

# POLICY

## BOARD OF EDUCATION OF MONTGOMERY COUNTY

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**Related Entries:** GIG  
**Responsible Office:** Chief Operating Officer

### **Funding Other Post-Employment Benefits**

#### **A. PURPOSE**

To set forth the priorities and responsibilities of the Montgomery County Board of Education (Board) regarding funding of Other Post-Employment Benefits (OPEB)

#### **B. ISSUE**

The Board is committed to providing post-employment health benefits for eligible retirees and requests funding of these benefits by the Montgomery County Council.

#### **C. POSITION**

1. In 2011, the Montgomery County Council created the Consolidated Other Post-Employment Benefits Trust and directed that all future contributions on behalf of county agencies including the Board and Montgomery College be made into this trust on behalf of the employees of the Board.
2. The results of an actuarial study conducted by a credentialed actuary at least biannually will be made available to establish funding requirements for the County Executive's next annual operating budget request based on the actuarial unit cost method. Assumptions used in developing the actuarial valuation are determined by the Board and will be kept current and adjusted as economic and demographic conditions change.
3. The study also will contain a funding amount known as the "annual required contribution" that will be an amount sufficient to liquidate the remaining liabilities. Actuarial gains and losses will cause the "annual required contribution" to be adjusted to amortize any changes to the accrued liability over a period of no less than 15 years from the date of the actuarial valuation reducing such gain or loss.

4. The study also will determine the actuarial accrued liability that will estimate the amount of the liability for future post-employment benefits for current employees and retirees.
5. The Board will request each year sufficient funds to be contributed on behalf of Montgomery County Public Schools (MCPS) employees and retirees to improve the asset to accrued liability ratio toward the 100 percent funded level by the end of the amortization period.
6. Any modifications to plan benefits will be announced in a timely manner prior to Board action allowing opportunities to receive input from active/retired employees, and all employee organizations.

**D. DESIRED OUTCOME**

The MCPS OPEB Trust and the funds held on behalf of MCPS employees and retirees in the county consolidated trust are intended to maintain a plan of post-employment health benefits for eligible employees and retirees that is adequately funded and will ensure eligible employees access to medical coverage during their retirement years.

**E. IMPLEMENTATION STRATEGIES**

1. Every three to five years a credentialed actuarial firm will be contracted to evaluate the plan in terms of goals and objectives and this report will be made available to the Board's Fiscal Management Committee.
2. Staff will meet with the Fiscal Management Committee to review the actuarial report on the actuarial valuation of the OPEB plan from the actuary, plan assumptions, and rate of return recommendations for the coming fiscal years.

**F. REVIEW AND REPORTING**

This policy will be reviewed in accordance with the Board policy review process.

**Policy History:** New policy adopted by Resolution No. 450-09, October 26, 2009; adopted by Resolution No. 173-15, April 14, 2015.