



Finance and Administration Committee Agenda Item 6a

May 15, 2018

Item Name: Asset and Liability Transfer to the San Bernardino County Employees Retirement Association ("SBCERA")

Program: Actuarial and Financial Office

Item Type: Action

Recommendation

Approve the adoption of the Transfer Agreement of Membership Benefits to transfer approximately \$4,276,500 of assets to SBCERA. CalPERS may adjust the amount to reflect changes in member census/investment returns before the date of the transfer.

Executive Summary

On March 12, 2018, the Big Bear City Community Service District ("District") requested CalPERS transfer the value of the CalPERS retirement benefits for the accrued service credit for current active safety members of the District to SBCERA. The liabilities associated with the transferred members will become the liability of SBCERA as of the date of the transfer, which is scheduled for June 23, 2018. SBCERA will be liable for the payment of benefits to transferred District members as of the transfer date. Transferring District members and associated assets from CalPERS to SBCERA enables the consolidation of pension costs under one retirement system.

Strategic Plan

This agenda item supports Fund Sustainability and Risk Management goals of the CalPERS 2017-2022 Strategic Plan, which aim to strengthen the long-term sustainability of the pension fund. Pension and health funding are considered strategic risks to the organization, and proper management of employer contracts is critical to ensuring long-term sustainability.

Background

The Public Employees' Retirement Law ("PERL") provides for a transfer of assets and liabilities from CalPERS to certain county retirement systems. Specifically, Government Code section 20588 sets forth provisions governing the transfer of safety functions from the State or a public agency to a county or district. The Board may enter into an agreement with the board of retirement of a county maintaining a county retirement system, for termination of participation in the CalPERS system for affected members and to transfer the accrued assets and liabilities for the CalPERS retirement benefits of those members to the county retirement system.

In June of 2012, the District and the Big Bear Lake Fire Protection District's Board formed a Joint Powers Authority to support the consolidation of safety protection functions among local agencies in the county of San Bernardino. Transferring District members and associated assets from CalPERS to SBCERA enables the Authority to consolidate its pension costs in one retirement system.

The transferring liabilities associated with the transferred members under the agreement shall become the liability of SBCERA as of June 23, 2018. SBCERA will be responsible to pay benefits to transferred members as of that date.

Analysis

The table below lists the rate plans and number of participating members. With the adoption of the transfer agreement, assets of approximately \$4,276,500 will be transferred from CalPERS with the corresponding service and liabilities for the affected members to SBCERA.

Rate Plan	Formula	Plan Participants Transfers
Safety	3% @ 50	10
PEPRA Safety	2.7% @ 57	3

Budget and Fiscal Impacts

With the adoption of the transfer agreement between CalPERS, SBCERA, the District and the Authority, assets of approximately \$4,276,500 will be transferred with the corresponding service and liability for the affected members in the District.

Benefits and Risks

The requested transfer benefits the Public Agency who has the ability to consolidate its members retirement benefits to one system rather than two systems.

Attachments

- Attachment 1 – Agreement for Transfer of Member Benefits
- Attachment 2 – Agency Letter in Support of Asset Transfer

Kerry Worgan
Supervising Pension Actuary

Scott Terando
Chief Actuary

Charles Asubonten
Chief Financial Officer

