

Proposed Regulation Changes Participation in Risk Pools

Finance & Administration Committee
September 16, 2025

Overview

- Pooling was implemented in 2004
- Initial regulations were amended once, in 2009
- Pooling saw a significant change in 2014, following the enactment of PEPRA

Catalysts for Change

Updates

Reflect procedural changes already implemented

Clarifications

Remove and replace outdated wording

Allow Exiting

Allow agencies with active populations that have grown to be removed from the risk pool

Procedural changes already implemented

Number of risk pools

- Prior to 2014 Pool Merger
 - Plans with the same active benefit formula were pooled together (2% at 60, 3% at 50, etc.)
 - Inactive plans were pooled with inactive plans
 - Classic and PEPRA groups were in separate risk pools
- Current
 - 2 Risk Pools (Miscellaneous, Safety)
 - Classic and PEPRA groups combined so no “closed” risk pools
 - Allowing plans to leave no longer endangers viability of pool

Procedural changes already implemented

Side Funds

- Original
 - Side fund established when a plan enters the pool
 - Original method to account for differences in funded status
- Current
 - Side funds still exist for some plans if not fully amortized
 - New plans added to risk pool no longer receive such a base

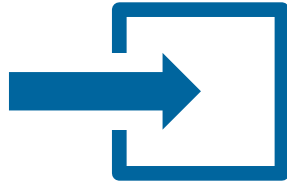
Clarifications due to combining reports

New defined terms

- Non-pooled Plan
 - Formerly referred to as a rate plan
- Pooled Plan
 - Current regulations only refer to non-pooled plans that enter the pool
- Rate Plan
 - This definition is now consistent with its use in myCalPERS that employers are familiar with

Entering and Leaving Risk Pools - Current

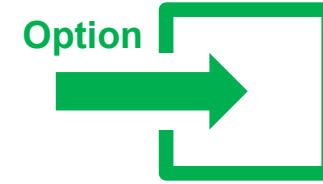
Based on active membership counts



< 100

- Pooled

If a non-pooled plan has less than 100 active members on a valuation date, it is transferred into the pool

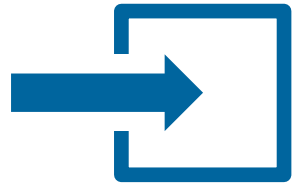


100+

- Pooled plans remain pooled
- Non-pooled plans may opt in (no option to leave after opting in)

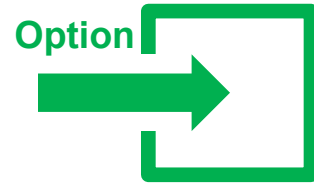
Entering and Leaving Risk Pools - Proposed

Based on active membership counts



< 100

- Pooled



100-149

- Pooled plans remain pooled
- Non-pooled plans may opt in (no option to leave after opting in)



150-199

- Non-pooled plans remain non-pooled
- Pooled plans may opt out (no option to re-enter after opting out)

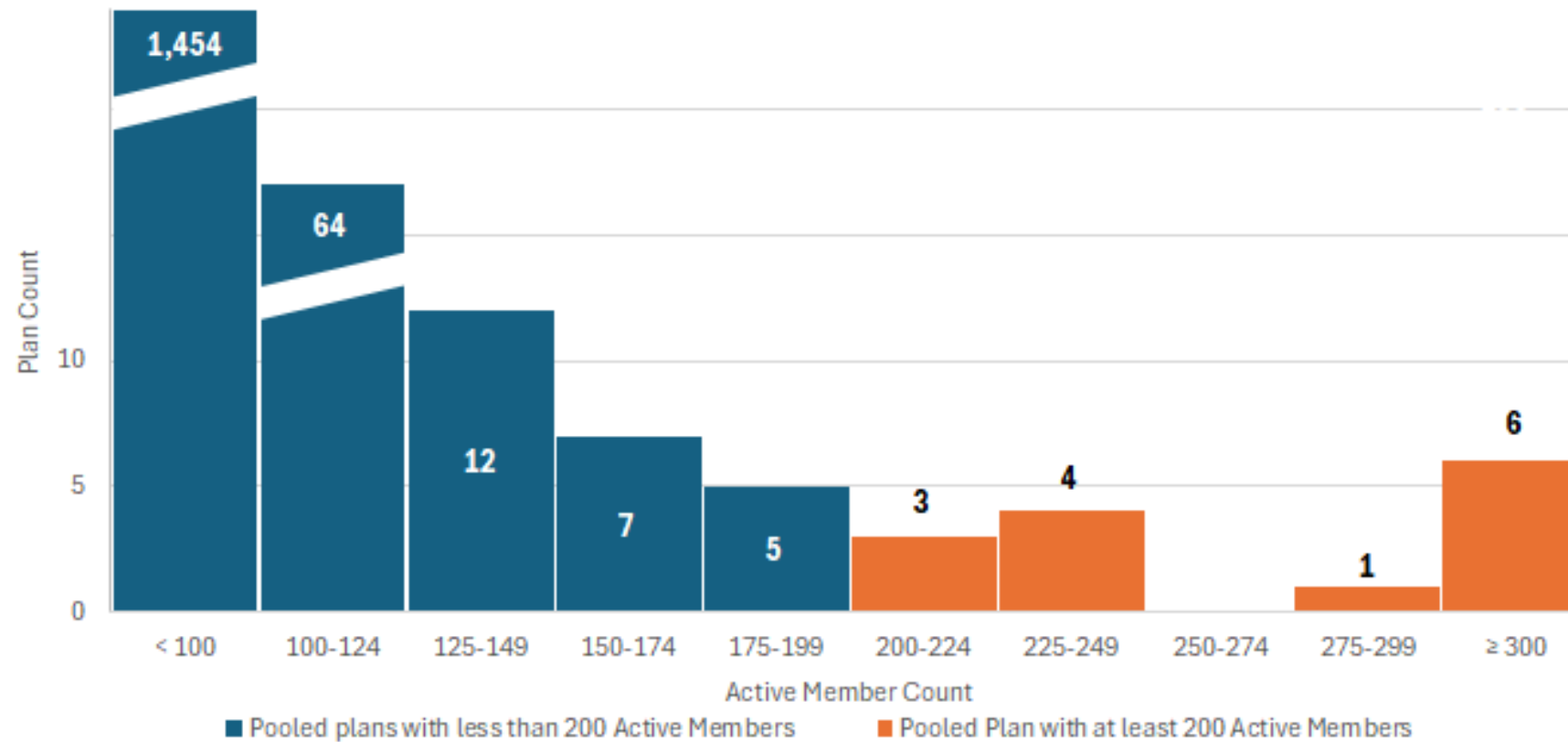


200+

- Non-pooled

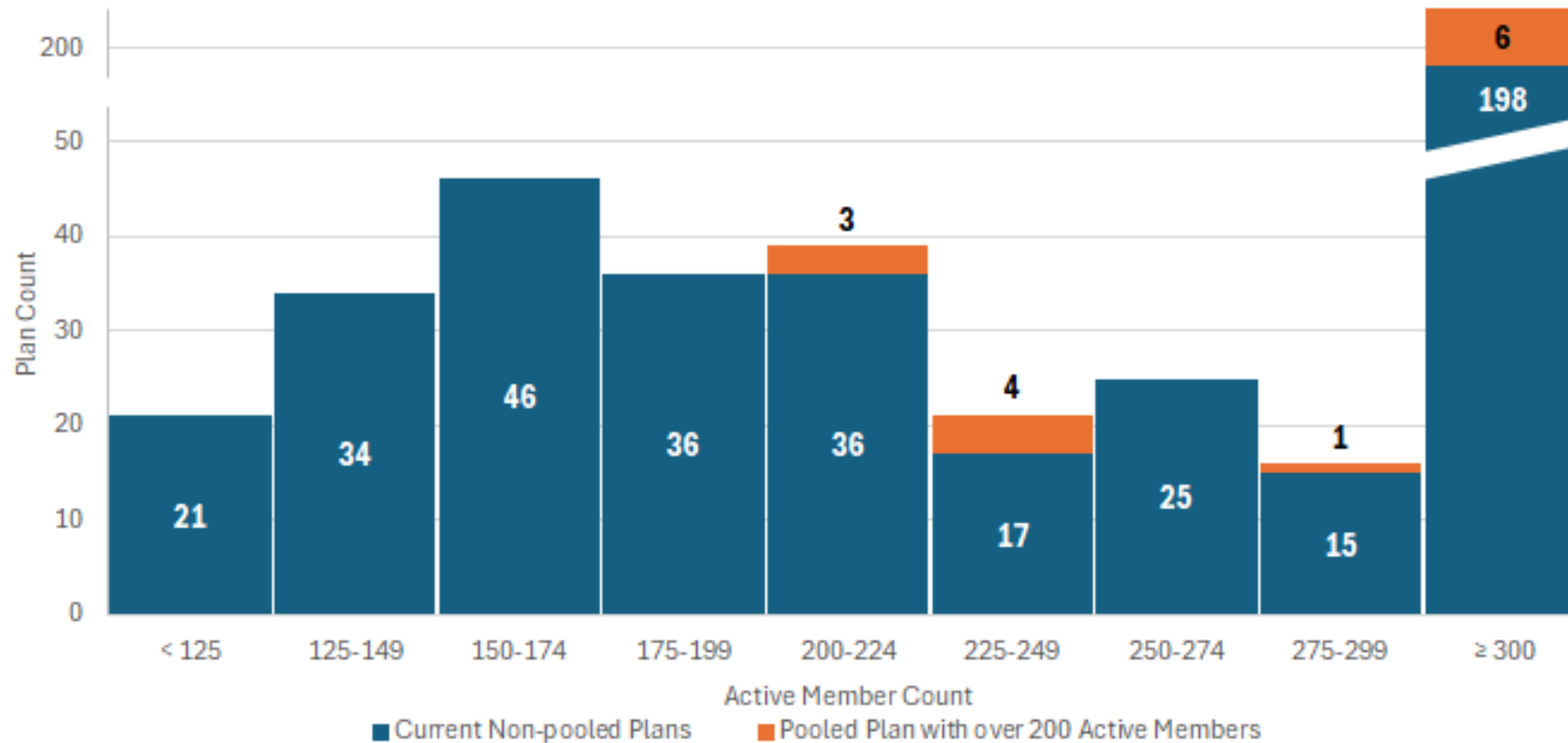
Pooled Plan Counts

Preliminary plan counts as of June 30, 2025



Non-pooled Plan Counts

Preliminary counts as of June 30, 2025 illustrating impact



Plans that grew from less than 100 to more than 200 active members

Agency Type	Classification	Final Year Under 100	First Year 200 or More	Duration (Years)	Count as of June 30, 2025
Non-profit	Miscellaneous	2013	2018	5	896
Special District	Miscellaneous	2004	2011	7	695
Special District	Miscellaneous	2004	2013	9	630
Joint Powers Authority	Miscellaneous	2008	2013	5	464
Non-profit	Miscellaneous	2003	2017	14	423
Joint Powers Authority	Miscellaneous	2003	2017	14	419
City or Town	Miscellaneous	2005	2019	14	296
City or Town	Miscellaneous	2005	2022	17	243
City or Town	Miscellaneous	2018	2023	5	225
Joint Powers Authority	Miscellaneous	2010	2023	13	220
Special District	Miscellaneous	2008	2024	16	204
Special District	Miscellaneous	2008	2024	16	202