Business Requirements Document

SR100693 – FY2014-2015 OPEB Rate Adjustment
# Document Information

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<td><strong>Author(s)</strong></td>
<td>Marcia Johnson</td>
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<td><strong>Contributor(s)</strong></td>
<td>John Barrett, Jaime Espinoza</td>
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## Revision History

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<th><strong>Version</strong></th>
<th><strong>Issue Date</strong></th>
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<td>5/22/14</td>
<td>Initial Draft</td>
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<td>1.1</td>
<td>5/29/14</td>
<td>B Burkart – added attachments.</td>
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## Document Approvals

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<tr>
<td>Associate Vice President &amp; systemwide Controller</td>
<td>Peggy Arrivas</td>
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1 Overview

The rate for the University’s Other Postemployment Benefits (OPEB) has changed for Fiscal Year (FY) 2014/2015. The OPEB rate for FY 14/15 is $2.65.

The Benefit Admin Rate remains at $0.17 for FY 14/15.

1.1 Background

The University’s Other Postemployment Benefits (OPEB) are Postemployment benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

1.2 Objectives

Update the PPS System Parameter Table with the Other Postemployment Benefits Rate (OPEB) for FY 14/15.

1.3 Related Projects & Dependencies

None.
1.4 Stakeholders

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<td>Marcia Johnson</td>
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<tr>
<td>John Barrett</td>
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<td>Jaime Espinoza</td>
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1.5 Proposed Strategy
The System Parameter Table must be updated with the new rate. The change must be available for campuses to update the tables after the processing of June 2014 earnings but prior to payment of July 2014 earnings.

See Attachment A - UPAY 559

1.6 Glossary

<table>
<thead>
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<th>Term</th>
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<tr>
<td>OPEB</td>
<td>Other Postemployment Benefits</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
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2 Product/Solution Scope
Parameter Table Change.
2.1 Included in Scope

2.2 Excluded from Scope

2.3 Assumptions & Constraints

2.4 Outstanding Items

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3 Business Services and Processes
N/A

4 Business Rules
N/A

5 Business Requirements
Update System Parameter Table

5.1 User Requirements

5.2 Functional Requirements
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<td>R001</td>
<td>Control Table</td>
<td>Update System Parameter table per attached UPAY form</td>
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6  Non-Functional Requirements

N/A

7  External References

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PREPARED BY: [Signature]  DATE: [Date]
APPROVED BY: [Signature]  DATE: [Date]
VICE CHANCELLORS – ADMINISTRATION
PLANNING AND BUDGET OFFICERS
ASSOCIATE VICE PRESIDENT GURSAHANI

RE: FY 2014-15 Assessment for Employer’s Contribution for Other Postemployment Benefits (OPEB)

The University’s Other Postemployment Benefits (OPEB) trust, including the administrative fund for benefit services and healthcare facilitators, are funded separately by assessing a dollar factor against all gross retirement covered compensation payrolls subject to retirement charges. The OPEB trust is primarily the retiree health program.

We have updated the analysis of the OPEB pay-as-you-go rates for the next fiscal year, taking into account our best estimate of the projected annual increases in retirement covered payroll, medical cost inflation, the number of annuitants receiving OPEB, STIP interest rates, etc. Please note that the new assessment rate does not cover the current “normal cost” (annual increase in projected liabilities for active employees) of UC’s current retiree health program. If we were to set aside the amount of money suggested by our actuaries, the OPEB rate would significantly higher than the levels shown below. As such, the projected levels shown below should be considered estimates that may be higher in the future.

The historical and projected OPEB rates per $100 of retirement covered payroll for campuses are as follows:

<table>
<thead>
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<th>Campuses</th>
<th>Actual</th>
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<th>Projected</th>
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<td>OPEB Assessment Rate</td>
<td>$3.72</td>
<td>$3.24</td>
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*The OPEB Assessment Rate was split during fiscal year 2012-13.
The historical and projected administrative fee rates per $100 of retirement covered payroll for both campuses and laboratories are as follows:

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<td>Administrative Fee</td>
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The Lawrence Berkeley National Laboratory will continue to be billed directly each quarter for their specific OPEB costs and an assessment for administrative fees.

Sincerely,

Nathan Brostrom
Executive Vice President

cc: VP Duckett
    VP Lenz
    AVP and Systemwide Controller Arrivas
    Campus Controllers
    Campus Accounting Officers
    Executive Director Schlesinger
    Director Jones
    Director Olson
    Manager Barrett