



**California Public Employees' Retirement System**  
**Actuarial Office**  
 P.O. Box 942709  
 Sacramento, CA 94229-2709  
 TTY: (916) 795-3240  
 (888) 225-7377 phone • (916) 795-2744 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

March 15, 2012

CALPERS ID: 1705100677  
 Employer Name: TRUCKEE-TAHOE AIRPORT DISTRICT  
 Rate Plan: MISCELLANEOUS PLAN

Re: 2% @ 60 Full Formula and 3 Year Final Compensation New Second Tier Plan for Pooled Plans (Section 20475: Different Level of Benefits Provided for New Employees; Section 21353 2%@60 Full Formula)

Dear Requestor:

In the table below, we show your 2012-2013 employer contribution rates before and after opening a second tier.

Of the five rate components, the first three are specific to the pool to which the plan belongs and the last two are specific to your agency. However, the Phase out of Normal Cost Difference will normally be 0% beginning with rates established for 2010-2011, so it has no impact from that time on.

The Side Fund will continue to be paid off by the first tier plan since all the past service on which it is based belongs to those current members who will continue in the first tier. The scheduled dollar amounts payable will continue as before. However, because newly hired members will be covered by the second tier, the number of members and payroll in the first tier will (after several years) gradually decline. The Amortization of Side Fund rate component is the dollars needed to pay off the side fund divided by the payroll. So as long as the Side Fund remains, **the first tier rate will increase as its payroll decreases.** Your first tier side fund has been paid off.

Therefore, in determining the employer contributions savings, Amortization of Side Fund should be excluded. For your agency, the ultimate annual employer savings equals the difference between the Normal Cost and Surcharges rates times the second tier payroll. For 2012-2013 the Normal Cost and Surcharges percentage savings is  $(9.981\% + 0.653\%) - (6.640\% + 0.000\%) = 3.994\%$ . **The ultimate employer annual dollar savings is about 4.0% of the second tier fiscal year payroll.**

The Risk Pool's Payment on Amortization Bases is a temporary adjustment to the pool's contribution to "get the pool back on schedule". This temporary adjustment varies in amount and duration from pool to pool.

As of June 30, 2010	Existing Plan	New Second Tier Plan
	2.7%@55	2%@60 for newly hired members
2012-2013 Employer Contribution Rate:		
Risk Pool's Net Employer Normal Cost	9.981%	6.640%
Risk Pool's Payment on Amortization Bases	4.544%	1.206%
One-Year Final Compensation	0.653%	0.000%
Phase out of Normal Cost Difference	0.000%	0.000%
Amortization of Side Fund	0.000%	0.000%
<b>Total Employer Contribution Rate</b>	15.178%	7.846%
2012-2013 Employee Contribution Rate	8.000%	7.000%

The employee rate reduction of 1% would begin immediately after you hire your first employee and last indefinitely.

Attachment 6

1/2

To initiate an amendment to the contract, please follow the Contract Amendment Report process on MyCalPERS with our Retirement Contract Services Unit, indicating your wish to contract for Section 20475 (Different Level of Benefits) and identifying the group(s) to which the benefit reduction applies.

In sections 20463 (b) and (c), the California Public Employees' Retirement Law requires the governing body of a public agency within five days of receipt of the contract amendment cost analysis, to provide each employee organization with a copy of the analysis. If this cost analysis was requested by an employee organization, the employee organization is also required within five days of receipt of the analysis, to provide a copy of the analysis to the public agency.

The June 30, 2010 Section 2 Risk Pool actuarial valuation report applicable to your new second tier plan can be viewed on the following website:

<http://www.calpers.ca.gov/index.jsp?bc=/employer/actuarial-gasb/risk-pooling/valuation-reports.xml>

If you have questions, please call (888) CalPERS (225-7377).



JEAN FANNJIANG, ASA, MAAA  
Senior Pension Actuary, CalPERS

Attachment 6 2/2