

## What has the Town Done to Address the Unfunded Obligation?

The Town prudently recognized the potential impacts to future service delivery if unfunded pension liabilities were not addressed and additional funding strategies not identified. To date, the Town has taken proactive steps totaling \$22.8 million of additional discretionary spending to address the current unfunded obligation.

In addition to the aforementioned strategies, the Town has also taken steps to change benefits or introduce new benefits which provide the Town with ongoing savings. To date these actions have resulted in \$290,000 of ongoing annual savings.

Council Action	Additional Discretionary Funding
The Town authorized payment of the entire approximate \$4.5 million side fund liability associated with the Safety Plan (June 2014).	\$4,500,000.
The Town Council established a General Fund reserve for CalPERS/Other Post-Employment Benefits (OPEB) (May 2016).	Additional minimum of \$300,000 funding annually
The Town authorized the creation of an irrevocable Internal Revenue Code (IRS) Section 115 Trust for the Town's pension obligations (December 2017). The Town Council to date has set aside \$3.4 million towards additional Pension funding (115 Trust) and authorized an additional \$1.0 million to be placed into the CalPERS/OPEB Reserve in the adopted FY 17/18 budget.	\$4,300,000 (accumulated to date)
The Town Council initiated systematic OPEB funding since 2009 for future benefits rather than remaining a pay as you go system.	\$14,000,000 (accumulated to date)
<b>Additional discretionary pension/OPEB funding to date - \$22,800,000</b>	

Council Action	Additional Benefit and Savings Strategies
To help reduce costs related to OPEB benefits, the Town introduced dependent cost sharing and a reimbursement cap to Medicare eligible employees. Employees retiring after February 1, 2016 are reimbursed to a maximum amount of benefit. It is estimated that this cap on reimbursement will achieve approximately	Estimated savings \$200,000 per year.

\$200,000 in savings per year in actuarially required contribution to the OPEB trust account.	
The Town closed the CalPERS retiree Tier 1 benefit for non-safety employees and created a new Tier 2 for non-safety new employees (Effective Date: September 15, 2012).	TBD
The Town implemented the Public Employees' Pension Reform Act (PEPRA) for all new non-classic employees (Effective Date: January 1, 2013).	TBD
The Town participates in the CalPERS discounted prepayment option (July 1, 2015 for Safety Plan and from July 1, 2017 for both Safety and Miscellaneous Plans).	Estimated savings \$90,000 per year.
The Town Council Finance Committee is currently evaluating moving to a 20 year amortization period through lump sum payments from the CalPERS 30 year amortization schedule for all prior periods.	\$9,000,000* (estimated interest savings in a 20 year period if adopted)
<b>Additional discretionary Benefit and Savings Strategies - \$290,000/year</b>	
*does not include the potential for additional interest savings of \$9,000,000	