

Via Electronic Mail

November 2, 2022

Mr. Greg Levin, Executive Director
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, California 93117

Re: Cost Impact of Service Purchase for Leave Due to Illness of a Family Member

Dear Greg,

At your request, we have done an informal estimate of the potential cost impact of members purchasing service for uncompensated leave under the federal Family and Medical Leave Act or the California Family Rights Act for the Santa Barbara County Employees Retirement System (SBCERS, the Plan). Based on our analysis, there is no expected cost to SBCERS for allowing members to purchase service credit related to a family medical leave.

If the amendment to Government Code Section 31646 is adopted by the Board of Supervisors, a member that has been granted an approved leave to care for a seriously ill family member would be eligible to purchase service for the period of approved leave, not to exceed 12 months. Generally, members will use any unused vacation and sick leave to cover lost wages during the leave of absence. For the wages covered using unused vacation and sick leave, members would already receive the associated credited service and both employer and employee contributions would be made to the Plan.

The service that is eligible for purchase by the member would be the service associated with any wages not paid for by SBCERS' plan sponsors while on leave. However, it is our understanding under Section 31646 (c)(1) of the County Employees Retirement Law ("CERL"), the member is required to pay **both** the member and employer contributions (the normal cost plus unfunded actuarial liability payment) during the period of uncompensated leave of absence, and interest that the contributions would have earned had the contribution been on deposit if the member was not absent.

The employer normal cost is based on the demographics of the active members within each benefit tier. The expected cost impact to SBCERS due to this new benefit provision is zero assuming the demographics of members electing to purchase service, on average, is similar to the demographics of all the members within the respective tiers. However, since the majority of the employer rate is the unfunded actuarial liability payment and differences in active member demographics could result in either a slight increase or decrease in costs, the expected cost impact to SBCERS would be immaterial.

In preparing our letter, we relied on information supplied by the Santa Barbara Employees Retirement System.

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This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

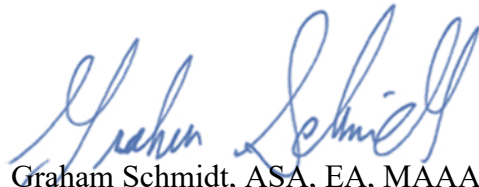
Finally, this letter was prepared for the Santa Barbara Employees Retirement System and its Plan sponsors for the purpose described herein. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

We are available to answer any questions you may have.

Sincerely,
Cheiron



Anne Harper, FSA, EA, MAAA
Principal Consulting Actuary



Graham Schmidt, ASA, EA, MAAA, FCA
Consulting Actuary

cc: Cristal Rodriguez, Deputy General Counsel
Rebekah Bardakos, Member Services Director
Rico Pardo, Controller
Heather Fantz, Consulting Actuary