



MidAmerica

Administrative & Retirement Solutions, Inc.

Employee Benefit Trust

Quality Solutions for Educational Employers

CURRENT SITUATION

Many Employers provide other post-employment benefits (OPEB) such as continuing health care coverage for their Employees. When an Employee retires, these benefits are usually paid out of the Employer's current operational budget. Generally, Employers have not set aside funds while the Employee was actively employed to fund this liability.

THE CONCERN

GASB, through Statement 45, requires the disclosure of this liability on the financial statement and recommends that the Employer begin funding this liability. Disclosure of this liability, absent an offsetting asset, can significantly impact the Employer's financial statements, adversely affecting the credit rating.

THE SOLUTION

Steps must be taken to minimize the impact of this liability, including funding. Funding sets aside assets to offset the liability on the financial statement. GASB recommends establishing an irrevocable Employee Benefit Trust for this purpose. The Trust is a legal entity. Trust funds are safe from the Employer's creditors and secure to pay for future benefits.

WHY FUND NOW?

The actuarial valuation assumes the liability is adequately funded on an annual basis and discounts the liability based on interest earnings. Failure to adequately fund reduces the projected earnings in the Plan and, therefore, will increase the liability. Trust deposits are considered an expense, not an investment, and may be eligible for general state, categorical and special project aid. Increased aid reduces the local effort necessary to finance the liability.

OUR PROGRAM

We provide everything you need to establish a Trust including an employer resolution, implementation documents and Trust administration. Local, toll-free and on-line support is also provided. The

Employer retains discretion as to the amounts and timing of deposits. A variety of investments is available including quality fixed investments with a guaranteed minimum rate of return.



Employee Benefit Trust is provided by:



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