

## **Summary of Benefits Section 115 Trust**

1. Local control over assets – the Trust can be accessed at any time so long as it is used to pay the County Pension obligation.
2. Pension Rate Stabilization – assets can be transferred to a CalPERS plan at the County’s discretion, which would reduce or eliminate large fluctuations in employer annual contributions. When required annual contributions increase at a time of economic downturn, the funds can be used to stabilize the budget and services.
3. Funds are legally set aside irrevocably and are available for use to reduce the County’s unfunded pension liability.
4. Offset to Pension Liability – contributions will appear as assets (fiduciary funds) on the County annual financial report.
5. Investment flexibility – investment requirements that apply to the County’s treasury funds are not applicable to assets held in a Section 115 Trust, thus providing diversification and the potential for enhanced investment returns. The County maintains oversight of the investment manager and identifies the risk tolerance level guiding the investment mix.
6. Investment Diversification – investments in the Trust will have different objectives and risk/return profile than deposits with CalPERS.
7. Improved Credit Rating – rating agencies generally look favorably upon actions to increase flexibility in pension liability management. This is considered best practice among government finance professionals.
8. Options to subaccount different departments, funds or bargaining groups.
9. Options to use the same 115 Trust for pre-funding OPEB and/or pension obligations.