

106 OTHER POST-EMPLOYMENT BENEFITS FUNDING POLICY

106.1 Purpose. The purpose of this Other Post-Employment Benefits (“OPEB”) Funding Policy and TRWD’s established Other Post-Employment Benefits Trust (the “OPEB Trust”) is to finance other post-employment benefits as they are earned and to earn a higher yield on those funds to better be able to pay for future post-employment benefits.

106.2 Funding Policy. It is TRWD’s policy to fund the OPEB Trust annually with \$1,000,000, increasing by 10% each year beginning in Fiscal Year 2016 until the OPEB Trust has accumulated 75% of the total Actuarial Accrued Liability, as defined in the notes to TRWD’s annual audited Financial Report.

106.3 Distribution Policy. It is TRWD’s policy to use funds in the OPEB Trust for current retiree benefits in the following scenarios:

- If, at the end of the prior year, the OPEB Trust fund has accumulated more than 75% of the total Actuarial Accrued Liability, TRWD may use that excess for current retiree costs.
- If, as of August 31 of each fiscal year, TRWD determines it expects to be over budget for health costs by more than 15% in the current fiscal year, the OPEB Trust may reimburse the District for all retiree benefits up to the amount the overall health costs are over budget, so long as this does not drop the balance of the fund below \$500,000. (Note: Only retiree benefits paid may be reimbursed by the OPEB Trust fund; therefore, the reimbursement may not pay for the full budget overage.)
- If the District determines it wishes to decrease the percentage of the Actuarial Accrued Liability it wishes to fund, this change must be submitted to the Finance and Audit Committee for review and approved by the Board.

106.4 Policy Review. TRWD shall review this Policy annually with the Finance and Audit Committee to determine if any changes to this Policy should be recommended to the Board due to changes in the practices, activities, or circumstances of the District.