

Other Post Employment Benefits (OPEB) - Funding Policy

March 1, 2016

Recommended Actions

- Adopt the Resolution in Attachment A that updates and approves a County of Santa Barbara Other Post-Employment Benefits (401(h) Account) Funding Policy.
- Determine that the above action is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines

Funding History

- 2008 – 2013: Pay as you go method; 3% of pensionable payroll
- FY 2013-14: Budget Policy increased funding by 25 basis points each year until study performed.
- Budgeted rate for FY 2015-16 is 3.75%
- Target rate for FY 2016-17 was 4%
- FY 2015-16: Study performed by actuary (Cheiron), recommended ongoing funding 4%

Benefits of Adopting a Funding Policy

- OPEB funding policy already in Budget Policies
- This would formalize the Funding Policy
- Provides support for consideration of future cash flows in evaluation of discount rate used to value plan liabilities
- Increased rate of return will likely result in lowering the total liability
- Projections indicate that this policy will result in fully funding this Plan

OPEB Plan Administrators Report (See separate Report)

- Background
- History
- Plan Information
- Responsibilities
- Funding
- Liability, Assets & Unfunded Liability

OPEB Funding Scenario's

	Scenarios							
	FUNDING OPTIONS			OTHER SCENARIOS				
	1	2	3	4	5	6	7	8
Assumptions:	3% of Payroll	4% of Payroll	5% of Payroll	10-Year Pay-Down	20-Year Pay-down	30 Year Pay-Down	Moderate Investment Risk	Conservative Investment Risk
Estimated Payroll Contribution Percentage	3%	4%	5%	7.50%	4%	3%	4%	4%
Investment Return Assumption	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.00%	6.50%
Year of Full Funding	2044	2034	2030	2024	2034	2044	2035	2035
Total 30-Year Contribution Est. (\$ Millions)	\$403	\$287	\$248	\$212	\$288	\$403	\$301	\$315

Recommended Actions

- Adopt the Resolution in Attachment A that updates and approves a County of Santa Barbara Other Post-Employment Benefits (401(h) Account) Funding Policy.
- Determine that the above action is not a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines

Questions?