

Changes from those originally submitted are ~~struck through~~ or underlined.

**§ 26000. Supplemental Benefit Maintenance Account Purchasing Power Protection.**

(a) Purpose. The purpose of this regulation is to outline and implement the process whereby the Board adjusts the purchasing power protection provided by the Supplemental Benefit Maintenance Account (SBMA) including the frequency and timing of actuarial projections and adjustments to the target percentage of purchasing power.

(b) Actuarial Projection.

(1) The Board shall adopt an actuarial projection pursuant to subdivision (a) of Education Code section 22954.1 no less frequently than every two years.

(A) The first actuarial projection shall be based on existing assets and liabilities of the SBMA as of June 30, 2009.

(B) The actuarial projection shall be based on actuarial assumptions adopted by the Board.

(c) Percentage of Purchasing Power.

(1) Pursuant to the requirements of Education Code sections 22954.1 and 24415.5, the Board shall set the percentage of purchasing power to be protected at the actuarial projection level most recently adopted by the Board pursuant to subsection (b) above.

(2) The percentage of purchasing power shall be established in half percentage point increments.

(3) The actuarial level of the percentage of purchasing power shall be rounded to the nearest half percentage point.

(d) Sustainability Level.

(1) The Board shall set the date through which the level of benefits is to be maintained.

(2) The initial date for sustainability of the level of benefits shall be through and including June 30, ~~2159~~ 2089.

(3) The Board shall re-examine and amend this date no more frequently than every ten years and no less frequently than every twenty years based upon actuarial projections.

(4) The sustainability level shall be approximately ~~twice~~ the estimated length of membership for those members of the Defined Benefit Program at the time the date is reviewed.

(5) The change in date shall be made by plan amendment adopted by the Board with the actuarial assumptions adopted by the Board pursuant to subsection (b).

(e) Adjustments to Percentage of Purchasing Power.

(1) Any adjustment in the percentage of purchasing power adopted shall be effective as of October 1, subject to the limitations set forth above.

(2) The adjustment in the percentage of purchasing power protection in any one year shall be equal to the greater of:

(A) one-half percentage point; or

(B) one-fourth of the change in amount of the SBMA percentage, subject to the requirement of subdivision (c)(3) that the percentage of purchasing power shall be established in half-percentage point increments, with the largest incremental change occurring in the initial years.

Note: Authority cited: Section 24415.5, Education Code. Reference: Sections 22954.1, 22954.5 and 24415.5, Education Code.