

### PENSION FUNDING POLICY

## **Finance Department**

Budget Engagement Commission July 11, 2019

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# **PURPOSE**

- 1. Creation of a Pension Stabilization Fund that will deploy resources as follows:
- 2. Establish a Section 115 Trust
- 3. Pre-pay the City's annual Unfunded Accrued Liability (UAL)
  - A. To the extent of budget availability
  - B. Make full payment by July 31 of each year
- 4. Use of unanticipated revenues or settlements
  - A. Shall be prioritized alongside other critical needs to make one-time payments to CalPERS

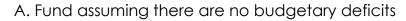


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### **PROVIDES GUIDANCE**

- 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 the Pension Stabilization Fund
- 3. Plan to reallocate all or a portion of debt service payments that have matured to the Pension Stabilization Fund



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#### **RECOMMENDATIONS**

That the Budget Engagement Commission:

- Receive and provide input on the Pension Funding Policy;
  and
- 2. Recommend that the City Council approve 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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