written investment policies that ensure the safety of principal, liquidity of funds, and return on investments.

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LRB095 0829 HLH 29118 b