

Valuation Reports to Meet Federal Standards



GASB 45 Compliance Services

NPELRA has partnered with Gallagher Benefit Services, Inc. to offer GASB 45 actuarial and consulting services. Because of this partnership, NPELRA members will receive a substantial discount.



What is GASB 45?

The Governmental Accounting Standards Board (GASB) issued Standard Number 45 to require governmental entities to identify the cost of non-pension health benefits offered to retirees. The rule also required that public employer's estimate the cost impact that differing age groups have on the benefits provided. This estimation of impact, referred to as a "valuation" primarily involves medical coverage, but may also apply to life insurance, dental insurance and vision benefits. GASB 45 applies to both early (pre-65) and Medicare retirees if allowed to continue on the employer's health plan.

Compliance Deadlines

Three phases of implementation impact public entities around the country. Contact your auditor to determine the correct phase for your organizations.

Phase I – Fiscal Year ending in 2008

Phase II – Fiscal Year ending in 2009

Phase III – Fiscal Year ending in 2010

How often is your organization required to comply?

- Public entities with 200 members or more must have a valuation every 2 years after initial compliance.
- Public entities with fewer than 200 members must have a valuation every 3 years after initial compliance.

How to Get Started

Steps:

go to ➔ www.npelra.org

click ➔ **Membership**

click ➔ **Gallagher Benefit Services**

go to ➔ **GASB 45 Compliance Services**

Basic Fees (Phase III)		NPELRA Members
Online Simplified Valuation Tool		\$2,250
Standard Valuation Report		
The cost below include performing a GASB 45 valuation, a conference call meeting with the organization before the work begins and a conference call meeting to review the draft report		
Implicit Subsidy only		\$5,750
Implicit and Explicit Subsidy		\$6,750
Implicit and Explicit Subsidy and Post-65 Retirees		\$7,750
Additional Valuation Groups (each group)*		\$1,750

*Additional groups exist when the organization requests separate results for different employee groups (i.e. Police vs. Fire vs. Administration).

Additional Services	
On-site meeting with the actuaries to present the final report	Additional fee
Additional assumption scenarios (changes to enrollment, retirement provisions, benefit designs, trends, etc.)	\$750 per scenario
Off-year roll-forward report	\$3,000 per report

Simplified Valuation Tool

An online GASB 45 actuarial valuation tool is available for those NPELRA members that are eligible for the alternative (or simplified) measurement method permitted by GASB. To be eligible for the simplified method, your organization must:

1. Be a sole (single) employer; and
2. Be fully insured; and
3. Have fewer than 100 total plan members (including employees in active service, terminated employees who have accumulated benefits but are not yet receiving them and retirees that are currently receiving benefits); and
4. Only offer an implicit subsidy with no explicit subsidy for retiree healthcare benefits.

Standard Valuation Services

If you are a Phase I or Phase II organization, you can still participate in the **standard** valuation program offered by GBS and receive a 10% discounted rate.

Do I Qualify?

If you are unsure whether your organization will qualify, the online tool includes a "Do I Qualify?" questionnaire that will help you. Or, you might ask your auditor.

Terms to Know

Members

To determine the number of members in your plan, include all:

- Active employees;
- Terminated employees who have accumulated benefits but are not yet receiving them;
- Retirees currently receiving benefits; and
- Eligible employees not actively participating.

Standard vs. Simplified

- Public entities with 100 or more members must have a full (**standard**) valuation.
- Public entities with fewer than 100 members may be eligible for alternative (**simplified**) valuation.

Implicit and Explicit Subsidies

Public entities may offer eligible early retirees the opportunity to purchase the same coverage and at the same cost as is offered to active plan members. This creates an **implicit subsidy**.

When the public entity contributes to all or any portion of the cost of retiree healthcare, this creates an **explicit subsidy**.

Contact Information

Please direct any questions relating to GASB 45 services to our email → gbsnpelra@ajg.com



Gallagher Benefit Services, Inc.
t h i n k i n g a h e a d

About Gallagher Benefit Services, Inc.

Gallagher Benefit Services, Inc., a subsidiary of Arthur J. Gallagher & Co. (NYSE: AJG), is one of the leading employee benefits brokers and consultants in the United States. It delivers a full range of employee benefits services, including benefits strategy, plan design and management, financial planning, actuarial, data analysis and benchmarking, retirement brokerage and consulting, and human resource services. Visit us at www.gallagherbenefits.com.



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