

Update on Amador County PERS Obligations

Chuck Iley

County Administrative Officer

November 8, 2016

PERS 101

- The Actuarial assumptions use statistical data to estimate the age at which the average employee will retire
- They also know how long that average employee will draw the retirement
- Using that information, they can estimate how much money will be needed for each individual at the time that they retire and their current salary
- Given that amount, they make assumptions as to the annual investment return (7.5%)
- With that information, they can compute the cost of each year of employment and how that year affects the obligation in the future. The amount that is required to be put away for an individual year is called the NORMAL COST

PERS 101

- The Normal Cost makes the assumption that all other assumptions will be correct, and is a percentage of each employee's salary
- In the event that the assumptions are not correct – retirees are drawing more from the fund than anticipated, annual returns are not realized, or payrolls have been spiked, then the amount required to be in the fund is more than the actual amount. This is the amount of UNFUNDED LIABILITY.
- The Unfunded Liability is issued to the County as an annual lump-sum that will continue for 30 years, with changes according to the amortization schedule that is modified each year.

PERS 101

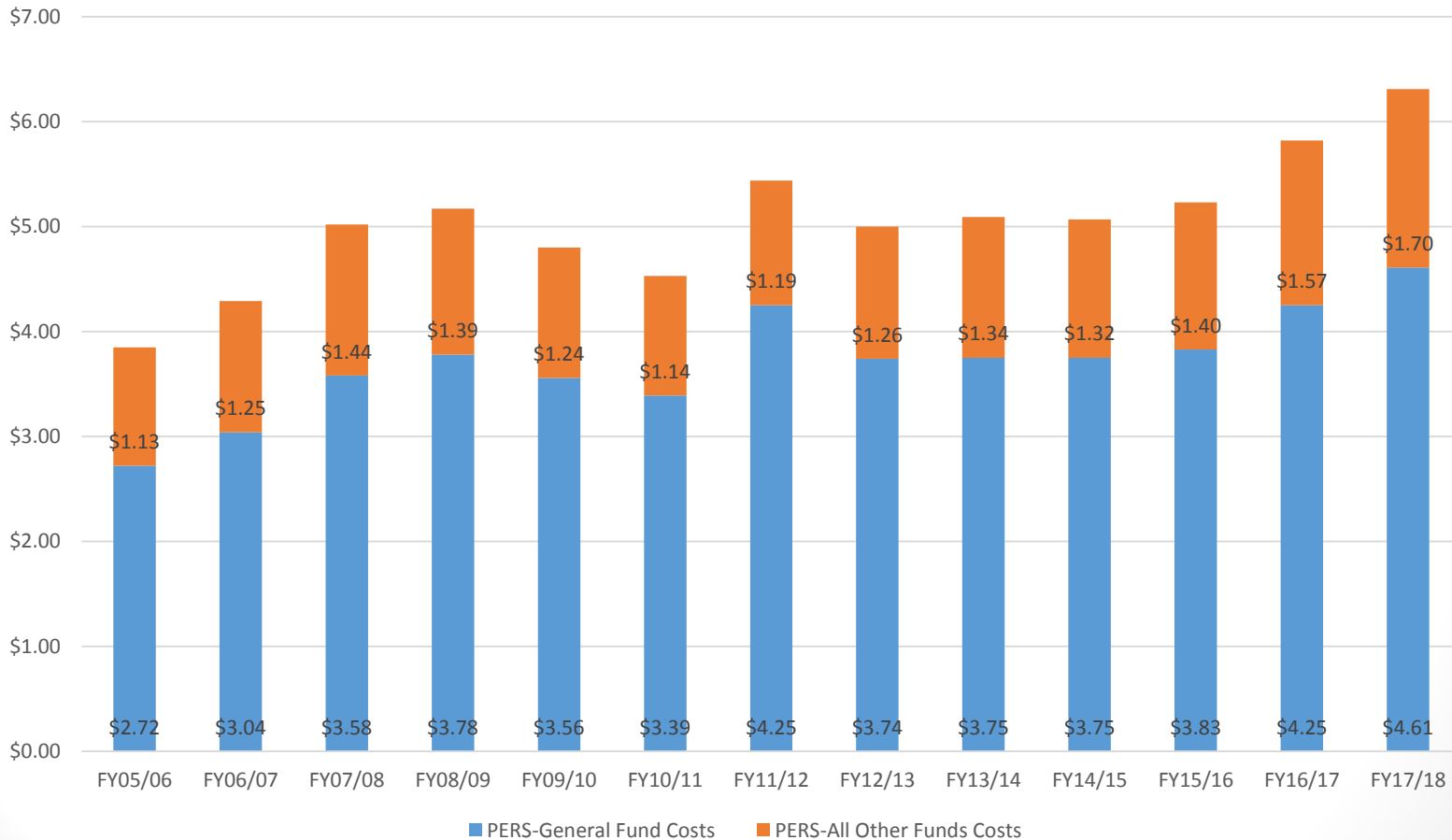
- The County has many different tiers for retirement benefits, depending on the date of hire and whether or not the employee has recently (within 6 months) received a PERS benefit from a previous employer.
- The various tiers are: (UAL is Unfunded Actuarial Liability and is a present value as of 6/30/15)
- Public Safety:
 - Tier 1: 3%@50 (UAL = \$17.4M)
 - Tier 2: 3%@55 (UAL = \$-8400) account is overfunded
 - PEPR: 2.7%@57 (UAL= \$6,800)
- ACDDA:
 - Tier 1: 2%@50 (UAL= \$775k)
 - Tier 2: 2%@55 (UAL= \$2900)
 - PEPR: 2%@57 (UAL = \$1600)

PERS 101

- Miscellaneous Unit (SEIU, Mid-Management, Management, Confidential, CAO, BOS):
 - Tier 1: 2%@55
 - Tier 2: 2:%@60
 - PEPR: 2%@62
 - Since there are few employees in the latter two tiers, all of the tiers are blended into one actuarial.
 - UAL = \$36.2M
- Total UAL = \$54.4 million

History of Employer Required Contributions to PERS

PERS Costs-General Fund vs All Other Funds (in millions)



Total PERS costs paid by Amador County – all funds

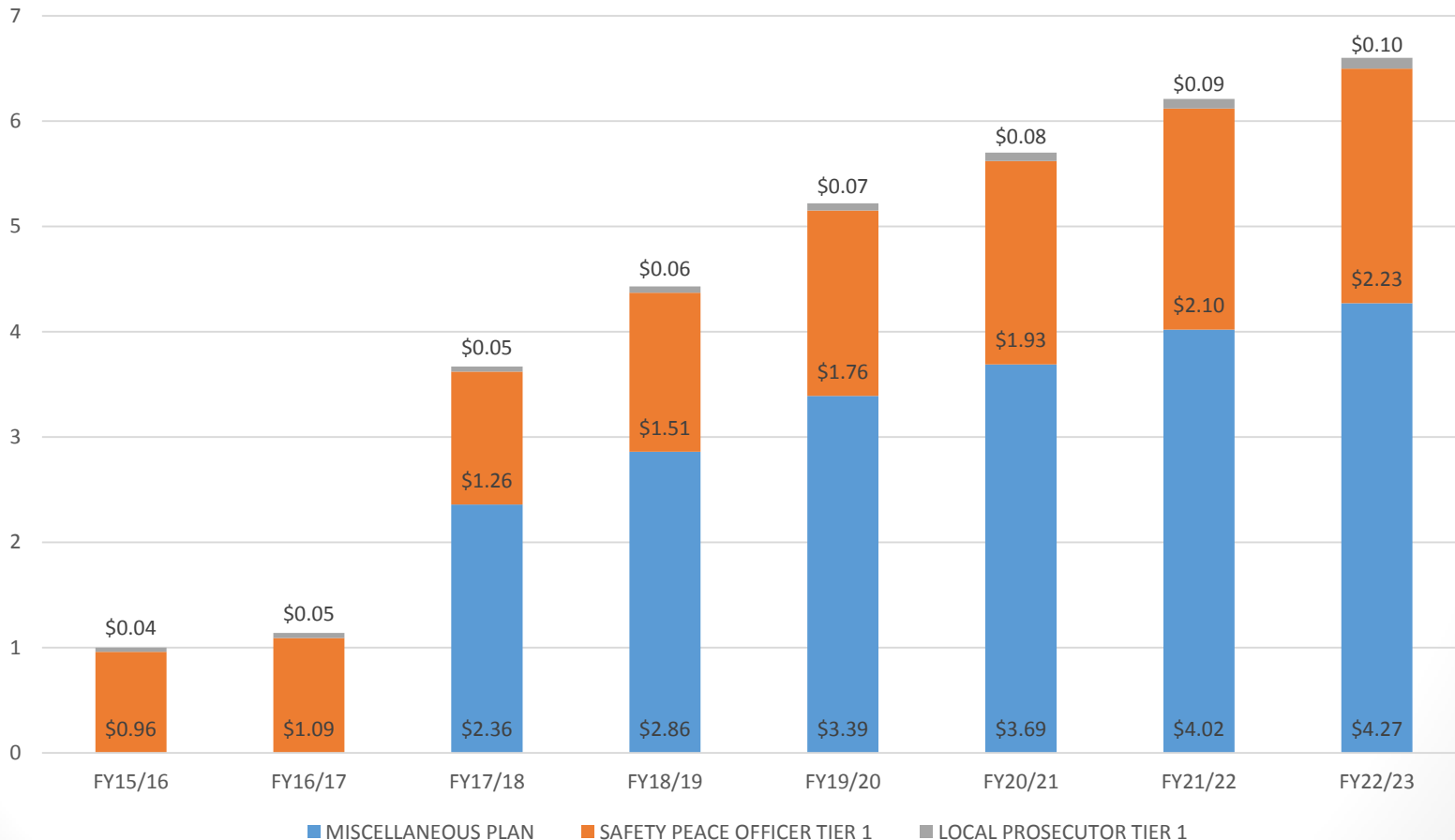
Amador County PERS Costs (in millions)



	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17	FY17/18
—●— PERS Costs	\$3.85	\$4.29	\$5.02	\$5.17	\$4.80	\$4.53	\$5.44	\$5.01	\$5.09	\$5.07	\$5.23	\$5.53	\$6.31

PERS projected future unfunded liability payments

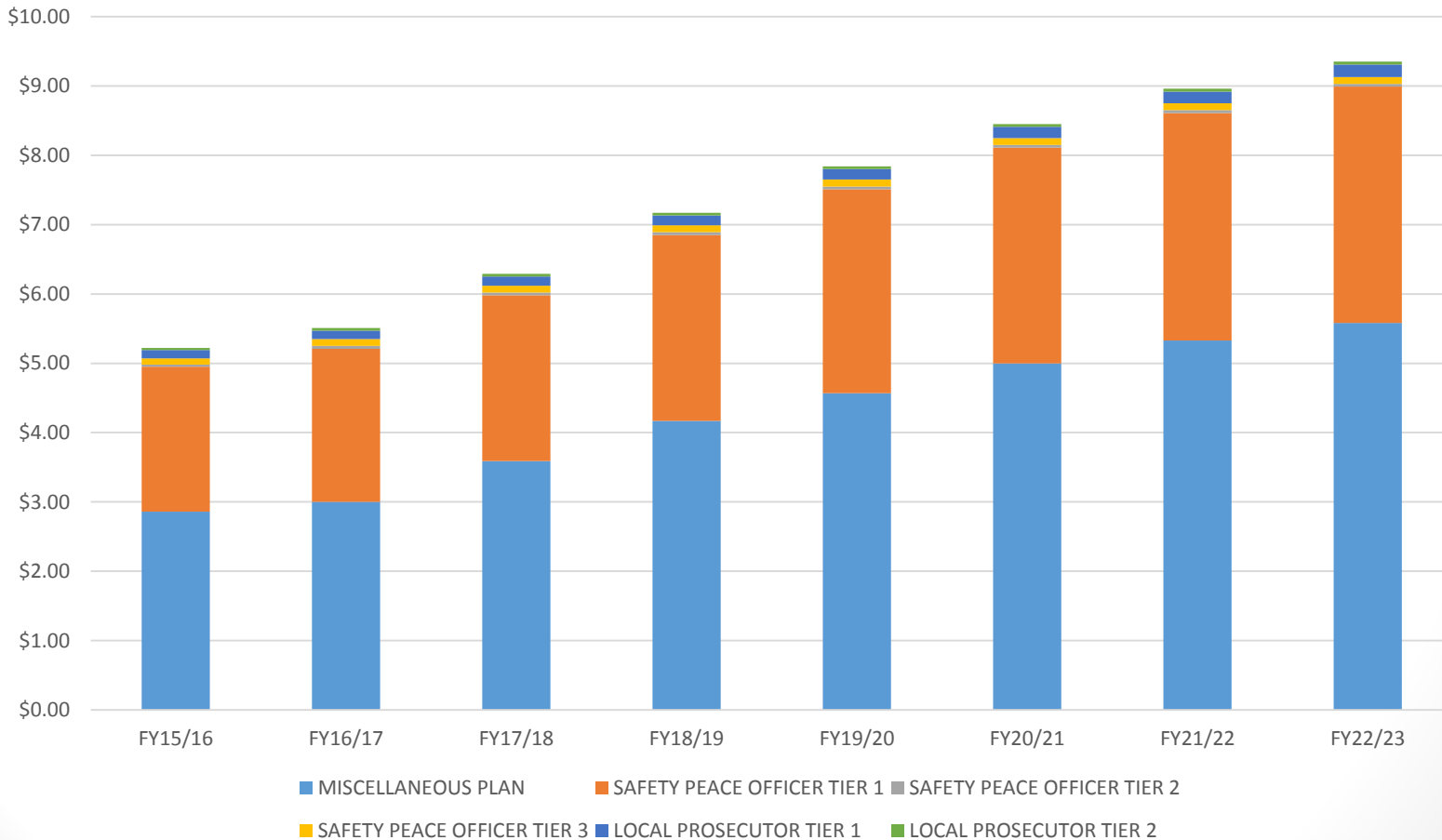
PERS Unfunded Liability Costs (in millions)



Total future costs with current salary base

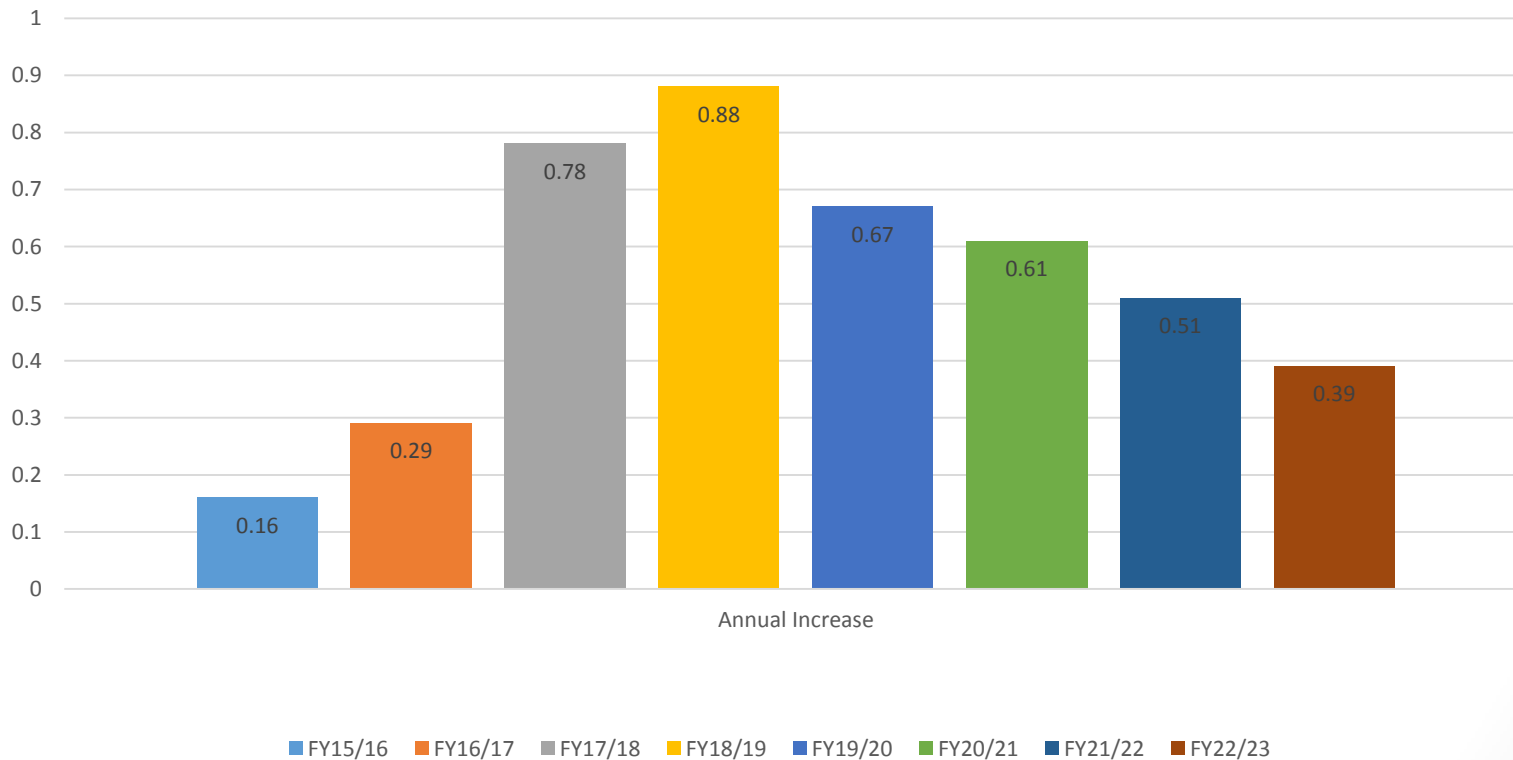
Normal cost and unfunded liability

Future PERS costs with current salary base (in millions)



PERS projected annual increases with current salary base

Total employer paid PERS costs annual increases (in millions)



General Fund PERS costs have been averaging about 73% of the total paid by the County

- Questions?