



Children & Families
Commission of Orange County

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**Agenda Item No. 6
July 2, 2008 Meeting**

DATE: June 20, 2008
TO: Children and Families Commission of Orange County
FROM: Michael M. Ruane, Executive Director 
SUBJECT: **Approve FY 2008-09 Retirement Employer and Employee Rates**

SUMMARY:

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

FY 2008-09 Retirement Rates

On July 18, 2007, the OCERS Board of Retirement adopted new employer and employee retirement contribution rates for FY 2008-2009. 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, 2005," summarizes the actuarial data used in the valuation, and establishes the funding requirements for FY 2008-09.

Attachment 1 presents the employer and employee contribution rates for the Commission as recommended by OCERS for FY 2008-09. 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 2008-09 combined Normal and UAAL rate of 18.76% represents a slight decrease (0.23%) from FY 2007-08 of 18.99%.

Commission approval is recommended to adopt the employer and employee retirement contribution rates as recommended by OCERS for FY 2008-09, as shown in Attachment 1. The employer rate represents the maximum rate for FY 2008-09, and may be adjusted downward based on new information from OCERS, if available.

PRIOR ACTION:

On August 1, 2007, the Commission approved and adopted employer and employee retirement contribution rates as recommended by OCERS for FY 2007-08.

STRATEGIC PLAN & FISCAL SUMMARY:

The FY 2008-09 Retirement Rates proposed for adoption by the Commission, 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 funds are included in the approved FY 2008-09 Budget within the Staffing budget category.

RECOMMENDED ACTION:

1. Approve and adopt implementation of FY 2008-09 employer and employee retirement contribution rates as established by OCERS, effective July 4, 2008.

ATTACHMENTS:

1. Employer and Employee Retirement Contribution Rates for FY 2008-09

Contact: Steve Kozak, COO

Employer and Employee Retirement Contribution Rates
For
FY 2008-09

	<u>Employer Rate</u>	<u>Employee Rate*</u>	<u>Total Rate</u>	<u>Decrease From Prior Year</u>
Normal Rate	9.19%	2.17%	11.36%	(.10%)
UAAL	7.40%	0.00%	7.40%	(.13%)
TOTALS	16.59%	2.17%	18.76%	(.23%)

*Note: The Employee Rate represents 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.