

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)
POLICY REGARDING ACTUARIAL EQUIVALENCE DETERMINATIONS
FOR MODIFIED RETIREMENT AND SURVIVOR ALLOWANCES**

**ADOPTED: March 13, 2013
AMENDED: December 9, 2015
AMENDED: December 12, 2018
AMENDED: May 5, 2021**

I. PURPOSE

The Board of Retirement of MCERA ("Board") implements this policy to interpret provisions in the County Employees' Retirement Law of 1937 ("CERL") pertaining to "modified" retirement and survivors allowances ("optional settlements") and actuarial equivalence requirements as to those benefits, as well as the funding provisions in the CERL for cost of living adjustments ("COLAs") that are also implicated.

II. POLICY

Government Code sections 31760, 31760.1 and 31761-31764 provide for "optional settlements" that pay a reduced allowance to the member for his or her life with different continuing percentages to designated survivor(s) in combined amounts that are determined to be the "actuarial equivalent" to the member's benefit alone, instead of providing the member with the basic, unreduced retirement allowance for his or her life combined with a 60% default continuance for eligible survivors.

The actuarial equivalence comparison is between the member's retirement allowance "as of the date of retirement" and the combination of the member's and any eligible survivor(s)' continuing survivorship allowance throughout the anticipated life of the member plus the anticipated additional life of any such eligible survivor(s). Government Code § 31760. Government Code section 31456 expressly specifies two items as being the basis for the equivalence calculation: (1) mortality tables and (2) regular interest. There is no express inclusion of any anticipated applicable COLA enhancements.

Based on the advice of MCERA's actuary, the Board has adopted and relied upon the following mortality tables for the following fiscal years to determine actuarial equivalence:

Prior to July 1, 2018

- For non-disabled members and all beneficiaries, the CalPERS 2014 Post-Retirement Healthy Mortality rates, adjusted by 110% for Safety Males and 95% for Safety Females and Miscellaneous Males and Females, with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014. The rates are blended based on a weighting of 40% Male / 60% Female for General members, 60% Male / 40% Female for General beneficiaries, 85% Male / 15% Female for Safety members and 15% Male / 85% Female for Safety beneficiaries.

- For disabled members, the CalPERS 2014 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males and Females (Miscellaneous and Safety), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2009 using Scale MP-2014. The rates are blended based on the same male/female weighting as the non-disabled members.

From July 1, 2018 through June 30, 2021

- For non-disabled members and all beneficiaries, the CalPERS 2017 Post-Retirement Healthy Mortality rates, adjusted by 90% for Males (Miscellaneous and Safety) with no adjustments for Females (Miscellaneous and Safety), with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017. The rates are blended based on a weighting of 40% Male / 60% Female for General members, 60% Male / 40% for General beneficiaries, 85% Male / 15% Female for Safety members and 15% Male / 85% Female for Safety beneficiaries.
- For disabled members, the CalPERS 2017 Disability Mortality rates (Non-Industrial rates for Miscellaneous members and Industrial Disability rates for Safety members), adjusted by 90% for Males (Miscellaneous and Safety) and 90% for Miscellaneous Females, with the 20-year static projection used by CalPERS replaced by generational improvements from a base year of 2014 using Scale MP-2017. The rates are blended based on the same male/female weighting as the non-disabled members.

On or after July 1, 2021

- For non-disabled Miscellaneous members and all Miscellaneous beneficiaries during the lifetime of the members, the Pub-2010 General Healthy Retiree Amount-Weighted Mortality rates, with no adjustments, projected from 2010 using Projection Scale MP-2020. For non-disabled Safety members and all Safety beneficiaries during the lifetime of the members, the Pub-2010 Safety Above-Median Healthy Retiree Amount-Weighted Mortality rates, with no adjustments, projected from 2010 using Projection Scale MP-2020.
- For disabled Miscellaneous members, the Pub-2010 General Disabled Retiree Amount-Weighted Mortality rates, with no adjustments, projected from 2010 using Projection Scale MP-2020. For disabled Safety members, the Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality rates, adjusted by 95% for males with no adjustment for females, projected from 2010 using Projection Scale MP-2020.
- For all beneficiaries following the member's death, the Pub-2010 Contingent Survivor Amount-Weighted Mortality rates (using the General Healthy Retiree Amount-Weighted Mortality rates prior to age 45), adjusted by 105% for females with no adjustment for males, projected from 2010 using Projection Scale MP-2020.

- The rates are blended based on a weighting of 40% Male / 60% Female for General members, 60% Male / 40% for General beneficiaries, 85% Male / 15% Female for Safety members and 15% Male / 85% Female for Safety beneficiaries.

MCERA will not include COLA assumptions in determinations of “actuarial equivalence” under Government Code sections 31761-31764. If MCERA’s actuarial experience studies exhibit a consistent actuarial loss to the system as a result of optional settlement selections that are attributable to COLA, the Board will address that finding by adjusting the normal cost of separate COLA contributions in accordance with Government Code sections 31872, 31873 and 7522.30, as applicable.

Any mortality table and interest assumption the Board adopts hereafter that are different from those set forth above will be automatically incorporated into this policy.

III. POLICY REVIEW

The Board shall review this Policy at least every three years to ensure that it remains relevant and appropriate. The Policy may be amended at any time by majority vote.

IV. RETIREMENT ADMINISTRATOR’S CERTIFICATE

I, Jeff Wickman, the duly appointed Retirement Administrator of the Marin County Employees’ Retirement Association, hereby certify that this policy was amended by MCERA on May 5, 2021.



Retirement Administrator