

## **CEPPT/CERBT Q&A's**

### **Specific questions proposed:**

#### **Q1: If I have funds in CEPPT does it offset my liabilities? Is it counted as assets under GASB for financial reporting?**

**Answer:** CEPPT assets do not offset pension liabilities; however, they are reported as Restricted Assets on the Employers' annual financial statements compliantly with GASB Statement No. 84 (Fiduciary Activities). The CEPPT assets are dedicated to prefunding future required contributions towards a defined benefit pension plan. CEPPT assets can help finance future required pension contributions in large part from investment earnings provided by CalPERS.

#### **Q1a. Can be counted as assets for retiree health?**

**Answer:** CEPPT assets are restricted to prefunding employer contributions to defined benefit pension systems. CERBT assets, on the other hand, are considered assets for Other Post-Employment Benefits (OPEB) such as retiree health, dental, or vision benefits and reduce liabilities reported on employer annual financial statements.

#### **Q1b. When does it count as plan assets?**

**Answer:** All monies in the PERF are considered plan assets to offset the pension liabilities. All monies in the CEPPT are accounted for as restricted assets of the Employer. Each day the investment return (positive or negative), and disbursements or contributions, are added to the employer's ending asset balance of the previous day. The employer assets balance of the day equals the sum of previous day ending balance plus investment return, disbursements and contributions, minus the daily basis point fees.

#### **Q2: Are we able to take money out of CERBT? When can I take money out of CERBT?**

**Answer:** CERBT Employers may request reimbursements for current fiscal year (July 1– June 30) OPEB expenses paid by the employer, incurred on or after July 1, regardless of the employer's fiscal year end date. After the last business day in July, we cannot approve disbursement requests for amounts related to the previous fiscal year. CERBT agencies that request disbursements from their CERBT account generally request on an annual, quarterly, or monthly basis to reimburse for current OPEB costs paid by the employer.

#### **Q3. What can they use back and forth between CERBT and Health?**

**Answer:** CERBT Employer's may request disbursements from their CERBT account to reimburse for monthly OPEB expenses such as retiree health, dental, vision, and life insurance. Disbursements are processed once a month, in the month following receipt of a completed disbursement request form. The Disbursement forms for CERBT may be found on the CalPERS website under the CERBT Forms.

## Other FAQ's

**Q:** Is there a minimum contribution requirement for CERBT or CEPPT?

**A:** No, contributions to the CERBT and CEPPT are always voluntary and are never required.

**Q:** What investment options are there for CEPPT and CERBT?

**A:** CERBT offers three diversified asset allocation strategies of varying long-term expected rates of return and return volatility. These strategies invest in five common asset classes: Commodities, Fixed Income, Global Equity, Global Public Real Estate Investment Trusts (REITs), and Treasury Inflation Protected Securities (TIPS).

### CERBT Investment Strategies

Strategy Options	Expected Rate of Return	Standard Deviation
Strategy 1	6.0%	12.1%
Strategy 2	5.5%	9.9%
Strategy 3	5.0%	8.4%

CEPPT offers two diversified asset allocation strategies. These strategies invest in four public asset classes: Fixed Income, Global Equity, Global Public Real Estate Investment Trusts (REITs), and Treasury Inflation Protected Securities (TIPS).

### CEPPT Investment Strategies

Strategy Options	Expected Rate of Return	Standard Deviation
Strategy 1	4.5%	8.8%
Strategy 2	3.5%	6.1%

**Q:** What are the financial reporting requirements for CERBT?

**A:** CERBT is a GASB-compliant trust fund that reports its financial statements in compliance with GASB OPEB standards. CalPERS will report the GASB Statement No.74 requirement on behalf of Employers contracted and prefunding with the CERBT Program. To support CERBT contracted Employers with GASB Statement No. 75 reporting CalPERS prepares an annual audited Schedule of Changes in Fiduciary Net Position by Employer Report, providing audit confirmed assets in the OPEB Trust annually.

**Q:** How can PEMCHA agencies request an OPEB Data Extract?

**A:** Employers participating in PEMHCA may obtain an OPEB Data Extract of participant information in the myCalPERS system to assist them in obtaining an OPEB actuarial valuation to satisfy GASB OPEB reporting requirements. There is no cost for this extract. The Extract is located under the Health Contract in myCalPERS.