



Other Post Employment Benefits (OPEB) Liability Update

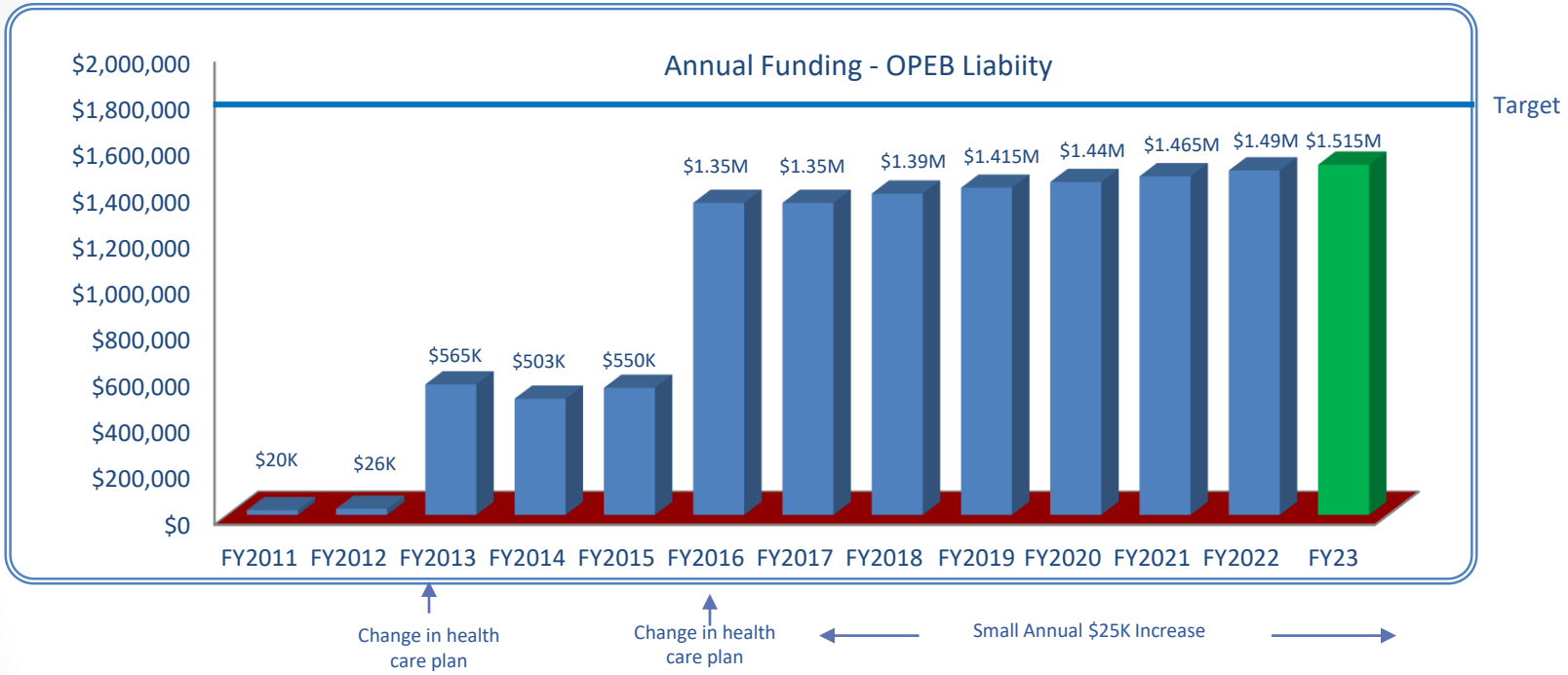
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OPEB (Other Post Employment Benefits) Liability Update

- OPEB Liability is the unfunded liability for employee post retirement benefits for health insurance.
 - In the past, government did not properly fund benefit costs.
- The Town is required to have a liability analysis performed every other year.
 - Westwood has been doing this since 2006.
 - Must disclose status in the annual financial statements.
 - Must file with State PERAC (State Retirement Administration Commission).
- Currently no requirement to fund, but if did not fund:
 - Liability would continue to grow.
 - Liability would negatively impact future budgets.
 - Negative impact on Bond rating.
- Most recently, this review was performed as of June 30, 2021
- All OPEB liability reports and a yearly OPEB summary are:
 - Posted on the Town website.
 - Included in the finance section of the Annual Town Meeting book.

The Town Has Made Great Progress

- Control expense
 - Transition to State GIC program (FY15)
 - Elimination of redundant Medi-B payments (FY14)



- Investment of Funds
 - Since 2015, invested with the State option.
 - Massachusetts Pension Reserves Investment Management Board (PRIM).
 - State Retiree Benefit Trust Fund (SRBTF).
 - Allows for long term investments.
 - Current trust fund balance is approximately \$18M.

Results of the Review as of June 30, 2021

- Steady, disciplined progress made on addressing liability.
- Comparison of recent studies shows continued improvement.

	6/30/13	6/30/15	6/30/17	6/30/19	6/30/21
Discount Rate		7.75%	7.25%	7%	6.5%
Unfunded Actuarial Liability	\$55.9M	\$35.6M	\$39.1M	\$36.1M	\$19.8M
Funded Ratio		4.6%	11.4%	19.7%	43.8%

- Funded Ratio has significantly increased.

