

CalPERS Unfunded Liability

September 9, 2024



CalPERS Background

- Normal Cost
- UAL
 - 6 different plans
- Number of factors affect annual UAL payments
 - Discount rate
 - How well market does
- UAL payments will grow to exceed our ability to pay without a change in our funding strategy



City's annual contribution for last few years

- Lena's slide
- Look at Department budgets to compare with our annual costs and UAL payments



Current UAL and Funding Levels

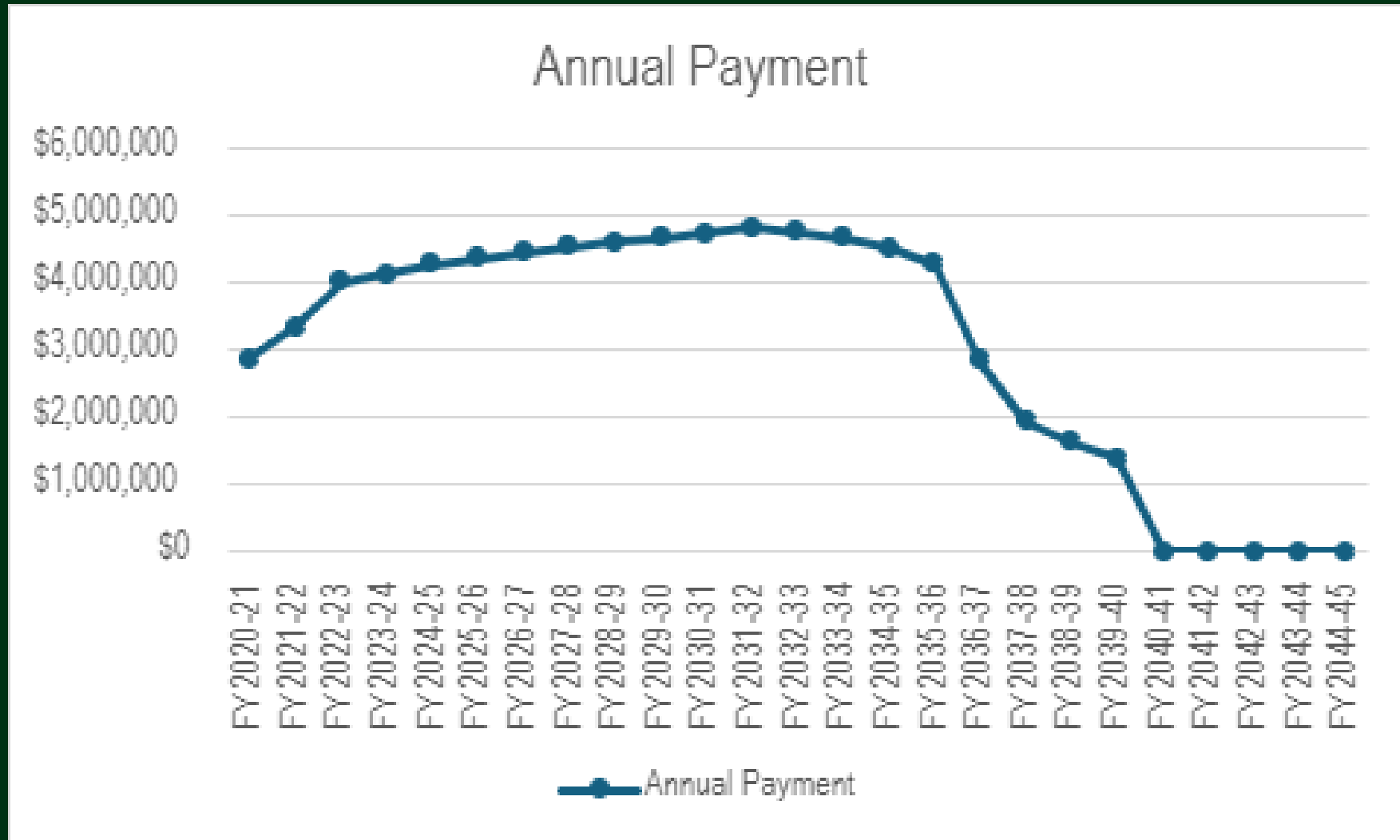
	Misc Tier 1	Misc Tier 2	Misc PEPRAs	Safety Tier 1	Safety Tier 2	Safety PEPRAs	Totals
Accrued Liability	\$85,457,075	\$3,810,153	\$4,934,124	\$69,486,878	\$4,756,309	\$1,210,422	\$169,654,961
Market Value of Assets	\$59,989,833	\$3,401,832	\$4,390,952	\$48,154,844	\$4,235,667	\$1,079,982	\$121,253,110
Unfunded Liability	\$25,467,242	\$408,321	\$543,172	\$21,332,034	\$520,642	\$130,440	\$48,401,851
Funding Ratio	70.20%	89.28%	88.99%	69.30%	89.05%	89.22%	71.47%

FY 2022 Actuarial Data

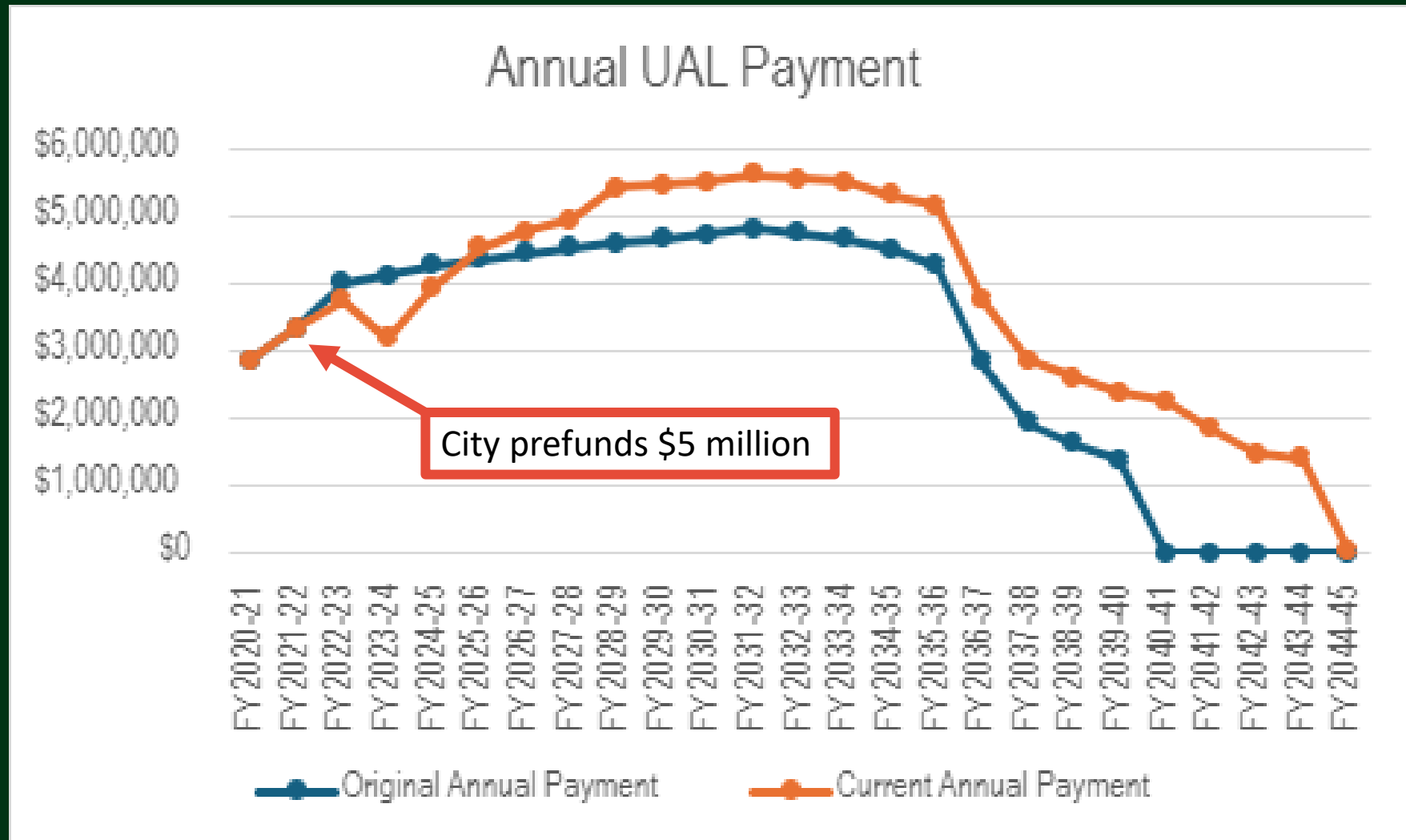


FY 2020/21 – UAL Payment ADP

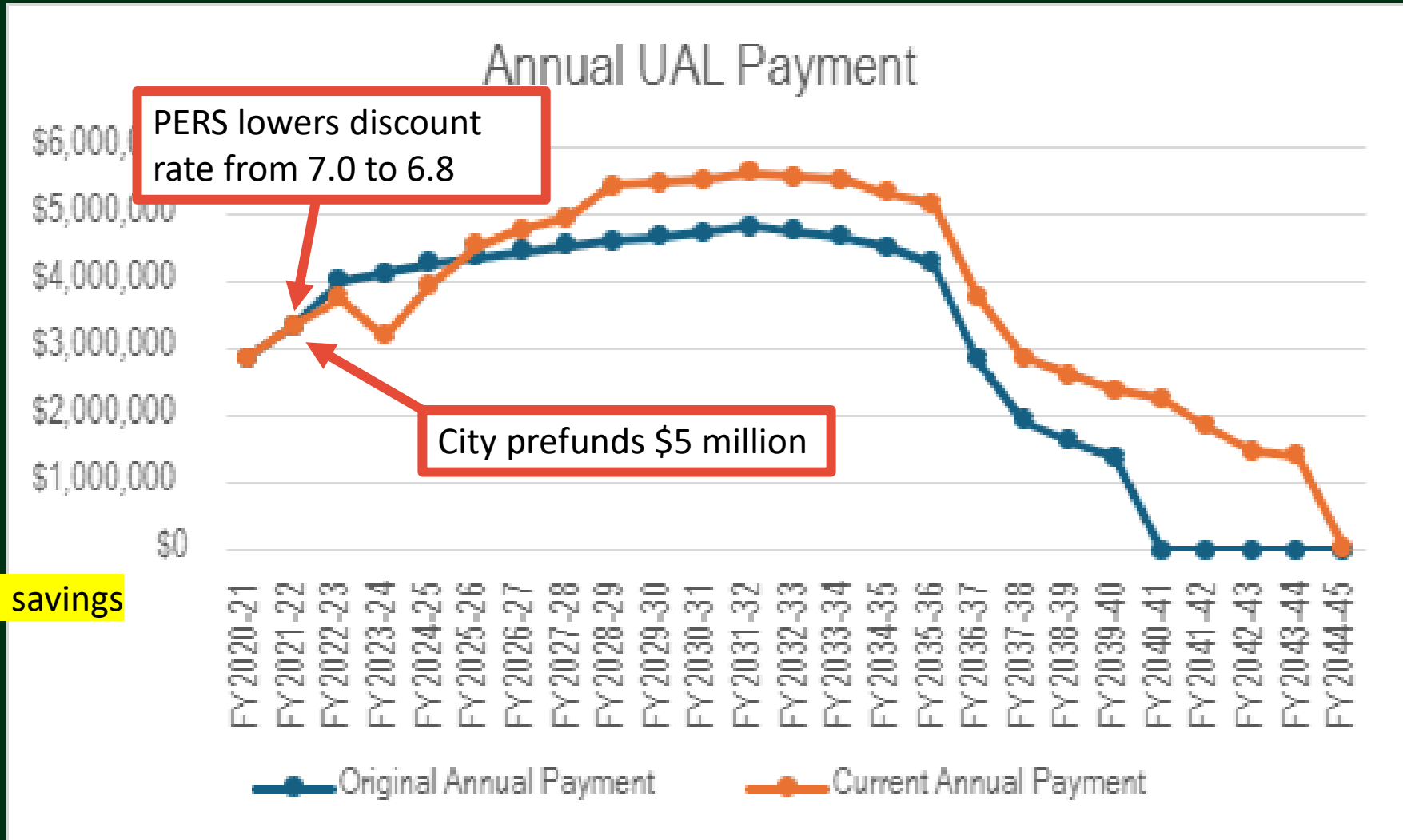
NOTE: Only UAL payment



FY 2020/21 – Post-additional discretionary payment

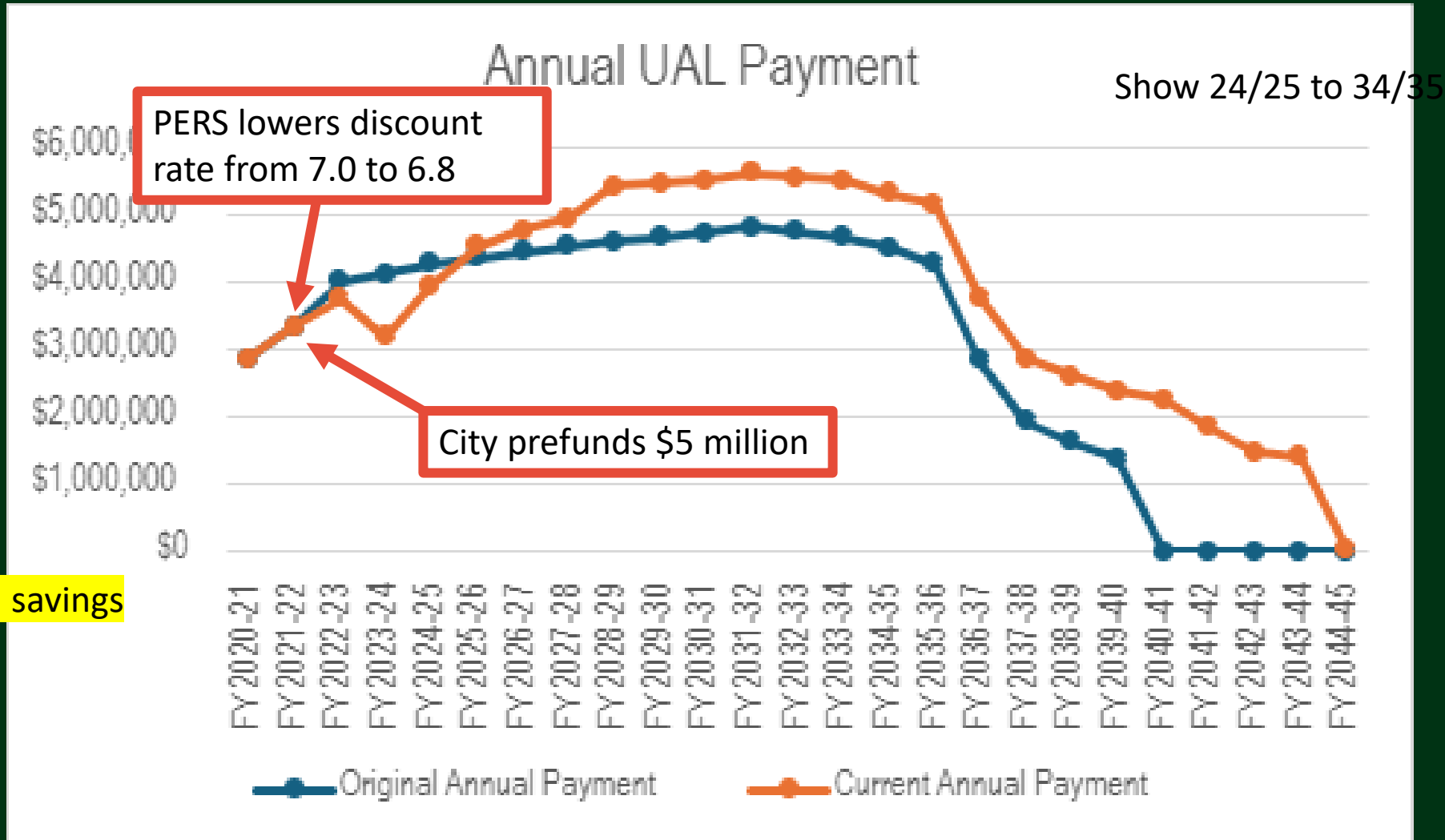


FY 2020/21 – Post-additional discretionary payment



\$1.5 million savings

FY 2020/21 – Post-additional discretionary payment



\$1.5 million savings

Additional Discretionary Pre-payment

- Table of current annual UAL
- Target 85% funded
 - Do nothing hit in 2033
 - Pre-fund can reach by XXXXX and reduce payments by \$XXX
 - CalPERS targeting ???? For discount rate
- Once hit funding level, start 115 Trust and use earnings to further offset impact to General Fund



Lena's slides



Current strategy

- Pre-fund UAL until reach target amount (as funds available) – shift to budgeting \$1 to \$2 million annually
 - Only Miscellaneous Tier 1 and Safety Tier 1 Plans
- Determine target funding rate for UAL
 - Pre-fund until reach target amount (use PERS Reserve dollars)
 - Then establish 115 Trust and use to offset future annual UAL payments



Questions for next month

- What level to fund at? 85%? 90%?
- Should we establish a 115 Trust?
 - Commission will receive a presentation on 115 Trusts at October meeting

