



## Finance and Administration Committee

# Agenda Item 4b

---

**September 25, 2018**

**Item Name:** California Actuarial Advisory Panel Appointment

**Program:** Actuarial

**Item Type:** Action Consent

### **Recommendation**

Appoint Scott Terando, CalPERS Chief Actuary as the CalPERS representative to the California Actuarial Advisory Panel (CAAP) for the three-year term beginning ending December 31, 2020.

### **Executive Summary**

The California Actuarial Advisory Panel (CAAP) was created in 2008 and is comprised of eight actuaries appointed by specific agencies. One panelist must be appointed by the Board of Administration of the Public Employees' Retirement System (the Board). In February 2017, the Board appointed Scott Terando to serve as CalPERS representative through the end of December 31, 2017 which ended the three-year term previously held by CalPERS Deputy Chief Actuary, David Lamoureux. Scott Terando has acted as CalPERS representative since the end of his term but CalPERS needs to officially appoint a representative for the term January 1, 2018 through December 31, 2020.

### **Strategic Plan**

This agenda item supports CalPERS Strategic plan for engaging in state and national policy development to enhance long-term sustainability and effectiveness of our programs. By appointing Scott Terando as a panelist, CalPERS remains involved in actuarial policy development and best practices in public pension topics.

### **Background**

Senate Bill 1123 of the 2007-08 Session added Government Code Section 7507.2, which created the California Actuarial Advisory Panel (CAAP). The CAAP provides impartial and independent information on pensions, other post-employment benefits, and best practices to public agencies and other interested parties. The opinions of the CAAP are nonbinding and advisory only.

The CAAP is located in, and is supported by the State Controller's office. The CAAP consists of eight members. Each member must be an experienced public-sector actuary who has attained the designation of Associate or Fellow of the Society of Actuaries. Members generally serve a three-year term. The Governor appoints two panelists, and one panelist is appointed by each of the following:

- The Teachers' Retirement Board
- The Board of Administration of the Public Employees' Retirement System
- The State Association of County Retirement Systems
- The Board of Regents of the University of California
- The Speaker of the Assembly
- The Senate Committee on Rules

### **Analysis**

The ongoing work of the CAAP includes assisting the Governor and legislature regarding pension and other post-employment benefits (OPEB) issues. The CAAP also replies to questions from public retirement systems and public agencies.

### **Budget and Fiscal Impacts**

There is no budget impact.

### **Benefits and Risks**

The benefit of this appointment is that Scott Terando is knowledgeable about CalPERS programs, its members and employers. He will continue to represent CalPERS with an opportunity to ensure that the unique nature of CalPERS is appropriately addressed in all deliberations of the CAAP.

The risks of appointing someone other than a CalPERS actuary is that CalPERS would be represented by someone that may not fully understand the implications that decisions and or opinions made by the CAAP could have on CalPERS pension and health benefit programs. Failure to appoint someone would be in contravention to Government Code Section 7507.

---

Marcie Frost  
Chief Executive Officer