

# CalPERS Update Amador County

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Chuck Iley, County Administrative Officer  
Karen Scaccianoce, Budget Director

# CalPERS Discount Rate Change Recap

- On December 21, 2016, CalPERS voted to lower the discount rate for Public Agencies from 7.5% to 7.0% over the next three years as follows:
  - FY 2018-19                      7.375%
  - FY 2019-20                      7.25%
  - FY 2020-21                      7.00%
- The changes to the unfunded accrued liability due to changes of actuarial assumptions are amortized over 20 years with a 5 year ramp up. Each of the reductions in the discount rate above will result in a five year ramp up. The total ramp up years began in FY 2018-19, ending in FY 2024-25. The 5 year ramp up means that the payments in the first 4 years of the amortization schedule are 20%, 40%, 60% and 80% of the ultimate payment, which will begin in year 5. FY 2020-2021 is only year 3 of the 7 year ramp up.
- The impact to employers due to the decrease in the discount rate will be increases to total employer contributions, both normal cost and unfunded accrued liability.

# Normal Cost Rate

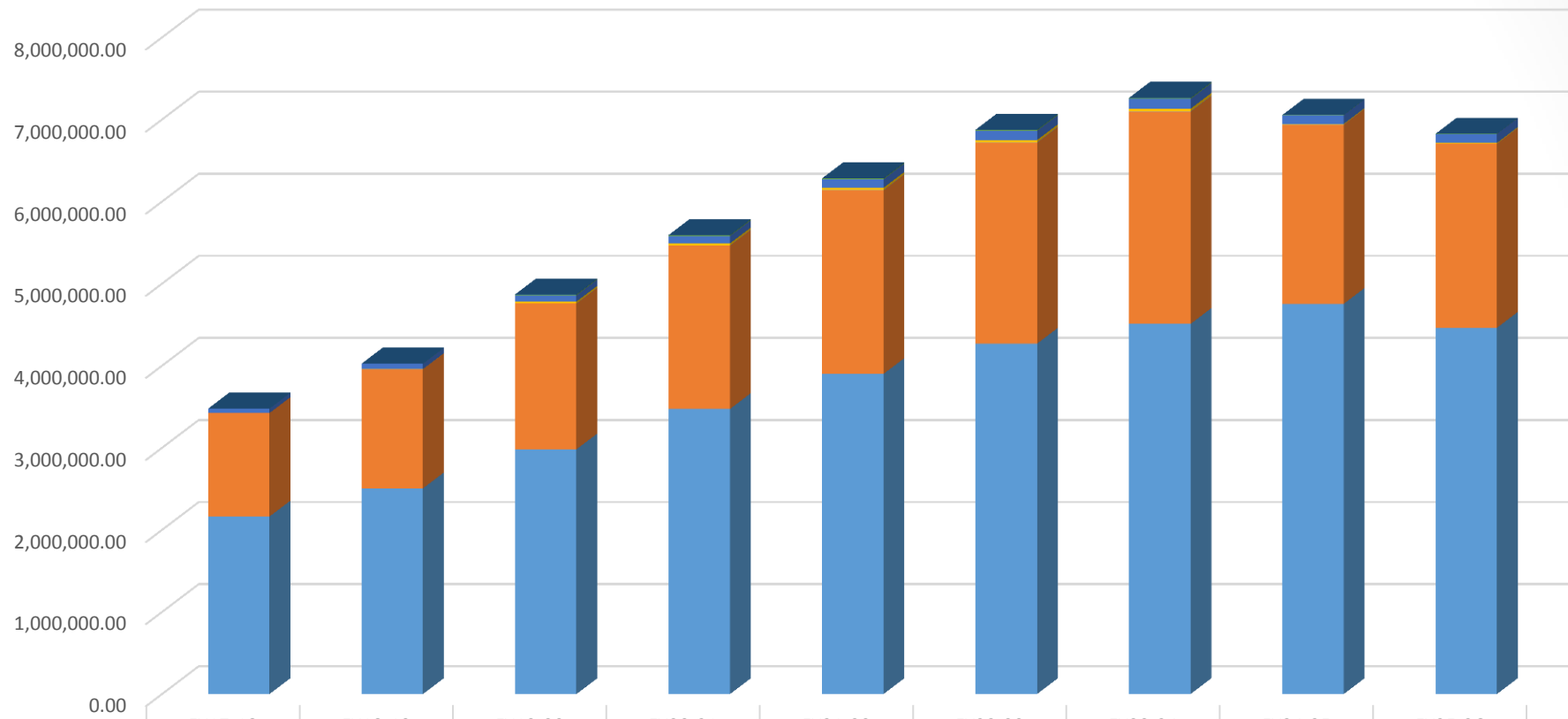
The normal cost rate is determined by looking at the annual cost of providing benefits to active employees for the upcoming fiscal year. The normal cost should be viewed as the long term contribution rate.

# Unfunded Accrued Liability

The unfunded accrued liability is determined by looking at the market value of assets of the plan or pool and comparing it with the accrued liability of that plan or pool. The difference between the liabilities and the assets is the unfunded accrued liability. The UAL is currently being amortized over 30 years. The assets divided by the liabilities represents the plan's funded ratio.

When the discount rate is reduced, it decreases the funded status of the plan because all of the future liabilities have less discounting.

# CalPERS Historic and Projected Unfunded Liability – All Funds



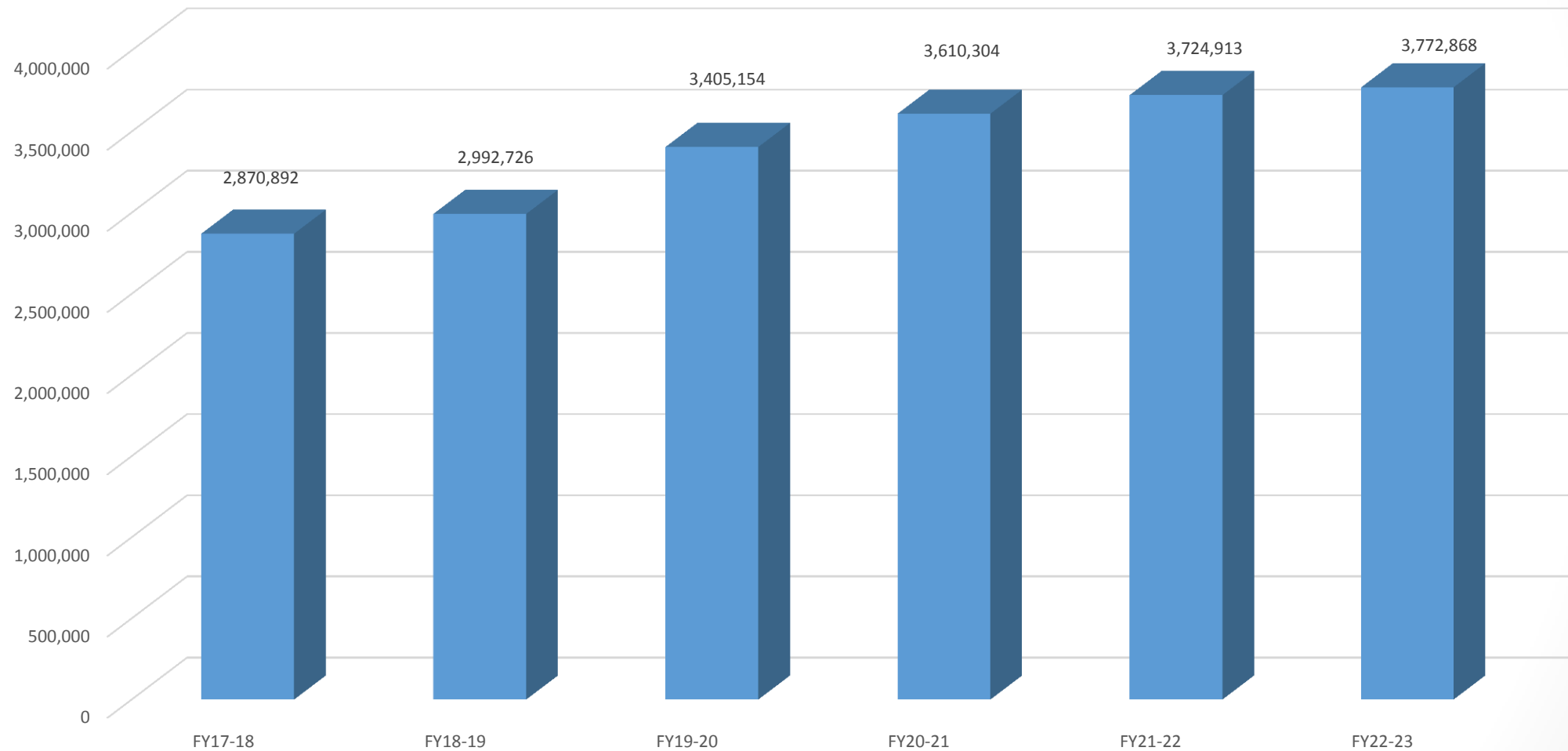
	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
SAFETY LOCAL PROSECUTOR PEPRA	70.00	223.00	3,185.00	3,627.00	4,000.00	4,400.00	4,800.00	1,500.00	1,500.00
SAFETY LOCAL PROSECUTOR SECOND TIER	384.00	713.00	7,706.00	8,468.00	9,000.00	9,600.00	10,000.00	1,800.00	1,900.00
SAFETY LOCAL PROSECUTOR FIRST TIER	52,887.00	64,370.00	77,111.00	90,492.00	103,000.00	113,000.00	120,000.00	106,000.00	109,000.00
SAFETY PEACE OFFICER PEPRA	178.00	1,129.00	20,100.00	22,713.00	25,000.00	27,000.00	29,000.00	8,200.00	8,400.00
SAFETY PEACE OFFICER SECOND TIER	0.00	797.00	3,771.00	4,543.00	5,200.00	6,000.00	6,700.00	3,100.00	3,200.00
SAFETY PEACE OFFICER FIRST TIER	1,261,031.00	1,451,773.00	1,775,255.00	1,989,600.00	2,237,000.00	2,447,000.00	2,585,000.00	2,181,000.00	2,241,000.00
MISCELLANEOUS PLAN	2,162,703.00	2,506,241.00	2,981,982.00	3,473,402.20	3,900,280.80	4,268,904.90	4,509,471.00	4,754,610.60	4,461,906.60

Fiscal Year 17-18, all UL plans were prepaid except Peace Officer First Tier  
 Fiscal Year 18-19, all UL plans were prepaid

Fiscal Year 19-20, all UL plans were prepaid except Peace Officer First Tier  
 Fiscal Year 20-21 through 25-26 projections do not include prepay discount

- Up until recently, the CalPERS employer contribution rate was a combination of normal cost and unfunded liability. The employer contribution rate was based entirely on actual payroll costs.
- Safety plans separated unfunded liability from the normal cost beginning in FY15-16.
- Miscellaneous plan separated unfunded liability from normal cost beginning FY17-18.
- Prior to this separation of unfunded liability, employer contributions were based entirely on payroll. During the recession, reducing salaries also resulted in relatively flat increases to CalPERS.

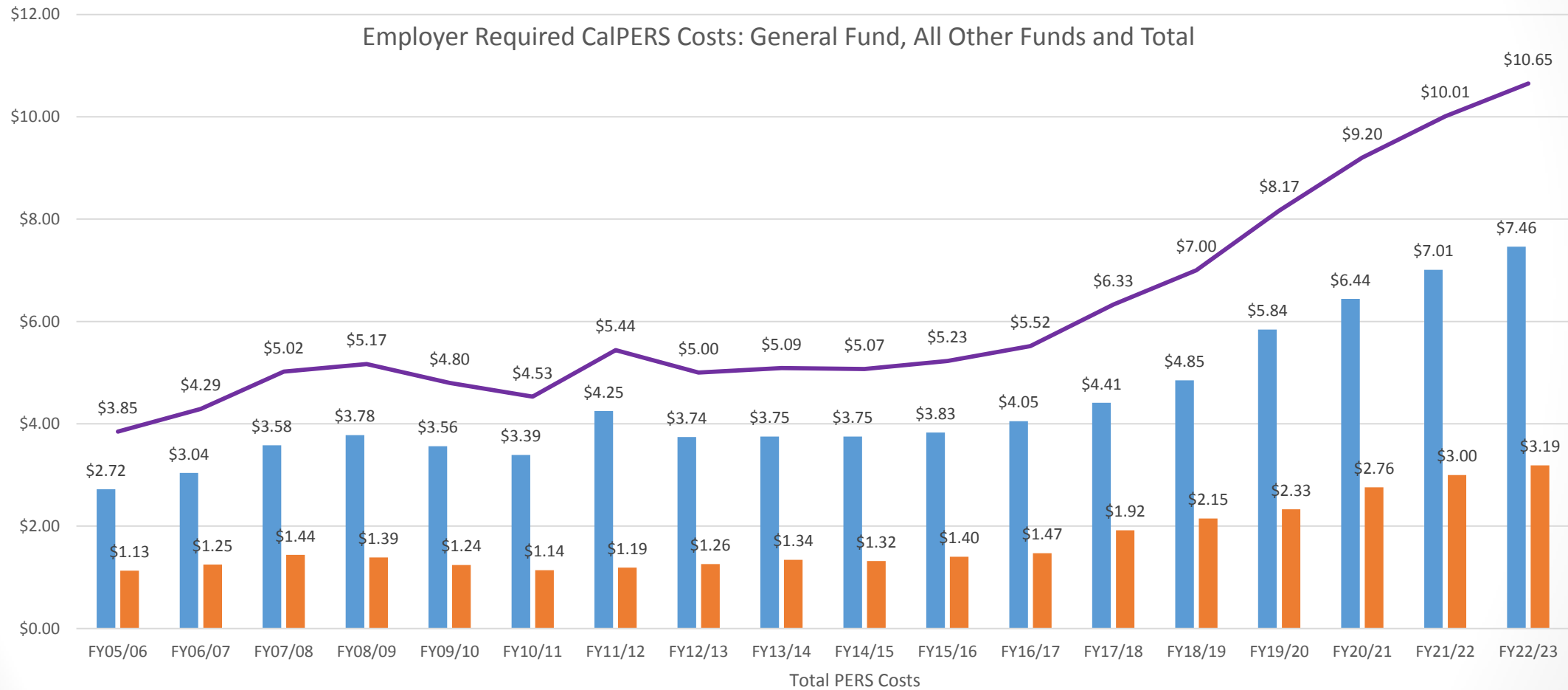
# CalPERS Historic and Projected Normal Costs – All Funds



CalPERS actuarial valuations have not projected any normal cost increases after FY21-22

# Total CalPERS-General Fund & All Other Funds

*in millions*



■ PERS-General Fund Costs

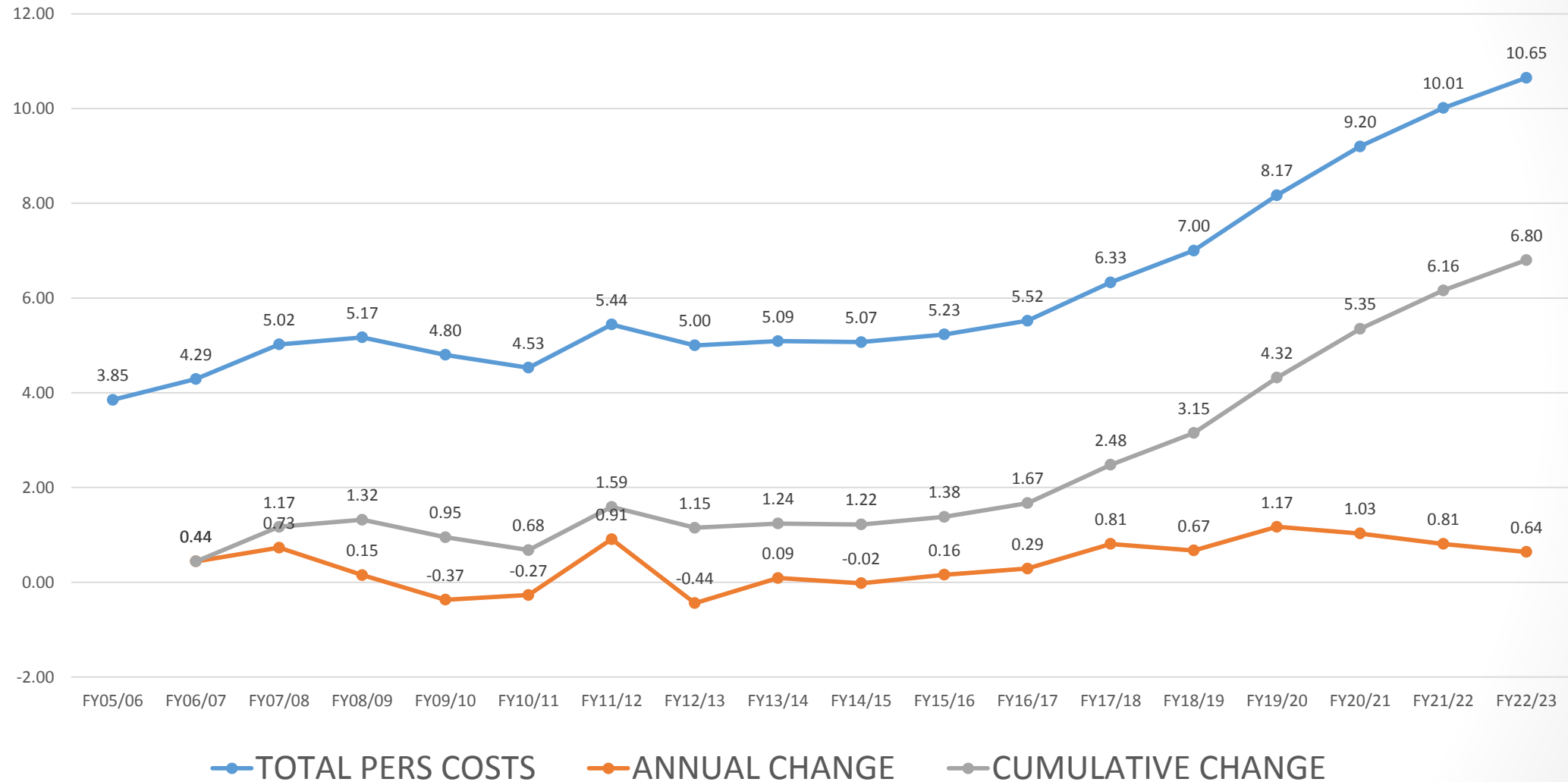
■ PERS-All Other Funds Costs

— Total PERS Costs



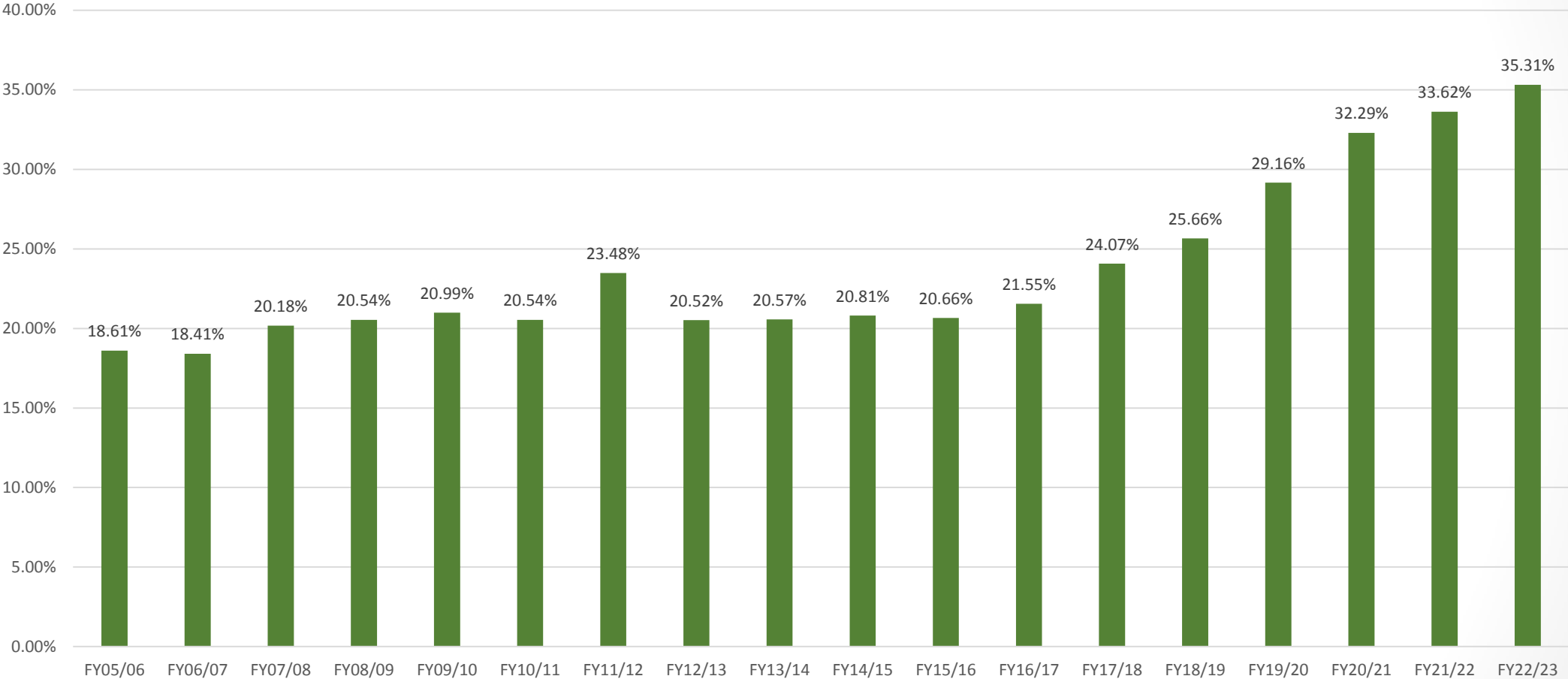
# TOTAL PERS COSTS – ANNUAL AND CUMULATIVE CHANGE

*All Funds - in \$ millions*



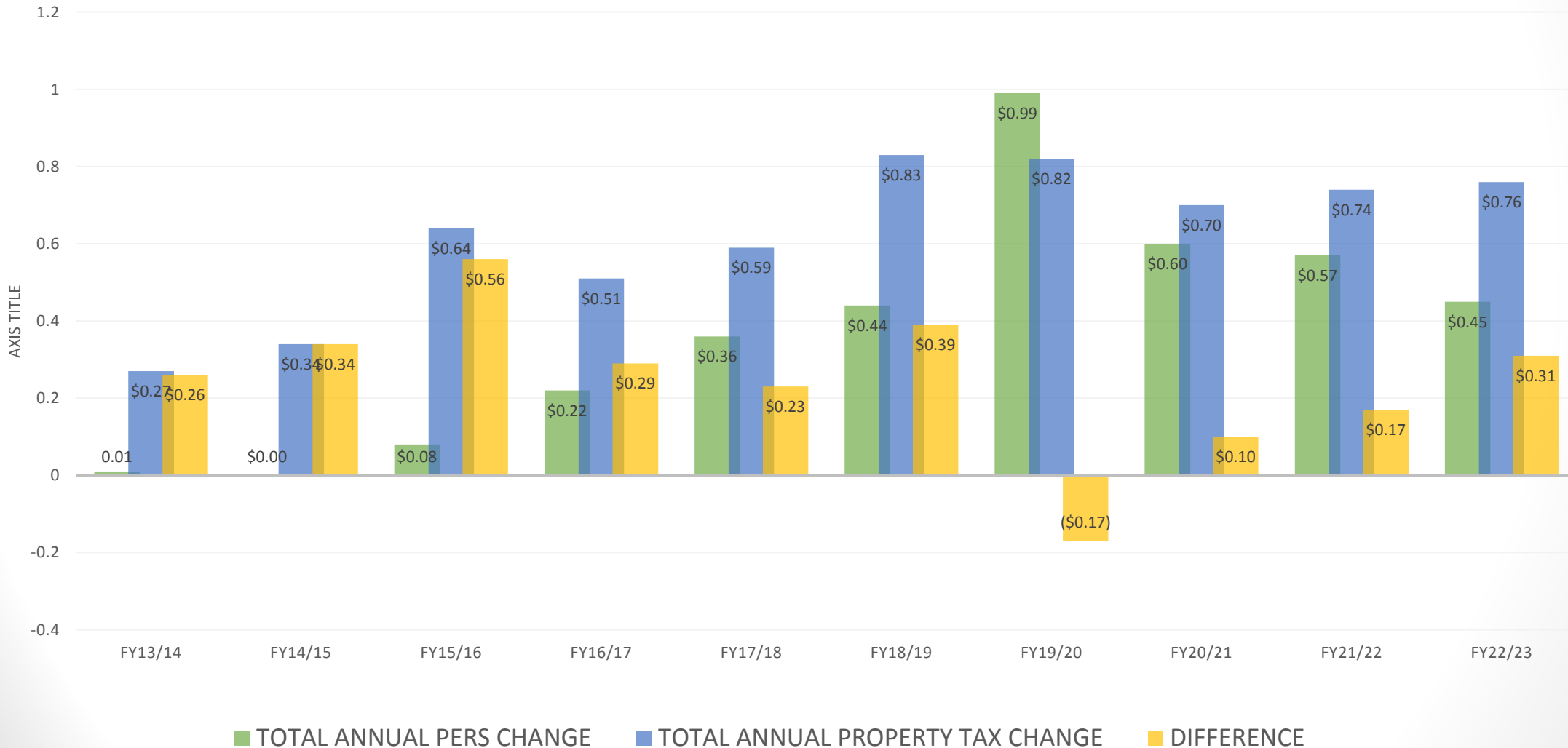
# Total CalPERS costs as Percentage of Payroll

## All Funds



# Annual General Fund CalPERS increases compared to annual Property Tax Increases

This chart compares PERS general fund annual increases to annual property tax revenue increases.  
For 20/21 to 22/23 a 4% per year property tax increase is used.



# CALPERS Annual Investment Returns compared to S&P 500 Annual Returns



**CALPERS 5 YEAR AVERAGE = 5.8%**  
**CALPERS 10 YEAR AVERAGE = 9.1%**

**S&P 500 5 YEAR AVERAGE = 10.2%**  
**S&P 500 10 YEAR AVERAGE = 11.8%**

- Questions?