

Date: June 19, 2024
To: Board of Retirement
From: Doris L. Rentschler, Executive Director
Subject: Option 4 Allowance Requests Under GC §31764

Recommended Action:

Motion to ratify the Optional Settlement 4 allowances for Sandra Griffin and Brian Hoy, retroactive to September 2023 and May 2024 respectively.

Fiscal and Financial Impacts:

The actuary calculates a reduction in the member's benefit so the actuarial present value of the benefit with continuance is the same present value as the member's benefit alone. The benefit option is designed to be "cost neutral" to the plan.

Strategic Plan Importance:

This does not relate to a goal in the strategic plan.

Background and Discussion:

Section 31764 of the County Employees Retirement Law (CERL) permits a member, with Board approval, to elect a retirement allowance with a customized continuance payable to one or more beneficiaries. This section requires that the allowance, in the opinion of the Board and the actuary, does not place any additional burden on the retirement system.

The requests for an Option 4 Allowance were omitted from earlier board agendas and are being presented for Board approval.

Ms. Griffin has requested a continuance of 64% of her benefit to one beneficiary, her son.

Mr. Hoy has requested a continuance of 12% of his benefit to his spouse, and a continuance of 40% of his benefit to his son.

Per MCERA's operating guidelines, the benefits were calculated by MCERA's actuary to ensure that the benefit option is actuarially cost neutral to the plan. In Segal's opinion, the elections would not place any additional financial burden on MCERA based on the actuarial assumptions in use.

Staff recommends ratification of the Option 4 allowance for Ms. Griffin and Mr. Hoy.

Attachment(s):

1. Segal's Benefit Calculation – Griffin
2. Segal's Benefit Calculation – Hoy

Personal and Confidential

**Mendocino County Employees Retirement Association
 Benefit Calculation for Brian Hoy**

Member Information	
Membership:	General
Tier:	3
Retirement Date:	03/31/2024
Date of Birth:	██████████
Service:	
Enhanced (31676.12)	21,358.59
Unenhanced (31676.1)	4,227.40
Avg. Monthly Comp.:	\$9,883.89
Basic Account Balance:	\$204,942.40
COLA Account Balance:	\$69,950.26

Beneficiary Information	
Beneficiary:	Verona Dyer
Date of Birth:	██████████ 1976
Relationship:	Wife
Beneficiary:	Didier Francis Dyer Hoy
Date of Birth:	██████████ 2020
Relationship:	Son

MONTHLY BENEFITS					
	Current Service Annuity	Current Service Pension	Total	Continuance	Beneficiary
Unmodified	\$ 1,568.92	\$ 4,898.09	\$ 6,467.01	\$ 3,880.21 ⁽¹⁾	Verona Dyer
Option 4 (12%/40%) ⁽²⁾	\$ 1,321.79	\$ 4,126.56	\$ 5,448.35	\$ 653.80 \$ 2,179.34	Verona Dyer Didier Francis Dyer Hoy

RESERVES					
Basic	\$ 204,942.40	\$ 639,821.36	\$ 844,763.76	\$ 125,308.86 ⁽³⁾	
COLA	\$ 69,950.26	\$ 170,176.70	\$ 240,126.96	\$ 117,637.04 ⁽³⁾	

Actuarial Bases: **Member:** Pub-2010 General Healthy Re iree Amount-Weighted Mortality Tables with rates decreased by 5% for males and increased by 5% for females, projected 25 years (from 2010) wi h the two-dimensional mortality improvement Scale MP-2019, weighted 30% male and 70% female.

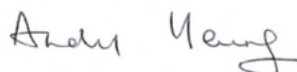
Beneficiary: Pub-2010 Con ingent Survivor Amount-Weighted Mortality Tables wi h rates increased by 5%, projected 25 years (from 2010) with the two-dimensional mortality improvement Scale MP-2019, weighted 70% male and 30% female.

6.75% interest wi h 0.00% COLA in determining op ional form and with 2.75% COLA in determining reserves⁽⁴⁾

- ⁽¹⁾ Though not explici ly requested, and not included here, for a minor child the unmodified option provides a monthly allowance of 60% of the retiree's allowance at he time of death, payable to he minor child until the minor child marries/registers or reaches age 18 (or age 22 if enrolled as a full-time student in an accredited school). Since the member is also married, we have only included the member's wife as the beneficiary under the unmodified option, ra her than the wife and he son collectively until the son reaches the ages noted above.
- ⁽²⁾ In Segal's opinion, he selection of the Option 4 benefit would not place any additional financial burden on MCERA, based on the actuarial bases used for calcula ion of he Op ion 4 benefit.
- ⁽³⁾ Only if Unmodified Option is chosen with Verona Dyer as the elected beneficiary.
- ⁽⁴⁾ COLA assumption is only used in determining the COLA reserves. Following MCERA's current prac ice, it is not used as part of the bases applied in determining an actuarially equivalent optional form of benefit. Following the statute, he present value of the 60% automatic continuance benefit paid under the unmodified benefit is not taken into account either.

The calculation was based on the data shown in the Member Information and Beneficiary Information sections above and he County Employees Retirement Law of 1937. Before using the calculation, please verify the accuracy of the data used and that the calculation is consistent with county policies, procedures, and interpreta ons.

The actuarial calculations contained above were performed under the supervision of Andy Yeung, ASA, Enrolled Actuary, who is a member of the American Academy of Actuaries and who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.


 Andy Yeung, ASA, MAAA, FCA, EA
 Vice President and Actuary

April 25, 2024

ST/elf



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**Mendocino County Employees Retirement Association
 Benefit Calculation for Sandra Griffin - FINAL**

Member Information	
Membership:	General
Tier:	3
Retirement Date:	09/17/2023
Date of Birth:	██████
Service:	
Enhanced (Section 31676.12)	15.85646
Avg. Monthly Comp.:	\$4,545.37
Basic Account Balance:	\$82,305.14
COLA Account Balance:	\$27,612.89

Beneficiary Information	
Date of Birth:	██████ /1978
Relationship:	Son

MONTHLY BENEFITS					
	Current Service Annuity	Current Service Pension	Total	Continuance	Beneficiary
Unmodified	\$ 630.08	\$ 1,208.79	\$ 1,838.87		
Option 4 (64%) ⁽¹⁾	\$ 539.40	\$ 1,034.83	\$ 1,574.23	\$ 1,007.51	Son
RESERVES					
Basic	\$ 82,305.14	\$ 157,900.26	\$ 240,205.40		
COLA	\$ 27,612.89	\$ 40,666.31	\$ 68,279.20		

Actuarial Bases: **Member** Pub-2010 General Healthy Retiree Amount-Weighted Mortality Tables with rates decreased by 5% for males and increased by 5% for females, projected 25 years (from 2010) with the two-dimensional mortality improvement Scale MP-2019, weighted 30% male and 70% female.

Beneficiary Pub-2010 Contingent Survivor Amount-Weighted Mortality Tables with rates increased by 5%, projected 25 years (from 2010) with the two-dimensional mortality improvement Scale MP-2019, weighted 70% male and 30% female.

6.75% interest with 0.00% COLA in determining optional form and with 2.75% COLA in determining reserves⁽²⁾

⁽¹⁾ In Segal's opinion, the selection of the Option 4 benefit would not place any additional financial burden on MCERA, based on the actuarial bases used for calculation of the Option 4 benefit.

⁽²⁾ COLA assumption is only used in determining the COLA reserves. Following MCERA's current practice, it is not used as part of the bases applied in determining an actuarially equivalent optional form of benefit.

The calculation was based on the data shown in the Member Information and Beneficiary Information sections above and the County Employees Retirement Law of 1937. Before using the calculation, please verify the accuracy of the data used and that the calculation is consistent with county policies, procedures, and interpretations.

The actuarial calculations contained above were performed under the supervision of Andy Yeung, ASA, Enrolled Actuary, who is a member of the American Academy of Actuaries and who meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

Andy Yeung

Andy Yeung, ASA, EA, MAAA

Date: September 26, 2023

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