



TOWN OF LOS GATOS
FINANCE COMMISSION REPORT

MEETING DATE: 09/09/2024

ITEM NO: 6

DATE: August 20, 2024
TO: Finance Commission
FROM: Laurel Prevetti, Town Manager
SUBJECT: Receive the CalPERS Actuarial Valuation Reports as of June 30, 2023

RECOMMENDATION:

Receive the CalPERS Actuarial Valuation Reports as of June 30, 2023.

BACKGROUND:

The Town's pension plans are administered by the Board of Administration of the California Public Employees' Retirement System (CalPERS). The Board of Administration is responsible for the management and control of CalPERS. In addition, the Board has exclusive control of the administration and investment of funds. Sworn employees are covered under the Safety Plan, which is a pooled plan, while all other employees are covered in the Miscellaneous Plan, which is a separate plan. The Miscellaneous Plan is administered by CalPERS in the Public Employees' Retirement Fund (PERF).

In order for the Town to understand the value of future pension benefit payments, actuarial valuations are performed each year for the pension plans. The CalPERS actuary estimates the payments that will be made for all potential retirees from each plan in each future year. The actuary calculates the present value of future benefits the plan will be required to pay to its current participants: those still working who will retire in the future, retirees, and those who have terminated employment but have not yet begun drawing benefits.

The 2023 valuation reports provide the determination of the minimum required employer contributions for fiscal year (FY) 2025/26. In addition, the reports also contain important information regarding the current financial status of the plans as well as projections and risk measures to aid in planning for the future.

PREPARED BY: Gitta Ungvari
Finance Director

Reviewed by: Town Manager, Assistant Town Manager, and Town Attorney

DISCUSSION:

Staff has received the annual Actuarial Valuation Reports from CalPERS for the Miscellaneous Plan (Attachment 1), the Safety Plan (Attachment 2), and the PEPRA Safety Police Plan (Attachment 3). The measurement date for each of the Plans is as of June 30, 2023.

The Town's Safety Plan funded status stood at 68.1% compared to 68.7% for the 2022 valuation. The Town's Safety PEPRA Plan had a funded status of 87.1% versus 87.6% for 2022 and the Miscellaneous Plan funded status of 75.3% compared to 75.9% in 2022.

June 30, 2022	Miscellaneous Plan	Safety Plan	PEPRA Safety Plan
Accrued Liability	\$131,964,738	\$113,873,815	\$2,281,357
Market Value of Assets	\$99,158,305	\$77,496,417	\$1,987,482
Unfunded Accrued Liability	\$32,536,433	\$36,374,398	\$293,875
Funded Ratio	75.3%	68.1%	87.1%

These reports are posted on the Town's website: <https://www.losgatosca.gov/1861/CalPERS-and-OPEB-Actuarial-Valuation-Rep>. The Town Pension and OPEB Trusts Oversight Committee will receive this report on its September 17, 2024 regular meeting.

CONCLUSION:

Receive the CalPERS Actuarial Valuation Reports as of June 30, 2023.

COORDINATION:

This staff report was coordinated with the Town Manager, Assistant Town Manager, and Town Attorney.

FISCAL IMPACT:

There is no fiscal impact from receipt of these reports.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

PAGE 3 OF 3

SUBJECT: CalPERS Actuarial Valuations 2023

DATE: August 20, 2024

Attachments:

1. CalPERS Annual Valuation Report as of June 30, 2023 – Miscellaneous Plan of the Town of Los Gatos
2. CalPERS Annual Valuation Report as of June 30, 2023 – Safety Plan of the Town of Los Gatos
3. CalPERS Annual Valuation Report as of June 30, 2023 – PEPRSA Safety Police Plan of the Town of Los Gatos