

Item #: 32B

Prepared by: Mike Swift

Commissioner: FORD

Approved by: _____

**RESOLUTION TO PROVIDE FOR OPEB BENEFITS AND APPROVE
CHANGES TO HEALTH INSURANCE BENEFITS PROVIDED TO
EMPLOYEES AND RETIREES**

WHEREAS, The Governmental Accounting Standards Board issued Statement No. 45 (GASB 45), Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions; and

WHEREAS, GASB 45 requires that other post employment benefits (OPEB) be accounting for similar to pensions in that the expense must be recognized as the benefits are earned rather than as they are paid; and

WHEREAS, The County's actuaries have calculated the accrued liability as of June 30, 2006, for benefits earned by current employees and retirees to be \$489 million using a 4% discount rate; and

WHEREAS, The County's actuaries have calculated the annual required contribution to be \$49 million which is a \$36 million increase over the amount the County is currently incurring on a "pay-as-you-go basis".

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF COUNTY COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, That for employees hired after the date of this resolution, the County will not provide retirement life insurance and retirement health insurance will only be provided as a Medicare supplement upon becoming eligible for Medicare for employees with a minimum of 15 years of service.

BE IT FURTHER RESOLVED, That effective January 1, 2008, The County will offer a Medicare supplemental plan for all Medicare eligible retirees rather than participation in the County's self-insured plan.

BE IT FURTHER RESOLVED, That the retiree's share of the premium shall be based upon "Exhibit A" which is attached hereto with years of service as defined by the County Retirement System. This schedule shall be effective the date this resolution is adopted for employees retiring after that date. For current retirees, the retiree's share will be increased effective July 1, 2007.

BE IT FURTHER RESOLVED, That the County share of the health insurance premium for retirees over 65 is adjusted such that the County share for retirees with over 25 years of service is 70% of the total premium effective July 1, 2007, with the excess becoming an OPEB contribution.

BE IT FURTHER RESOLVED, That retiree health insurance benefits are only available to dependents as of the date the employee leaves active employment.

BE IT FURTHER RESOLVED, That deferred retirees are not eligible for retiree health and life insurance.

BE IT FURTHER RESOLVED, That years of service for purposes of retiree health and life insurance are the pension service years for the Shelby County Retirement System.

BE IT FURTHER RESOLVED, That the Mayor is directed to take the steps necessary to create a Other Post Employment Benefits Trust Fund for retiree life and health insurance similar to the Pension Trust Fund.

BE IT FURTHER RESOLVED, That on June 30, 2007, the net assets of the Group Life Insurance Fund be transferred to the Other Post Employment Benefits Trust

Fund (OPEB Trust) and that life insurance premiums charged the employees and County in excess of the premium payable to the insurance company be paid into the OPEB Trust Fund.

BE IT FURTHER RESOLVED, That the net assets of the Group Hospital Insurance Fund in excess of \$5,000,000.00 as of June 30, 2007, be transferred to the OPEB Trust Fund on July 1, 2007.

BE IT FURTHER RESOLVED, That to the extent previous resolutions regarding eligibility for retiree health and life insurance conflict with this resolution, this resolution controls any determination of retiree life and health insurance benefits.




A C Wharton, Jr., County Mayor

Date: 6/18/07

ATTEST:


Clerk of County Commission

ADOPTED: June 11, 2007