

	<p align="center"> <b>Pittsfield Charter Township</b>  <b>Other Post-Employment Benefits (OPEB) Funding Policy</b> </p>		<b>GENERAL OPERATIONS:</b>	
			<i>Resolution Number:</i> <b>20-14</b>	<i>Effective Date:</i> <b>03/25/2020</b>

## PURPOSE

The purpose of this funding policy is to state the overall funding goals for Pittsfield Charter Township. The Government Finance Officers Association (GFOA) recommends that government officials ensure that Other Post-Employment Benefits (OPEB) plans are sustainable. Sustainability requires governments that offer OPEB to contribute the full amount of their Actuarially Determined Contribution (ADC) each year. Failing to fund the ADC during recessionary periods impairs investment returns by providing inadequate funds to invest when stock prices are low. As a result, long-term investment performance can suffer and ultimately require higher contributions.

## BACKGROUND

The Township established the Retiree Health Funding Vehicle (RHFV) in 2007 to fund its OPEB. The RHFV is a Section 115 Governmental Integral Part Trust and considered a qualified medical trust that uses MERS' cost-effective diversified investments. The RHFV was established in an effort to accumulate sufficient assets to fully finance the benefits eligible retired employees receive throughout their retirement, it has been the Township's practice to fully fund the ADC (and when financially possible to contribute additional funds above the ADC), into the Township's RHFV.

## POLICY

The OPEB Funding Policy is intended to develop a practice of stable and regular contributions when expressed as a percentage of payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution at least equal to the ADC. The Township's policy will be to continue its current practice to fund the ADC, or annual employer contribution for OPEB, which previously was equivalent to the Annual Recommend Contribution (ARC). This policy also has a target funded ratio of 100% or more (full funding) with a goal to reach full funding on a predicable funding schedule. To do this, the unfunded liability will be amortized over a closed 30-year period starting January 1, 2021. Additionally, the policy states that all future retiree health insurance benefit changes that would impact OPEB liabilities will be subject to an actuarial review included for any changes recommended to the Board of Trustees.

## AMENDMENTS

Based upon recommendations from the Plan's actuary the Board of Trustees has the authority to amend this document.

## ADOPTION

This funding policy was adopted by the Board of Trustees on March 25, 2020 for a ten-year period with a recommendation for a five-year review.