

Purpose

1. In compliance with Section 31453 of the California Employees Retirement Law of 1937 (“CERL”), OCERS (the “System”) shall conduct an annual actuarial valuation to determine the value of assets and liabilities and the funding requirements of the System. The valuation shall be conducted under the supervision of an actuary and shall cover the mortality, service and compensation experience of the System’s members and beneficiaries.

Policy Objectives

2. To ensure compliance with the CERL with regards to conducting annual actuarial valuations that determine the value of assets and liabilities and the funding requirements of the system.
3. Define roles and responsibilities of staff, actuary and Board of Retirement in preparing an annual actuarial valuation.
4. Support the general public policy goals of accountability and transparency by being clear as to the annual valuation process that includes the use of complete and accurate data.
5. Definitions

Actuarial Extract: a set of computer generated files that are compiled by OCERS from its Pension Administration System. It captures individual member data including Gross Salary, Pensionable Salary, Earnable Salary, Pensionable Pay Items, accumulated service, demographic data and contribution data.

Ad Hoc Actuarial Extract Review Committee: an internal OCERS committee consisting of management and line staff which has the primary purpose of reviewing the data used in the final Actuarial Extract submitted to the actuary.

Annual Actuarial Valuation: a report generated by OCERS retained actuary as of December 31st of each year, setting forth plan membership demographics, rate group structure, contributions on deposit, funding obligations of members and plan sponsors, contribution rates and funding progress.

Earnable Salary: the total salary an OCERS member could have earned during a bi-weekly pay period. This is calculated by multiplying the member’s hourly rate by the number of hours the member could have worked in a reported pay period based on their work schedule (full time or eligible part time).

Gross Salary: the total payment made to a member within a reported bi-weekly pay period.

Pensionable Pay Items: the elements of compensation in addition to Pensionable Salary that OCERS members earned during each pay period.

Pensionable Salary: the total salary an OCERS member actually earned during a bi-weekly pay period, excluding Pensionable Pay Items. This is calculated by multiplying the member’s hourly rate by the number of hours the member actually worked in a reported pay period.

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Pension Administration System: the software program OCERS uses to store member and plan sponsor data, calculate pensions, receive payroll transmittals, calculate benefits, run queries and reports containing contribution and membership demographic data, and communicate with members, plan sponsors and stakeholders.

Policy Guidelines

6. Annually, OCERS staff will work with the System's actuary to review and produce an Annual Actuarial Valuation.
7. Each year OCERS' staff will identify and confirm requested data elements from the actuary.
8. The Ad Hoc Actuarial Extract Review Committee will prepare an Actuarial Extract from the Pension Administration System as well as additional ad hoc supplemental reports as required to provide requested data for active, deferred, and retired members as well as for and other payees such as beneficiaries and domestic relation orders. The data will be collected as of calendar year end.
9. Once the data is generated, the Ad Hoc Actuarial Extract Review Committee will review and analyze the results and correct information in the Pension Administration System as needed to ensure accuracy and consistency with the data received from Plan Sponsors. Elements of data to be reviewed and analyzed will include Gross Salary, Earnable Salary, Pensionable Salary and Pensionable Pay Items.
10. The Ad Hoc Actuarial Extract Review Committee will deliver the Actuarial Extract, ad hoc supplemental reports and any other requested information to the actuary in accordance with the agreed upon schedule. OCERS staff will work in conjunction with the actuary to ensure that the data is complete and as accurate as possible. This will entail additional analysis of the data submitted by the actuary and research and response to questions by the Ad Hoc Actuarial Extract Review Committee.
11. The accurate and complete reporting of member demographic, employment, payroll and contribution data is required from all Plan Sponsors.
12. Under the guidelines of the Actuarial Funding Policy, the actuary will use data provided by OCERS to produce the annual valuation. Annual valuation data and results are the source information for OCERS triennial study.
13. The actuary will present draft annual actuarial valuations to the Board of Retirement in or around May of each year.
14. The Board of Retirement will give final approval of the valuation and contribution rates each year.
15. Every three to five years an external third-party actuary will conduct an audit of the annual valuation.

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Policy Review

16. The Board of Retirement will review this Policy at least once every three years to ensure that it remains relevant and appropriate.

Policy History

17. The Board of Retirement adopted this policy on June 18, 2012.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



11/13/17

Steve Delaney
Secretary of the Board

Date