

Establishment of Trust for Retiree Healthcare

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Establishment of Trust for Retiree Healthcare

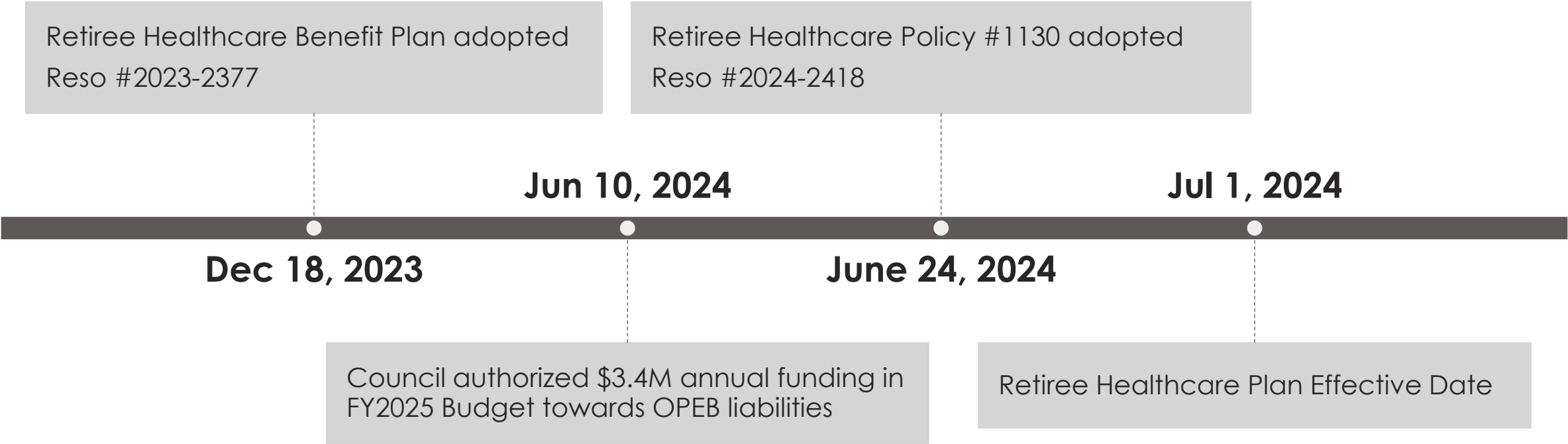
Agenda

- Previous Council Actions
- Benefits of Trust
- Pay-as you-go vs Prefunding
- Impact on OPEB Liabilities
- Implementation Steps
- Summary of Recommendations



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Previous Council Actions



There are currently 22 retirees participating in the City's retiree healthcare plan.

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Benefits of a Trust

- Additional investment options allow for higher investment income potential
- Reduced liability on City's financial statements
- Prefunding helps mitigate impact of rising costs
- GFOA best practice

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Pay-as you-go vs Prefunding

Cost of Retiree Healthcare Comparative Analysis		
	Without Trust	With Trust
OPEB costs	\$150,000	\$150,000
Investment returns	\$0	\$70,091
City contributions towards OPEB costs	\$150,000	\$79,909



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Impact on OPEB Liabilities

Summary of OPEB Liability Valuation as of 07/01/2024 Sensitivity Analysis		
Discount Rate	3.96%	6.50%
Actuarial Liability	\$32,665,984	\$24,450,948



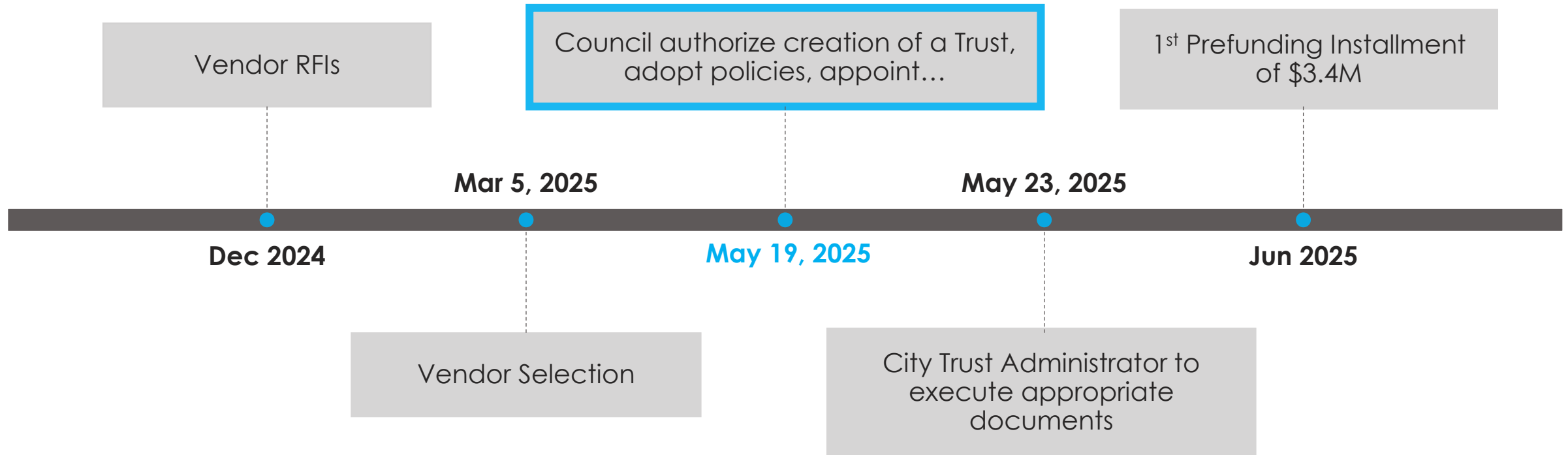
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Investment Portfolio – Asset Allocations

Asset Class	Fixed Income	Equity / Alternative
ASRS	29%	71%
PSPRS	31%	69%
City of Goodyear	40%	60%

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Implementation Steps





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Summary of Recommendations

Authorize	Irrevocable other post-employment benefit (OPEB) Trust
Adopt	OPEB Trust Funding and Withdrawal Policy
Adopt	OPEB Investment Policy
Appoint	OPEB Trust City Administrator
Authorize	OPEB Trust City Administrator to execute necessary documents

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Questions

