

1 Related Entries: GIG  
2 Responsible Office: Chief Operating Officer  
3  
4

5 Funding Other Post-~~e~~Employment Benefits  
6  
7

8 A. PURPOSE  
9

10 To set forth the priorities of the Montgomery County Public  
11 Schools ~~(MCPS)~~ **Board of Education (Board) regarding funding**  
12 **of Other Post-~~e~~Employment Benefits (OPEB) Trust**  
13

14 B. ISSUE  
15

16 The ~~MCPS OPEB Trust will~~ **Board** provides post-employment  
17 health benefits for eligible ~~employees and retirees~~ **and**  
18 **requests funding of these benefits by the County Council.**  
19

20 C. POSITION  
21

22 ~~1. In 2007, the Board of Education created a Board of~~  
23 ~~Investment Trustees to oversee the investment of other~~  
24 ~~postretirement assets, based on an Investment Policy~~  
25 ~~approved by the Board of Investment Trustees.~~  
26

27 ~~2. The Board of Investment Trustees shall review the~~  
28 ~~Investment Policy annually and update as necessary to~~  
29 ~~reflect prudent investment practice.~~  
30

31 1. In 2011, the Montgomery County Council created the  
32 Consolidated Other Post-Employment Benefits Trust and  
33 directed that all future contributions on behalf of  
34 county agencies including the Board and Montgomery  
35 College be made into this trust on behalf of the  
36 employees of the Board.

37  
38 32. The results of an actuarial study conducted by a  
39 credentialed actuary at least biannually will be made  
40 available to establish funding requirements for the  
41 ~~Board of Education~~ **County Executive's** next annual  
42 operating budget request based on the actuarial unit  
43 cost method. Assumptions used in developing the  
44 actuarial valuation are determined by the ~~Board of~~  
45 ~~Education~~ and will be kept current and adjusted as  
46 economic and demographic conditions change.

47  
48 43. The study also will contain a funding amount known as  
49 the "annual required contribution" that will be an  
50 amount sufficient to liquidate the remaining  
51 liabilities. Actuarial gains and losses will cause  
52 the "annual required contribution" to be adjusted to  
53 amortize any changes to the accrued liability over a  
54 period of no less than 15 years from the date of the  
55 actuarial valuation reducing such gain or loss.

56  
57 54. The study also will determine the Actuarial Accrued  
58 Liability that will estimate the amount of the  
59 liability for future post-employment benefits for  
60 current employees and retirees.

61

62 ~~6. During an initial phase in period that began with~~  
63 ~~Fiscal Year 2008, MCPS will include "phase in" OPEB~~  
64 ~~contribution amounts in the fixed charges category of~~  
65 ~~the superintendent of schools' annual recommended~~  
66 ~~operating budget. After the phase in period, full~~  
67 ~~OPEB contribution amounts will be included in the~~  
68 ~~superintendent of schools' annual recommended~~  
69 ~~operating budget.~~

70  
71 **75. The Board will request each year sufficient funds to**  
72 **be contributed on behalf of Montgomery County Public**  
73 **Schools (MCPS) employees and retirees to improve will**  
74 ~~have as a funding goal each year the improvement of~~  
75 ~~the asset to accrued liability ratio toward the 100~~  
76 ~~percent funded level by the end of the amortization~~  
77 ~~period.~~

78  
79 ~~86.~~ Any modifications to plan benefits will be announced  
80 in a timely manner prior to Board of Education action  
81 allowing opportunities to receive input from  
82 active/retired employees, and all employee  
83 organizations.

84  
85 D. DESIRED OUTCOME

86  
87 The MCPS OPEB Trust ~~will~~ **and the funds held on behalf of**  
88 **MCPS employees and retirees in the county consolidated**  
89 **trust are intended to** maintain a plan of post-employment  
90 health benefits for eligible employees and retirees that is  
91 adequately funded and will ensure eligible employees access  
92 to medical coverage during their retirement years.

93

94

95 E. IMPLEMENTATION STRATEGIES

96

97 1. Every three to five years a credentialed actuarial  
98 firm will be contracted to evaluate the plan in terms  
99 of goals and objectives and this report will be made  
100 available to the Board—of—Education's Fiscal  
101 Management Committee.

102

103 2. Staff will meet with the Fiscal Management Committee  
104 to review the actuarial report on the actuarial  
105 valuation of the OPEB plan from the actuary, plan  
106 assumptions, **and** rate of return, ~~and budget~~  
107 recommendations for the coming fiscal years.

108

109 F. REVIEW AND REPORTING

110

111 This policy will be reviewed in accordance with the Board  
112 of ~~Education~~ policy review process.

113

114 *Policy History:* New policy adopted by Resolution No. 450-09,  
115 October 26, 2009; **amended** .