

## **OPEB ADVANCE FUNDING POLICY**

### **CURRENT FUNDING POLICY**

The District's Board of Commissioners ("BOC") established a partial funding policy to advance fund retiree health care costs. The District believes that advance funding will establish a reserve that will help ensure the financial ability to provide health care coverage for District retirees and their beneficiaries in the future. The Policy is as follows:

Target Funding Level:	50%
Funding Period:	50 years
Funding Amount:	\$10 million funding in each of the first five years beginning in 2007. (The \$50 million funding for the first five years was reached by the end of 2011 in compliance with the District's Funding Policy).
Basis for Funding:	Percentage of Payroll for each year after first 5 years.

### **FUNDING POLICY AS AMENDED**

Target Funding Level:	100% (maximum funding level)
Funding Period:	12 years
Funding Amount:	\$5 million funding in each of the twelve years 2015 through 2026. No further advance funding contributions will be required after 2026. Beginning in 2027 cash to be withdrawn from the Trust to fund claims and insurance premiums will be determined by the Plan's actuary with the funding percentage to be maintained at 100% for all future years.
Benchmark:	Progress toward the funding goal will be determined by an actuarial projection to be performed by the Plan's actuary every two years. The funded ratio will be calculated as part of this projection, and will serve as the benchmark to determine progress toward the funding goal.

While authorized by statute, there is currently no legal requirement for the District to partially or fully fund the Other Postemployment Benefits ("OPEB") Trust Fund and any funding is on a voluntary basis.