

# City of Kerman ADP Info

Exhibit 'B'

# Additional Discretionary Payment Summary

- Many employers make additional contributions above the minimum required for pension plans.
- CalPERS Actuarial Office provides tools to help employers determine the impact of additional contributions.
- Additional contributions have several advantages, including expected savings in interest paid and reducing the overall cost of the pension program.
- Additional contributions also reduce the risk of low funded status and high contributions in the future, and can reduce net pension liability and pension expense for financial reporting purposes.
- The form of additional discretionary payments varies between employers, some make occasional ad hoc payments, while others have a formal plan to pay off their unfunded liabilities by a specific target date.