

OPEB Overview & Reporting Options

Other Post-Employment Benefits (OPEB) typically include retiree healthcare, life insurance, or long-term care. GASB 75 now requires local governments to report total OPEB liabilities directly on the balance sheet, moving away from footnote-only disclosures under GASB 45.

Key GASB 75 Changes

- ▶ OPEB liabilities must be fully reported on financial statements.
- ▶ Requires a single cost method for better comparability and transparency.
- ▶ Actuarial valuations required every 2 years for all employers.
- ▶ Includes additional disclosures: changes in liability, fiduciary position, payroll ratios.

OPEB Management Options

Pay-As-You-Go

Lowest short-term cost but leads to growing liabilities and higher future costs.

OPEB Trusts

Allows for investment growth, lowers liabilities. Common options include:

- ▶ 115 Trust: Most used by municipalities.
- ▶ 501(c)(9) VEBA Trust: Used often in private sector.
- ▶ 401(h) Account: Pension-linked, with strict limitations.

OPEB Bonds

Offers budget relief and may positively impact credit ratings, but introduces fixed debt obligations.

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