



## **GASB Issues Guidance on Multi-employer OPEB Plans**

**June 29, 2009 (PLANSPONSOR.com) - The Governmental Accounting Standards Board (GASB) has issued an exposure draft of a proposed statement that addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans.**

The proposed Statement would amend paragraphs 33 - 35 of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Statement 45 requires public employers to produce an actuarial statement, using generally accepted accounting standards, that presents the projected actuarial accrued liabilities and the annual required contributions for retiree health plans

The proposed Statement also would amend the requirement of paragraph 33 of Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, that a defined benefit OPEB plan obtain an actuarial valuation. The proposed amendment would permit the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this proposed Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements.

The GASB explained that In agent multiple-employer plans, separate liabilities are calculated and separate asset accounts are kept for each participating government, rather than being administered and accounted for as a single plan as is done in a cost-sharing plan.

In its proposal the agency said that the guidance would allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting. The purpose of the proposed change is to reduce the cost of compliance with the requirements of Statement 45 for eligible agent employers while achieving an appropriate balance between the goals of reliable measurement of reported information and reasonable cost.

The GASB also said the clarification that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date will improve the consistency of reporting with regard to funded status and funding progress information.

The proposal can be viewed at <http://www.gasb.org/exp>. Comments on the proposal are due by August 28, 2009.

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