

# GASB Statement 45

## Special Provisions for Small Government Employers

by Michael Vech

If you are a government employer, then you are likely aware of GASB 45. The Governmental Accounting Standards Board (GASB) recently issued Statement 45, implementing reporting requirements for state and local governments who maintain other post-employment benefit plans (OPEB). The reporting requirements for GASB 45 have been phased in over a 3-year period, based on the revenue of the employee. We are now approaching the end of the third year and the governments in that lowest tier of revenue are currently impacted by Statement 45. This particular group has the largest number of employers and will be most interested in another acronym brought to us via GASB 45: AMM.

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### Alternative Measurement Method

Government entities with fewer than 100 plan members are eligible to complete their OPEB valuation under GASB 45 using the Alternative Measurement Method (AMM). Under AMM, the same broad measurements are used to project future cash outlays for benefits, discount projected benefits to present value and allocate the present value of projected benefits to periods using an actuarial cost method. The difference, however, is that various assumptions and calculations have been simplified to enable non-specialists to perform the OPEB valuation. The AMM was developed by GASB so that smaller governmental agencies wouldn't be encumbered with the high costs of an actuarial valuation every 3 years.

### Do you qualify?

Employers must first determine their eligibility to receive this cost reduction benefit. Since AMM may be utilized only

by those with 100 or fewer plan members, it is important to understand who qualifies as a plan member:

- An employee who is currently entitled to receive post-employment benefits upon retirement
- An employee who will be eligible to receive such benefits upon retirement if he/she continues working
- Retired employees and their spouses who currently receive post-employment benefits
- Terminated employees who do not currently receive post-employment benefits, but are entitled to benefits in the future

In many cases, choosing to use the AMM to satisfy GASB 45 is a practical option. However, it should be known that, due to the simplified techniques and modifications for selecting assumptions, the AMM does not offer the same flexibility as a full actuarial valuation. Furthermore, most auditors will likely be uncomfortable with an AMM valuation performed by a non-actuary, especially in the case where an employer performs its own AMM.

### GASB Assist

SilverStone Group has developed a streamlined process to complete AMM valuations with our GASB Assist team. This allows us to offer an affordable option, while still delivering a complete report that includes everything you and your auditors need to satisfy GASB 45 reporting requirements. You'll work with an experienced actuary who will guide you through the process, choosing among options that let you decide how much guidance you want. For more information on GASB 45, service package options and pricing, or to meet the GASB Assist team that would be happy to serve you, please visit [www.silverstonegroup.com/employeebenefits/postretirement/gasb-assist.html](http://www.silverstonegroup.com/employeebenefits/postretirement/gasb-assist.html). We are also available to perform actuarial valuations for cases where an employer is not eligible for the AMM, or simply decides that it is not the best fit for their company.



CONTACT MICHAEL VECH AT 402.964.5722 OR MVECH@SSGI.COM