Addressing Employer Rate Fluctuation
October 2004
Employer Survey

Please complete and return this survey no later than December 15, 2004. You may either FAX or mail the completed survey to:

Katherine Cheung
Actuarial & Employer Services Division
CalPERS
P.O. Box 942709
Sacramento, CA 95814
FAX: (916) 795-2744

1) **Our plans(s) cover the following number of <u>active</u> employees:**

   For Miscellaneous Employees
   ( )Less than 50 ( )50 to 100 ( )100 to 500 ( )500 to 1000 ( )Over 1000

   For Safety Fire Employees
   ( )Less than 50 ( )50 to 100 ( )100 to 500 ( )500 to 1000 ( )Over 1000

   For Safety Police Employees
   ( )Less than 50 ( )50 to 100 ( )100 to 500 ( )500 to 1000 ( )Over 1000

   For Other Safety Employees
   ( )Less than 50 ( )50 to 100 ( )100 to 500 ( )500 to 1000 ( )Over 1000

2) **After reading the issue paper on employer rate fluctuation,**

   ( ) We feel adequately informed and understand the issues well enough to proceed in completing the remainder of the survey.

   ( ) The issue paper provides us some understanding of the issues and we will complete the remainder of the survey. However, we feel we need further clarification of the issues.

   ( ) Despite the issue paper, we **<u>do not</u>** feel we understand the issues well enough to proceed in completing the remainder of the survey.

3) **Which do you believe is more important? Answer _______**
   a. Total employer contribution rates with small changes from year to year; or
   b. Total employer rates that match up with the employer's economic condition

4) **Are you willing to consider the following concepts to help stabilize employer contribution rates?**

Concept	Yes	No
Pension Contribution Stabilization Accounts		
Direct Rate Smoothing		
Superimpose a minimum and/or maximum employer contribution rate on the traditional rate		
Different asset allocations or different interest crediting for different plans		
Increase actuarial asset smoothing (some or all plans)		
Longer amortization periods for gains and losses		

5) **Please rank the following concepts in order of the priority you would establish in having the actuarial staff provide further study and analysis. A rank of 1 is the highest priority. You may assign the same rank to more than one concept.**

Concept	Rank
Pension Contribution Stabilization Accounts	
Direct Rate Smoothing	
Superimpose a minimum and/or maximum employer contribution rate on the traditional rate	
Different asset allocations or different interest crediting for different plans	
Increase actuarial asset smoothing (some or all plans)	
Longer amortization periods for gains and losses	

6) **As stated in the issue paper, some of the smoothing alternatives being considered would have employers contribute a rate that, in some years, did not satisfy the requirements of Governmental Accounting Standards Board (GASB) Statement 27. This would mean that employers would have to book and keep track of a prepaid or accrued pension expense on their balance sheet reflecting the difference between the rate contributed to CalPERS and an "acceptable" GASB Statement 27 rate. The alternative would be to receive a "qualified" accountant's opinion for non-compliance with GASB Statement No. 27. Either could impact the employer's ability issue bonds or otherwise "borrow" money**.

On a scale of 1 to 5 (a 1 being that this issue is of no consequence to you as an employer and a 5 being that this is a major issue for you and that you would prefer not to utilize methods that produce this "GASB problem"), please circle the number that reflects your agency's position on using smoothing methods that produce rates that are not GASB compliant.

1 2 3 4 5