

Proposed Regulation to Permit Transfer of Assets in  
Severely Overfunded Situations

**§ 574 Transfer of Assets Between Rate Plans of a Contracting Agency**

(a) A contracting agency may request that the board transfer available excess assets in one of its rate plans to satisfy the contracting agency's unfunded accrued actuarial obligations for another rate plan of that contracting agency if both of the following are true of the rate plan from which the assets will be transferred, as of the most recently completed valuation:

(1) The actuarial value of assets attributable to the contracting agency's rate plan exceeds 200 percent of the actuarial accrued liability, as determined by the chief actuary in accordance with Section 20816 of the Government Code; and

(2) The market value of assets attributable to the contracting agency's rate plan exceeds 150 percent of the amount which is the actuarially equivalent, including contingencies for mortality fluctuations, of the amount this system would be obligated to pay after the effective date of contract termination to or on account of persons who are or have been employed by, and on account of service rendered by them to, the contracting agency, as determined by the chief actuary in accordance with paragraph (a) of Section 20576 of the Government Code.

(b) Upon such a request, the board may, in its discretion, transfer such assets, in which case the transferred assets shall be used solely to satisfy the contracting agency's then current unfunded accrued actuarial obligations in its rate plans for different member classifications. The transferred assets shall remain in the trust fund and shall be for the exclusive use of the employer's employees.

(c) The amount that may be transferred under this section shall not exceed the difference between the actuarial value of assets attributable to the contracting agency's rate plan and the amount described in subparagraph (1) of paragraph (b) above, nor shall it exceed the difference between the market value of assets attributable to the contracting agency's rate plan and the amount described in subparagraph (2) of paragraph (b) above.

(d) Prior to an agency requesting the Board transfer available excess assets in one of its rate plans to satisfy the contracting agency's unfunded accrued actuarial obligations for another rate plan of that contracting agency, the agency must notify their employees or employee groups of the agency's intended request. The notice to the employees or employee groups must be in writing. The notice to the employees or employee groups must be issued at least 2

weeks prior to requesting the Board transfer assets between the contracting agency's rate plans.

(e) A contracting agency must submit a statement in writing to the Board that the agency has notified its employees or employee groups as described in paragraph (d) in order for the Board to review the contracting agency's request.