



Hotsheet

March 2010

The PARS/CSDA Special Districts
GASB 45 Trust Program is
now starting its 2nd year!



CSDA

★
ENDORSED
AFFILIATE

FOR MORE INFORMATION ON HOW PARS CAN
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DELTA DIABLO SANITATION DISTRICT AND WEST COUNTY WASTEWATER DISTRICT SELECT PARS BASED ON HIGH-LEVEL OF PERSONAL SERVICE AND INVESTMENT FLEXIBILITY

Delta Diablo Sanitation District and West County Wastewater District recently adopted the PARS OPEB Trust. These two special districts recognized the downside of the “Pay-As-You-Go” method and decided to pre-fund their future retiree healthcare obligations.

DELTA DIABLO SANITATION DISTRICT

Like most public agencies that provide Other Post Employment Benefits (OPEBs) to retirees, the Delta Diablo Sanitation District planned and budgeted for retiree medical benefits on a “pay-as-you-go” basis. However, the district was concerned that continuing this approach would result in a growing obligation of the District’s balance sheet and higher costs. A January 2009 actuarial study showed that the District’s liability would be reduced by participating in a qualified OPEB trust fund that invested in a long-term diversified strategy earning a greater rate of return.

The board directed the staff to evaluate various trust fund options. After a thorough evaluation, the board approved selection of the PARS Trust in November 2009. The District has previously held funds for OPEB in a reserve fund and has now transferred these funds into the PARS OPEB Trust.

Karen Ustin, Business Services Director for Delta Diablo Sanitation District, comments on the PARS Trust: ***“Participation in the PARS OPEB Plan will help lower our growing post-retirement healthcare cost obligation which will have a positive impact on our financial statements. The PARS plan offers flexible investment options through the Trustee, Union Bank, that fit our needs.”***

WEST COUNTY WASTEWATER DISTRICT

West County Wastewater District created an Ad Hoc Committee to discuss the District’s required implementation of GASB 45. The District had been using the “pay-as-you-go” method, but beginning in fiscal year 2009-10, they began using the PARS OPEB Trust. The District decided to utilize Union Bank as Trustee and their wholly-owned subsidiary, HighMark Capital Management, as Investment Manager who will actively manage West County Wastewater’s plan assets to achieve the assumed actuarial rate of return of 6.25%. By achieving this desired rate of return, the Annual Required Contribution (ARC) and overall cost to the District will be lower. Beverli Marshall, Finance Director for West County Wastewater District, comments, ***“PARS provides a variety of ongoing support for the OPEB plan and offers a significantly higher level of service than other trust providers.”***

PARS AND CSDA SPECIAL DISTRICTS GASB 45 TRUST PROGRAM

PARS is pleased to be entering into its 2nd year of offering the Special Districts GASB 45 Trust Program as an endorsed affiliate of CSDA. The program offers an innovative trust program for post-retirement healthcare funding designed to assist districts of all sizes and types in addressing the requirements of GASB 45 (Governmental Accounting Standards Board Statement 45), using a Section 115 Trust already approved by the IRS. Although public agencies are not required to pre-fund, doing so is considered the more prudent choice and will stabilize costs. The trust enables a district to pre-fund the cost of benefits now and leverage interest earnings to lower the long-term costs instead of paying for the benefit only after an employee has retired.

Contact us today to see how PARS can help your special district meet the GASB 45 standards in the most cost-effective way.

www.csda.net

www.pars.org

or contact PARS at:

(800) 540-6369 ext. 116

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The contents of this publication reflect PARS' understanding of the facts.

Before taking any action based on this information,

we recommend that you consult professional advisors regarding your agency's specific objectives and circumstances.

PARS ALSO OFFERS:

Alternate Retirement Plans (ARS):

A cost-saving alternative to Social Security for part-time, seasonal and temporary (PST) employees.

Retirement Enhancements (REP):

Gives agencies the ability to locally design and implement an ongoing retirement plan that complements existing state retirement plans.

Early Retirement and Separation Incentives (SRP and SIP):

Provides an agency with the flexibility to create a supplemental retirement program to facilitate downsizing, rightsizing or handling a difficult employee in a constructive way.

Contact PARS today!



Making retirement work for you.

PARS
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