

**California Actuarial Advisory Panel**



Leslie P. Finertie  
Senior Actuary  
MyVal Center  
Chairperson

Paul Angelo  
Senior Vice President  
and Actuary  
The Segal Company  
Vice Chairperson

John Bartel  
President  
Bartel Associates

Harold A. Loeb  
Principal and Consulting  
Actuary  
Buck Consultants

Alan Milligan  
Chief Actuary  
California Public Employees'  
Retirement System

Rick Reed  
System Actuary  
California State Teachers;  
Retirement System

Graham Schmidt  
Consulting Actuary  
Cheiron EFI

January 7, 2014

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

RE: The California Actuarial Advisory Panel's 2013 Annual Report to  
The California Legislature

Dear Mr. Wilson:

Pursuant to Government Code section 7507.2, the California Actuarial  
Advisory Panel (Panel) is pleased to submit its fourth annual report.  
During 2013, Nick Collier stepped down as the appointee of CalSTRS and  
Rick Reed was reappointed to succeed him in March.

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

- Published on March 1, 2013 a document titled *Actuarial Funding Policies and Practices for Public Pension and OPEB Plans*,
- Released in December 2013 an *Exposure Draft: Actuarial Funding Policies and Practices for Benefit Changes in Public Pension and OPEB Plans*; and
- Released a letter on November 26, 2013 regarding the PEPRAs Maximum Compensation Limits for 2014.

The main focus of the Panel in 2013 was finalizing the *Actuarial Funding Policies and Practices for Public Pension and OPEB Plans* and continued advancement of *Actuarial Funding Policies and Practices for Benefit Changes in Public Pension and OPEB Plans*.

Chief Clerk of the Assembly

January 7, 2014

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It is of note that the funding policy document was widely referenced and very influential in the public sector community both statewide and nationally. This document continues to advance actuarial practice in the public sector in furtherance of the goals that the Legislature had in establishing the Panel.

In 2014, the Panel expects to receive comments on and finalize *Actuarial Funding Policies and Practices for Benefit Changes in Public Pension and OPEB Plans*. In addition, we will commence work on developing quality control standards for California public sector actuarial work.

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,

*Original Signed by:*

Leslie P. Finertie  
Chair, California Actuarial Advisory Panel

cc: Panel members:

Paul Angelo, Vice Chair  
John E. Bartel  
Harold A. Loeb  
Alan Milligan  
Rick Reed  
Graham Schmidt

Jerry Brown, California Governor  
John Chiang, California State Controller  
Bill Lockyer, California State Treasurer  
Michael Cohen, Director, Department of Finance  
Julie Chapman, Director, Department of Human Resources  
Rob Bonta, Chair, Assembly Committee on Public Employees, Retirement and Social Security  
Jim Beall, Chair, Senate Public Employment and Retirement Committee  
Mac Taylor, Legislative Analyst, Legislative Analyst's Office  
John Perez, Speaker of the Assembly  
Darrell Steinberg, Chair, Senate Rules Committee  
Anne Stausboll, Chief Executive Officer, CalPERS  
Jack Ehnes, Chief Executive Officer, CalSTRS  
Janet Napolitano, President, University of California  
Douglas Rose, President, State Association of County Retirement Systems

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