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Sent: Friday, April 17, 2015 3:03 PM
To: Greg Harman
Subject: CERBT Annual Update



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April 17, 2015

Gregory Harman
General Manager
Kensington Police Protection and Community Services District

The California Employers' Retiree Benefit Trust (CERBT) staff wishes to thank you for the participation of the Kensington Police Protection and Community Services District in our program. The purpose of this email is to provide you with a summary of your agency's OPEB prefunding plan progress in the CERBT fund. We have also included information regarding the new proposed OPEB accounting and reporting standards.

Account Summary as of March 31, 2015

Following is a summary account history for the Kensington Police Protection and Community Services District through March 31, 2015.

Kensington Police Protection and Community Services District	
Total Contributions (Initial contribution made on 8/24/2010)	\$609,969
Total Disbursements	(\$141,177)
Total CERBT Expenses	(\$2,748)
Total Investment Earnings	\$204,627
Total Assets	\$670,671
Estimated Funded Ratio*	27.94%
Current Asset Allocation Strategy Selection	CERBT Strategy 1
Average Annualized Internal Rate of Return	10.56%

*calculated by rolling forward the AAL from the most recent valuation date to March 31, 2015 (a date in synch with the Market Value of Assets)

As a reminder, CERBT account information is available online for the Kensington Police Protection and Community Services District at <https://www.your-fundaccount.com/calpers/>. If you have not established account access, please contact cerbtaccount@calpers.ca.gov.

Cost of Program Operation

As the employer contributions and investment returns have been higher than projected, and program costs have been at or below budget, the annual cost for participation in the CERBT has been lowered to 10 basis points beginning January 15, 2015. The CERBT program will continue to adjust, without advance notice, the cost charged to employers whenever it is appropriate to do so.

CERBT Investment Results (Time Weighted) for Periods Ended March 31, 2015

The CERBT offers employers the choice of one of three investment portfolios (strategies). Each strategy has a benchmark, which is a weighted composite of underlying asset class benchmarks. The strategies vary due to the weighting assigned to each asset class. Each strategy participates in all five asset classes.

Below are the investment results for each of the three strategies and their respective benchmarks across five periods ended March 31, 2015. These results are published online monthly and are available at [CERBT Fund Fact Sheets](#).

<u>Fund</u>	<u>Assets</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>
CERBT Strategy 1* (Inception June 1, 2007)	\$3,545,599,471	2.46%	0.82%	5.66%	9.20%	9.02%
<i>Benchmark Strategy 1</i>		2.38%	0.50%	5.27%	8.92%	8.95%
CERBT Strategy 2* (Inception October 1, 2011)	\$640,878,612	2.41%	1.20%	5.87%	7.89%	N/A
<i>Benchmark Strategy 2</i>		2.31%	0.94%	5.55%	7.58%	N/A
CERBT Strategy 3* (Inception January 1, 2012)	\$165,216,453	2.23%	1.81%	6.25%	6.60%	N/A
<i>Benchmark Strategy 3</i>		2.10%	1.37%	5.77%	6.20%	N/A

* Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Governmental Accounting Standards Board (GASB) Update:

In 2011, the Governmental Accounting Standards Board (GASB) embarked on a project to assess the effectiveness of the current OPEB standards (GASB Statements 43, 45, and 57). The trajectory of the OPEB project closely mirrors the Post Employment Benefit Accounting and Financial Reporting Project (for pensions) which culminated with the issuance of GASB Statements 67 and 68.

The GASB has released three Exposure Drafts related to new proposed OPEB accounting and reporting standards (employer reporting, plan reporting, and employer reporting when no OPEB trust has been established). You can download them by visiting the [GASB website](#). The new standards are expected to be approved and released in June 2015. The actual effective date for the new standards is tentatively planned so that the CERBT would begin reporting under the new OPEB standards in our 2017 CAFR and employer reporting would begin, generally, soon after.

In June, 2014, we shared with you a brief description of possible important changes to the proposed OPEB accounting and reporting standards. Please contact us if you would like us to email you these details again. We will share with you any update changes once GASB issues the final new standards in June, 2015.

If you have any questions or would like to discuss any of the above information, please contact us at CERBT4U@calpers.ca.gov.

Regards,

A handwritten signature in black ink that reads "John Swedensky". The signature is written in a cursive style with a long, sweeping underline.

John Swedensky
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Affiliate Program Services Division
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