

GASB 68 at a Glance

Preliminary information about GASB 68 reporting requirements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Reporting for Pensions*. Many IMRF employers have been requesting information from IMRF about how we will be providing the information your employer needs to comply with GASB 68.

The following document shows a *preliminary* breakdown of how IMRF will report this information, and defines some of the terms used for GASB 68 reporting. IMRF is continuing to refine this process and will keep you informed as we update our GASB 68 reporting methods.

Section A—Total Pension Liability:

A. Total Pension Liability

1. Active members	\$ XX,XXX,XX
2. Retired members	XX,XXX,XX
3. Deferred members	X,XXX,XX
4. Total	<u>XX,XXX,XX</u>

Your *Total Pension Liability* is the amount it will cost your employer to pay for promised pension benefits.

“Deferred members” are inactive members.

Section B—Plan Fiduciary Net Position:

B. Plan fiduciary net position

1. Member Assets	\$ XX,XXX,XX
2. Employer Assets	XX,XXX,XX
3. Retired Reserve	XX,XXX,XX
4. Total	<u>XX,XXX,XX</u>

Your *Plan Fiduciary Net Position* is the value of your employer’s pension assets.

Section C—Net Pension Liability:

C. Net pension liability	\$ X,XXX,XX
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Your *Net Pension Liability* is the amount left over after subtracting the total value of your employer’s pension assets from its *Total Pension Liability*.

This is also known as your employer’s “unfunded liability” (on a market-value basis).

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Section D—*Plan fiduciary net position as a percentage of the total pension liability:*

D. Plan fiduciary net position as a percentage of the total pension liability xx.x%

The percentage of your employer's *Total Pension Liability* that it could pay with its current pension assets.

Also known as your employer's *Funded Status* or *Funded Ratio*.

Section E—*Covered-employee payroll:*

E. Covered-employee payroll \$xx,xxx,xx

The combined annual salaries of your IMRF-participating employees.

Section F—*Net pension liability as a percentage of the covered-employee payroll:*

F. Net pension liability as a percentage of covered employee payroll xx.x%

A calculation that compares your employer's *Net Pension Liability* to its payroll for IMRF-participating employees.

Section G—*Discount Rate:*

G. Discount rate

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|--|-------|
| 1. Long Term Discount Rate | xx.x% |
| 2. 20 year Municipal Bond Rate (December 2012) | xx.x% |
| 3. Blended Discount Rate | xx.x% |

The *Long Term Discount Rate* and the *20-year Municipal Bond Rate* are used to calculate your employer's *Blended Discount Rate*.

The *Blended Discount Rate* is used to calculate the **present value** of your employer's *Total Pension Liability*.

- The *Long Term Discount Rate* is applied to the portion of your employer's *Total Pension Liability* that does not exceed its pension assets.
- The *20-year Municipal Bond Rate* is applied to the portion of your employer's *Total Pension Liability* that exceeds its pension assets.