

STATE OF CALIFORNIA  
BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES RETIREMENT SYSTEM

RESOLUTION

No. ACT-95-05D (rev.)

Subject: **Actuarial Policies – Actuarial Assumptions**

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 System.

NOW, THEREFORE, BE IT RESOLVED:

(A) It is the policy of the CalPERS Board to recognize the long-term nature of actuarial assumptions, and to refrain from changing these assumptions unless a distinct pattern of gains or losses arises, or unless there is a

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reason to expect that future experience will be different from that currently assumed.

- (B) Notwithstanding the long-term nature of actuarial assumptions, past experience must be analyzed periodically to identify evidence of emerging trends.
- (C) To enable the Board to determine whether circumstances warrant a change in economic assumptions, every four years the Chief Actuary shall conduct an investigation, and report its results to the Board, of general future wage and price inflation applicable to CalPERS' members and other persons receiving benefits.
- (D) To enable the Board to determine whether circumstances warrant a change in actuarial assumptions, every four years the Chief Actuary shall conduct an investigation, and report its results to the Board, of the mortality, service and other experience of CalPERS' members and other persons receiving benefits.
- (E) Any changes to the methods described above shall require Board approval.

This Resolution shall be effective immediately upon adoption.

I hereby certify that this Resolution was originally made and adopted by the Board of Administration of the California Public Employees' Retirement System on May 17, 1995 and was amended on December 14, 2011.

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ROB FECKNER, President  
Board of Administration