



Accounting principles provide that the cost of retiree benefits should be accrued over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees, including early retirees.

It shall be the policy of the West Hills Community College District to be in compliance with GASB 45 regulations. An actuarial study shall be conducted a minimum of every three years, with the preference being every two years. Additionally, prior to each actuarial study the assumptions to calculate liability shall be reviewed for currency.

Key assumptions include:

- The current cost of retiree health benefits
- The "trend" rate at which retiree health benefits are expected to increase over time
- Mortality rates varying by age and gender
- Employment termination rates
- Years of service required to earn full or partial retiree benefits
- Retirement rates
- Participation rates
- Discount rates
- Future medical premium increases
- Return on investments

These assumptions are not exhaustive, but are the most common assumptions used in actuarial cost calculations.

Board approval date: 8/28/12