

California Actuarial Advisory Panel



Paul Angelo
Senior Vice President
and Actuary
Segal Consulting
Chairperson

John Bartel
President
Bartel Associates
Vice Chairperson

Ian Altman
Managing Partner
Altman and Cronin Benefit
Consultants, LLC

David Driscoll
Principal and Consulting
Actuary
Buck Consultants

Leslie P. Finertie
Senior Actuary
MyVal Center

David Lamoureux
Deputy Chief Actuary
California Public Employees'
Retirement System

Rick Reed
System Actuary
California State Teachers'
Retirement System

Graham Schmidt
Consulting Actuary
Cheiron, Inc.

January 30, 2015

Mr. E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, CA 95814

RE: The California Actuarial Advisory Panel's 2014 Annual Report to
The California Legislature

Dear Mr. Wilson:

Pursuant to Government Code section 7507.2, the California Actuarial Advisory Panel (CAAP) is pleased to submit its fifth annual report. During 2014, Ian Altman was appointed to CAAP by Governor Brown (replacing Lynn Miller), David Driscoll was appointed by the Speaker of the Assembly (replacing Harold Loeb) and David Lamoureux was appointed by the CalPERS Board (replacing Alan Milligan).

The Panel met eight times and made significant progress towards fulfilling its statutory responsibilities. Specifically the Panel:

- In February, published the Actuarial Funding Policies and Practices for Benefit Changes in Public Pension Plans and OPEB Plans;
- In May, responded to the Society of Actuaries regarding the findings of the Blue Ribbon Panel on Public Pension Plan funding;
- In July, corresponded with the Governor regarding a misquote of CAAP by the California Federation of Teachers;
- In November, provided input to the Actuarial Standards Board which requested comments related to the need for additional professional standards for public pension plan funding; and
- Released a letter on November 7, 2014 regarding the PEPPRA Maximum Compensation Limits for 2015.

The main focus of the Panel in 2014 was providing our input to various public forums regarding public pension funding standards. We have also spent considerable time developing quality control standards for California public sector actuarial work, on which we expect to publish in 2015.

The Panel remains ready to assist the Governor and Legislature with analysis of any public pension or OPEB issues. The Panel has unique insight into pension plans and pension issues, not only from a technical view, but as retirement experts with many years of pension and retiree medical experience. The members of the Panel appreciate serving the citizens of California and would welcome any opportunity to discuss the matters raised in this report.

Sincerely,



Paul Angelo
Chair, California Actuarial Advisory Panel

cc: Panel members
John Bartel, Vice Chair
Ian Altman
David Driscoll
Leslie Finertie
David Lamoureux
Rick Reed
Graham Schmidt
Jerry Brown, California Governor
Betty T. Yee, California State Controller
John Chiang, California State Treasurer
Michael Cohen, Director, Department of Finance
Richard Gillihan, Director, Department of Human Resources
Rob Bonta, Chair, Assembly Committee on Public Employees, Retirement and Social Security
Richard Pan, Chair, Senate Public Employment and Retirement Committee
Mac Taylor, Legislative Analyst, Legislative Analyst's Office
Toni G. Atkins, Speaker of the Assembly
Kevin de León, Chair, Senate Rules Committee
Anne Stausboll, Chief Executive Officer, CalPERS
Jack Ehnes, Chief Executive Officer, CalSTRS
Janet Napolitano, President, University of California
Yves Chery, President, State Association of County Retirement Systems

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January 30, 2015

Mr. Daniel Alvarez
Secretary of the Senate
State Capitol, Room 3044
Sacramento, CA 95814

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Mr. Daniel Alvarez
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