



Finance Committee

Other Post-Employment Benefits (OPEB) Policy

August 2018

The Finance Committee (FINCOM) of the Town of Reading hereby establishes and adopts a Policy establishing a minimum target for annual OPEB funding in both the General and Enterprise funds (as defined below). Further, the FINCOM recognizes that circumstances may occur in any given year which would require the FINCOM to adjust the annual contribution.

The FINCOM recognizes that the financial health of the Town of Reading is of paramount importance to its residents who receive essential services; to its bondholders who provide funding for long-term Town projects; to its vendors who provide services and equipment to the Town; and to its current and retired employees. This Policy on OPEB funding is designed to protect the community from a) the near-term budget impact of a sudden change in law that would require such funding; and b) the longer-term need to reduce a large liability.

Health Insurance Premiums are defined as the best estimate from the Town's financial staff by early November of the cost of the Town's share of employee and retiree premiums for the following fiscal year.

General Fund OPEB contribution: Not less than 5% of the estimated premium costs for employees and retirees covered by the general fund will be set aside in the following fiscal year as a preliminary OPEB contribution. This policy will help cushion the budget process from any late adverse impacts of changes to health insurance premiums.

Enterprise Funds OPEB contribution: These funds are expected to fully fund the OPEB liability annually, according to an actuarial schedule agreed to by the Town's financial staff, and a funding term not to exceed thirty years.