STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. 04-02-AESD

Subject: **Phasing-Out the Difference in Employer's Contribution Rates ~~Between the Pool's Normal Cost and the Individual Employer's Plan's Normal Cost~~ Upon Joining the Risk Pooling Structure.**

WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").

WHEREAS, 2. Under Article XVI, section 17 of the California Constitution (the "Constitution"), the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.

WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.

WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the CalPERS Board has retained the services of an outside consulting actuarial firm, to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems.

NOW, THEREFORE, BE IT RESOLVED:

The Chief A~~a~~ctuary shall establish a phase out of the difference between a plans' pooled total contribution rate calculated in the risk pooling structure and the individual employer's plan's total contribution rate calculated as a stand-alone plan outside of the risk pooling structure.~~the pool's normal cost and the individual employer's plan's normal cost~~ The difference between these two rates shall be phased out over a period of five years upon the time when an existing public agency rate plan joins the risk pool structure for the first time.

The five year phase out of the difference in contribution rates~~normal costs~~ will be established only once (at the time of joining the risk pool structure). The phase-out shall begin with the actuarial valuation at the time of joining the pool. The phase out of the difference shall not be affected by subsequent changes in benefits~~ improvements~~ or changes in demographics.

When setting employer contribution rates for employers participating in a risk pool, the five year phase out shall be accomplished as follows:

- First full year and the initial partial year (if any), 100% of the difference is added (if the employer's contribution rate in the pool ~~pool's normal cost~~ is less than the individual employer's total rate outside of pooling~~plan normal cost~~) or subtracted (if the employer's contribution rate in the pool~~'s normal cost~~ is greater than the individual employer's total rate outside of pooling~~plan normal cost~~) to the pool's rate to determine the employer's rate.
- Second full year, 80% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Third full year, 60% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Fourth full year, 40% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Fifth full year, 20% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Thereafter~~Sixth~~ year, the phase out is over and the rate plan is subject to the pool's rate.

This Resolution applies to all employers~~New public agency rate plans as well as new rate plans for school districts~~ joining risk pooling for the first time for a member classification based on an actuarial valuation dated on or after June 13, 2012~~ shall be subject to the normal cost of the pool they are joining without any phasing out~~.

This Resolution shall be effective immediately upon adoption.

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I hereby certify that the foregoing Resolution was originally made and adopted on the 16th day of June, 2004, and was amended on the 13th day of June 2012, by the Board of Administration of the California Public Employees' Retirement System~~, made and adopted the foregoing Resolution~~.

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ROB FECKNER~~SEAN HARRIGAN~~, PRESIDENT
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. 04-02-AESD

Subject: **Phasing-Out the Difference in Employer's Contribution Rates Upon Joining the Risk Pooling Structure.**

WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").

WHEREAS, 2. Under Article XVI, section 17 of the California Constitution (the "Constitution"), the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.

WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.

WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the CalPERS Board has retained the services of an outside consulting actuarial firm, to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems.

NOW, THEREFORE, BE IT RESOLVED:

The Chief Actuary shall establish a phase out of the difference between a plans' pooled total contribution rate calculated in the risk pooling structure and the individual employer's plan's total contribution rate calculated as a stand-alone plan outside of the risk pooling structure. The difference between these two rates shall be phased out over a period of five years upon the time when an existing public agency rate plan joins the risk pool structure for the first time.

The five year phase out of the difference in contribution rates will be established only once (at the time of joining the risk pool structure). The phase-out shall begin with the actuarial valuation at the time of joining the pool. The phase out of the difference shall not be affected by subsequent changes in benefits or changes in demographics.

When setting employer contribution rates for employers participating in a risk pool, the five year phase out shall be accomplished as follows:

- First full year and the initial partial year (if any), 100% of the difference is added (if the employer's contribution rate in the pool is less than the individual employer's total rate outside of pooling) or subtracted (if the employer's contribution rate in the pool is greater than the individual employer's total rate outside of pooling) to the pool's rate to determine the employer's rate.
- Second full year, 80% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Third full year, 60% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Fourth full year, 40% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Fifth full year, 20% of the difference is added/subtracted to the pool's rate to determine the employer's rate.
- Thereafter year, the phase out is over and the rate plan is subject to the pool's rate.

This Resolution applies to all employers joining risk pooling for the first time for a member classification based on an actuarial valuation dated on or after June 13, 2012.

This Resolution shall be effective immediately upon adoption.

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I hereby certify that the foregoing Resolution was originally made and adopted on the 16th day of June, 2004, and was amended on the 13th day of June 2012, by the Board of Administration of the California Public Employees' Retirement System.

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ROB FECKNER, PRESIDENT
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. 03-04-AESD

Subject: **Criteria To Establish The Classification Of Optional Benefits Available In Risk Pools**

WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").

WHEREAS, 2. Under Article XVI, section 17 of the California Constitution (the "Constitution"), the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.

WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.

WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the CalPERS Board has retained the services of an outside consulting actuarial firm, to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems.

NOW, THEREFORE, BE IT RESOLVED:

Upon implementation of the risk pool structure at CalPERS, the Chief actuary shall assign each existing optional benefit to one of the classifications in accordance with the following criteria:

(a) Class 1 benefits shall be the optional benefits meeting the following criteria:
- Impact the ongoing cost (either total or employer normal cost) of the risk pool by more than 0.25% of payroll; or
- The benefit is not available to all plans participating in the risk pool.

(b) Class 2 benefits shall be the optional benefits, other than Class 1 benefits, meeting the following criteria:
- No impact on the ongoing cost (normal cost) of the risk pool; and
- Provide a one time increase in benefit with an identifiable increase in accrued liabilities.

(c) Class 3 benefits shall be the optional benefits meeting the following criteria:
- Impact the ongoing cost (normal cost) of the risk pool by no more than 0.25% of payroll

When new benefits become available as a result of legislation, the Chief actuary will determine their classification in accordance with the criteria established in this Board policy.

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I hereby certify that on the 18th day of June, 2003 the Board of Administration of the California Public Employees' Retirement System, made and adopted the foregoing Resolution.

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SEAN HARRIGAN, PRESIDENT
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. 03-03-AESD (Rev.)

Subject: **List of Available Risk Pools**

WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").

WHEREAS, 2. Under Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.

WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.

WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the Board has retained the services of an outside consulting actuarial firm, to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the Systems.

NOW, THEREFORE, BE IT RESOLVED:

Upon implementation of the risk pool structure at CalPERS, the following 10 risk pools shall initially be created with the following participation criteria:

MISCELLANEOUS RISK POOLS

Pool #1 – Miscellaneous 2% @ 60
- Miscellaneous employees subject to the 2% @ 60 formula (Section 21353) or 1.25% at 65% (Section 21076) formula shall participate in this pool.

Pool #2 – Miscellaneous 2% @ 55
- Miscellaneous employees subject to the 2% @ 55 formula (Section 21354 or Section 21354.1) shall participate in this pool.

Pool #3 – Miscellaneous 2.5% @ 55
- Miscellaneous employees subject to the 2.5% @ 55 formula (Section 21354.4) shall participate in this pool.

Pool #4 – Miscellaneous 2.7% @ 55
- Miscellaneous employees subject to the 2.7% @ 55 formula (Section 21354.5) shall participate in this pool.

Pool #5 – Miscellaneous 3% @ 60
- Miscellaneous employees subject to the 3% @ 60 formula (Section 21354.3) shall participate in this pool.

SAFETY RISK POOLS

Pool #6 – Safety 2% @ 55
- Safety employees subject to the 2% @ 55 safety formula (Section 21369) or ½ @ 55 formula (Section 21366) shall participate in this pool.

Pool #7 – Safety 2% @ 50
- Safety employees subject to the 2% @ 50 safety formula (Section 21362) or 2.5% @ 55 safety formula (Section 21363) shall participate in this pool.

Pool #8 – Safety 3% @ 55
- Safety employees subject to the 3% @ 55 safety formula (Section 21363.1) shall participate in this pool.

Pool #9 – Safety 3% @ 50
- Safety employees subject to the 3% @ 50 safety formula (Section 21362.2) shall participate in this pool.

Safety members that are still subject to a miscellaneous service retirement formula following a reclassification to the safety category will participate in the risk pool applicable to the other members of the same employee category.

Inactive members that are subject to a different service retirement formula than the one applicable to the active members of the same employee category will participate in the risk pool applicable to the active members of the same employee category.

INACTIVE PLAN POOL

Pool #10 – Inactive Plan Pool

- All rate plans determined to be inactive in the June 30, 2003 actuarial valuation (i.e. no active members in the rate plan) shall participate in the inactive plan pool, regardless of the benefit formula applicable to the inactive members of the plan.
- Rate plans moving from an active status to an inactive status will be transferred from their then current pool to the inactive plan pool following a period of at least one year in which they had no active members.

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I hereby certify that on the 18th day of June, 2003 the Board of Administration of the California Public Employees' Retirement System, made and adopted the foregoing Resolution; and that this Resolution was amended on the 16th day of June 2004.

SEAN HARRIGAN, PRESIDENT
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM