

OPEB Funding Policy

City of Richmond
October 17, 2023



Background

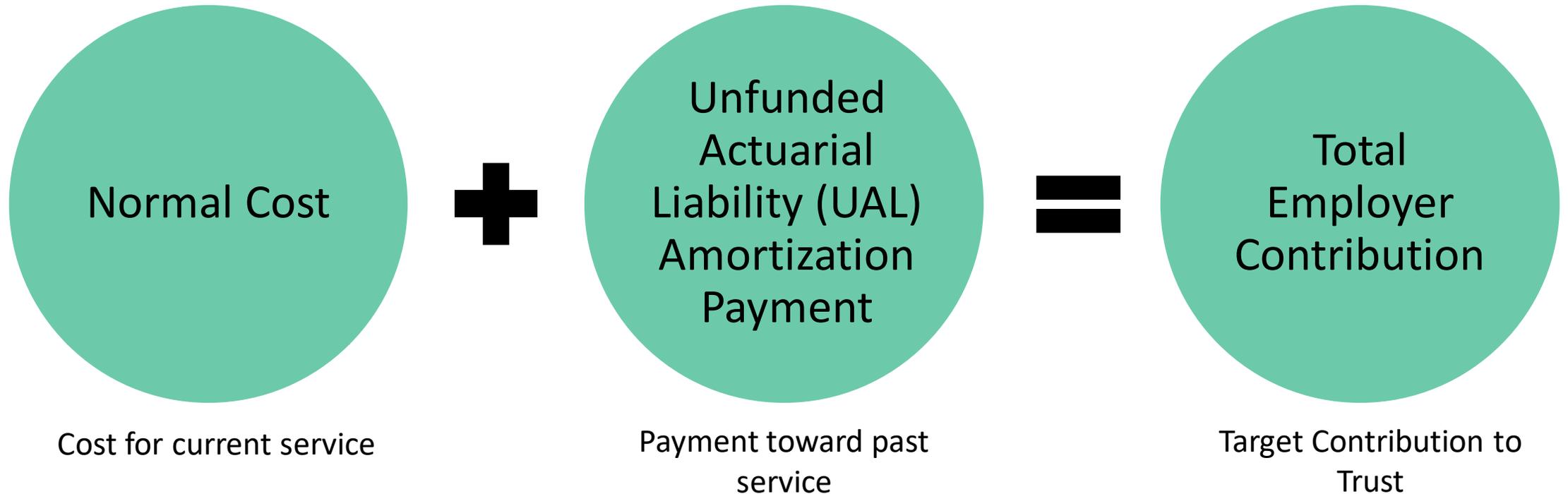
Background

- City provides retiree health benefits through CalPERS Health
- All full-time employees of the City who retire directly from the City are eligible to elect to receive these benefits
- Funding goal – Fund the long-term cost of benefits provided to the plan members

Explicit versus Implicit Benefits

- Explicit Benefits are the portion of the retiree health care premium paid by the City for the retirees and their beneficiaries.
- Implicit Benefits are the higher premium rate paid by the City for its current active employees due to the CalPERS Health Program charging the same premium rate for active employees as it does for retirees, as required under the Public Employees' Medical & Hospital Care Act (PEMHCA).

Actuarially Determined Contribution

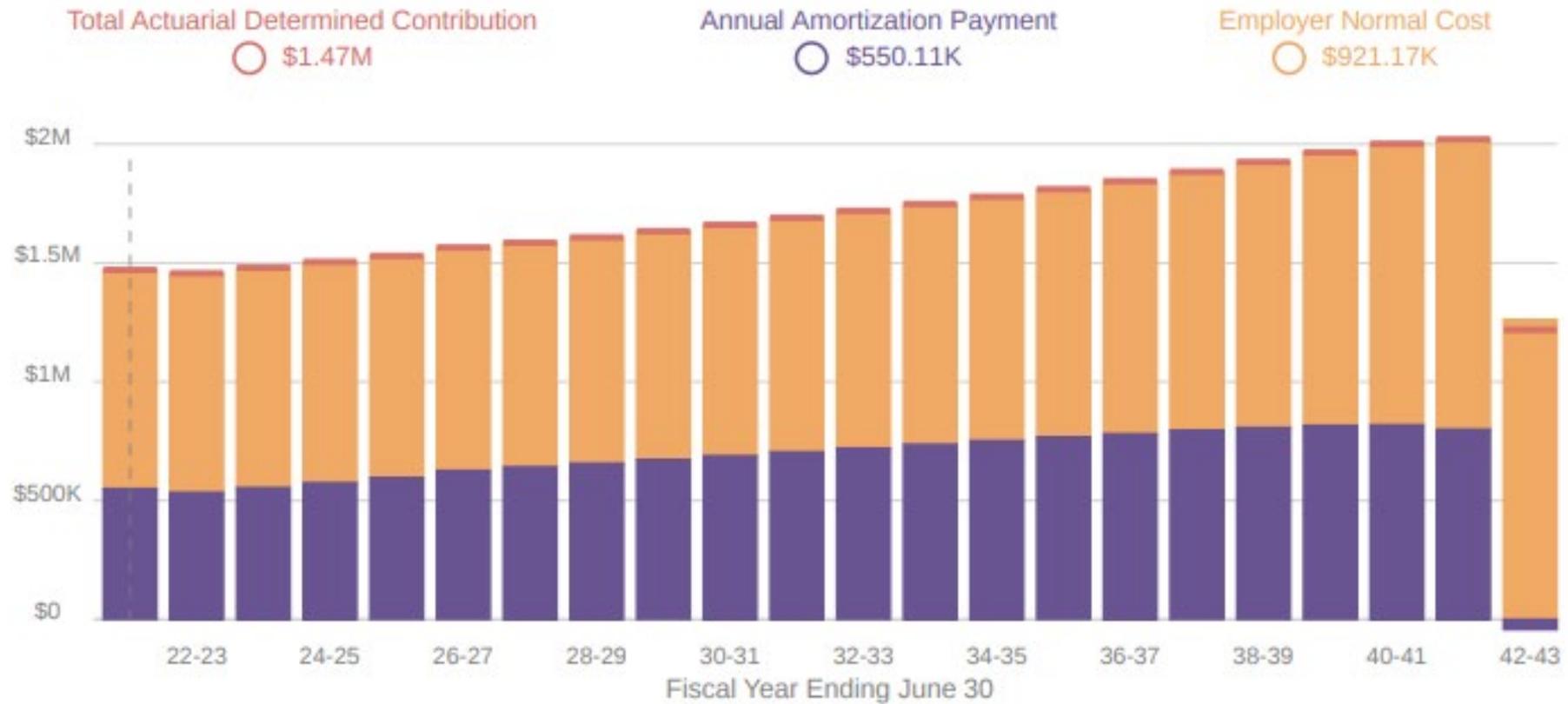


Current Funding Projection - RPOA

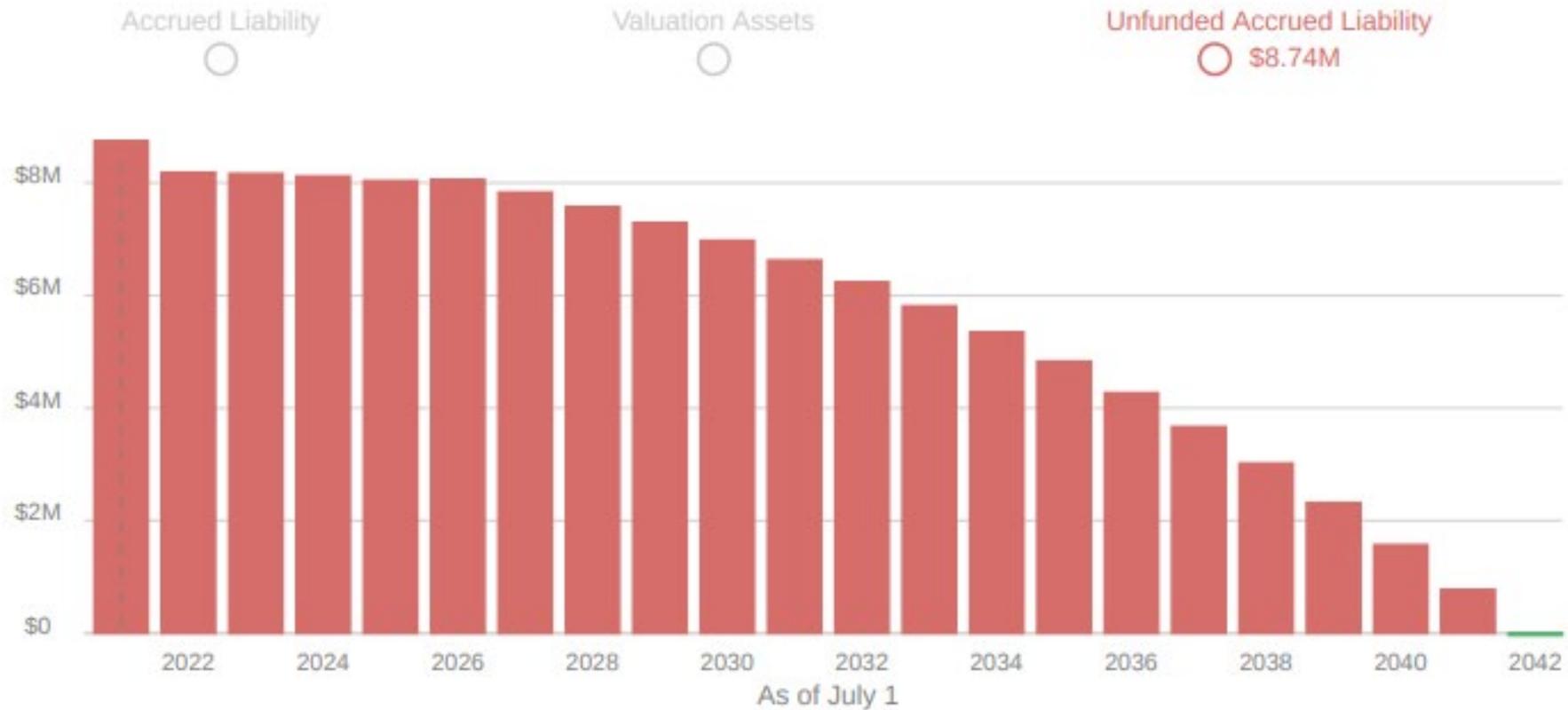
Projecting Unfunded Liability

- Investment Return
 - Assumed to be -8.39% in Fiscal Year 2022
 - Match Assumed Discount Rate in following years

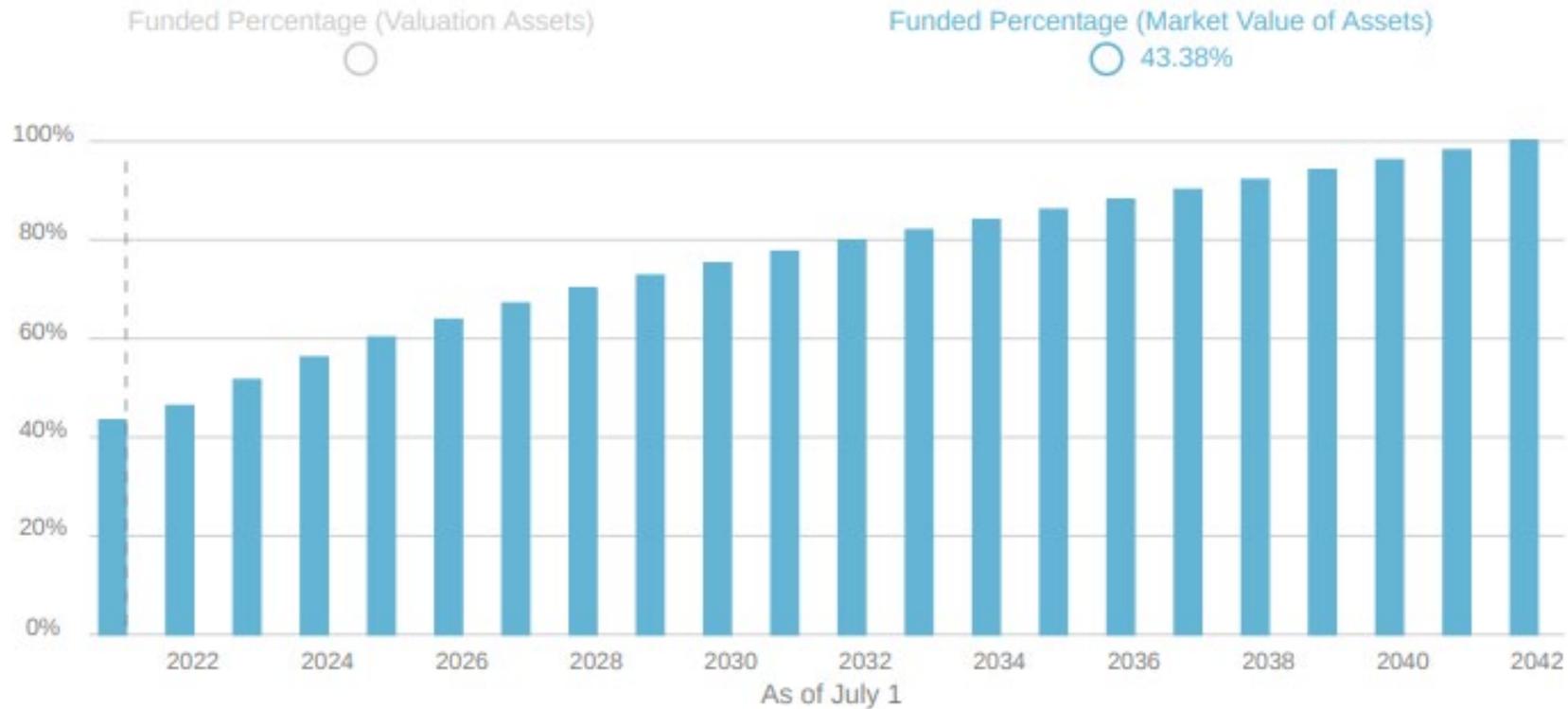
Actuarially Determined Contribution



Projected Unfunded Liability



Funded Percentage

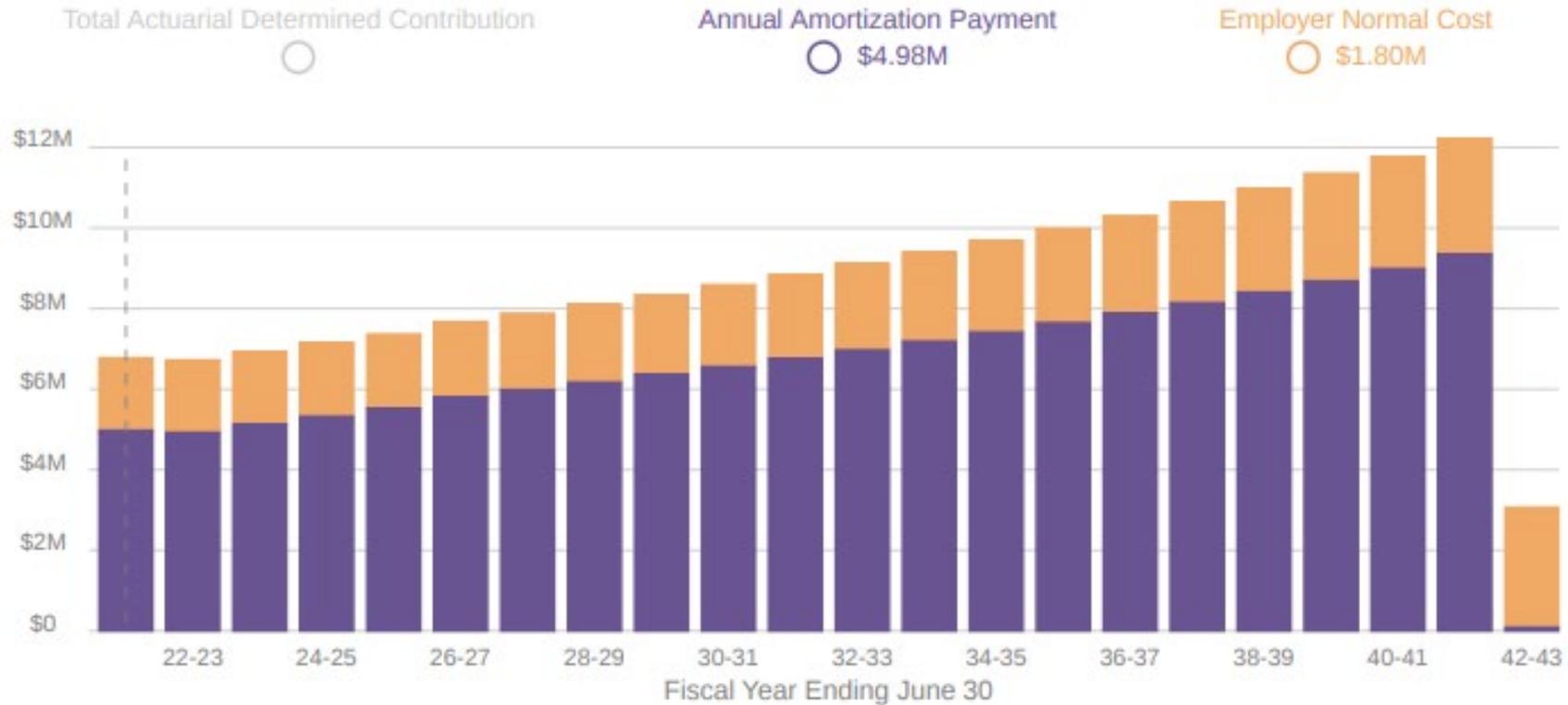


Current Funding Projection – City Plan

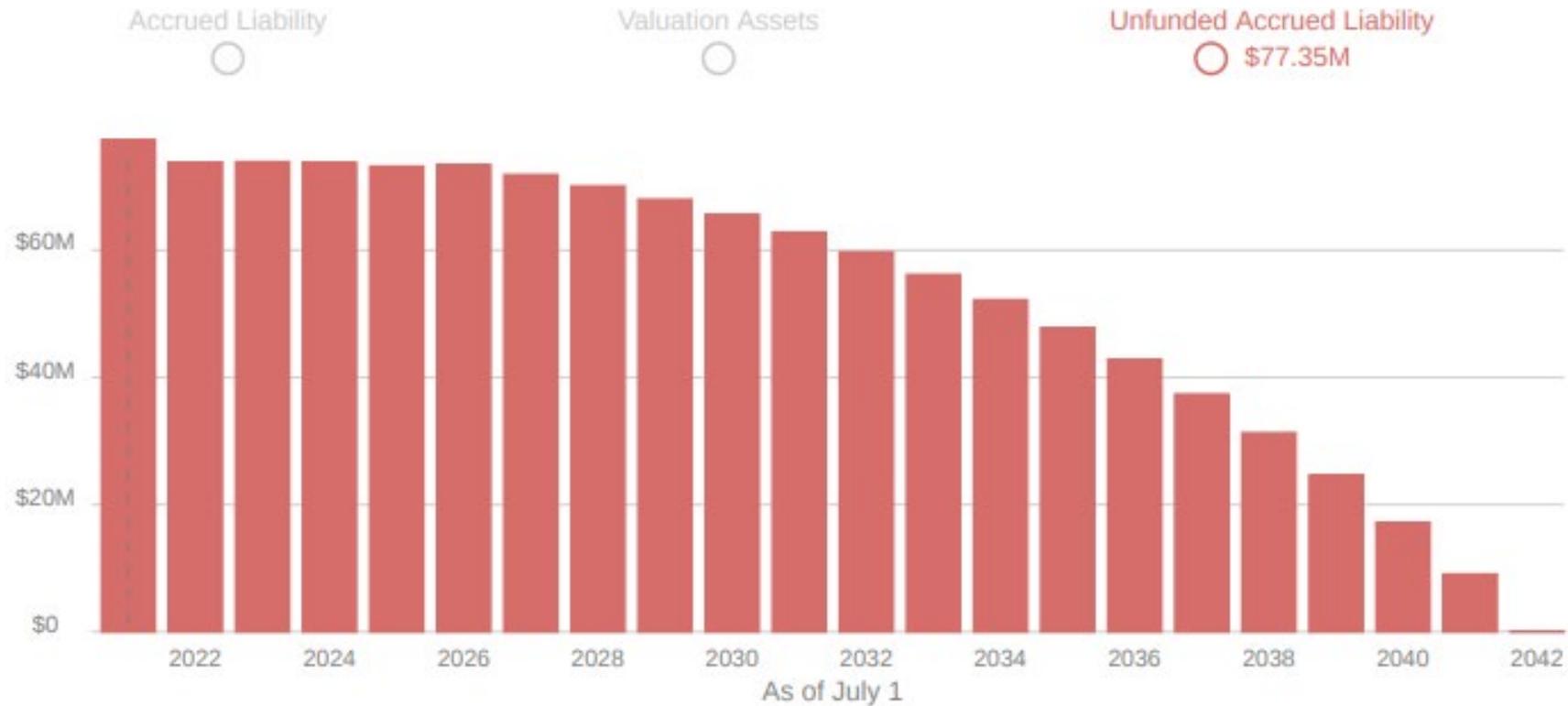
Projecting Unfunded Liability

- Investment Return
 - Assumed to be -13.67% in Fiscal Year 2022
 - Match Assumed Discount Rate in following years

Actuarially Determined Contribution



Projected Unfunded Liability



Funded Percentage



Additional Contributions

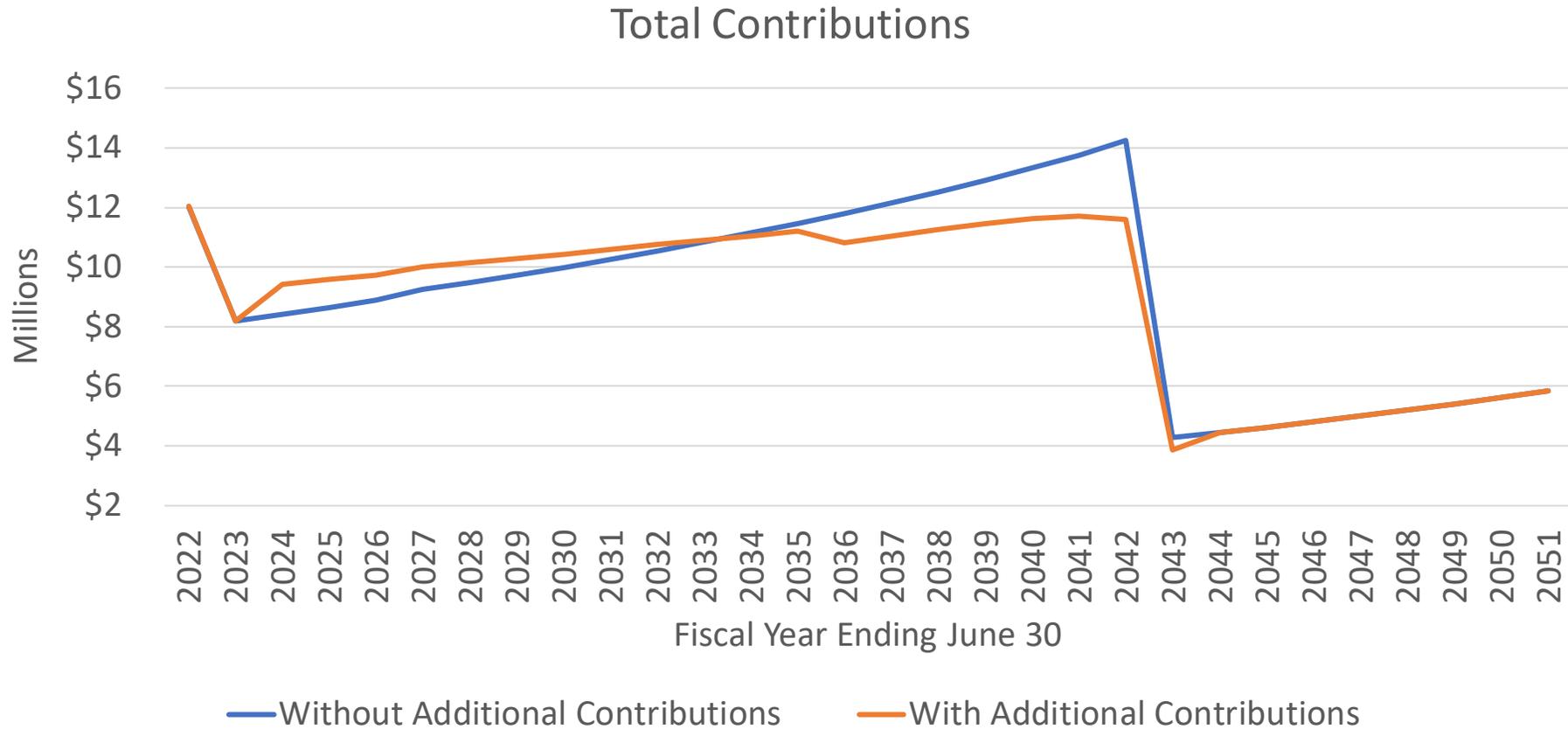
Additional Contributions

- The City Council has adopted an OPEB funding policy where they would contribute the combination of:
 - The Actuarially Determined Contribution for each plan, and
 - 10% of any year-end surplus that the City might have.

Additional Contributions

- To understand how this would impact future contributions, we have projected contributions and funded status for the combined plans assuming that:
 - The City contributes an additional \$1 million each year beginning in Fiscal Year 2023-24,
 - That additional contribution would be split \$500 K into each of the RPOA Plan and the City Plan
 - That experience for each of the plans matches actuarial assumptions for each year in the future

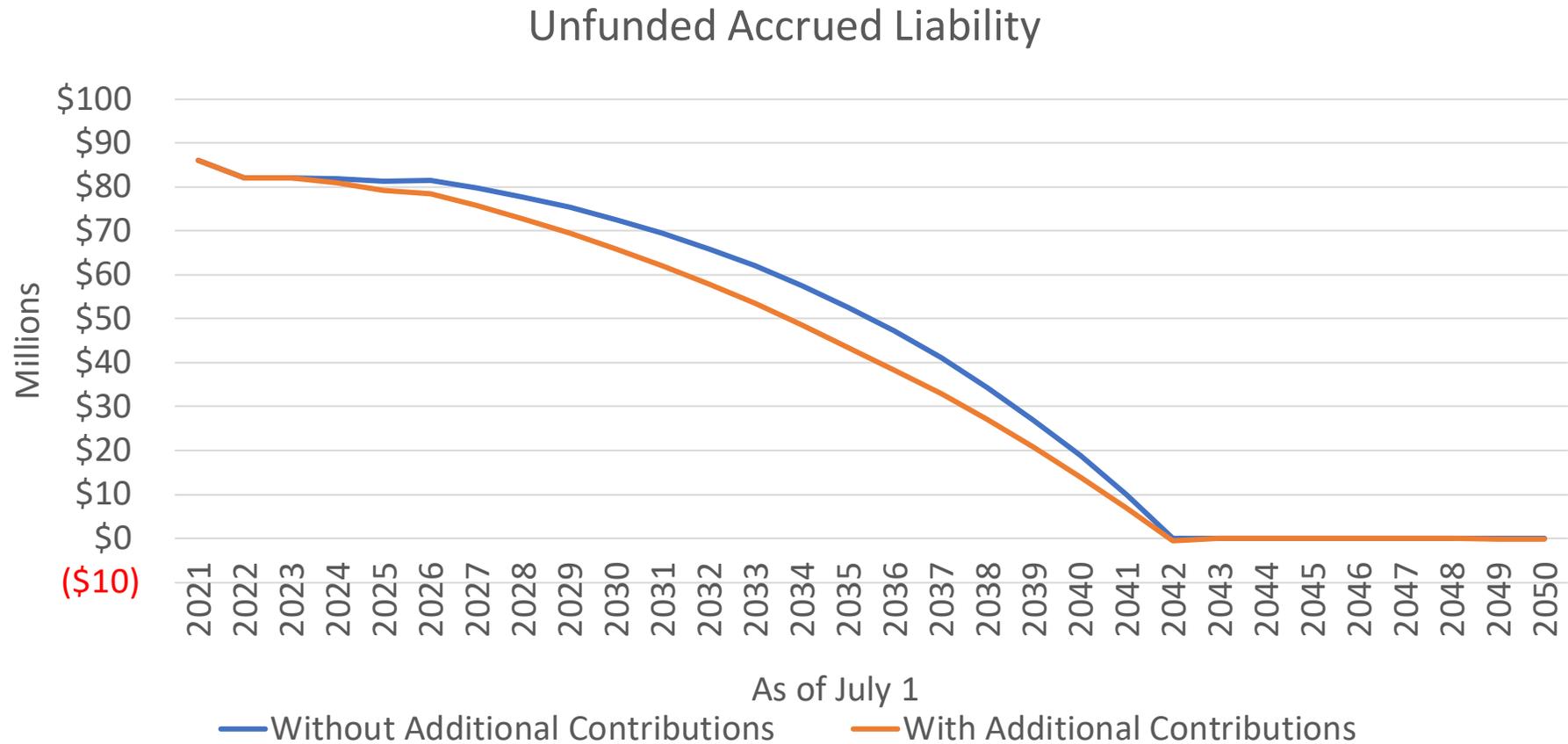
Total City Contributions



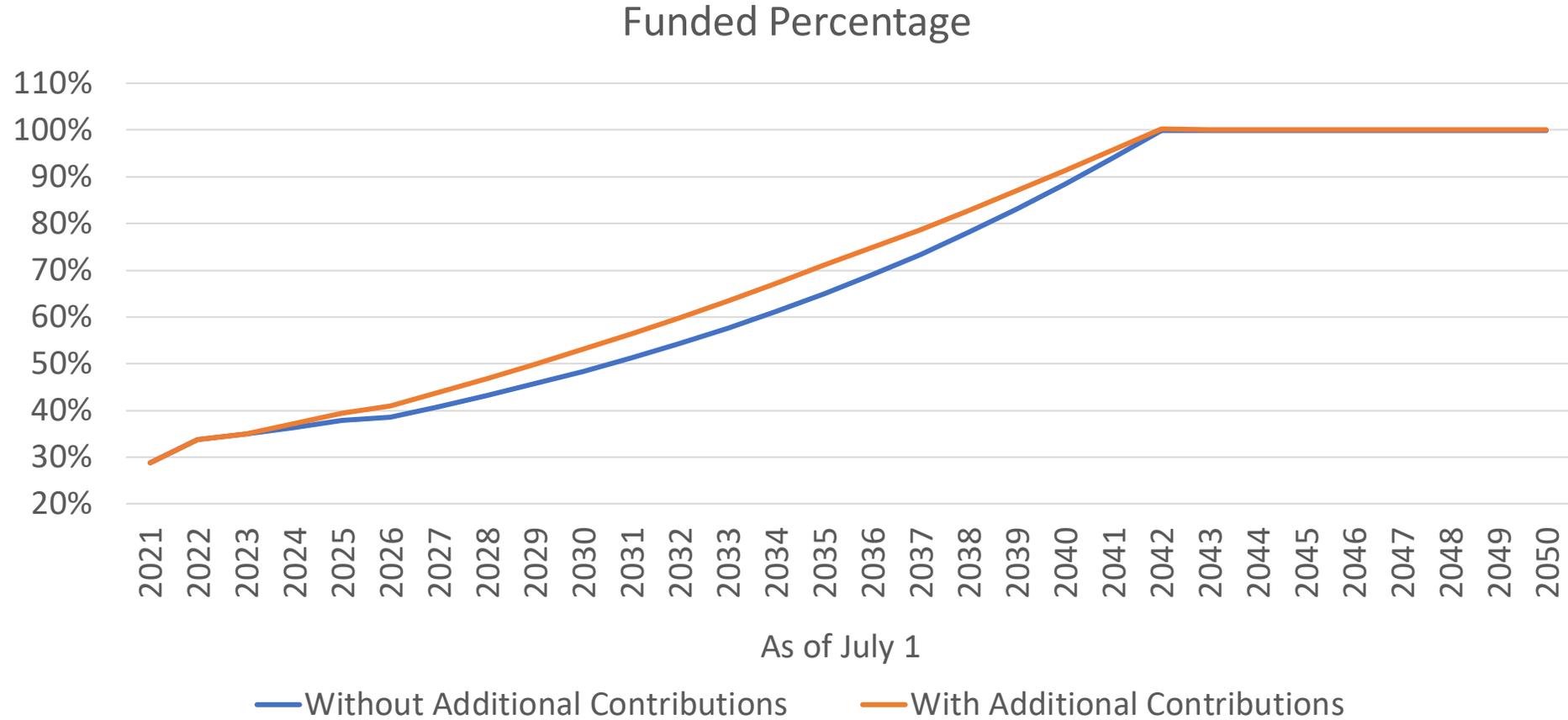
Savings

	Without Additional Contributions	With Additional Contributions
Total	\$274,715,950	\$268,599,245
Savings	N/A	\$6,116,705

Projected Unfunded Liability



Funded Percentage



Questions



Disclaimer

While tested against actuarial valuation results, the software results will not necessarily match actuarial valuation results, as no two actuarial models are identical. The software offers financially sound projections and analysis; however, outputs do not guarantee compliance with standards under the Government Accounting Standards Board or Generally Accepted Accounting Principles. The software and this presentation are not prepared in accordance with standards as promulgated by the American Academy of Actuaries, nor do outputs or this presentation constitute Statements of Actuarial Opinion. GovInvest has used census data, plan provisions, and actuarial assumptions provided by Customer and/or Customer's actuary to develop the software for Customer. GovInvest has relied on this information without audit.