

# **REDDING RANCHERIA TRIBAL GOVERNMENT POLICIES**

## **Chapter TP 4-361**

### **Elders' Benefit Permanent Fund Authorization**



**February 12, 2019**

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#### SECTION 1: PURPOSE

To provide for an Elder Benefit Trust Fund to ensure the availability of resources in the future to provide pension benefits to elder members of the Redding Rancheria Tribe.

#### SECTION 2: BACKGROUND AND INTENT

It is the intent of the Tribal Council that this fund be established as a permanent fund and that the contributions and investment earnings from this fund shall be available annually to provide benefit payments to Elder members of the Redding Rancheria.

The Tribal Council has recognized the special financial circumstances placed on our tribal elders with limited financial resources and rising costs of good and services. Accordingly, the Tribal Council has recommended and the members of the Redding Rancheria have appropriated amounts to this fund with the intent that it would be operational when sufficient amounts were developed.

The Tribal Council considers the establishment of a permanent trust fund one method to ensure that resources will be available in the future to provide assistance to tribal elders. Substantial resources will be needed and initial contributions to this fund will need to set in place the practice of saving for this important priority, but the membership has made significant commitments to assuring the fund will grow to assure future benefits.

To ensure the availability of the Fund to meet its intended purpose, the Tribal Council has established spending limits which require that the Fund not be spent below its actuarially calculated requirements to fund all tribal members at the benefit level set at the time. The Tribal Council intends that the benefit from the fund is to make a significant contribution of the well-being of members. The target for the Fund is an amount that would finance \$2,000 per month or more for each tribal member beginning at age 50. The Tribal Council has provided that the Fund will not be utilized until it has reached its initial target. This will ensure that the fund is not diminished in its ability to sustain benefits over the long term.

Currently, the Tribal Council recognizes that there are tax implications associated with some of the benefits, as well as potential for their offsetting other benefits to which members might otherwise be entitled. The Tribal Council currently estimates that approximately \$800,000 is needed in the fund at this time to fully fund each \$100 per month of future benefits to be paid to members at age 50. It is the intent of the Tribal Council that contributions may continue, if revenues are available, to raise the potential benefits available from the fund.

The General Membership has made provisions to finance the benefit for members born after December 31, 1988, from Minors Trust Senior Benefit accounts, rather than this fund, thereby reducing the requirements of this fund. Accordingly, the benefits to be paid

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from this fund are reduced by an amount equal to benefits from the Rabbi Trust. Due to the very long time horizon for the Fund, it is anticipated that the Fund will utilize investment earnings to provide benefits for the foreseeable future, and that benefit and funding levels will be reviewed on an ongoing basis. The Tribal Council plans to continue contributions to the fund once it has met its target to finance future increases in monthly benefits.

#### SECTION 3: DEFINITIONS (Reserved)

#### SECTION 4: DELEGATED AUTHORITY (Reserved)

#### SECTION 5: AUTHORIZED PROGRAMS AND SERVICES (Reserved)

#### SECTION 6: GENERAL POLICY

(a) Fund Authorization

There is hereby authorized the Redding Rancheria "Elders Benefit Permanent Fund." The Fund shall be utilized to provide supplemental income for tribal Elders. The Fund shall be accounted for as a permanent fund.

(b) Contributions to the Fund

The contributions to the Fund shall be by appropriation from resources available from tribal revenues and thereafter will grow through the addition of unexpended annual investment earnings.

(c) Custody

Assets of the Fund shall be custodied in a bank account, brokerage account, or trust account of either an institutional brokerage or trust company or any combination thereof, as approved by the Tribal Council.

(d) Management of Fund Assets

Assets placed in the Fund shall be managed pursuant to an investment policy adopted by the Tribal Council for Tribal Self-Sufficiency Funds, in such a manner as to provide optimum return on investments, without unnecessarily risking the principle of the Fund. Assets of the Fund shall be invested in common with other tribal funds having similar investment objectives and constraints.

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(e) Authorized Uses of the Fund

The Fund may only be utilized to provide supplemental income and assistance payments to elder members of the Redding Rancheria pursuant to a Tribal Elders' Pension Program and Tribal Elders General Assistance Program (Chapters TP 7-200 and TP 7-250 of the Redding Rancheria Tribal Government Policies) adopted by the Tribal Council. Except for supplemental life insurance benefits authorized pursuant to that policy, and other provisions of that policy, no expenditures are planned from the Fund until it has reached its target fund balance as described below.

(f) Appropriation Procedures

Amounts shall be appropriated each year within the Tribe's annual budget for benefits to be paid from the Fund. As a general rule, the amount of withdrawal from the Fund in any year shall not exceed an amount that is equal to the average expected earnings of the Fund minus the rate of inflation as described in this policy. Provided that, to the extent that the target for the fund is reduced, principal of the Fund may be appropriated.

(g) Restrictions on Spending

Except as provided above, use of the Fund shall be deferred until it has met its "target fund balance" as provided below, except for emergency use. Expenditures from the Fund in any single year shall be guided by its average annual projected earnings of the Fund as stated within the appropriate investment policy statement minus the rate of inflation for the proceeding year. Inflation shall be measured based on the change in the Consumer Price Index, U.S. City Average for All Urban Consumers, published by the United States Department of Labor.

(h) Margin Borrowing and Leveraging of Fund Assets

(1) Margin Borrowing: provided the Fund is custodied in a brokerage account governed by regulation T limits on margin borrowing, margin borrowing against assets of the Fund may be authorized as follows:

(A) By the Chief Executive Officer, to minimize uncollateralized and/or uninsured cash balances in portfolios, while providing for authorized trading, transfers and wires to and from investment portfolios.

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(B) By the Tribal Council;

- (i) In order to invest in short term secure instruments that have a yield two percent or greater above the margin borrowing rate.
- (ii) In order to provide short term (less than one year) bridge loans to Tribal projects awaiting other assured funding.
- (iii) Other important purposes as determined by the Tribal Council.

(2) Leverage of Fund Assets

The Tribal Council may assign or pledge fund assets to Tribal creditors in order to secure loans for Tribal projects at competitive rates or to provide debt reserves to assure issuance of a required loan.

(i) Emergency Use of Fund

In the event that the Tribal Council determines that a financial emergency exists the severity of which threatens life, property or the financial stability of the Tribe, the Tribal Council may, by resolution adopted by unanimous vote of not less than six members of the Tribal Council, declare an emergency and approve emergency expenditures from the Fund. If an emergency is declared, the Tribal Council may authorize expenditures directly from the Fund, or for transfer to the General Fund for disbursement.

In the event that emergency expenditures are made from the Fund, the Tribal Council shall appropriate or recommend appropriations from available tribal revenues to reimburse the Fund as soon as such revenues are available.

(j) Minimum Target Fund Balance

The minimum target fund balance shall be the amount required to fully finance a monthly benefit of \$2,200 per month for each member of the Tribe beginning at 50 years of age. Such amount shall be determined based on the present value of future benefits payable based on actuarial life expectancy tables selected by the Tribal Council and the estimated average earnings rate of the Fund, as set forth in the investment policy established

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for the Fund, or such lower rate considered prudent for long term planning purposes by Management.

(k) No Liability to Redding Rancheria

The Fund is a permanent fund designed to provide a governmental benefit of supplemental income, assuming resources are available. Such supplemental income payment may be paid from the Fund, but is not a guaranteed payment, nor is the Tribe liable to make any such payment. The establishment of this Fund shall in no way create a claim on the part of any person against the assets of the Fund or any other assets or revenues of the Redding Rancheria.

(l) Implementation

This policy shall be implemented immediately upon its adoption. The Chief Executive Officer shall be responsible to provide for all necessary procedures to carry out its provisions. The Chief Executive Officer shall provide for review of this policy not less than once each year and shall make recommendations for such changes as are consistent with the intent of the Fund, including any recommended changes to the "target fund balance." The review completed each year shall include a present value calculation to determine the amount needed for future benefit payments. Recommendations regarding the Fund and level of benefits shall accompany each year's budget recommendations.

Legislative History:

Originally Adopted by Tribal Council Resolution # 04-29-98-B, dated April 29, 1998.

Amended by Tribal Council Resolution #022-09-10-02, dated September 10, 2002.

Amended by Tribal Council Resolution #035-08-08-06, dated August 8, 2006.

Amended by Tribal Council Resolution #026-03-10-09 dated March 10, 2009.

Amended by Tribal Council Resolution #050-10-22-13 dated October 22, 2013.

Amended by Tribal Council Res. No. 014-02-12-19, dated February 12, 2019.