



Other Post Employment Benefits (OPEB) Liability Update

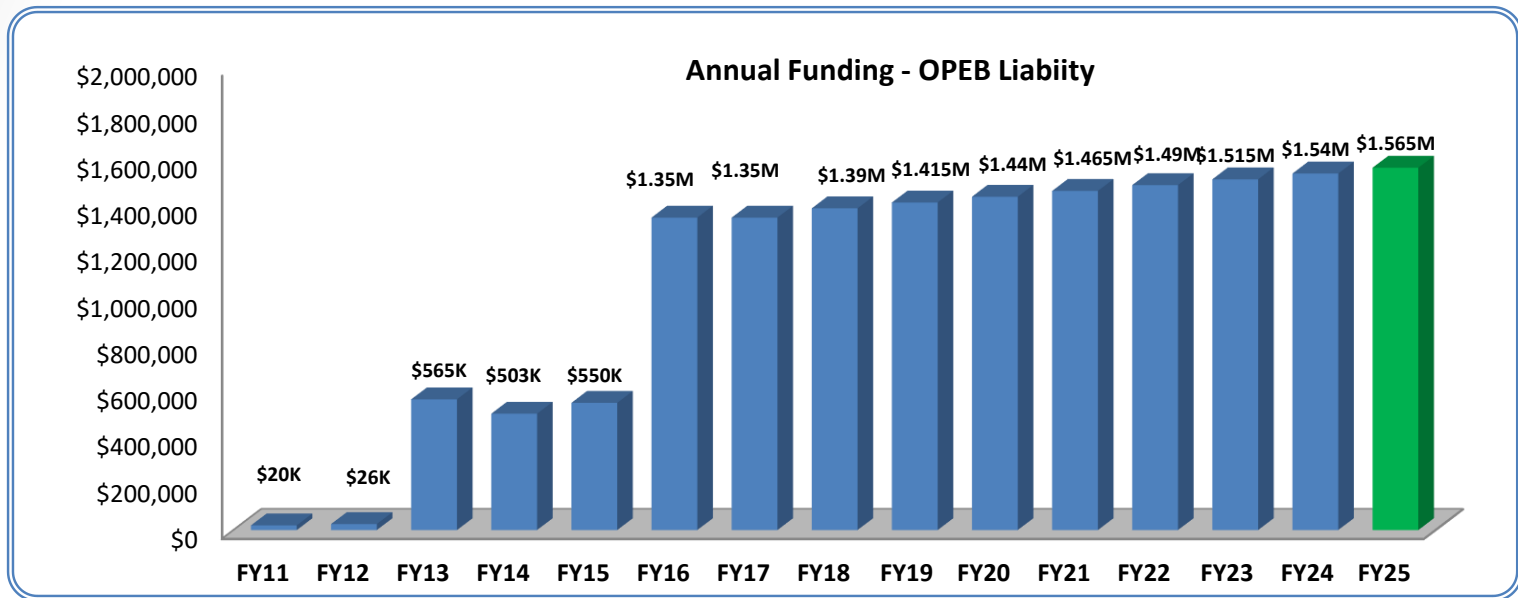
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September 30, 2024

OPEB (Other Post Employment Benefits) Liability Update

- Other Post-Employment Benefits (OPEB) are non-pension benefits for retirees
 - Includes health insurance
- OPEB Liability is the unfunded liability for employee post-retirement benefits
 - Benefit costs historically not properly funded
 - Unfunded liabilities built up
- OPEB Trust Fund established in 2008
 - Per financial policies, developed a funding schedule for liability
- The Town is required to have a liability analysis performed every other year
 - Must disclose status in the annual financial statements
 - Must file with State PERAC (Public Employee Retirement Administration Commission)
- Currently no requirement to fund, but there would be impacts if Town did not fund
 - Liability would continue to grow, negatively impacting future budgets
 - Negative impact on Bond rating
- Most recently, this review was performed as of June 30, 2023
- All OPEB liability reports and a yearly OPEB summary are included in the finance section of the Annual Town Meeting book

Town's History with OPEB

- 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 as of 8/31/24 is approximately \$24.5M

Results of the Review as of June 30, 2023

- 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 | 6/30/23 |
|------------------------------|---------|---------|---------|---------|---------|---------|
| Discount Rate | | 7.75% | 7.25% | 7% | 6.5% | 6.5% |
| Unfunded Actuarial Liability | \$55.9M | \$35.6M | \$39.1M | \$36.1M | \$19.8M | \$27.6M |
| Funded Ratio | | 4.6% | 11.4% | 19.7% | 43.8% | 40.4% |

- Funded Ratio has significantly increased over the years

