CHEIRON

Classic Values, Innovative Advice

Maine Education Association Benefits Trust (MEABT)

Accounting for Retiree Medical Benefits

August 2026

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Topics Reviewed

- Key GASB Concepts
- How to Access your GASB Portal
- Changes in Assumptions this Year

About This Material

- Maine Education Association Benefits Trust (MEABT) is making this presentation available to its participating entities to help address ongoing GASB 75 requirements.
- This session provides background on retiree medical benefits and the GASB 75 requirements, plus shows you how to download your actuarial report that your auditors can use.
- Your auditors make final decisions about how to incorporate the actuarial valuations that MEABT is making available. Neither MEABT nor Cheiron are auditors, and we defer to each district's auditors on how to reflect any GASB 75 accounting results.
- This material recognizes that GASB 75 applies to all participating entities in the MEABT program to reflect the full value (in addition to the State subsidy) that the MEABT retiree medical benefits provide.
- We hope this presentation is helpful and thank you for your time.

Important Accounting Terms

Terms commonly used include:

- **GASB 75**, or Governmental Accounting Standards Board Statement No. 75. This is the accounting standard that impacts requirements for the audited financial statements of public entities. No. 75 focuses on OPEB benefits.
  - Regardless of size of entity and regardless of community rating or pooled or blended rates
- **OPEB**, or Other Postretirement Employment Benefits, refers to retiree medical health coverage. Retiree medical is offered through participation in the health benefits program.

Recap: Goals and Tasks

Goals include:

- ❑Provide a smooth disbursement of GASB 75 actuarial results
- ❑Minimize entity and auditor questions with details and ease

Tasks included:

- ❑**Initial communications** to advise of upcoming reports and portal
  - Memo end of July 2026
- ❑**This overview presentation**
  - As a reference for you and your auditor
  - Instructions on how to download your reports
- ❑**Full and detailed valuation reports via the MEABT GASB Portal**
  - MEABT GASB 75 Portal with emails to each district representative
  - Full reports for year ending June 30, 2025, leveraging one year “look back” to apply to June 30, 2026, reporting
  - The Portal provides access to your detailed census applied in the valuation
  - Remember auditor share feature

Recap: 2025/2026 Plan Options

If eligible, a retired teacher can choose from the same plans offered while teaching:

1. Choice Plus Plan (POS)
2. Choice Plus Value Plan (POS)
3. Standard Plan (PPO)
4. Standard Core Plan (PPO)
5. Standard Basic Plan (PPO)
6. Medicare Advantage Plan (if Medicare eligible)

Age at Retirement	Retiree Eligibility Requirements
Under Age 50	10 years of continuous active service and enrollment in the MEABT health plan for 12 months prior to retirement
Age 50 or older	5 years of continuous active service and enrollment in the MEABT health plan for 12 months prior to retirement

MEABT Retired Teachers' Medical Plan

Retired Teachers' Medical Plan has three parts:

60% of Blended* Premium Subsidy Paid by State of Maine

40% of Blended* Premium Paid by Eligible Retiree

Extra Value of Offering Blended* (lower cost) Group Premiums

***Blended refers to pooling active + retired health costs together, as required by Maine law.**

MEABT Retired Teachers' Medical Plan

Example Age 62 Retired Teacher with Single Coverage in the Standard Plan with a Blended Premium of $900/month

60% of $900 Paid by State of Maine, or $540/mo	40% of Blended premium paid by retiree, or $360/mo	Real Value of $1,200 for retirees; Extra value of $300/mo

*Blended refers to pooling active + retired health costs together, as required by Maine law.

Continuing this Example Cost/Month

State Subsidy of 60%

- Defined by the law
- Called "**explicit**"

GASB75

$540

Retired Teacher Portion of 40%

Set at favorable group rates

$360

Extra Value of Blended Group Rates

- Part of retiree costs
- Called "**implicit**"

GASB75

$300

Real Value $1,200

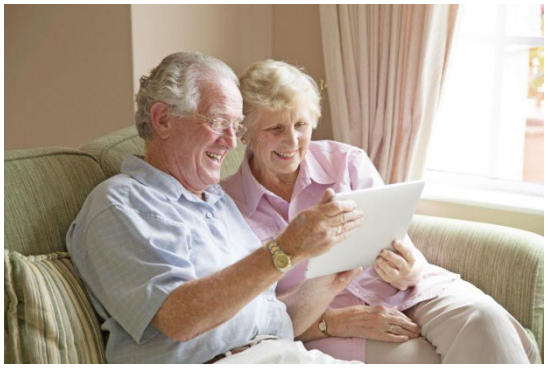
Key Accounting Concepts

Goal: Define **all retiree promises** for future benefits and their impact on costs

Key Accounting Concepts

Goal: Achieve **equity** across generations of workers and taxpayers

Currently Retired Teachers	Actively Working	Future Retirees



How: Accrue costs of retiree benefits over working active lifetime, not on a pay-as-you-go basis.

Key Accounting Concepts

Goal: Be **transparent** today about the costs of programs in retirement

- ✓ Project cost of retiree benefits (all, explicit + implicit)
- ✓ Determine the actuarial liability
- ✓ Book it on the balance sheet

How: Recognize actuarial liability on balance sheet, not just as a footnote disclosure.

Implicit Subsidies

Implicit subsidies for MEABT mean that more is paid in blended premiums for all, such that retirees buy coverage at lower cost, group premiums.

- ✓GASB 75 quantifies the value that the retiree plan has as a long-term promise.
- ✓GASB 75's precise goal is to identify the impact of all retiree promises.

GASB 75 recognizes both the obligation and the expense:

1. Balance sheet obligation **recorded** as a transparent liability on each school district's books, plus
2. Ongoing expense to **include** in the school district's expenditures.

Impact on School District's Financials

- GASB 75 obligation and annual expense to be recognized on the district's books.
- If material to the school district's financials, GASB 75 could be reflected in the rating agencies' evaluation of bonds the district issues and could impact the district's credit rating.
- Many factors are involved in the overall financial evaluation of a school district. GASB 75 is one factor.
  - Further, no funding requirements exist for OPEB (unlike pensions).
  - The GASB 75 liabilities provided here are implicit rather than explicit obligations. The GASB 75 explicit obligations will be provided by the State as proportionate shares.
- By identifying these implicit costs now, we achieve the overall goal of GASB 75 to quantify the extra value of the retiree program.

GASB 75 Reporting Cycle

- GASB 75 requires:
  - ✓ **Full** actuarial valuations every two (2) years and
  - ✓ **Roll-forward** valuations in between
- **This year, 2026, is a roll forward valuation year.**
- Next year will be a full valuation year.
- Also, we apply a "look-back" valuation methodology, described later.

Full Valuation and Roll-forward

2026 Roll-forward

- Same census (7/1/24)
- Same claims projected
- Updated discount rate

2027 Full Valuation

- Updated census
- Updated claims by age
- All assumptions*

GASB 75 Two (2) Year Cycle

*** Demographic assumptions will be updated next year for the MainePERS experience study.**

Discount Rate for each GASB 75

- **GASB 75 defined the discount rate, which is used to convert year by year projected costs to a single sum present value at the measurement date.**

Projected Net Plan Costs by Year

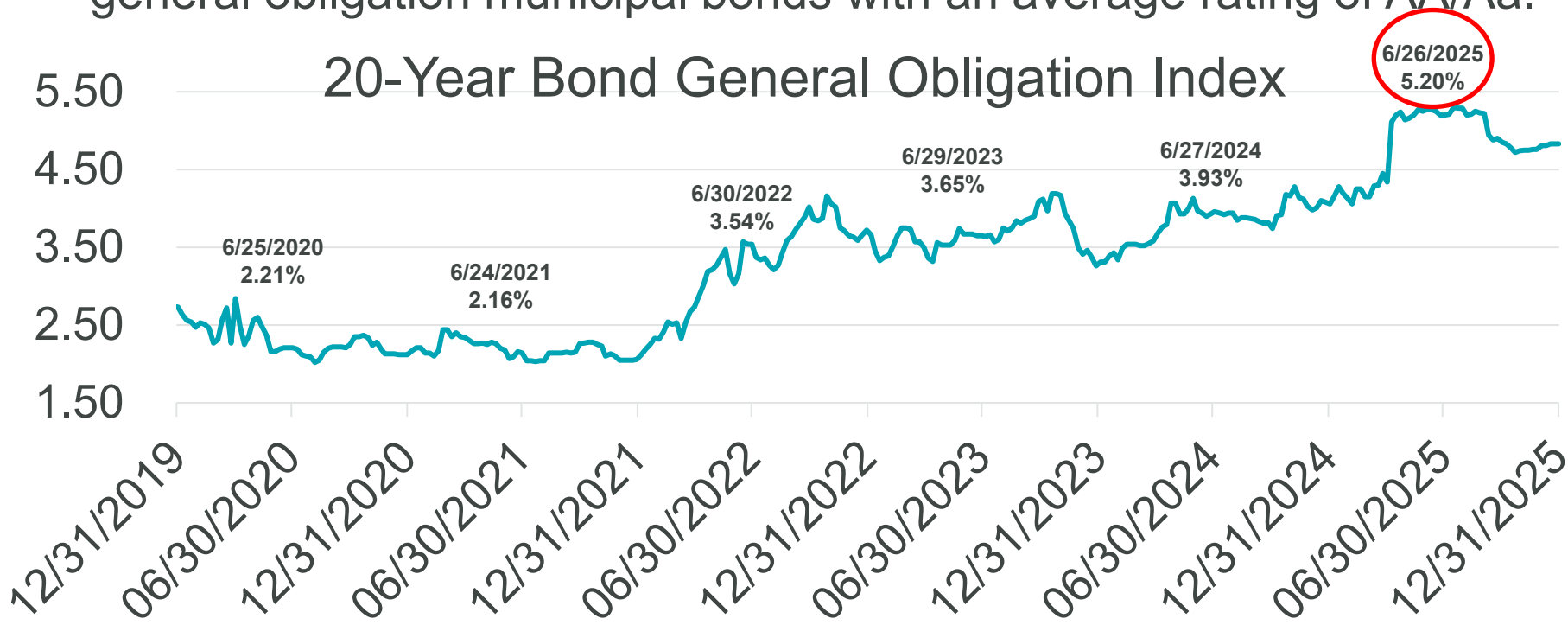
Discount Rate

Present Value of Projected Plan Cost

- **Definition of Discount Rate - A yield or index rate for 20-year, tax- exempt general obligation** municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), for plans with no prefunding solely for retiree medical.

20 Year Tax-Exempt Bond Rates

- **Discount rate:** Single annual rate equal to 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa.



- June 30, 2025, rate was **5.20%** per annum, an increase of 127 basis points from June 30, 2024 rate of 3.93%. However, recent rates are lower and will impact next year's valuation.
- Rates during the pandemic were unusually low.

About Medical Trends

In the roll-forward valuation, we have applied the same trend array.

Claim Curve and Premium Trends		
FYE	Non-Medicare Blended	Medicare Blended
2025	9.00%	6.00%
2026	8.25%	5.66%
2027	7.75%	6.12%
2028	7.38%	6.00%
2029	7.05%	5.91%
2030	6.73%	5.81%
2031	6.41%	5.72%
2032	6.08%	5.62%
2033	5.76%	5.53%
2034	5.44%	5.44%
2035	5.14%	5.14%
2036	4.92%	4.92%
2037	4.81%	4.81%
2038	4.75%	4.75%
2039	4.70%	4.70%
2040	4.67%	4.67%
2041	4.65%	4.65%
2042	4.63%	4.63%
2043	4.62%	4.62%
2044	4.56%	4.56%
2045	4.50%	4.50%

About MEABT Plan Amendments

- June 30, 2025 Measurement Date
  - Reflects plan in effect as of July 1, 2025 in the development of the roll forward valuation claims curves
- Applies to June 30, 2026 Results
  - One year “look back” method
- Amendments that occur after June 30, 2026 are required to be valued, and possibly disclosed, if significant
  - However, no material amendments were announced after and implemented as of June 30, 2026;
  - Plan updates effective July 1, 2026, will be part of next year’s valuation process.

MEABT Plan Amendments

- **Year July 1, 2025, ending June 30, 2026**
  - Non-Medicare plans renamed with a new plan offering
  - Deductible Increases to existing plans
  - Annual Copayment Maximum Decreases to existing plans
  - Pharmacy Copayment Increases

  - Not significant enough to require separate disclosure.

MEABT Plan Amendments

- **Year July 1, 2026, ending June 30, 2027**
  - Continued updates to the out-of-pocket maximums
  - No visit limit for chiropractic physical manipulations
  - Emergency room benefit will change from a $300 copay to applying deductible and coinsurance
  - New Savings and rewards program through SmartShopper

  - Not significant enough to require disclosure.

First Email Week of August 10 -14

Watch for an email from Webmaster@Cheiron.us!

Dear MEABT participating member,

We are pleased to provide the 2026 GASB 75 Portal information for you and your auditors to access your entity's GASB 75 actuarial valuation reports, as described in the July 31st memorandum from Jennifer Kent, Executive Director, and in the recorded presentation posted.

After signing up, please provide access to this portal and the report to your auditors by clicking on the "Share this page with your auditor" button and entering their email.

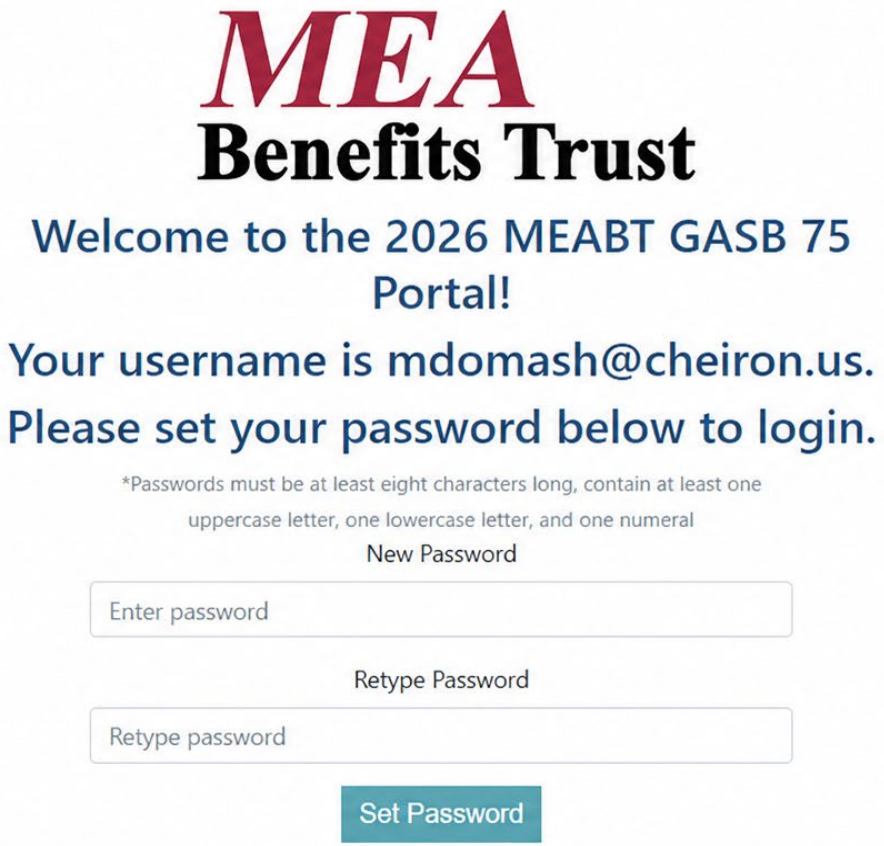
Please see below your username and link to set up a password for the 2026 GASB 75 Portal. Your account has been set up, so that you may access your GASB 75 actuarial valuation report prepared for your district.

Your username is your email address: mdomash@cheiron.us

Please click on this link to set up your password
https://meabt.cheiron.us/login/reset/2/token

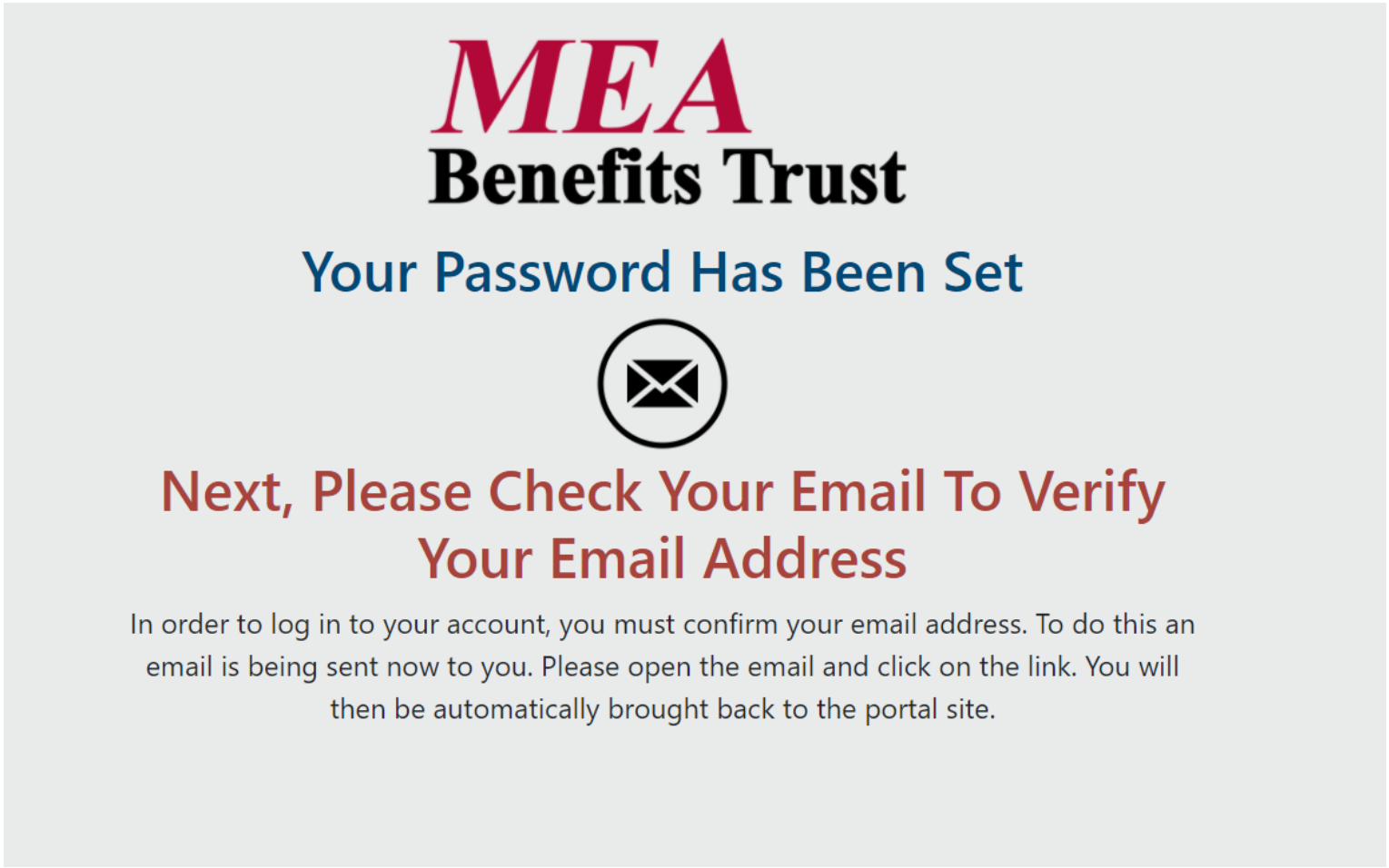
If you have questions, or if you have trouble accessing your account, please contact Jennifer Kent, Executive Director, of the MEABT at jkent@meabt.org. Questions regarding the contents of your report should be directed to your auditor. Thank you.

Welcome!



Note: Please create your password even if you logged into the GASB site last year.

Welcome!



Dear MEABT participating member,

To complete your sign up, please verify your email by clicking on the link below.
https://meabt.cheiron.us/login/verify/1931/iiCa-XpdfbxVrw6sYr_2Pw

If you did not sign up, or if you have trouble accessing your account, please contact Jennifer Kent, Executive Director, of the MEABT at jkent@meabt.org. Questions regarding the contents of your report should be directed to your auditor. Thank you.

Login Welcome

2026 MEABT GASB 75 Portal

Sign out

MEA
Benefits Trust

GASB 75 Reports Dashboard

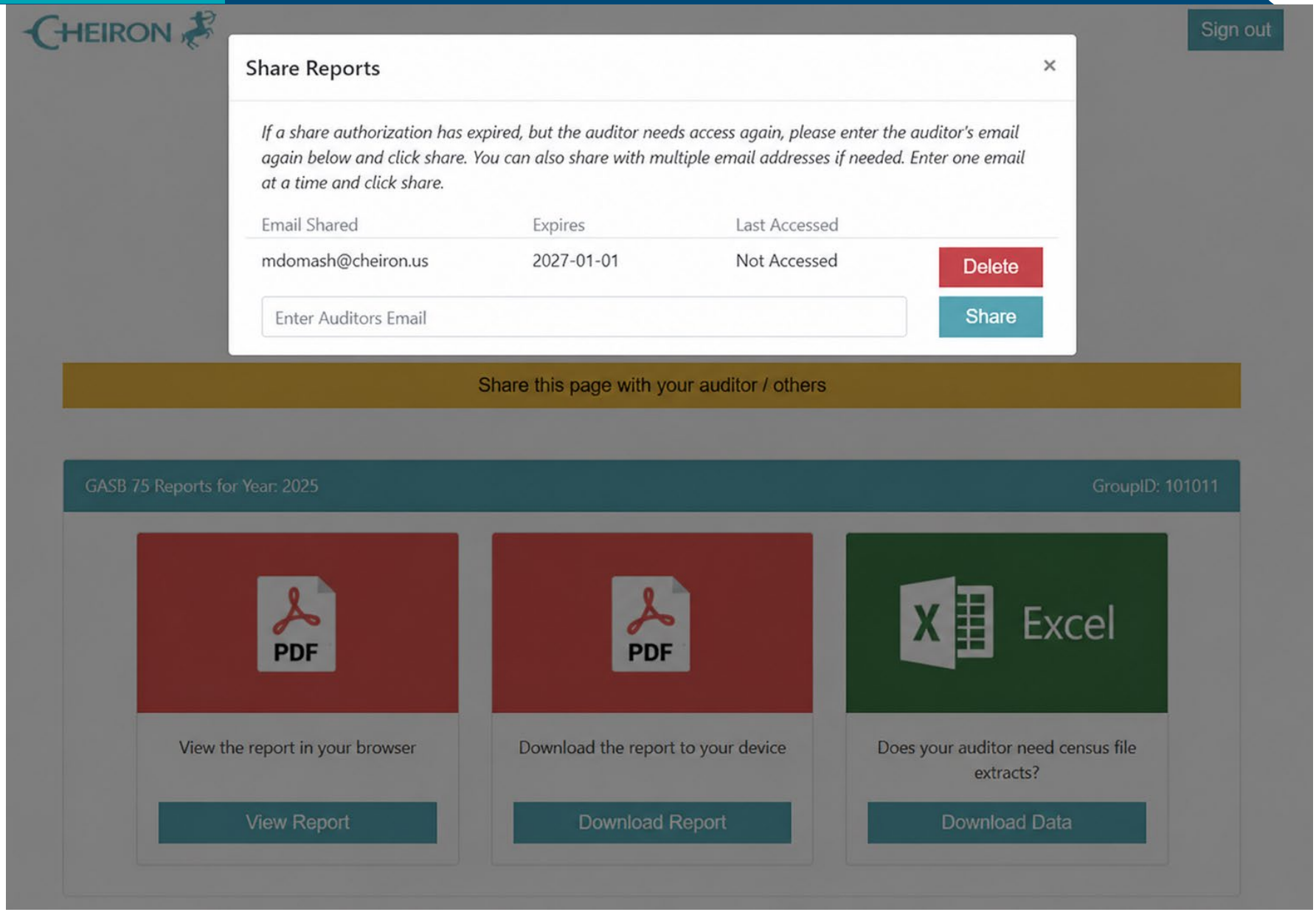
Viewing Report: 101011

Share this page with your auditor / others

GASB 75 Reports for Year: 2026 — GroupID: 101011

PDF	PDF	Excel
View the report in your browser	Download the report to your device	Does your auditor need census file extracts?
View Report	Download Report	Download Data

Share Report With Your Auditor



Recap From Webmaster

1. Each MEABT participating entity will be invited to the portal via email. **Validate your email.**
2. **Login** and share access to the portal with your auditor or others involved with your GASB 75.
3. **Call** the MEABT with any questions if you do not receive your login invitation.

From Webmaster@cheiron.us!

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Summary of Results Table I

- Shows this year and last year's results
- Impact on balance sheet and annual OPEB expense

Table 1
Summary of Results

Reporting Date	06/30/2026	06/30/2025
Measurement Date	06/30/2025	06/30/2024
Valuation Date	06/30/2024	06/30/2024
Total OPEB Liability	$ 5,192,211	$ 5,970,397
Plan Fiduciary Net Position	0	0
Net OPEB Liability	$ 5,192,211	$ 5,970,397
Deferred Inflows	1,115,070	509,601
Deferred Outflows	111,879	307,791
Net Impact on Statement of Net Position	$ 6,195,402	$ 6,172,207
Contributions Subsequent to Measurement Date	267,940	255,291
Net Impact on Statement of Net Position	$ 5,927,462	$ 5,916,916
OPEB Expense ($ Amount)	$ 278,486	$ 395,297
OPEB Expense (% of Payroll)	1.9%	2.8%

Step-by-Step Analysis of Liability

No Changes in benefits

Changes in assumptions relate to the increase in the discount rate only.

Table 2
Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 06/30/2024 (Reporting June 30, 2025)	**$ 5,970,397**	**$ 0**	**$ 5,970,397**
Changes for the year:			
Service cost	85,622		85,622
Interest	233,033		233,033
Changes of benefits	0		0
Differences between expected and actual experience	0		0
Changes of assumptions	(841,550)		(841,550)
Contributions – employer		255,291	(255,291)
Contributions – member		0	0
Net investment income		0	0
Benefit payments	(255,291)	(255,291)	0
Administrative expense		0	0
Net changes	**(778,186)**	0	**(778,186)**
Balances at 06/30/2025 (Reporting June 30, 2026)	**$ 5,192,211**	**$ 0**	**$ 5,192,211**

Determination of OPEB Expense

- Done in two ways with the same results
- This year and last year

Table 8
Calculation of OPEB Expense

Reporting Date		**06/30/2026**		**06/30/2025**
Measurement Date		**06/30/2025**		**06/30/2024**
Change in Net OPEB Liability	$	(778,186)	$	(319,847)
Change in Deferred Outflows		195,912		118,077
Change in Deferred Inflows		605,469		300,586
Employer Contributions		255,291		296,481
OPEB Expense	**$**	**278,486**	**$**	**395,297**
OPEB Expense as % of Payroll		**1.9%**		**2.8%**
Operating Expenses				
Service cost	$	85,622	$	87,808
Employee contributions		0		0
Administrative expenses		0		0
Total	$	85,622	$	87,808
Financing Expenses				
Interest cost	$	233,033	$	227,437
Expected return on assets		0		0
Total	$	233,033	$	227,437
Changes				
Benefit changes	$	0	$	0
Recognition of assumption changes		62,991		183,214
Recognition of liability gains and losses		(103,160)		(103,162)
Recognition of investment gains and losses		0		0
Total	$	(40,169)	$	80,052
OPEB Expense	**$**	**278,486**	**$**	**395,297**

Other Report Exhibits

- Tracking of deferred inflows and outflows
- Sensitivity of obligations due to a change in discount and change in trends
- Assumptions
- Census summaries
- Plan provisions

In Summary – a complete and thorough report to enable your auditors to have all that is needed!

Disclaimer

This analysis was prepared exclusively for MEABT or educational purposes of understanding the accounting standards under GASB 75.

This analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practices set out by the Actuarial Standards Board. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report.

To the extent any legal issues are involved in any determinations, we recommend you consult appropriate counsel regarding contractual and legal issues identified in this presentation. We are not attorneys, and our firm does not provide any legal services or advice.

This analysis was prepared exclusively for MEABT for the purposes as stated above. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

Michele Domash, FSA, MAAA

Principal Consulting Actuary