

BUCK
CONSULTANTS

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R E C E I V E D

FEB 25 2000

AUDITOR-CONTROLLER
ADMINISTRATION DIVISION

February 22, 2000

Mr. Gary Peterson
Auditor-Controller/Treasurer-Tax Collector
Fresno County
Employees' Retirement Association
P.O. Box 1247
Fresno, California 93715-1247

Re: Alternative Death Benefits - Government Code Sections 31760.2, 31785.1 and 31786.1

Dear Gary:

As requested, we have calculated the costs associated with implementing Sections 31760.2, 31785.1 and 31786.1. To perform these studies, we used the same data as was used for the June 30, 1998 actuarial valuation and the recommended actuarial assumptions.

Continuance Allowance for Surviving Spouses

Upon the death of any member after retirement for **service or non-service connected disability**, Sections **31760.2** and **31785.1** (Safety) allow for 60% continuance of the member's benefit to a spouse. The requirements for coverage under this Section are as follows:

- The member's allowance must not have been modified under one of the optional settlements,
- The spouse must have been married to the member for at least two years at the member's death,
- The spouse must be at least 55 years old at the member's death, and
- No other person has been designated as a payee in an order of a court in a domestic relations proceeding.

Upon the death of any member after retirement for **service connected disability**, Section **31786.1** allows for 100% continuance of the member's benefit to a spouse. The requirements for coverage under this Section are as follows:

- The spouse must have been married to the member for at least two years at the member's death,
- The spouse must be at least 55 years old at the member's death, and
- No other person has been designated as a payee in an order of a court in a domestic relations proceeding.

These sections do not explicitly exclude members who are single at retirement. Therefore, we have determined results separately for (a) only members who are married at retirement, and (b) only single members.

To perform this study, we used the following marriage and divorce rates that were compiled by the National Center for Health Statistics:

Age	Yearly Marriage Rates		Yearly Divorce Rates	
	Male	Female	Male	Female
50-54	8.10%	3.75%	0.90%	0.60%
55-59	5.30%	1.60%	0.50%	0.30%
60-64	4.70%	1.25%	0.25%	0.25%
65+	2.20%	0.30%	0.25%	0.25%

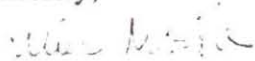
The results of our study are shown below:

	June 30, 1998			
	Married at Retirement	Married at Retirement	Single at Retirement	Single at Retirement
	Unfunded Accrued Liability	Employer Rate	Unfunded Accrued Liability	Employer Rate
Current Retirees	\$ 553,000	.025%	\$ 4,220,000	.194%
Future Retirees	\$ 620,000	.038%	\$ 7,882,000	.488%
Total	\$1,173,000	.063%	\$12,102,000	.682%

The results are based on the assumed marriage and remarriage rates shown above. The actual cost for this benefit will depend on the number of remarriages/divorces for your members. If these sections are adopted by the Board of Retirement, we recommend that the actual incidence of marriage/divorce be monitored as this will provide a check as to whether the table rates of marriage/divorce used for these studies are reasonable.

If you have any questions on the information presented herein, please let us know.

Sincerely,



Michael Moehle
 Principal and Consulting Actuary