



## **Agenda Item 4c**

March 19, 2013

**ITEM NAME:** California Employers' Retiree Benefit Trust Update

**PROGRAM:** California Employers' Retiree Benefit Trust

**ITEM TYPE:** Information Consent

### **EXECUTIVE SUMMARY**

The California Employers' Retiree Benefit Trust (CERBT) fund continues to grow in the number of participating agencies, in net employer contributions, and in total fund assets under management. During the one year period ending January 31, 2013, the number of contracted employers increased 12 percent, from 315 to 352. During the same period, cumulative employer net contributions increased 18 percent, from \$1.65 billion to \$1.95 billion; the CERBT assets under management increased 30 percent, from \$1.92 billion to \$2.50 billion.

Aggregate fund investment return exceeded the aggregate fund benchmark return during the same period (13.52 percent compared to 13.44 percent) during the one year period ending January 31, 2013.

### **STRATEGIC PLAN**

This agenda item supports Strategic Plan Goal A to "Improve long-term pension and health benefit sustainability."

### **BACKGROUND**

The CERBT is a California Public Employers' Retirements System trust plan program dedicated to pre-funding public employer Other Post Employment Benefit (OPEB) liabilities. The CERBT is obliged to report on behalf of participating employers in compliance with Governmental Accounting Standards Board (GASB) Statement No. 43.

### **ANALYSIS**

The CERBT program marketing and retention work to employers is delivered through various channels. In February 2013, the CERBT staff conducted workshops around the state. These workshops were hosted at CalPERS Regional Offices and at selected employer sites. In these workshops employers learn about the CERBT fund services and about the benefits of pre-funding OPEB. Workshops run through May 2013.

The CERBT staff has established a year round communication process intended to retain contracted employers. The CERBT staff communicates program developments, improvements, results, and employer account information to

participating employers. These reports are provided through webinars, teleconferences, and meetings.

In turn, employer staff use these annual reports to inform their governing bodies. Employers have reported this communication effort is a useful and valuable service to them.

GASB standards require biennial employer valuation reporting aligned to a single date (June 30) for all employers. The last aligned reporting period began on June 30, 2011. The CERBT program has begun to prepare for the required annual financial reporting of Fiscal Year 2012-13, the second year of the biennial cycle. The CERBT is improving staff resource capacity through cross training in order to meet this increasing workload.

The CERBT program services, including annual GASB compliant financial reporting, have encouraged employers to participate actively in pre-funding their OPEB liabilities through the CERBT fund.

#### **ATTACHMENTS**

Attachment 1 – Performance Statistics

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