

Pension Funding Policy Examples				
Pension Funding Policy Elements	Example 1: CalPERS (Baseline)	Example 2: Lower Funding Target	Example 3: Medium Funding Target	Example 4: Higher Funding Target
% Funded Goal (Range)	100%, no lower element of range	80%-100%; Target of 85%	80% - 100%; Target of 95%	90% - 100%+; Target of 100%+
Time Frame	30 years	Within 10 years	Within 10 years	Within 10 years
Funding Components	Normal Cost (NC) calculated at 7.0% Discount Rate	(+) Contribute \$2.5m identified to 115 Trust	(+) Identify funding for the pension obligation through budget	(+) Recalculate the NC with 6% DR
	Changes in actuarial assumptions amortized over 20 years	(+) Using a more conservative discount rate (DR) 6.5% for calculation of normal cost	(+) Amend Reserve Policy, 50% excess BSR can be allocated for pension costs (all funds contribute a commensurate amount)	(+) Amend existing BSR policy, 100% excess BSR allocated for pension costs (all funds contribute a commensurate amount)
	UAL amortized over 30 years for gains/losses; calculated at 7% Discount Rate (20 years beginning 6/30/2021)			

<p style="text-align: center;"><b>Allowable Uses of Funding Components</b></p>	<p>NC covers pay-go portion ; UAL portion pays off unfunded liability in 30 years if CalPERS investment returns met</p>	<p>(+) Reach one-year of funding for CalPERS ADC in 115 Trust Fund (invest moderately); subsequent proactive funding to CalPERS as ADP</p>	<p>(+) Fresh start in concept for the Safety group, beginning in a target year</p>	<p>(-) Contractual Fresh Start for the Safety group beginning in a target year in-leiu of fresh start in concept</p>
<p style="text-align: center;"><b>Service Delivery Outcomes</b></p>	<p>Continue services throughout the City including the ability to keep up with cost of doing business as well as limited strategic investments.</p>	<p>Continue current service levels, limitations on additional service delivery including an ability to keep up with the cost of doing business. Prioritization would continue to be necessary annually through the budget process.</p>	<p>(+) City Manager to identify plan to address additional contributions to pension as part of annual budget process/ (+) Impacts on service delivery and/or structural additional revenue</p>	<p>(+) Significant adverse impacts on service delivery levels; additional revenue</p>
<p style="text-align: center;"><b>Fiscal Impact</b></p>	<p>Approx \$4.05m total pension cost for FY24</p>	<p>Approx \$4.41m total pension cost for FY24</p>	<p>Approx \$5.23m total pension cost for FY24</p>	<p>Approx \$6.42m total pension cost for FY24</p>

**(+) Indicates that this is in addition to the step to the left while (-) indicates that this is instead of the step to the left.**