

MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION EXCESS EARNINGS POLICY

I. PURPOSE AND BACKGROUND

The purpose of this policy is primarily to provide benefit security for members of the Mendocino County Employees' Retirement Association (MCERA) and secondarily to achieve and maintain stable employer contributions that are as low as possible. The authority of the Board of Retirement (Board) in such matters is governed by the provisions of the County Employees' Retirement Law of 1937 ('CERL'), Government Code sections 31591 and 31592 (et. seq.), and other provisions of state and federal law applicable to MCERA.

II. OBJECTIVES

The objective of this policy is to provide for long term, stable funding of the retirement system.

III. POLICY GUIDELINES

Excess earning is covered under County Employees Retirement Law of 1937 ("CERL") Government Code sections 31592 to 31592.6. In the past MCERA utilized excess earnings for additional benefits. MCERA realizes the use of excess earnings could negatively impact the long-term stability of the plan. Accordingly, MCERA will apply all future excess earning to the unfunded actuarial accrued liability of the trust. If no unfunded actuarial accrued liability exists, MCERA will hold excess earnings as a reserve against future economic downturns.

IV. POLICY REVIEW

This Policy is subject to change in the exercise of the Board's judgment. The Board will review this policy at least every five years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations. In the event of legislative changes to the pertinent sections addressed in this policy, the Board will review the policy as appropriate.

V. POLICY HISTORY

The Board adopted this policy on December 2, 2015.