

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

DELEGATION RESOLUTION

Delegation No: AESD-97-02

Subject: **Actuarial Policies - Funding Method For Survivor Benefit Program**

WHEREAS, In accordance with Article XVI, section 17 of the California Constitution, the retirement board of a public retirement system has plenary authority and fiduciary responsibility for investment of moneys, providing for actuarial services, and administration of the system.

WHEREAS, In accordance with Government Code sections 20120, 20151, 20171 and 20190, the Board of Administration of the California Public Employees' Retirement System (hereafter "the CalPERS Board") is charged with the administration, management, and investment of the Public Employees' Retirement Fund.

WHEREAS, It is CalPERS Board policy adopted in Resolution No. 95-05B generally to use the Entry Age Normal funding method, that any exception to use of the Entry Age Normal method requires Board approval, and that the Board's Chief Actuary report to the Board those instances where an exception to the Entry Age Normal funding method is appropriate and make a recommendation as to an alternative funding method in such instances.

WHEREAS, In 1996 the CalPERS Board established a Task Force of employee representatives, employer representatives, and CalPERS actuarial and program staff, including the Board's Chief Actuary, to study the Survivor Benefit Program.

WHEREAS, The Task Force assigned to study the Survivor Benefit Program submitted its report to the CalPERS Board and the Board accepted that report and its recommendations at its October 1996 meeting, and these recommendations included the following with respect to the funding method for the Program:

- The Entry Age Normal Funding method is not an appropriate funding method to apply to the benefit accrual pattern of the benefit levels within the 1959 Survivor Benefit Program

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specified in Government Code sections 21571, 21572, 21573,
and 21574.

- The Term Insurance funding method, when modified to include the amortization of any unfunded liability or surplus assets in the program, is an appropriate method to apply to the benefit levels within the Survivor Benefit Program specified in Government Code sections 21571, 21572, 21573, and 21574.

THEREFORE, BE IT RESOLVED THAT,

- A. It is CalPERS Board policy to use the Term Insurance funding method, modified to include the amortization of any unfunded liability or surplus assets in the program, to determine the liabilities and employer contribution rates for the benefit levels within the 1959 Survivor Benefit Program specified in Government Code sections 21571, 21572, 21573, and 21574.
- B. The CalPERS Board delegates to the Chief Executive Officer the authority to implement this Resolution, with the understanding that a further delegation will be made to the Chief Actuary.
- C. This Resolution shall be effective immediately upon adoption.

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I hereby certify on the ____ day of _____, 1997, the Board of Administration of the California Public Employees' Retirement System, made and adopted the foregoing Resolution.

WILLIAM DALE CRIST, PRESIDENT
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM

I understand and accept this delegation.

Dated:

JAMES E. BURTON
CHIEF EXECUTIVE OFFICER
CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM