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TYPES OF PENSION PLANS

GASB STATEMENT NO. 68

EMPLOYER EDUCATIONAL VIDEO SERIES

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Types of Defined Benefit Pension Plans

- » Defined benefit pension plans are classified according to:
 - The number of employers whose employees are provided with pensions through the pension plan.
 - If pension plan assets and obligations are shared.
- » GASB's new definition of employer:
 - For purposes of this classification, a primary government and its component units are considered to be one employer.

Types of Defined Benefit Pension Plans

- » **Single-Employer Plan** is a defined benefit pension plan that provides pensions to the employees of only one employer.
- » **Agent Multiple-Employer Plan** is a defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer from which to pay pension benefit obligations.
- » **Cost-Sharing Multiple-Employer Plan** is a multiple-employer defined benefit pension plan in which the pension assets for investment purposes and pension obligations to the employees of more than one employer are pooled. The pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Cost-Sharing Multiple-Employer Plan

- » Colorado PERA administers four cost-sharing multiple-employer defined benefit pension plans: State, School, Local Government, and Judicial.
- » DPS ultimately may be designated a single-employer, and if so, the DPS Division Trust Fund would be considered a single-employer pension plan.
- » The assets of each pension plan are held in a separate trusts and cannot pay for obligations of another pension plan.

Cost-Sharing Multiple-Employer Plan

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- » Each pension plan has a number of reporting agencies.
- » Within PERA, a reporting agency is defined by how the entity remits contributions and is identified by a PERA reporting agency number.
 - This definition doesn't necessarily coincide with GASB's definition of an employer.

Cost-Sharing Multiple-Employer Plan

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- » A reporting agency may need to perform further allocations (or roll-ups) of reporting items prior to entry in an employer's financials.

Additional Information

- » Information discussed in this topic can be referenced in the opening summary (pages i – x) and in paragraphs 11, 12, 13, 14 in GASB Statement No. 68.
- » Please visit Colorado PERA's GASB web page, ***GASB Reporting Standards***, which contains information related to the impending changes.
- » Please feel free to email Colorado PERA's GASB 68 workgroup: GASBMail@copera.org.