

Office of Pensions Background to Support the
OEC Incremental Comparison Chart

The State of Delaware currently provides healthcare to current and future retirees of the State of Delaware. This is known as OPEB, other post-employment benefits. The State of Delaware began funding OPEB in 2002 by depositing a percentage of payroll and occasional one-time deposits into the OPEB Trust. The OPEB Trust Fund has assets totaling \$646 million, but unfunded liabilities of \$8.3 billion as of 6/30/22.

Currently, the State of Delaware is prefunding OPEB by contributing 0.36% of payroll, which is less than the Annual Required Contribution to sustain benefits. To decrease the unfunded liability without significant benefit changes to current retirees and employees, two funding options were considered. The first option included increasing the payroll funding contribution from 0.36% to 0.5% and increasing the amount by an additional 0.25% annually until the benefits were paid from the OPEB Trust. The second option included increasing the payroll funding contribution from 0.36% to 0.5% and increasing the amount by 0.5% annually until the benefits were paid from the OPEB Trust.

Over a 30-year period of increased funding for each option, the OPEB Trust would be between 75% and 78% funded. Additional funding, eligibility or plan design changes would also increase the funding status during this 30 -year period.