



Finance and Administration Committee

Agenda Item 3e

November 19, 2024

Item Name: California Actuarial Advisory Panel Appointment

Program: Actuarial

Item Type: Action Consent

Recommendation

Reappoint Scott Terando, Chief Actuary as the CalPERS representative to the California Actuarial Advisory Panel (CAAP) for the next three-year term beginning January 1, 2025, through December 31, 2027.

Executive Summary

The California Actuarial Advisory Panel (CAAP) was created in 2008 and is comprised of eight actuaries. One panelist must be appointed by the Board of Administration of the Public Employees' Retirement System (the board). Scott Terando was appointed to the Panel by the CalPERS board in February 2017. That appointment was then extended in April 2021 through December 31, 2024. We recommend that the board reappoint Scott Terando, CalPERS Chief Actuary, as CalPERS representative through the term ending December 31, 2027.

Strategic Plan

Not applicable

Background

Senate Bill 1123 of the 2007-08 session added Government Code section 7507.2, which created the California Actuarial Advisory Panel (CAAP). The CAAP provides impartial and independent information on pensions, other post-employment benefits, and best practices to public agencies and other interested parties. The opinions of the CAAP are nonbinding and advisory only.

The CAAP is located in and supported by the State Controller's office. The CAAP consists of eight members. Each member must be an experienced public sector actuary who has attained the designation of Associate or Fellow of the Society of Actuaries. Members generally serve terms of three years. The governor appoints two panelists, and one panelist is appointed by each of the following:

- The Teachers' Retirement Board
- The Board of Administration of the Public Employees' Retirement System
- The State Association of County Retirement Systems
- The Board of Regents of the University of California
- The Speaker of the Assembly
- The Senate Committee on Rules

Analysis

The ongoing work of the CAAP includes assisting the governor and Legislature regarding pension and other post-employment benefits (OPEB) issues. The CAAP also replies to questions from public retirement systems and public agencies. The members meet quarterly.

The recommendation is that Scott Terando be reappointed by the board for the next three-year term, which begins January 1, 2025 and ends December 31, 2027.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

- The benefit of this appointment is that Scott Terando is knowledgeable about CalPERS programs, its members, and employers. He can ensure that the unique nature of CalPERS is appropriately represented in all deliberations of the CAAP.
- The risks of appointing someone other than a CalPERS actuary is that CalPERS would be represented by someone that may not fully understand the implications that decisions and or opinions made by the CAAP could have on CalPERS pension and health benefit programs.
- Failure to appoint someone would be in contravention to Government Code Section 7507.2.

Marcie Frost
Chief Executive Officer