

May 29, 2024

To: MERSD School Committee

From: Michelle Cresta, Director of Finance & Operations

Copy: Pam Beaudoin, Superintendent of Schools

Re: OPEB Transfer

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Each June our recommended contribution to the district's OPEB (Other Post Employment Benefits) trust fund is calculated. The contribution for fiscal year 2024 has been calculated at \$605,327, based on the formula contained in the teachers' contract. The district pledges to contribute savings from negotiated changes in active employee health insurance coverage. This negotiation was put into effect in fiscal year 2016. Savings stem from introducing lower-cost deductible plans and from reducing employer contribution rates from 80% to 75% for legacy staff and from 75% to 70% for new hires. MA State Law requires school districts to fund lifetime retiree health care for any retiree that earns pension eligibility, with a minimum employer contribution rate of 50% of health insurance premiums. MERSD's OPEB trust contributions are invested with PRIT, the same fund that manages teacher and state employee pensions. Earnings on these investments help to reduce the amount that MERSD must contribute. With this transfer contributions since inception will now total \$4.57 million.

*Suggested motion:*

*Motion to approve a transfer in the amount of \$605,327 from the operating budget to the OPEB trust fund.*