



Plymouth County OPEB Trust (PCOT)

Frequently Asked Questions

➤ **Are there minimum contributions or funding requirements?**

There is no minimum required contribution or funding requirements with PCOT. We understand that budgetary and fiscal circumstances change. With PCOT, contribution amounts and timing are decided by you and what fits your needs at the time. You can contribute one year and not the next.

➤ **Are there start-up costs or penalties to leave the trust?**

There are no start-up costs or termination fees for leaving the trust program.

➤ **Is it worth participating in PCOT if we can't contribute significantly?**

When it comes to planning and pre-funding your OPEB obligation, something is always better than nothing. Even investing a small amount can yield positive returns and result in higher discount rates on your actuarial valuation, thus reducing the overall liability. And since multiple entities join a common investment pool with PCOT, there are economies of scale--so no contribution is too small to be managed. Additionally, under GASB, your assets within the trust will offset the OPEB liability on your financial statement. And credit rating agencies look more favorably on public entities that adopt an irrevocable trust and pre-fund their OPEB liability.

➤ **We are not comfortable with placing the funds in an irrevocable fund, especially if we experience financial downturn.**

An important thing to remember about GASB-compliant OPEB trusts is that funds are revocable for retiree health care expenses but irrevocable for anything else. This means that at any time, the funds you put into your trust account can be used for OPEB costs such as reimbursing the current or past "pay-as-you-go" or your actuarial valuations.

➤ **How do we join PCOT?**

The process to join PCOT is simple. Your governing board votes to join PCOT, then subsequently designates the Treasurer to sign our signature ready documents. U.S. Bank will then open your trust account and funds can be contributed thereafter.

➤ **Why use PCOT trust documents?**

PCOT has already created legally compliant trust documents, so you don't have to spend time and legal fees on developing them yourself. Not only are PCOT trust documents IRS-approved to validate that income earned on the trust is non-taxable, they are also GASB compliant (irrevocable, dedicated to OPEB, protected from creditors) and MGL 32-b, 20 compliant (dedicated solely to OPEB, protected from creditors). Additionally, PCOT maintains ongoing trust document compliance with state and federal laws.

➤ **What will be our responsibilities?**

After signing and returning program documents to PARS, your only ongoing responsibilities are to: contribute funds to the Trust, submit disbursement requests, and monitor your account and investment activity reports.

➤ **Why use an outside trustee/custodian?**

It reduces the risk and liability of the treasurer. A corporate trustee (federally chartered bank) such as U.S. Bank is highly regulated and must adhere to the trust agreement and ensure the trust is managed for the exclusive benefit of employees, retirees, and beneficiaries. A treasurer and municipality might not have the professional expertise nor want the responsibility of ensuring this level of trust compliance.

➤ **Who administers PCOT?**

Public Agency Retirement Services (PARS), a national leader in OPEB trust administration, is the Trust Administrator and provides recordkeeping, reporting, administration, compliance monitoring, and consulting. U.S. Bank, the largest trustee of OPEB assets in the nation, is the Trustee, custodian, and investment manager. Plymouth County is the program sponsor and coordinator. The PCOT Investment Committee is responsible for oversight of the investment portfolio.

➤ **How are PCOT assets invested?**

The PCOT investment committee works with U.S. Bank and manages four investment pools of varying risk tolerance (Income, Balanced, Growth and Aggressive Growth) which are comprised of best-in-class mutual funds.

Each member has its own separate trust account. Assets are pooled only for investment purposes. There is no cross sharing or joint liability among participating agencies.

➤ **How can I take a disbursement from the trust?**

With PCOT, you simply need to submit a disbursement form with verification that funds are used for OPEB. Disbursements can be used to reimburse a municipality or district for current or past OPEB payments, pay healthcare providers or premiums directly, or reimburse/pay eligible retirees.

➤ **Who can I call with questions about PCOT?**

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