



Pension and Health Benefits Committee Agenda Item 4c

March 15, 2016

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) program continues to grow and to deliver valuable service to both contracted and prospective employers.

Strategic Plan

This agenda item supports the California Public Employees' Retirement System (CalPERS) Strategic Plan Goal A of improving long-term pension and health benefit sustainability. Employers who participate in the CERBT can help finance future retiree health care costs in large part from investment earnings provided by CalPERS.

Background

The CERBT is a CalPERS program whose purpose is to prefund employer Other Post-Employment Benefit (OPEB) liabilities.

The CERBT program delivers five key advantages:

1. Excellent investment management.
2. Simple and focused administrative procedures.
3. Financial reporting compliant with governmental accounting standards.
4. Outstanding customer service.
5. Lowest service cost.

It is the concurrent delivery of all five of these advantages that differentiates CERBT from its competitors.

Analysis

CERBT's marketing and retention efforts to employers continue to be delivered through various channels. CERBT staff scheduled eight spring 2016 workshops throughout the state during February and March 2016. These workshops are hosted at various CalPERS Regional Offices and allow employers to learn about the CERBT program, its services, and the benefits of pre-funding OPEB.

The following chart provides final data from the fall 2015 CERBT workshops that were reported to the Pension and Health Benefits Committee in October:

	Total
Employers Registered	125
Employers Attended	66
Attendees Registered	159
Attendees Attended	94

From the fall 2015 Workshops, 39 qualified employer leads have been generated that are moving through the process of considering the CERBT to staff recommends status, to governing body approval.

CERBT staff provides a year-round communication and outreach process to retain contracted employers. CERBT staff provides annual update reports to participating employers through in-person meetings, teleconferences and emails. The annual update reports include information on program developments, improvements, performance results and employer account information. In turn, employers often use these annual reports to inform their governing bodies and continually report this communication effort is a useful and valuable service to them. The CERBT goal is to deliver in-person annual update presentations to 125 employers, deliver 1:1 teleconferences to another 125 employers and customized 1:1 emails with the remaining. CERBT staff has delivered 160 annual update reports since the start of Fiscal Year 2015-2016.

The CERBT trust fund continues to grow. During the one-year period ending January 31, 2016, the number of contracted employers increased 6.8 percent, from 444 to 474. During the same period, cumulative employer net contributions increased 16.7 percent, from \$3.18 billion to \$3.71 billion; the CERBT assets under management increased 6.0 percent, from \$4.20 billion to \$4.45 billion and total covered lives increased 5.4 percent, from 376,001 to 396,422. There were no terminations thus the retention rate was 100 percent.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable

Attachments

Attachment 1 – Workshop and Retention Statistics

Attachment 2 – Performance Statistics

Donna Ramel Lum
Deputy Executive Officer
Customer Services and Support

Doug P. McKeever
Deputy Executive Officer
Benefit Programs Policy and Planning