



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2007 Wisconsin Act 82**  
[2007 Assembly Bill 184]

**Creation of Trust by Local  
Governmental Units to Fund  
Certain Post-Employment Benefits**

2007 Wisconsin Act 82 deals with funding of so-called “other post-employment benefits” (OPEBs) by local governmental units. OPEBs are generally post-employment benefits provided to retired public employees, other than pension benefits, such as health care and life insurance benefits. (Under the Act, OPEBs are post-employment health care benefits provided either separately or through a defined benefit pension program and other post-employment benefits provided separately from a defined benefit pension program.)

Traditionally, OPEBs have been paid by employers on a pay-as-you-go basis; under that payment method, future liability for these benefits typically does not appear on a current balance sheet. New government accounting rules will require governmental units to quantify these liabilities on an accrual basis to bring more transparency to possible future liabilities.

Act 82 provides a funding option for those local governmental units that decide to prefund any OPEBs. The Act applies to cities, villages, towns, counties, drainage districts, and technical college districts (and any other governing board, as defined in s. 34.01 (1), Stats.).

Act 82 allows a local governmental unit to invest and reinvest, under the Uniform Prudent Investor Act, funds that are held in trust solely to provide OPEBs. Such funds must be held in a trust fund that is separate from all other trust funds created by or under the control of the local governmental unit.

Act 82 also authorizes a local governmental unit to delegate its investment authority under the Act to an investment manager who meets the requirements and qualifications specified in the trust investment policy and who is registered as an investment adviser under federal law. Finally, the Act requires a local governmental unit that establishes a trust authorized under the Act to annually publish a written report that states the amount in the trust, the investment return earned by the trust since the last report, the total disbursements made from the trust since the last report, and the name of the investment management if investment authority has been delegated.

---

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature’s Web site at: <http://www.legis.state.wi.us/>.

***Effective Date:*** March 27, 2008.

***Prepared by:*** Don Dyke, Chief of Legal Services

March 20, 2008

DD:wu:jb;wu