



# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

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## EMPLOYER REPORTING INFORMATION

For the Year Ended June 30, 2017

### Update on GASB Statement 45

#### Who should read this information?

School officials responsible for compiling the *Comprehensive Annual Financial Report (CAFR)* should read the statements.

#### Overview

Each year, SERS receives requests for the information required by the Governmental Accounting Standards Board (GASB) Statement 45. Attached to this notice, you will find the required updated information for:

- **Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pension*** establishes standards for disclosure of information on postemployment benefits other than pension benefits by all state and local government employers.

**Please review the information and include it, as appropriate, in your financial reports.**

#### Employer Contribution Allocation (% of Payroll)

	FY2017	FY2016	FY2015
Pension	13.20	13.21	12.39
Medicare B	.75	.74	.74
Death	.05	.05	.05
Basic Benefits Total	14.00	14.00	13.18
Health Care	.00	.00	.82
OPEB Total	.00	.00	.82
Total Contribution	14.00	14.00	14.00

## NOTICE TO EMPLOYERS

The following information is provided for compliance with disclosure requirements in Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. A sample disclosure notice may also be found in Statement No. 45, Appendix D, Illustration 5.

### SAMPLE GASB STATEMENT NO. 45 DISCLOSURE

#### Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

#### Health Care Plan

Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. [Name of employer] contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were [\$xx,xxx, \$yy,yyy and \$zz,zzz], respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under **Employers/Audit Resources**.

#### **Information from Employer's Records**

The required contribution for the employer is expressed in dollars and as a percentage of current year covered payroll. The disclosure must include the required contribution and the actual percentage contributed for the current year and the two previous years.

None of the 14% employer contribution was allocated to the Health Care Fund in FY2017. The employer surcharge due as of June 30, 2017 was the only portion used to fund health care.