



# PENSION FUNDING POLICY

Finance Department

City Council  
August 6, 2019

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## PURPOSE

Pension Stabilization Fund to deploy resources as follows:

1. Establish a Section 115 Trust
2. Pre-pay City's annual Unfunded Accrued Liability (UAL)
  - A. To the extent of budget availability
  - B. Make full payment by July 31 of each year
3. Use of unanticipated revenues or settlements
  - A. Shall be prioritized alongside other critical needs to make one-time payments to CalPERS utilizing 50% of one-time revenues

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## PROVIDES GUIDANCE

1. As part of budget process any projected year-end increases to fund balance will be set aside to manage pension contributions
  - A. Actual one-time transfers made to the Pension Stabilization Fund will vary
2. Opportunities to refinance debt obligation bonds and redirect savings to Pension Stabilization Fund
3. Plan to reallocate all or portion of debt service payments that have matured to Pension Stabilization
  - A. As long as there is no General Fund deficit



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## RECOMMENDATION

That the City Council adopt the proposed Pension Funding Policy to help mitigate the City's Long-Term Fiscal Management of the California Public Employees Retirement System liability.



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