

# ***ALAMEDA COUNTY WATER DISTRICT***

## ***MEMORANDUM***

DATE: July 14, 2009  
TO: Board of Directors  
FROM: Paul Piraino  
SUBJECT: PRE-RETIREMENT OPTIONAL SETTLEMENT 2W DEATH BENEFIT

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**BACKGROUND:** The California Public Employees' Retirement System (CalPERS) provides death benefit coverage for the surviving spouse or registered domestic partner of employees otherwise eligible to retire by virtue of age and years of service and who die while actively employed. Under this benefit, eligible survivors receive 50% of the annuity for which the employee was eligible at the time of death.

**DISCUSSION:** Staff is proposing that ACWD amend the contract with CalPERS to provide PreRetirement Optional Settlement 2W Death Benefit (2W) for employees otherwise eligible to retire but who may die while employed by the District. Under this benefit, an eligible survivor would receive a monthly allowance equal to the amount the employee would have received had he/she retired for service on the date of death and elected Optional Settlement 2W, the highest monthly allowance a member can leave a spouse or registered domestic partner.

The contract amendment process requires that the employer obtain a cost analysis valuation that provides a comparison of costs between the current plan and the post amendment change. A change to the 2W benefit would increase the ACWD Employer Rate by 0.360%. This increase amounts to \$60,000 a year or approximately \$23 per employee, per month. Funds have been allocated in the current budget to cover this increase in cost. Government Code Section 7507 requires that the following values identified in the amendment actuarial valuation by CalPERS be disclosed:

- 1) Change in Present Value of Benefits: \$604,155
- 2) Change in the Accrued Liability: \$426,712
- 3) Change in the Total Employer Rate: 0.36%

**RECOMMENDATION:** By motion, 1) adopt a resolution giving notice of intention to approve an amendment to the contract between CalPERS and ACWD to provide Section 21548 (Pre-Retirement Option 2W Death Benefit) for local miscellaneous members, and 2) authorize the General Manager to take all actions and execute all documents needed to implement this resolution.