



Hotsheet

June 2010

More benefits of the PARS OPEB Trust Program

- An IRS-approved Section 115 pre-funding vehicle
- Complies with GASB 43 & 45
- Fiduciary protection and economies of scale on investments and administration
- Coordination of actuarial valuation process, if desired
- Streamlined implementation process
- Long-standing, nationally-recognized trustee - Union Bank
- Full spectrum of investment options with HighMark Capital Management
- Turn-key program and ongoing trust administration
- Flexibility on contributions and disbursements
- High level of personal service

FOR MORE INFORMATION ON HOW PARS CAN ASSIST YOUR AGENCY, CONTACT:

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THE CITIES OF CAMARILLO, HALF MOON BAY AND HERCULES REALIZE THE BENEFITS OF THE PARS OPEB TRUST

The Cities of Camarillo, Half Moon Bay and Hercules became the latest in a growing number of municipalities to join the PARS OPEB Program to fund post-retirement healthcare obligations. Their reasons for doing so include:

- Economies of scale for agencies of various sizes
- Flexible and more conservative investment options
- Competitive fees that decline as assets build
- Long term OPEB experience of PARS and Union Bank

CITY OF CAMARILLO

The City of Camarillo had been setting money aside for health care premiums for many years. After GASB 45 was issued in 2005, the City had an actuarial valuation study to determine their liability and annual required contribution rate (ARC). They have since proceeded to have an updated study performed every two years. Although no one is required to establish an irrevocable trust for these expenses, the City of Camarillo has found it to provide certain benefits: assets can be managed for investment purposes to achieve a higher rate of return, thereby lowering the City's future ARC; rating agencies perceive the trust more favorably than earmarked funds within the City's pooled cash and investments; and once placed into a trust, the money cannot be diverted to other purposes.

Ronnie Campbell, Director of Finance for the City of Camarillo comments on the PARS plan, *"City staff considered several firms that specialize in creating OPEB trusts for local governments. The PARS/Union Bank program met the fiscal objectives that the City desired. PARS is a long-time provider of retirement plans and has designed an OPEB trust in conjunction with the law firm of O'Melveny & Myers. Along with Union Bank as trustee and its subsidiary HighMark Capital as investment manager, we are looking forward to a great working relationship."*

CITY OF HALF MOON BAY

Following a 2008 actuarial valuation, the City made the prudent decision to fund its Annual Retirement Contribution (ARC) into a GASB 45-compliant irrevocable trust. The staff explored vendors that could provide trust and investment services. The City initially approved the CalPERS' OPEB Trust Fund but later, due to apprehension about "substandard investment returns", rescinded the resolution. Staff continued the search for a private alternative, but encountered vendors that declined to submit a proposal because of the City's projected small asset size. Fortunately, the City discovered the PARS multiple-employer trust, which aptly suited their needs, since the City would not have to set up its own individual trust and could join

investment pools for economies of scale. The trust was designed to accommodate small, medium, and large agencies of all sizes regardless of their contribution levels.

Gary Rogers, the City's Human Resources Consultant, comments: ***"PARS and Union Bank had IRS approval covering its multiple-employer trust, offered flexible investment structure options and had experience with post-retirement health plans going back 14 years. They made the most sense to us."***

CITY OF HERCULES

After an OPEB actuarial valuation in 2007, the City of Hercules decided to set aside money in a GASB 45 OPEB Liability Fund and make ongoing contributions until a trust could be established. In 2009, the City evaluated five different providers to establish and maintain an irrevocable 115 OPEB trust. At the end of the evaluation, the City selected PARS as their OPEB Trust administrator. ***"PARS came out as the one that appears best suited to the City's needs,"*** states Gloria Leon, Finance Director. ***"PARS was the most competitive in terms of fees and we like their investment options."*** PARS also has a working relationship with the City of Hercules for the past four years, administering their alternative to Social Security plan for part-time, seasonal and temporary employees.

Contact PARS today and plan to reduce current unfunded liability to ensure the financial resources needed to fund retiree healthcare obligations in the future.

800.540.6369 EXT. 127

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The contents of this publication reflect PARS' understanding of the facts.

Before taking any action based on this information,

we recommend that you consult professional advisors regarding your agency's specific objectives and circumstances.

PARS ALSO OFFERS:

Alternate Retirement Plans (ARS)

A cost-saving alternative to Social Security for part-time, seasonal and temporary (PST) employees.

Retirement Enhancements (REP):

Gives agencies the ability to locally design and implement an ongoing retirement plan that complements existing state retirement plans.

Early Retirement and Separation Incentives (SRP and SIP):

Provides an agency with the flexibility to create a supplemental retirement program to facilitate downsizing, rightsizing or handling a difficult employee in a constructive way.

Contact PARS today!



Making retirement work for you.

PARS
PUBLIC AGENCY RETIREMENT SERVICES

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