

## Traditional Pension Plan Example

### Employer Information (example employer with three codes)

Parent Employer Code	Child Employer Code	Member Contributions	Employer	Total Pension	Proportionate
			Contributions to Pension	Contributions	Share % of Pension Total
100000	100100	\$ 6,109,204	\$ 7,376,896	\$ 13,486,100	0.500000%
100000	100700	\$ 3,054,602	\$ 3,688,448	\$ 6,743,050	0.250000%
100000	100708	\$ 3,054,602	\$ 3,688,448	\$ 6,743,050	0.250000%
Employer Totals - Calculated by Employer		\$ 12,218,408	\$ 14,753,792	\$ 26,972,200	1.000000%
Total Pension Contributions used in calculation of proportionate share %		\$ 2,697,219,907			

Note: Information in blue is found in the audited Schedule of Employer Allocations

Total Proportionate Share % Used in Calculations below - Example Employer has aggregated three employer codes to arrive at one percentage and amounts below for financial reporting.

These amounts will always differ in employer calculations due to the contributions used for proportionate share % calculations not including contributions for employer code 690300. Refer to the Q&A for "What are the contributions added at the bottom of the Schedule of Employer Allocations for employer code 690300? Why are they excluded from the proportionate share calculation?"

### Calculations

Description	(A) Balance from Audited Schedule of Employer Allocations	(B) Balance from Audited Schedule of Collective Pension Amounts	(C) Employer Proportionate Share %	(D) Calculated Employer Share for Journal Entries - Calculated by Employer	
Grand Total Employer Pension Contributions - submitted for the year ended December 31, 2014	\$ 1,476,074,083		1%	\$ 14,760,741	A x C = D
Beginning Balance December 31, 2013 Net Pension Liability		\$ 11,788,697,166	1%	\$ 117,886,972	B x C = D
December 31, 2014 Net Pension Liability		\$ 12,061,117,624	1%	\$ 120,611,176	B x C = D
Deferred Outflow of Resources - Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments as of December 31, 2014		\$ 643,544,692	1%	\$ 6,435,447	B x C = D
Deferred Inflow of Resources - Difference Between Expected and Actual Experience as of December 31, 2014		\$ 211,889,944	1%	\$ 2,118,899	B x C = D
Employer Pension Expense for the year ended December 31, 2014		\$ 1,316,839,793	1%	\$ 13,168,398	B x C = D

Information in pink is found in the audited Schedule of Collective Pension Amounts

### Journal Entries - refer to color coding in calculations above for source of numbers (column D)

	Debit	Credit
<b>1</b> To record beginning net pension liability in year of implementation:		
Net Position	\$ 117,886,972	
Net Pension Liability		\$ 117,886,972
<b>2</b> Contributions recorded by employer during the measurement period as submitted to OPERS: (current employer approach to record statutorily required employer contributions measurement period is January 1, 2014 through December 31, 2014)		
Personnel Costs - Pension Expense	\$ 14,760,741	
Cash		\$ 14,760,741
<b>3</b> To defer pension contributions made subsequent to the measurement date of December 31, 2014 (if any) to recognize Deferred Outflows: (for example, June 30, 2015 fiscal year end employers need to defer pension contributions made to OPERS for the period January 1, 2015 through June 30, 2015; in this example, the employer is also a December 31, 2014 fiscal year end and has nothing to record)		
Deferred Outflow of Resources	\$ -	
Personnel Costs - Pension Expense (move expense into Deferred Outflow)		\$ -
<b>4</b> To record deferred inflows related to pensions:		
Net Pension Liability	\$ 2,118,899	
Deferred Inflows of Resources		\$ 2,118,899
<b>5</b> To record deferred outflows related to pensions:		
Deferred Outflows of Resources	\$ 6,435,447	
Net Pension Liability		\$ 6,435,447
<b>6</b> To record new GASB 68 pension expense at measurement date and eliminate employer pension contributions expense since included within Net Pension Liability calculation (in accordance with GASB 68):		
Net Pension Liability	\$ 14,760,741	
New GASB 68 Pension Expense	\$ 13,168,398	
Personnel Costs - Pension Expense		\$ 14,760,741
Net Pension Liability		\$ 13,168,398

### Transaction Summary

	Reconciliation of 1% Employer Net Pension Liability	Expense/ (Revenue)
Net Pension Liability, Beginning of Year	\$ 117,886,972	
Deferred Inflows of Resources, related to pension	\$ (2,118,899)	
Deferred Outflows of Resources, related to pension	\$ 6,435,447	
New GASB 68 Pension Expense	\$ 13,168,398	\$ 13,168,398
Personnel Costs - Pension Expense	\$ (14,760,741)	\$ (14,760,741)
Net Pension Liability, End of Year	\$ 120,611,176	
Impact to Income Statement		\$ (1,592,343)

### Note

Employer specific amounts that are excluded from these example calculations and journal entries are the change in proportionate share and differences between employer contributions and proportionate share of contributions as defined in paragraphs .54 and .55 of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

In the initial year of implementation, there is no change in proportionate share as OPERS calculated only one proportionate share and employers apply that share to both beginning and ending NPL amounts. OPERS concluded that the calculation of two proportionate shares, for both 2013 and 2014, was not necessary as the impact to calculations would result in immaterial differences. OPERS external auditors agreed with this conclusion.

Since OPERS is using actual contributions submitted by employers for the measurement period (January 1, 2014 through December 31, 2014), there should be no differences between employer contributions submitted and those contributions used to calculate proportionate share percentages.