

POST EMPLOYMENT BENEFITS – ACTUARIAL UPDATE

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services and the Director of Finance recommends:

That staff be authorized to retain an actuarial firm to provide an updated three year valuation of employee future benefits so as to comply with accounting standards issued by the Public Sector Accounting Board.

Economic Impact

The actuarial assessment of the projected non-pension retirement benefit obligation is required by the Public Sector Accounting Board (PSAB). The cost of the three year actuarial assessment is estimated to be \$17,000. Funds have been provided in the 2008 Operating Budget.

Communications Plan

Not Applicable

Purpose

To receive authorization to retain an actuarial firm to update the valuation of employees future benefits so as to comply with the PSAB accounting standards.

Background - Analysis and Options

The Public Sector Accounting Board (PSAB) has established standards for the recognition, measurement and disclosure of the cost of employee future benefits (i.e. non pension retirement benefits). Under the PSAB standard, retirement benefits that vest or accumulate are to be accrued and included as part of the liabilities in the financial statements of municipal governments.

The adoption of this standard by the City in 2002 changes the accounting for post-retirement benefits from a cash basis to an accrued basis. The City's obligations for post-retirement benefits are now recorded in the accounts in the period in which the employees render the services. The expense in the year is booked and the outstanding accumulated liability is recognized. The determination of the projected benefit obligation at any point in time requires the involvement of an actuary.

Every three years the valuation of the post-retirement non-pension and post-employment benefits must be updated in terms of the various assumptions that build the final estimated liability figure which totals \$33.6m for 2007. The actuarial assumptions include various factors such as, demographics, actual benefit plan experience and various economic indicators.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council and the necessary resources for the actuarial assessment have been allocated and approved.

Regional Implications

No Regional implications.

Conclusion

Staff recommend updating the current actuarial assessment on the projected non-pension retirement benefit obligation, that will provide a three year estimate of the post retirement/employee benefit liability for financial statement purposes as required by PSAB. Benefits” that was originally created for this type of expenditure. The cost of the actuarial assessment is estimated to be \$17,000.

Attachments

None

Respectfully submitted,

Clayton D. Harris, CA
Commissioner of Finance & Corporate Services

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