



California Public Employees’ Retirement System

Actuarial Office

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**City of Corona (CalPERS ID: 1307714161), Safety - Police
Amendment Actuarial Valuation Report as of June 30, 2023
Section 21574 - Fourth Level of 1959 Survivor Benefit Program for Local Members**

The table on the following page shows the change in the liabilities and costs for adopting an increase in the 1959 Survivor Benefit from the Third Level to the Fourth Level for the member category indicated above. The costs are determined using the Term Insurance Funding Method. Under this method, the accrued liability is equal to the present value of benefits to survivors currently receiving payments *and* deferred benefits payable to a spouse of a deceased member when the spouse attains age 60. The normal cost is equal to the present value of benefits for expected deaths during the upcoming year.

The assets and liabilities for public agencies in the program are pooled for each Level. When a member group contracts for Fourth Level benefits from the Third Level, the employer’s unfunded liability is based on the Third Level funded ratio as of the most recently completed valuation, adjusted for the higher benefit amounts for Fourth Level survivors. The cost to the agency is the adjusted unfunded liability *plus* the Fourth Level normal cost for five years. The five-year normal cost requirement is necessary to prevent inequitable depletion of the pool’s current surplus by agencies who have not contributed to the surplus. For the Fourth Level 1959 Survivor Benefit, the CalPERS Board of Administration approved a fiscal year 2024-25 employer normal cost of \$5.90 per covered active member, per month. The assets used to determine the unfunded liability are allocated in accordance with a formula based on various factors, including the member category’s accrued liability and length of time in the current level pool, and the current level pool’s total assets and liabilities. Agencies will be allowed to amortize this unfunded liability over a period of five years. If there are excess assets rather than an unfunded liability, the excess will be used to offset the normal cost payments to the extent possible. **Your agency’s first-year payment (normal cost plus amortization of unfunded liability/excess assets) is \$0.** Payments for years two through five will be recalculated each year and will vary according to the number of covered active members and the pool’s revised normal cost.

At the end of five years, the group(s) become part of the pool and the employer’s cost will be the pool’s net cost. Currently the Third Level pool has an employer cost of \$0.00 due to the large surplus (472.4% funded ratio). The Fourth Level pool has a modest surplus (103.3% funded ratio), and the pool’s employer net cost after amortization of the surplus is \$5.80 per member, per month. Please note, however, that the pool’s net cost will vary from year to year, depending on actual experience and the rate at which the existing surplus is amortized to offset ongoing employer normal costs.

Fiscal Year	Employer Premiums	
	Third Level	Fourth Level
2023-24	\$0.00	\$5.20
2024-25	\$0.00	\$5.80

Should your agency elect to proceed with this contract amendment and payments are due, annual payments will be in level dollar amounts and will not be expressed as a percentage of your covered payroll. **If payments are due, your agency will be set up on a five-year amortization payment schedule. The first invoice will be sent in June, and your first payment is due within 30 days.**

The valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees’ Retirement Law. The valuation has been prepared in accordance with generally accepted actuarial practice.

This cost analysis expires July 1, 2025. A Resolution of Intention approved by the agency governing body to amend the contract must be received by this office on or before July 1, 2025 and the amendment effective date must be before July 1, 2025. If either of these two conditions is not met, an updated cost analysis is required to amend the contract.

To complete the contract amendment process based on the enclosed analysis, you must do the following:

- Follow the Contract Amendment Request process on myCalPERS and work with our Retirement Contract Services Unit.
- Complete the adopted resolution and return to CalPERS on or before July 1, 2025. Adoption of the Final Resolution by this date is not required.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract amendment. Please ask to speak to me for questions about this cost analysis.



Kurt Schneider, MPA, ASA, EA, MAAA
Supervising Actuary, CalPERS

Impact of Amendment

The table below shows the impact of an amendment to the Fourth Level 1959 Survivor Benefit for the specified member category.

		Pre-Amendment	Change Due to Plan Amendment	Post-Amendment
	Benefit Level	Third		Fourth
	Survivor with 2 or More Eligible Children	\$840		\$2,280
	Survivor with One Eligible Child	\$700		\$1,900
	Survivor 62 or Older, One Eligible Child, or Eligible Dependent Parent	\$350		\$950
1.	Number of Current Survivors	3	-	3
2.	Accrued Liability	\$115,580	\$214,118	\$329,698
3.	Plan's Market Value of Assets ⁽¹⁾	\$545,332		\$545,332
4.	Unfunded Liability / (Excess Assets) (2) – (3)	(\$429,752)	\$214,118	(\$215,634)
5.	Unfunded Liability / (Excess Assets) projected forward to June 30, 2025	(\$487,067)	\$264,109	(\$222,958)
6.	Pool's Funded Ratio ⁽²⁾	472.4%		N/A
7.	Total Employer Normal Cost, Per Member, Per Month	\$ 0.80	\$ 5.10	\$ 5.90
8.	Number of Members	152	-	152
9.	First-Year Employer Normal Cost (7) x (8) x 12	N/A		\$10,762
10.	Five-Year Amortization of Unfunded Liability / (Excess Assets)	N/A		(\$50,643)
11.	First-Year Total Employer Cost (9) + (10), not less than zero	N/A		\$0
12.	Member Monthly Premium	\$ 2.00	-	\$ 2.00

(1) Assets are allocated as a share of the pool's assets.

(2) The funded ratio for the current pool as of the most recently completed valuation.