



**DATE:** September 23, 2009

**TO:** Children and Families Commission of Orange County

**FROM:** Michael M. Ruane, Executive Director

2009 SEP 30 PM 1:08  
OFFICE OF  
ORANGE COUNTY  
BOARD OF SUPERVISORS

**SUBJECT:** Adoption of Employer and Employee Retirement Contribution Rates for FY 2010-11

**SUMMARY:**

The Children and Families Commission of Orange County annually adopts employer and employee retirement contribution rates as required by AB 538 (effective January 1, 2006). AB 538 requires special districts, boards, and commissions that participate in the Orange County Retirement System (OCERS), but are not governed by the Board of Supervisors, to make the same adjustments to employer and employee contribution rates as recommended by OCERS for their respective organizations.

**Fiscal Year 2010-11 Retirement Rates**

On August 24, 2009, the OCERS Board of Retirement adopted new employer and employee retirement contribution rates for FY 2010-11. These rates are based on a comprehensive actuarial study of the Retirement System performed by The Segal Company. The "Actuarial Valuation and Review as of December 31, 2008" summarizes the actuarial data used in the valuation, and establishes the funding requirements for FY 2010-11.

Attachment 1 presents the employer and employee contribution rates for the Commission as recommended by OCERS for FY 2010-11. The rates consist of two components, the Normal retirement rate (which covers retirement costs going forward), and the Unfunded Accrued Actuarial Liability (UAAL) rate (which covers retroactive retirement costs). The FY 2010-11 employer combined rate of 22.9% represents an increase of 4.14% above the FY 2009-10 of 18.76%. The employee Normal Rate experienced a similar increase for FY 2010-11. Additionally, the employee additional contribution (Reverse Pickup) increased from 2.17% to 2.32% for FY 2010-11.

Commission approval is recommended to adopt the employer and employee retirement contribution rates as recommended by OCERS for FY 2010-11, as shown in Attachment 1. The employer rate represents the maximum rate for FY 2010-11, and may be adjusted downward based on new information from OCERS, if available.

**PRIOR COMMISSION ACTION:**

July 2, 2008 - Adopted implementation of employer and employee retirement contribution rates as recommended by OCERS for FY 2008-09 and FY 2009-10.

**STRATEGIC PLAN & FISCAL SUMMARY:**

The FY 2010-11 Retirement Rates recommended by OCERS, have been reviewed in relation to the Commission's Strategic Plan, and are consistent with prior Commission practice and support all goal areas and outcome goals of the Strategic Plan. Sufficient funding is included in the Long-Term Financial Plan for FY 2010-11 within the Staffing budget category.

**RECOMMENDED ACTION:**

Adopt implementation of FY 2010-11 employer and employee retirement contribution rates as established by OCERS on August 24, 2009.

**ATTACHMENT:**

1. Employer and Employee Retirement Contribution Rates for FY 2010-11

**Contact:** Steve Kozak, COO

OCERS Retirement Contribution Rates for FY 2010-11
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	<u>Employer Rate %</u>	<u>Employee Rate %</u>
Normal Rate	11.79	2.32*
The Employee Normal Contribution Rate, paid by the employee, is determined by the employee's age at entry to OCERS		
UAAL	13.00	0.00
Reduction to Employer Rate as Commission adopted a "Future Service Only" Plan	(1.89)	
TOTALS	22.90	Varies by employee

**\*Note:** The Employee Rate includes the employee's additional retirement contribution (Reverse Pickup), paid by the employee, associated with the 2.7% at 55 retirement plan approved by the Commission in November 2005.