

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

*Tom Watson*

DEPT: T/TC-RETIREMENT

BOARD AGENDA # B-5

Urgent        Routine x

AGENDA DATE September 29, 1998

CEO Concurs with Recommendation YES        NO *dit*  
(Information Attached)

4/5 Vote Required YES        NO       

SUBJECT: APPROVAL OF INCREASE OF RETIREE BURIAL ALLOWANCE AND  
RETIREMENT BOARD BYLAW AMENDMENT: ARTICLE XIII-RETIREE  
INSURANCE POLICY

STAFF  
RECOMMEN-  
DATIONS:

1. APPROVE THE INCREASE OF RETIREE BURIAL ALLOWANCE FROM \$1,000 TO \$5,000 EFFECTIVE JANUARY 1, 1999
2. APPROVE THE AMENDMENT TO THE RETIREMENT BOARD BYLAWS-RETIREE HEALTH INSURANCE POLICY TO BE EFFECTIVE JANUARY 1, 1999

FISCAL  
IMPACT:

The Retirement Board pays the retiree burial allowance and health insurance premiums out of Retirement Association asset earnings in excess of the interest crediting rate.

There is no cost to the County to provide these benefits.

BOARD ACTION

No. 98-787

On motion of Supervisor Simon, Seconded by Supervisor Caruso,  
and approved by the following vote,

Ayes: Supervisors: Paul, Mayfield, Simon, Caruso and Chairman Blom

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2)        Denied

3)        Approved as amended

Motion:

DISCUSSION: On September 9, 1998, the Retirement Board approved the increase of retiree burial allowance from \$1,000 to the maximum allowed of \$5,000. This increase is pursuant to Government Code Section 31789.5 and is funded entirely by Retirement Association asset earnings in excess of the actuarial interest assumption rate. The Retirement Board has set aside an additional \$3,191,000 (for a total of \$3,635,000) to actuarially fund this benefit so that there is no cost to the County.

Also on September 9, 1998 the Retirement Board set aside an additional \$29,014,000 (for a total of \$99,533,000) to actuarially fund a reserve to pay up to \$320 per month for a retiree's health insurance or in lieu of such health insurance. This benefit is to be effective January 1, 1999. Since July, 1981 the Retirement Board has made some payment of retiree health insurance premiums. Under the new formula a member is eligible for a graduated Association contribution of five percent of the maximum per full year of StanCERA service. Eligible members are Tier 1 or Tier 2 members with five years of StanCERA service in Tier 1 and/or Tier 2, or Tier 3 members with ten years of Association service. (This includes Stanislaus County, the City of Ceres and any covered Special Districts.) Members retired with a service-connected disability retirement shall be eligible to participate regardless of years of StanCERA service.

Each January 1, the monthly maximum dollar amount for health insurance shall be increased by the automatic cost of living percentage adjustment paid to retirees on the prior May 1 retiree payroll (not to exceed 3%) except that on January 1 following a triennial actuarial study related to a truer percentage increase, such increase for the period may be used.

The payment of retiree health insurance is not a vested benefit and can be rescinded by the Retirement Board with 90 days' notice pursuant to Government Code Section 31692.

POLICY  
ISSUES:

Government Code Section 31789.5 provides that a burial allowance of up to \$5,000 shall not be operative until the Board of Supervisors shall, by resolution adopted by majority vote, fix and determine an amount.

Retirement Board Increased Burial Allowance and Bylaw Amendment  
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POLICY ISSUES:  
(Continued)

Government Code Section 31525 provides that regulations of the Retirement Board become effective after approval by the Board of Supervisors. The current Amendment to the Retirement Board Bylaws will increase the health insurance benefit currently being provided by the Retirement Association. Government Code Section 31692 provides that the benefits are not vested.

STAFFING  
IMPACT:

None.