STATE OF CALIFORNIA
BOARD OF ADMINISTARTION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. 95-05C (Rev.)

Subject: **Actuarial Policies – Actuarial Asset Valuation Method**

WHEREAS, ~~On November 3, 1992, the people of the state of California passed Proposition 162, which amended Article XVI, section 17 of the California Constitution ("Section 17"), granting the CalPERS Board of Administration plenary authority and fiduciary responsibility for investment of moneys, providing for actuarial services, and administration of the Public Employees' Retirement System, the Judges' Retirement Systems, the Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award (collectively "the Systems")~~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, Under Article XVI, Section 17 ~~requires the CalPERS Board to exercise its responsibility with respect to the Systems, subject to continuing fiduciary duties and specifies that the duty to participants and their beneficiaries takes precedence over any other duty~~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 actuarial services in order to assure the competency of the System.

~~WHEREAS, The provisions of Section 17 expressly supersede any contrary provision of law or the Constitution.~~

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

(Rev. April 2013 ~~April 2005~~)

Resolution 95-05C (Rev.)
Actuarial Asset Valuation Method

WHEREAS, 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~~ System's actuarial staff and to certify that such work satisfies professional actuarial standards.

WHEREAS, Both the ~~CalPERS~~ 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:~~

NOW, THEREFORE, BE IT RESOLVED:~~,~~

_____(A) It is the policy of the ~~CalPERS~~ Board to ~~utilize~~ use a professionally accepted smoothing technique in an effort to minimize substantial variations in employer contribution rates that result from wide swings, upward and downward, in the market value of assets.

RESOLVED, (B) That, for June 30, 2012 actuarial valuations, the actuarial value of assets shall recognize one fifteenth of the difference between the market value of assets and the expected actuarial value of assets subject to the limitation that the actuarial value of assets be (i) no less than 80% of the market value of assets and (ii) no greater than 120%, of the market value of assets except for the Judges Retirement System which will continue to use an actuarial value of assets equal to the market value of assets.

RESOLVED, (C) ~~That, through its smoothing technique, the actuarial value of assets shall be limited to the corridor between 80% and 120% of market value.~~ That for the actuarial valuations commencing June 30, 2013, and thereafter, the Board adopts a direct rate smoothing technique to determine employer contribution rates.

RESOLVED, (D) That, pursuant to (C) above, the market value of assets will be used in actuarial valuations performed as of June 30,

2013 and thereafter (replacing the use of an actuarial value of assets used in prior actuarial valuations). ~~if the actuarial~~

Resolution 95-05C (Rev.)
Actuarial Asset Valuation Method

~~value of assets derived under this technique consistently falls either below or above the market value of assets for a period of five consecutive years, the Chief Actuary will bring this to the attention of the Board for its consideration.~~

RESOLVED, (E) That any changes to the methods described above shall require Board approval.

* * * * * * * * * *

I hereby certify that on the 16th day of December, 1998 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 20th day of April, 2005 and that this Resolution was amended on the 15th day of April, 2013.

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

(Rev. April 2013 ~~April 2005~~)