

CITY OF SALINAS

CalPERS Actuarial Update



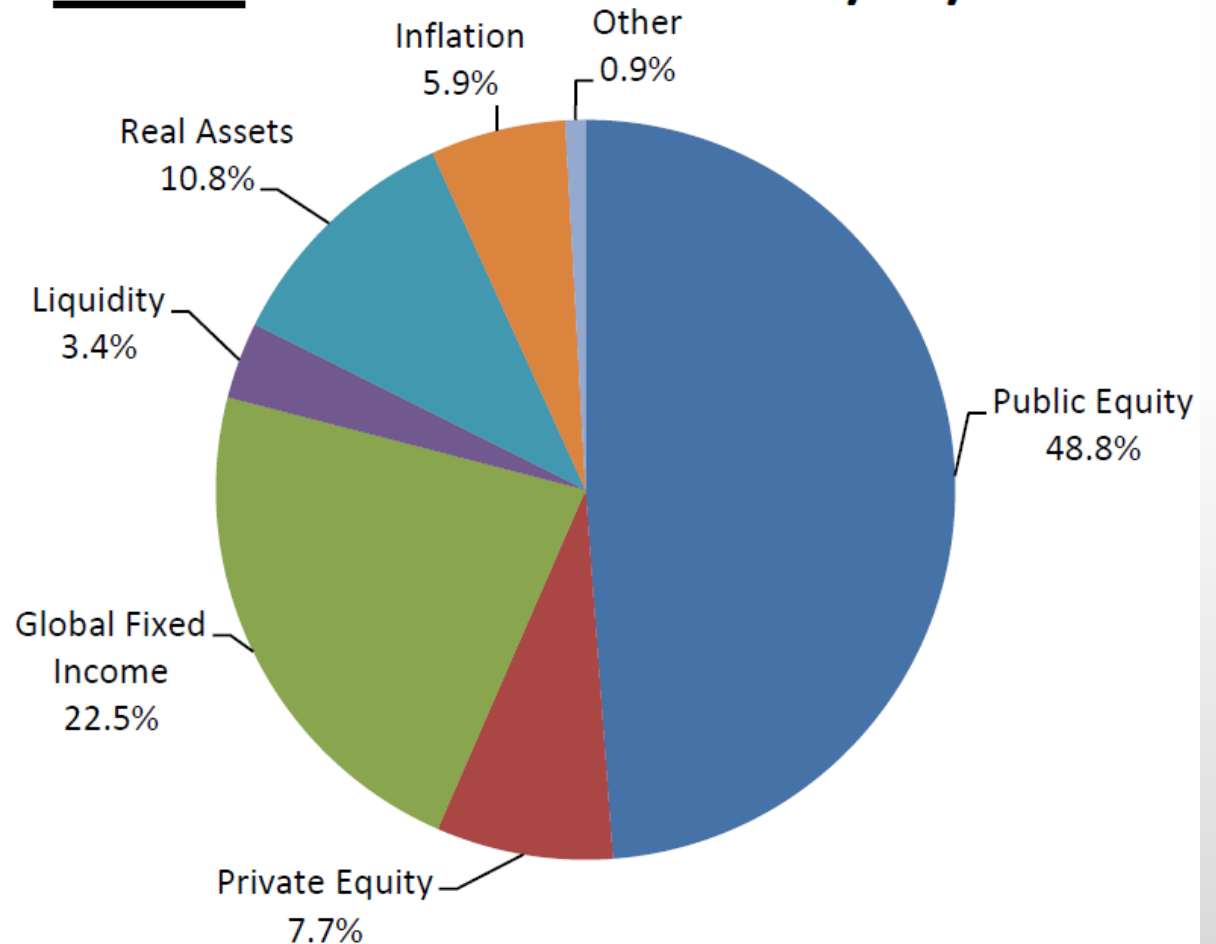
March 3, 2020



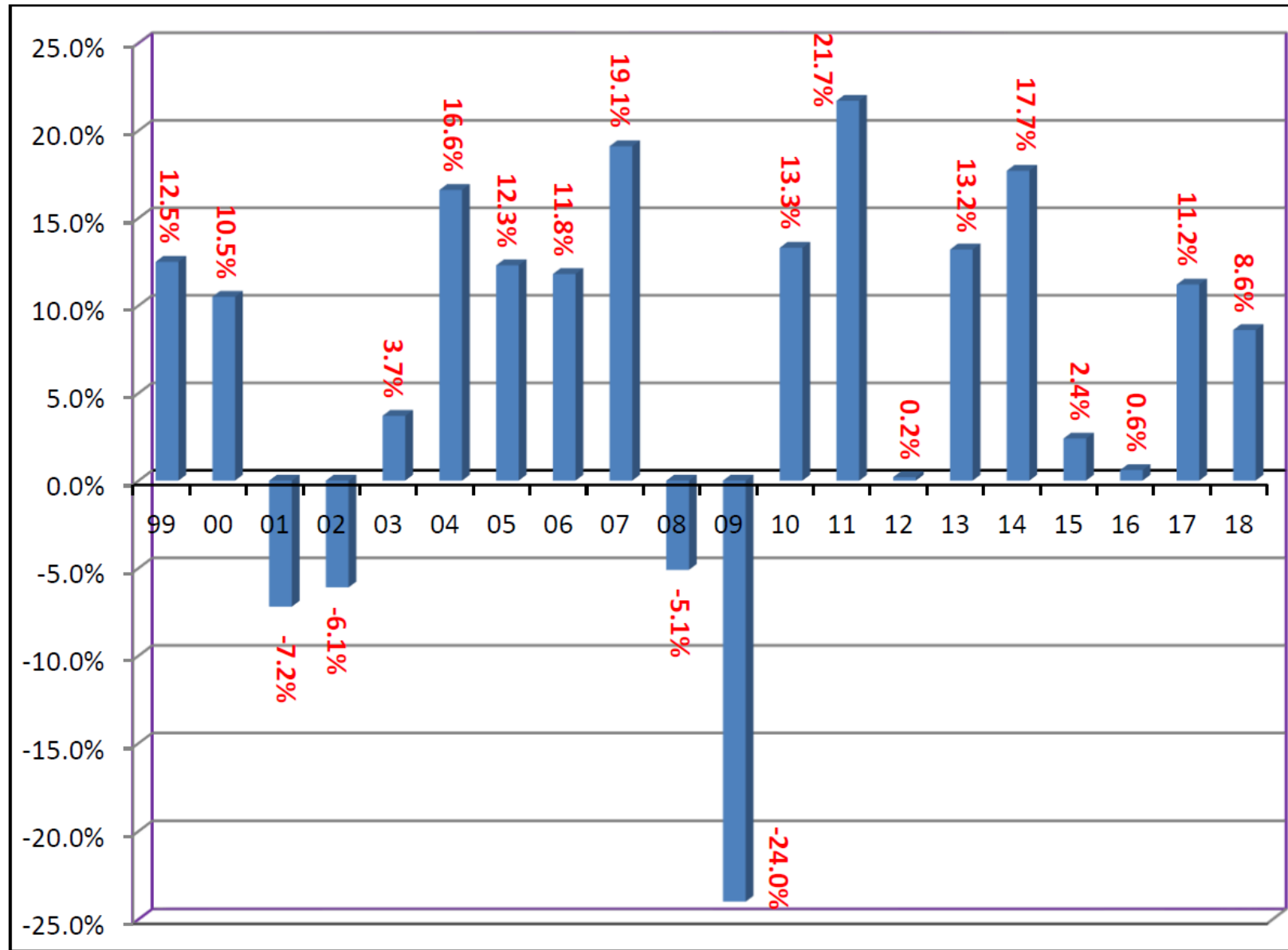
Asset Allocation

(A) Asset Class	(B) Market Value (\$ Billion)	(C) Policy Target Allocation
Public Equity	171.8	49.0%
Private Equity	27.2	8.0%
Global Fixed Income	79.1	22.0%
Liquidity	11.8	3.0%
Real Assets	38.1	12.0%
Inflation Sensitive Assets	20.8	6.0%
Other	3.1	0.0%
Total Fund	\$351.9	100.0%

Actual Asset Allocation at 6/30/2018



CalPERS History of Investment Returns



California Society of Municipal Finance Officers Annual Conference
January 30, 2020

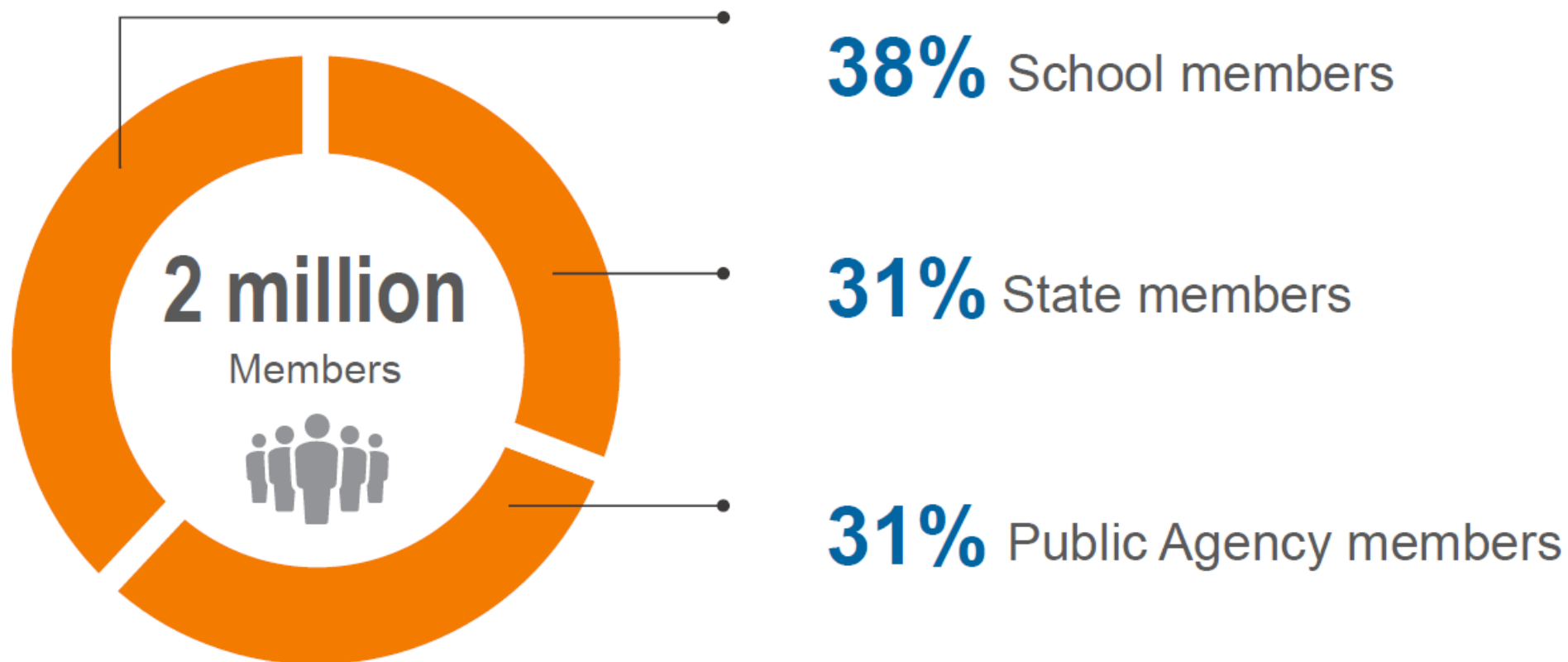
CalPERS Priorities for the Future

Marcie Frost

CalPERS Chief Executive Officer



Members Are Our Focus



Where We Stand Today



71%

Funded status
(estimate)



**\$372.6
billion**

Market value



2 million

Members



**\$24.2
billion**

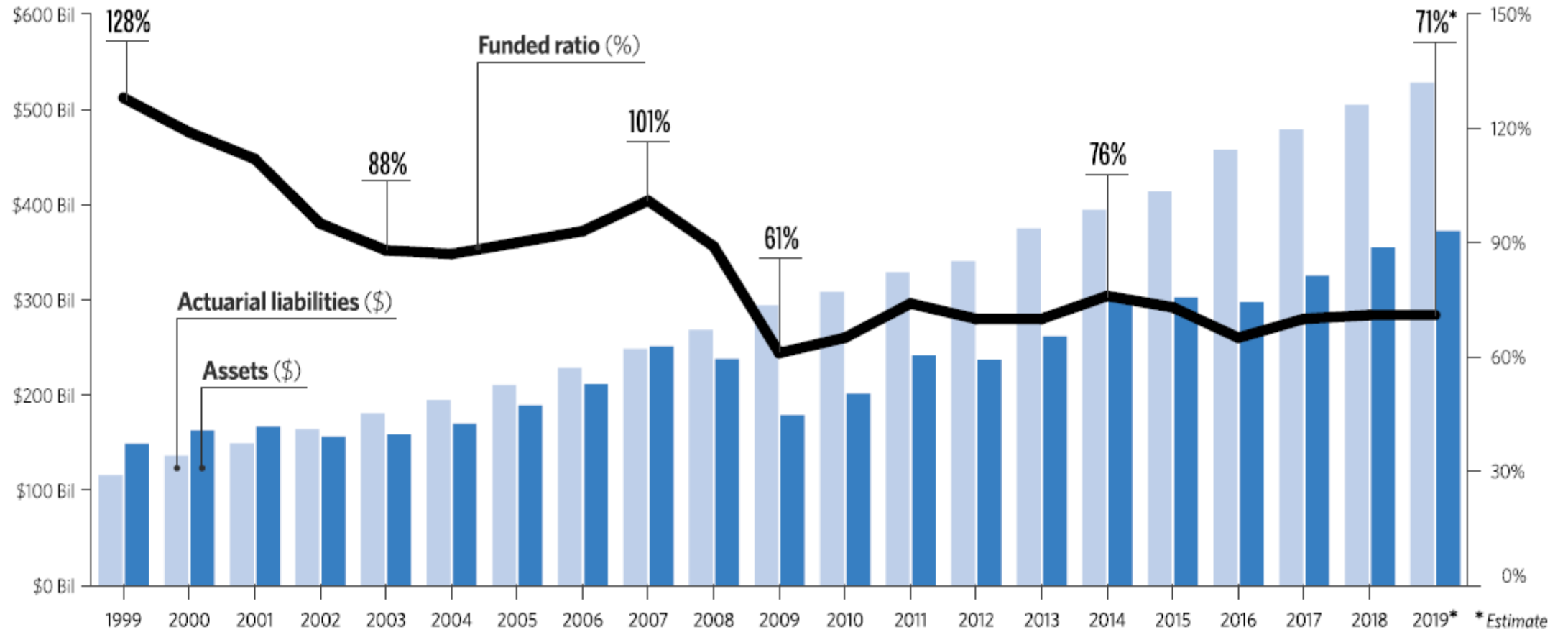
Paid in benefits

Fiscal Year 2018-19

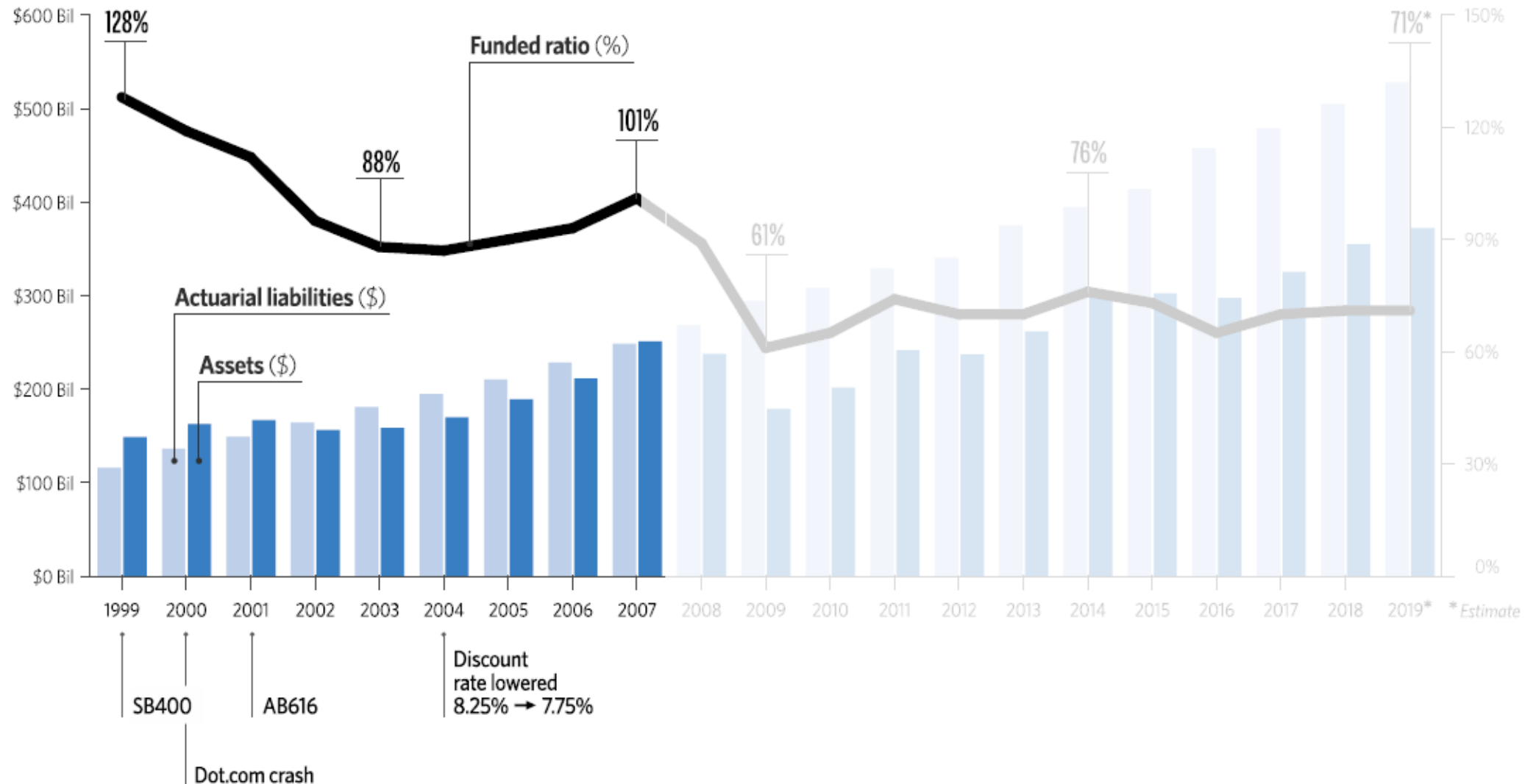
How Contributions Are Paid



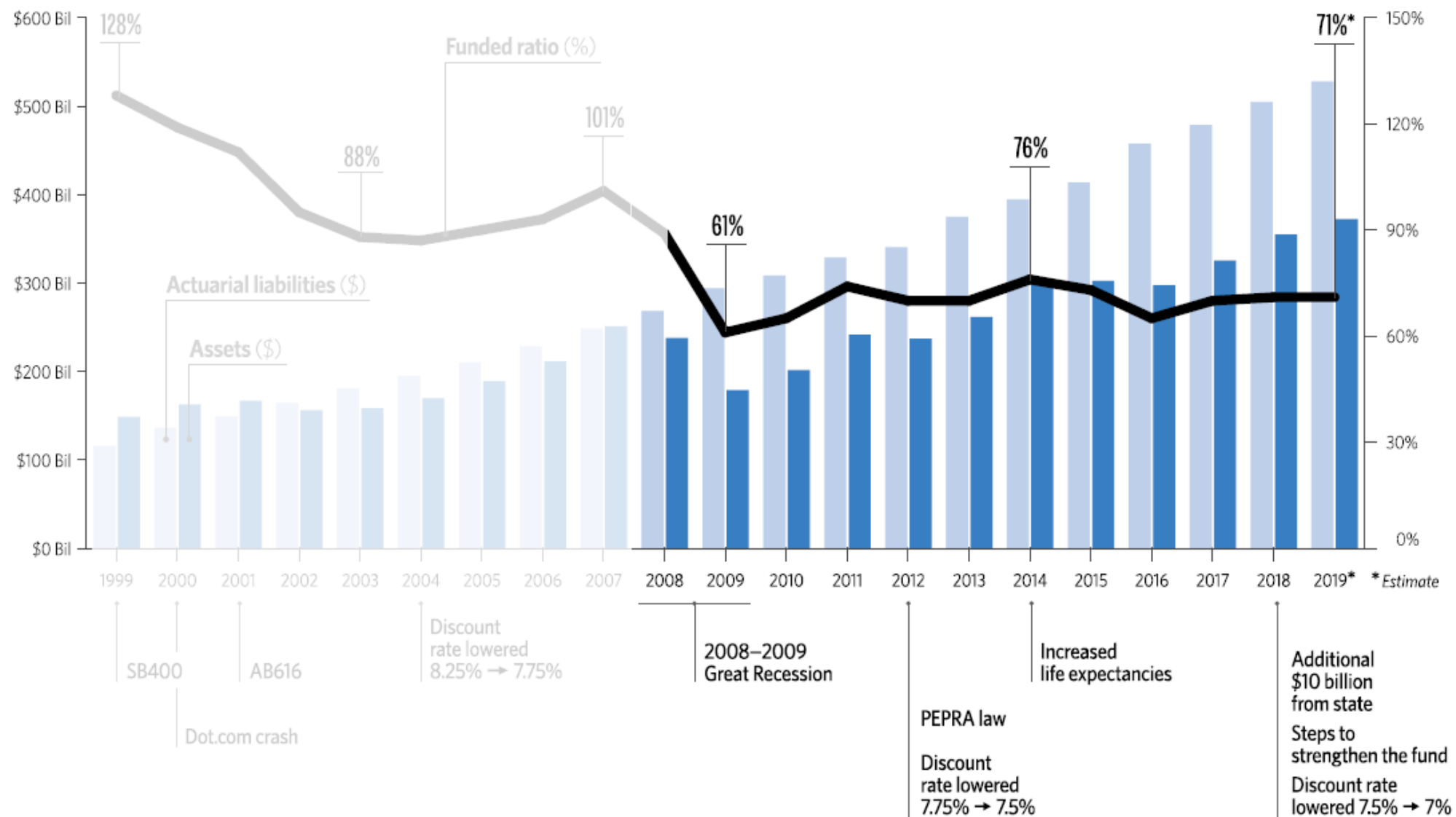
How We Got Here – 20-Year Look



How We Got Here – 1999-2007



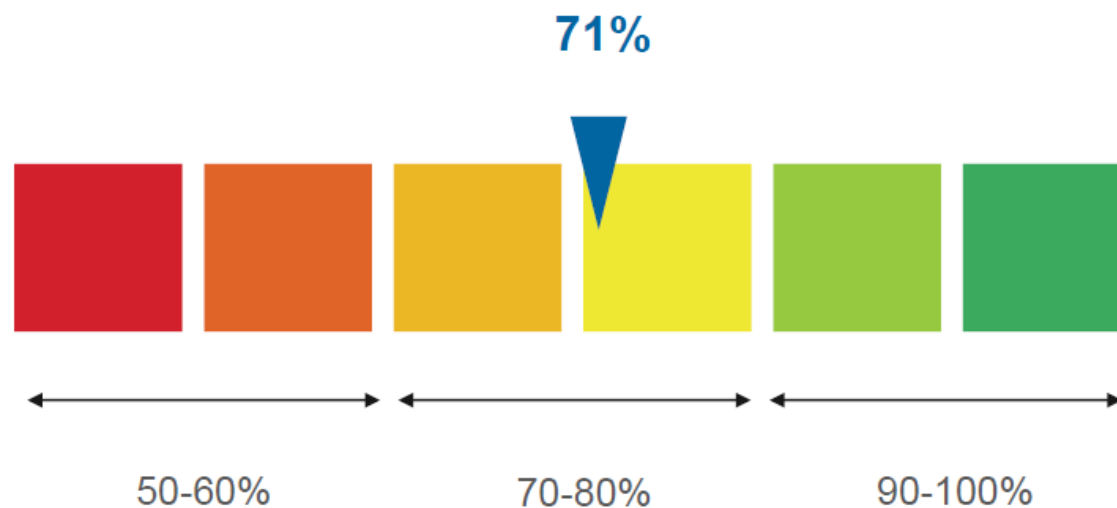
How We Got Here – 2008-2018



Strong Progress but Challenges Ahead

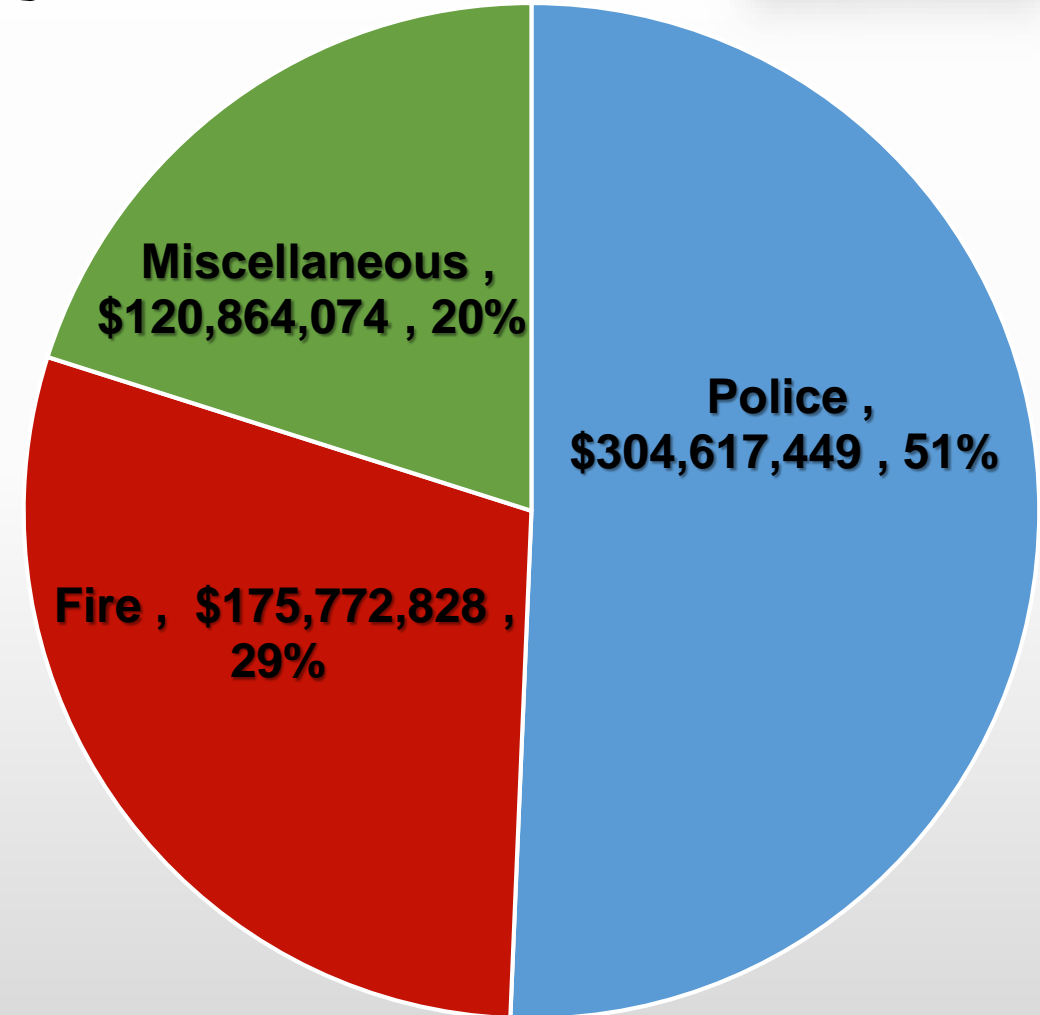


Funded status goal:
100%



Accrued Liability - \$601,254,351

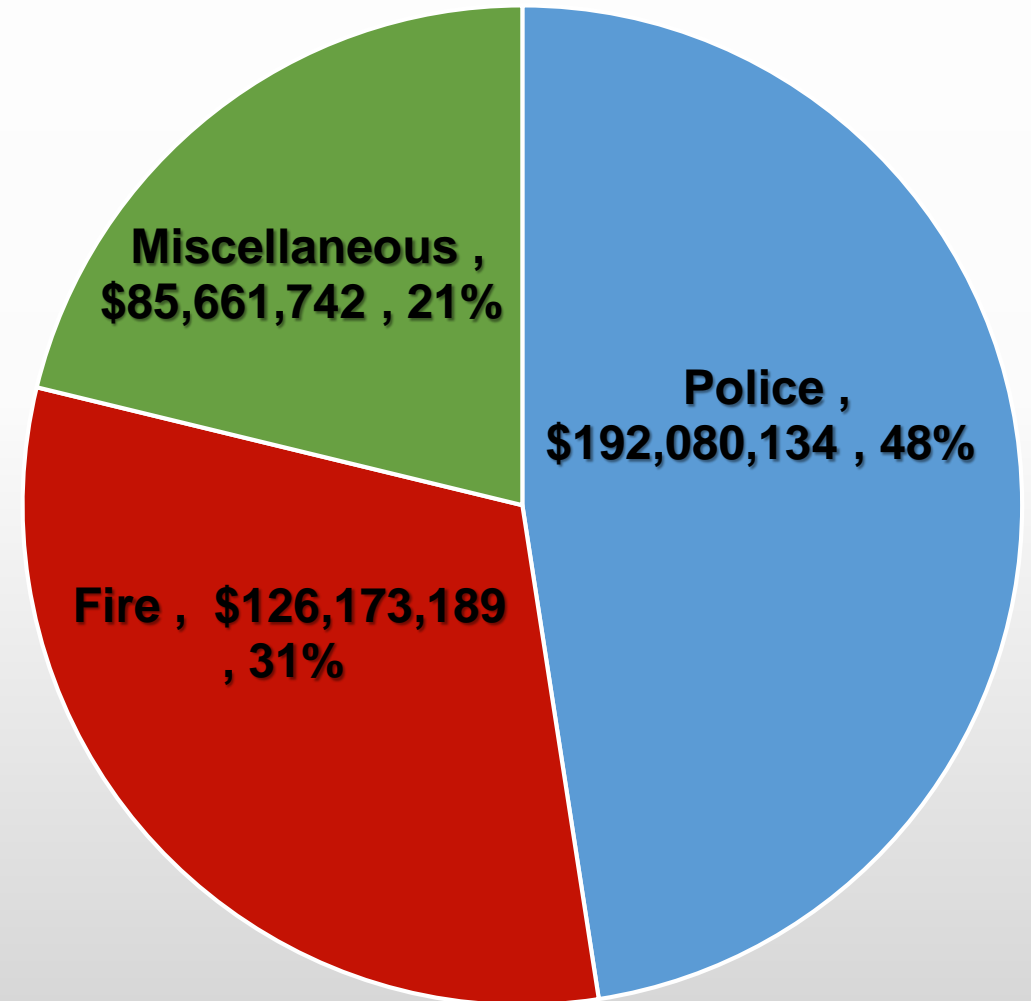
	2018	2017	Change
Police	\$ 304,617,449	\$ 277,890,624	\$ 26,726,825
Fire	\$ 175,772,828	\$ 164,632,776	\$ 11,140,052
Miscellaneous	\$ 120,864,074	\$ 108,666,898	\$ 12,197,176
Total	\$ 601,254,351	\$ 551,190,298	\$ 50,064,053



Source: CalPERS Actuarial Valuation Reports (July 2019)

Market Value of Assets - \$403,915,065

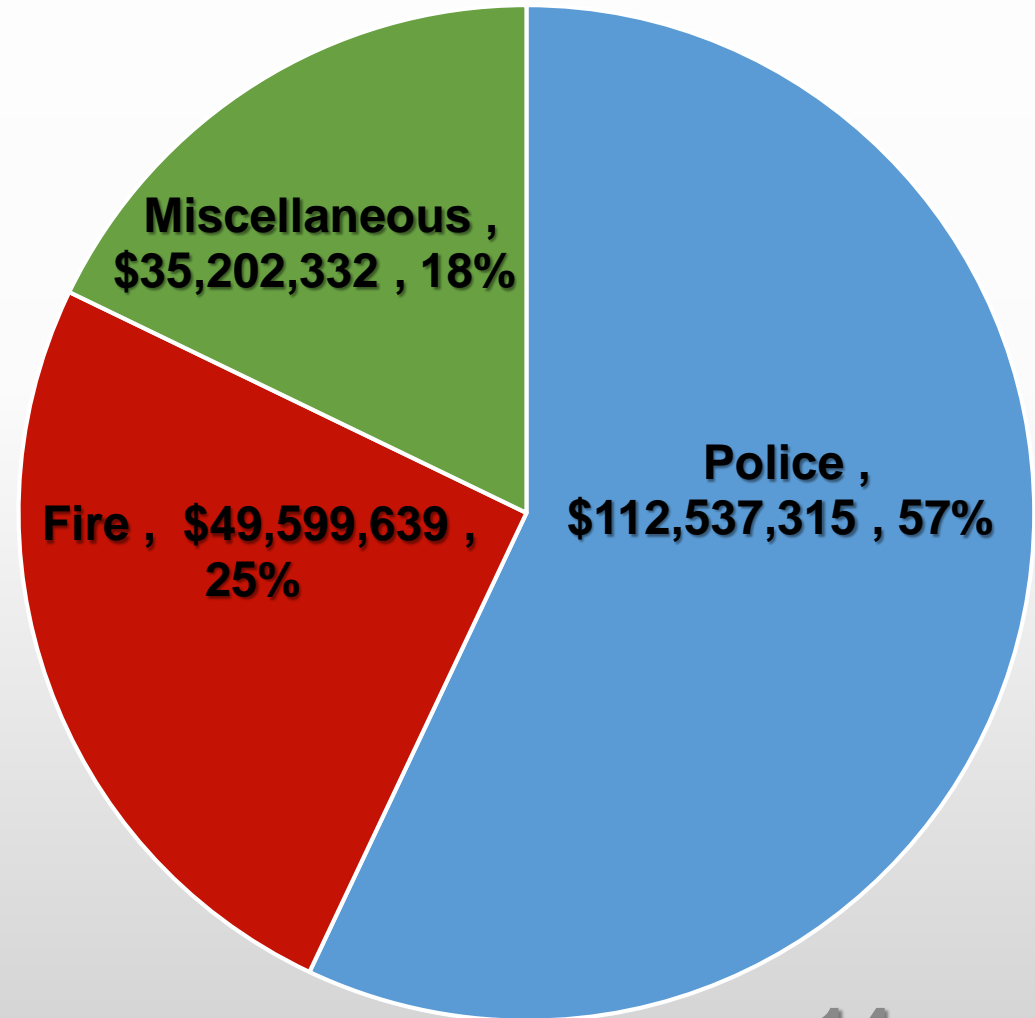
	2018	2017	Change
Police	\$ 192,080,134	\$ 180,667,238	\$ 11,412,896
Fire	\$ 126,173,189	\$ 109,373,955	\$ 16,799,234
Miscellaneous	\$ 85,661,742	\$ 78,486,898	\$ 7,174,844
Total	\$ 403,915,065	\$ 368,528,091	\$ 35,386,974



Source: CalPERS Actuarial Valuation Reports (July 2019)

Unfunded Accrued Liability (UAL) - \$197,339,286

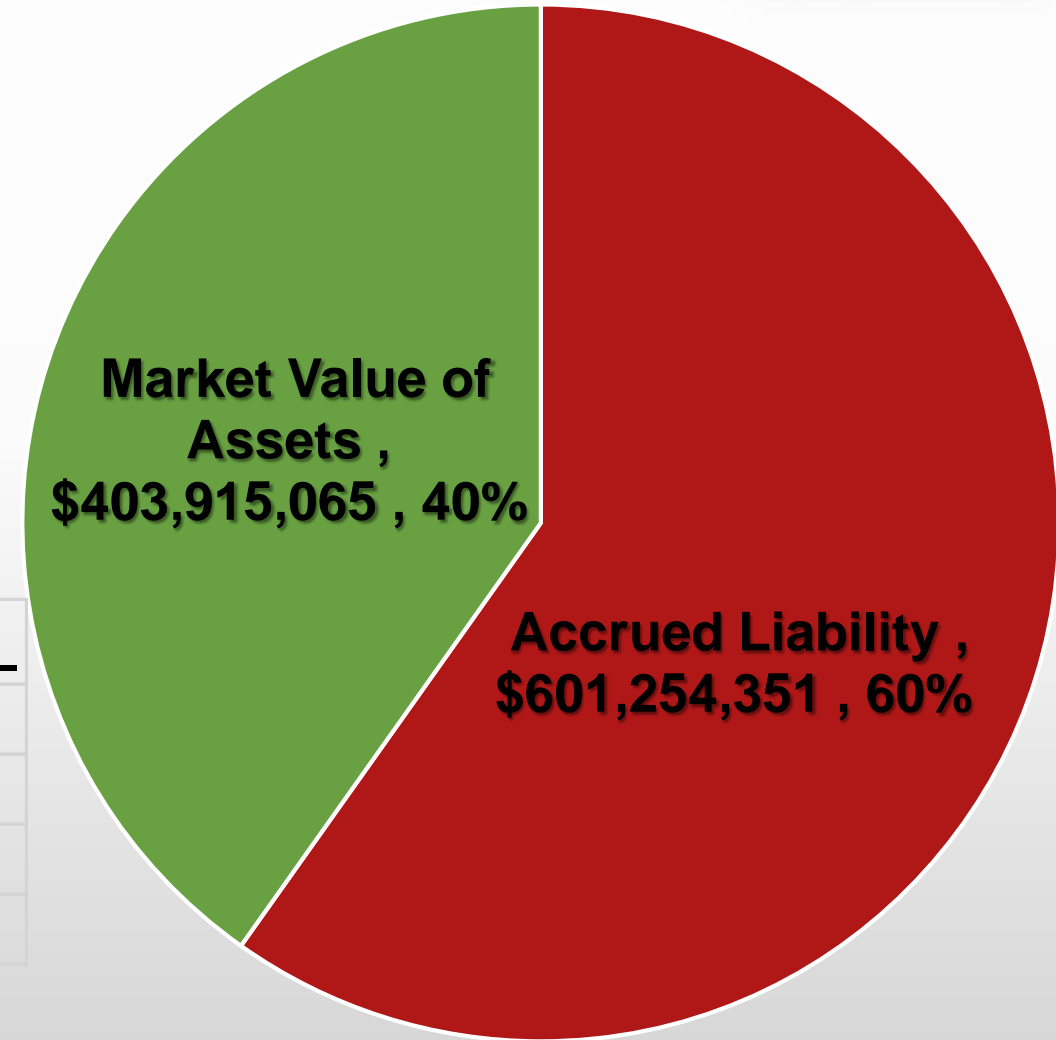
	2018	2017	Change
Police	\$ 112,537,315	\$ 97,223,386	\$ 15,313,929
Fire	\$ 49,599,639	\$ 55,258,821	\$ (5,659,182)
Miscellaneous	\$ 35,202,332	\$ 30,180,000	\$ 5,022,332
Total	\$ 197,339,286	\$ 182,662,207	\$ 14,677,079



Source: CalPERS Actuarial Valuation Reports (July 2019)

Funded Status –All Plans

67.2% Funded



	2018	2017	Change
Police	63.1%	65.0%	-2.0%
Fire	71.8%	66.4%	5.3%
Miscellaneous	70.9%	72.2%	-1.4%
Total	67.2%	66.9%	2.0%

Source: CalPERS Actuarial Valuation Reports (July 2019)

Funding History – Fire Plan

CALPERS ACTUARIAL VALUATION - June 30, 2018
Safety Fire Plan of the City of Salinas
CalPERS ID: 3206018329

Funding History

The funding history below shows the plan's actuarial accrued liability, share of the pool's market value of assets, share of the pool's unfunded liability, funded ratio, and annual covered payroll.

Valuation Date		Accrued Liability (AL)		Share of Pool's Market Value of Assets (MVA)		Plan's Share of Pool's Unfunded Liability	Funded Ratio		Annual Covered Payroll
06/30/2011	\$	124,581,284	\$	85,629,980	\$	38,951,304	68.7%	\$	8,414,175
06/30/2012		128,448,168		83,134,539		45,313,629	64.7%		8,414,028
06/30/2013		132,573,681		90,986,078		41,587,603	68.6%		8,000,478
06/30/2014		142,838,444		102,710,383		40,128,061	71.9%		7,554,581
06/30/2015		148,965,327		102,790,655		46,174,672	69.0%		6,869,970
06/30/2016		155,009,665		100,133,244		54,876,421	64.6%		6,343,770
06/30/2017		161,243,902		106,167,035		55,076,867	65.8%		6,240,599
06/30/2018		170,935,281		121,738,719		49,196,562	71.2%		5,884,382

Fire Plan - Projections

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)				
Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	25.540%	25.5%	25.5%	25.5%	25.5%	25.5%
UAL Payment	\$3,318,376	\$3,799,000	\$4,202,000	\$4,459,000	\$4,711,000	\$4,841,000

Source: CalPERS Actuarial Valuation Reports (July 2019)

Police Plan - Projections

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)				
Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	23.214%	23.2%	23.2%	23.2%	23.2%	23.2%
UAL Payment	7,161,403	8,115,000	9,025,000	9,664,000	10,233,000	10,514,000
<i>Total as a % of Payroll*</i>	<i>58.8%</i>	<i>62.5%</i>	<i>65.7%</i>	<i>67.5%</i>	<i>68.9%</i>	<i>68.9%</i>
<i>Projected Payroll</i>	<i>20,113,506</i>	<i>20,666,627</i>	<i>21,234,959</i>	<i>21,818,921</i>	<i>22,418,941</i>	<i>23,035,462</i>

Source: CalPERS Actuarial Valuation Reports (July 2019)

Funding History – Police Plan

Funding History

The table below shows the recent history of the actuarial accrued liability, the market value of assets, the funded ratio and the annual covered payroll.

Valuation Date	Accrued Liability	Market Value of Assets (MVA)	Unfunded Liability	Funded Ratio	Annual Covered Payroll
06/30/11	\$ 198,216,423	\$ 138,403,426	\$ 59,812,997	69.8%	\$ 16,697,755
06/30/12	209,153,100	134,903,853	74,249,247	64.5%	16,250,660
06/30/13	219,553,709	148,614,202	70,939,507	67.7%	16,106,619
06/30/14	236,343,711	170,077,403	66,266,308	72.0%	15,043,025
06/30/15	242,643,545	169,144,103	73,499,442	69.7%	15,257,314
06/30/16	257,305,352	165,835,254	91,470,098	64.5%	15,742,155
06/30/17	277,890,624	180,667,238	97,223,386	65.0%	17,486,497
06/30/18	304,617,449	192,080,134	112,537,315	63.1%	18,541,390

Source: CalPERS Actuarial Valuation Reports (July 2019)

Police Plan – Participant Benefit Groups

CalPERS Actuarial Valuation – June 30, 2018
Safety Police Plan of the City of Salinas
Participant Data

Appendix D

Normal Cost by Benefit Group

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2020-21	Number of Actives	Payroll on 6/30/2018
271	Safety Police First Level	33.774%	90	12,649,336
25244	Safety Police PEPRA Level	26.324%	46	3,987,958
30341	Safety Police Second Level	42.018%	17	1,952,989

Source: CalPERS Actuarial Valuation Reports (July 2019)

Contribution History – Police Plan



CalPERS Actuarial Valuation - June 30, 2018
Safety Police Plan of the City of Salinas
CalPERS ID: 3206018329

Development of Accrued and Unfunded Liabilities

	June 30, 2017	June 30, 2018
1. Present Value of Projected Benefits		
a) Active Members	\$ 131,195,343	140,759,491
b) Transferred Members	9,058,061	9,705,906
c) Terminated Members	3,192,164	3,745,097
d) Members and Beneficiaries Receiving Payments	181,699,565	202,975,154
e) Total	<u>\$ 325,145,133</u>	<u>357,185,648</u>

Source: CalPERS Actuarial Valuation Reports (July 2019)



Active Members

Attained Age	Years of Service at Valuation Date						Total
	0-4	5-9	10-14	15-19	20-24	25+	
15-24	8	0	0	0	0	0	8
25-29	25	1	0	0	0	0	26
30-34	14	8	3	0	0	0	25
35-39	2	1	18	1	0	0	22
40-44	2	1	9	10	2	0	24
45-49	1	0	11	9	6	1	28
50-54	2	0	1	8	2	5	18
55-59	0	0	0	0	0	0	0
60-64	1	0	0	0	0	1	2
65 and over	0	0	0	0	0	0	0
All Ages	55	11	42	28	10	7	153

Miscellaneous Plan - Projections

	Required Contribution	Projected Future Employer Contributions (Assumes 7.00% Return for Fiscal Year 2018-19)				
Fiscal Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Normal Cost %	9.049%	9.0%	9.0%	9.0%	9.0%	9.0%
UAL Payment	2,469,429	2,834,000	3,163,000	3,381,000	3,581,000	3,679,000
<i>Total as a % of Payroll*</i>	<i>20.4%</i>	<i>21.7%</i>	<i>22.8%</i>	<i>23.4%</i>	<i>23.8%</i>	<i>23.8%</i>
<i>Projected Payroll</i>	<i>21,784,743</i>	<i>22,383,823</i>	<i>22,999,378</i>	<i>23,631,861</i>	<i>24,281,737</i>	<i>24,949,485</i>

Source: CalPERS Actuarial Valuation Reports (July 2019)

Miscellaneous Plan – Participants

CalPERS Actuarial Valuation – June 30, 2018
Miscellaneous Plan of the City of Salinas
Participant Data

Normal Cost by Benefit Group

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2020-21	Number of Actives	Payroll on 6/30/2018
269	Miscellaneous First Level	16.705%	190	14,004,331
26237	Miscellaneous PEPRA Level	13.811%	107	6,205,071

Source: CalPERS Actuarial Valuation Reports (July 2019)

Employer and Employee Rates



	Classic Employer	Classic Employee	PEPRA Employer/ee
Police	23.2%	12.0%	13.2%
Fire	25.5%	12.0%	13.3%
Miscellaneous	9.0%	7.0%	7.0%

Source: CalPERS Actuarial Valuation Reports (July 2019)

Benefit Formulas, Active Participants and Savings



	<u>Classic</u>	<u>Tier 1- 7/1/2011</u>	<u>PEPRA - 1/1/2013</u>	<u>Tier 2 - 7/1/2014</u>
Police	3% @ 50	3% @ 55	2.7% @ 57	
Fire	3% @ 50	3% @ 55	2.7% @ 57	2.5% @ 57
Miscellaneous	2% at 55		2% at 62	

	<u>Classic</u>	<u>Tier 1- 7/1/2011</u>	<u>PEPRA - 1/1/2013</u>	<u>Tier 2 - 7/1/2014</u>
Police	90	17	46	
Fire	45	16	0	28
Miscellaneous	190		107	

PEPRA & Tier Savings Per Year

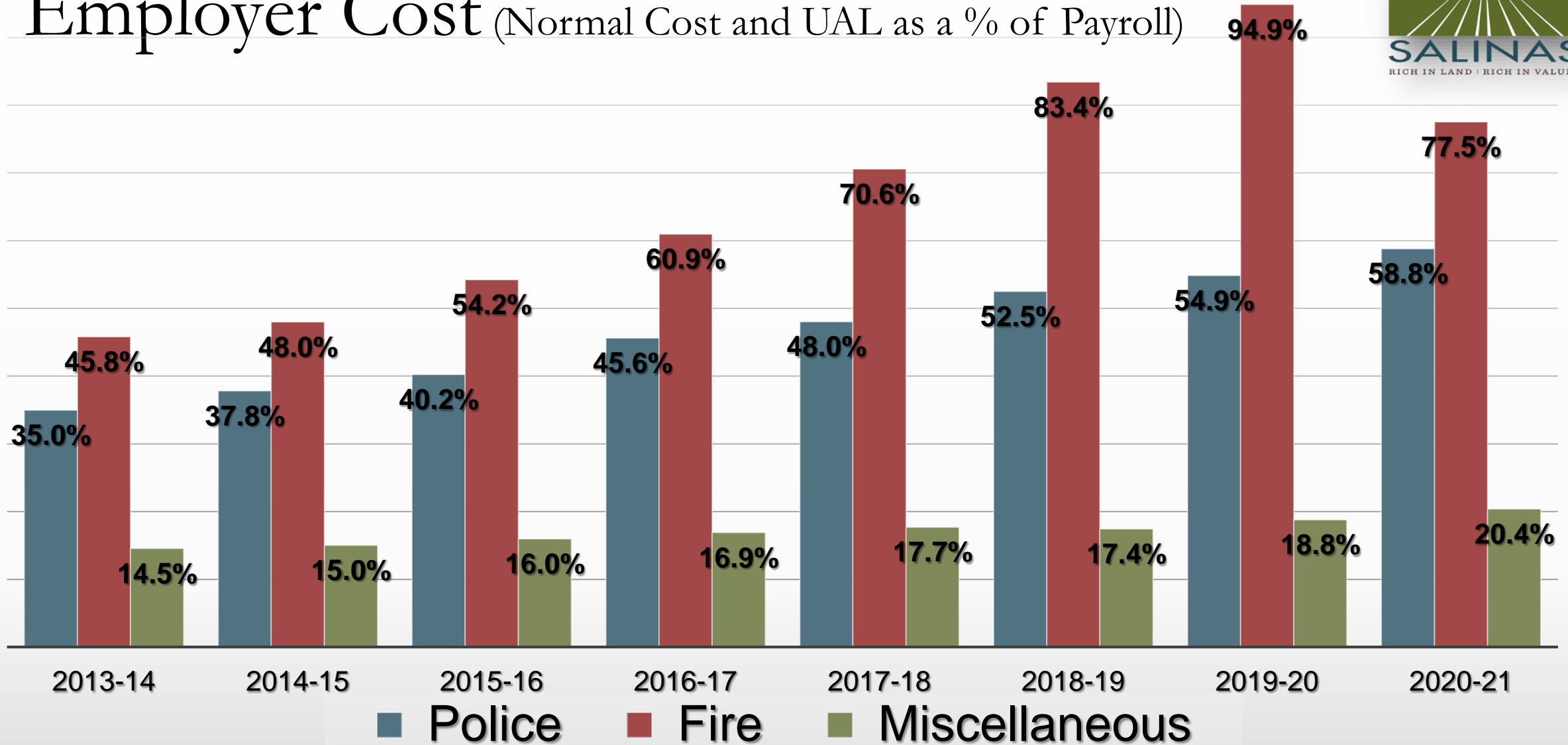
Police	\$	267,750
Fire		187,000
Miscellaneous		74,500
	\$	529,250

Source: CalPERS Actuarial Valuation Reports (July 2019)

3/3/2020

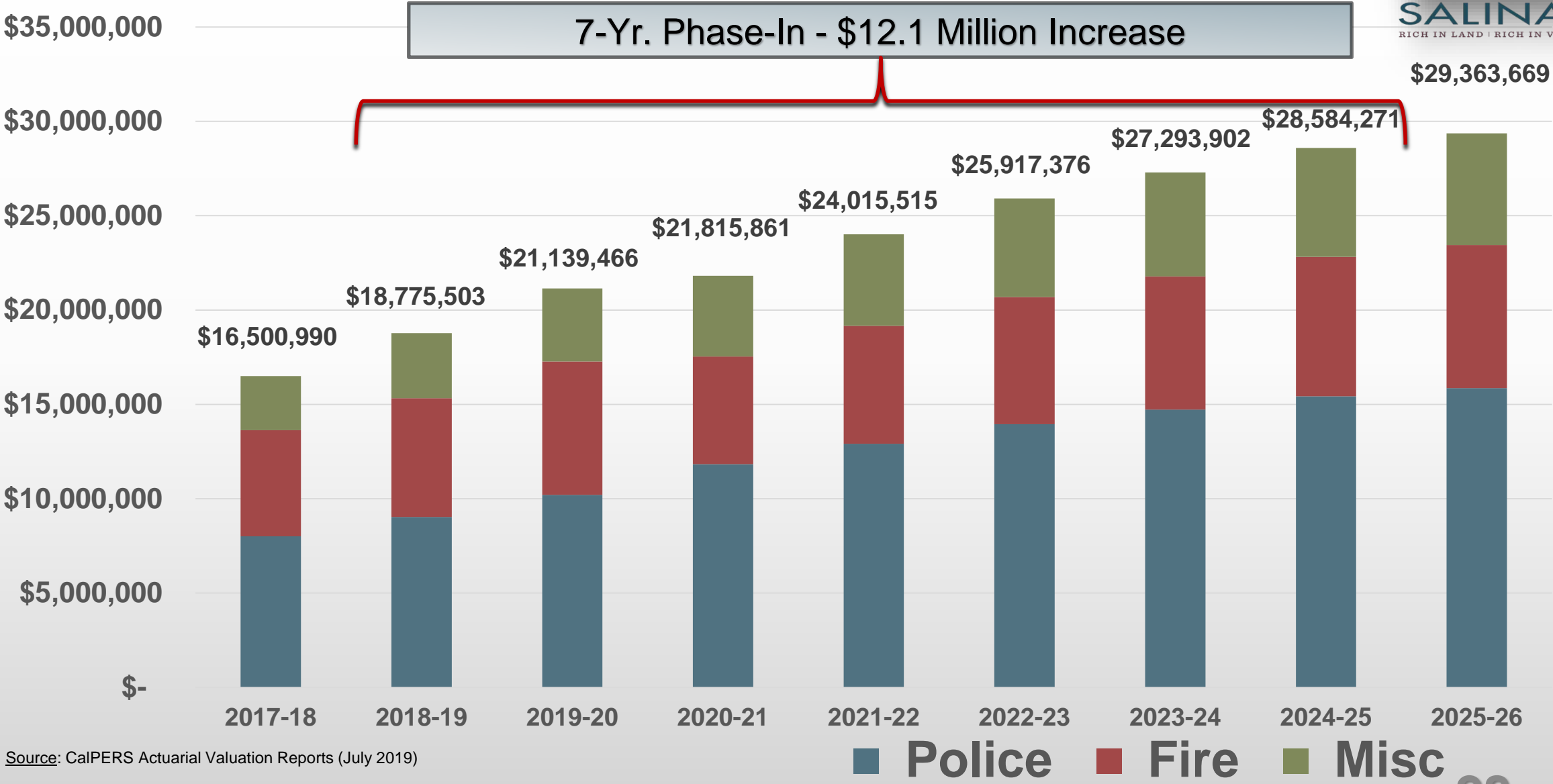
CalPERS Actuarial Update

Employer Cost (Normal Cost and UAL as a % of Payroll)



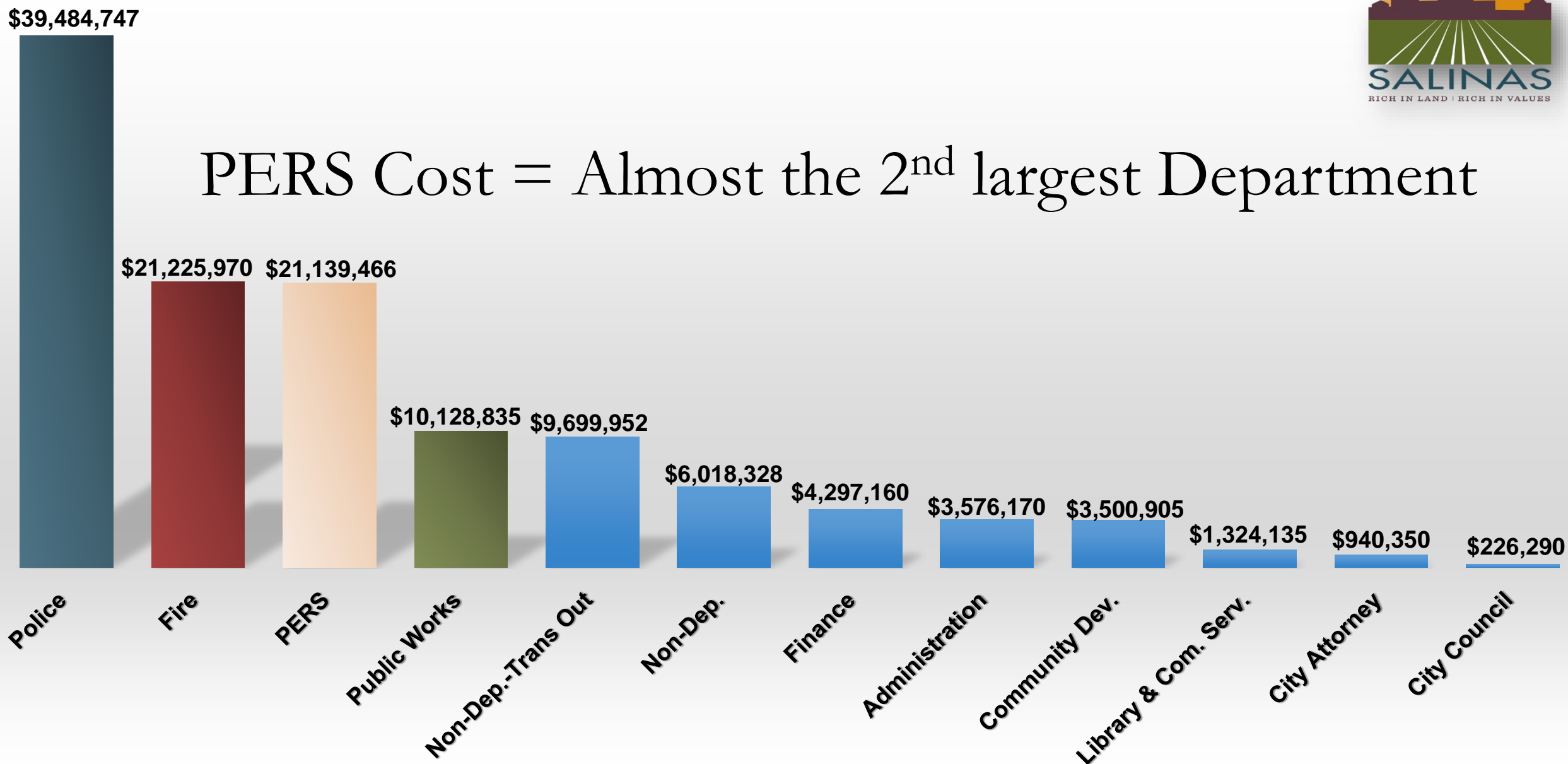
Source: CalPERS Actuarial Valuation Reports

CITY OF SALINAS CalPERS Cost



Source: CalPERS Actuarial Valuation Reports (July 2019)

PERS Cost = Almost the 2nd largest Department



Questions?