Supplemental Retirement Benefit Reserve (SRBR) Information

Background

Under the standard provisions of the County Employees Retirement Law of 1937 (CERL), any excess earnings (earnings in excess of the Retirement Fund's actuarial assumption rate) that are realized by the primary pension fund for a county are controlled 100% by the Board of Retirement. In 1984, however, the Kern County Board of Retirement and Board of Supervisors adopted the alternative financial provisions of Article 5.5 of the CERL. The result was to put in place a statutory Supplemental Retirement Benefit Reserve (SRBR) formula. The statutory SRBR formula limits the authority of the Retirement Board over distribution of excess earnings, by mandating that any excess earnings be equally divided, with 50% of the total to the County to fund the County's retirement liability and the other 50% to the SRBR to fund current and future retiree loss of purchasing power due to the burdens created by annual inflation.

The SRBR currently provides various categories of supplemental retiree benefits:

- Tier 1 – $35.50 per month payable to retirees who were hired on or before July 1, 1994.
- Tier 2 – Three additional monthly stipends payable to retirees:
    a. $1.372 per year of service for Members who retired prior to 1985. This was granted July 1, 1994.
    b. $5.470 per year of service for Members who retired prior to 1985. This was granted July 1, 1996.
    c. $10.276 per year of service for Members who retired prior to 1981. This was granted July 1, 1997.
- Tier 3 – Additional benefits to maintain 80% purchasing power protection.
- Death Benefit – A one-time payment of $5,000 to a Member's beneficiary is made upon the death of the Member.
- The Retirement Board has set aside a portion of the SRBR Reserve to help pay for an additional 0.5% COLA adopted under the Ventura Settlement

In the early 2000s the County was able to legally draw down more from the excess earnings for funding the County's 2% cost-of-living-adjustment reserve before the 50% sharing of benefits with SRBR. Before the 50% sharing, the formula also provides for the funding of a 1-3% Retirement Fund Contingency Reserve.

You need to understand the County provides benefits to employees and creates the liabilities for the Retirement Fund. The Retirement Board is charged by law to administer and ensure those benefits are paid. By setting employee contribution rates, employer contribution rates, and managing the investment program (paying for 70-75% of liabilities), the Retirement Board is the exclusive trust to pay the County benefit liability over the long-term.

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