



**CITY OF PACIFICA**  
**MISCELLANEOUS & SAFETY PLANS**

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**BARTEL**  
ASSOCIATES, LLC

CalPERS Actuarial Issues – 6/30/17 Valuation

**Doug Pryor, Vice President**  
Bianca Lin, Assistant Vice President  
James Yuan, Associate Actuary  
**Bartel Associates, LLC**

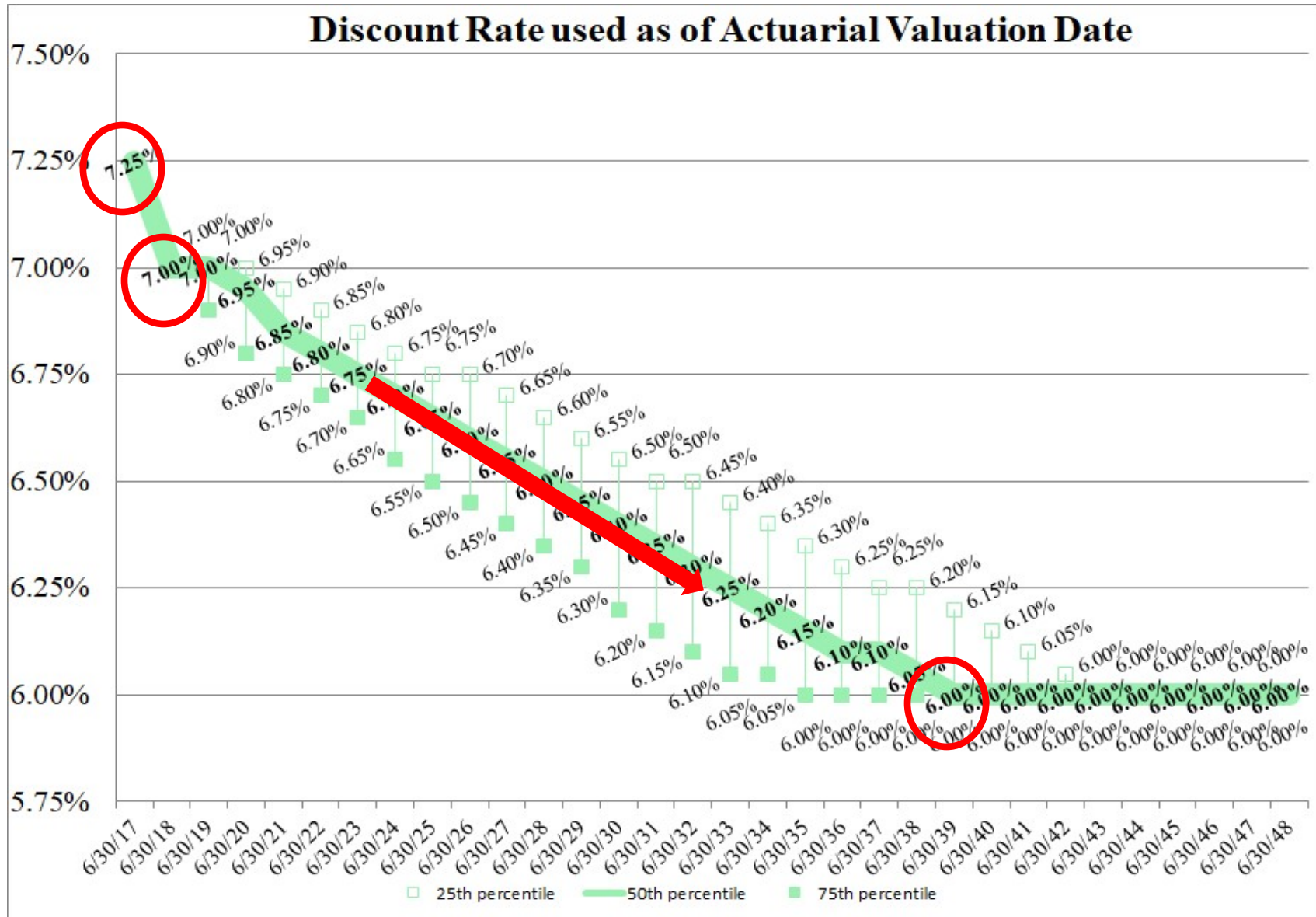
November 26, 2018

# CALPERS CHANGES

- Contribution policy changes: ←
  - No asset smoothing
  - No rolling amortization
  - 5-year ramp up
  - Included in 6/30/13 valuation (first impact 15/16 rates; full impact 19/20) ←
- CalPERS Board changed their discount rate: ←
 

	<u>Rate</u>	<u>Initial</u>	<u>Full</u>
● 6/30/16 valuation	7.375%	18/19	22/23
● 6/30/17 valuation	7.25%	19/20	23/24
● 6/30/18 valuation	7.00%	20/21	24/25
- Risk Mitigation Strategy ←
  - Move to more conservative investments over time to reduce volatility
  - Only when investment return is better than expected ←
  - Lower discount rate in concert ←
  - Essentially use ≈50% of investment gains to pay for cost increases
  - Likely get to 6.0% over 20+ years

# CALPERS CHANGES



# FUNDED STATUS - MISCELLANEOUS

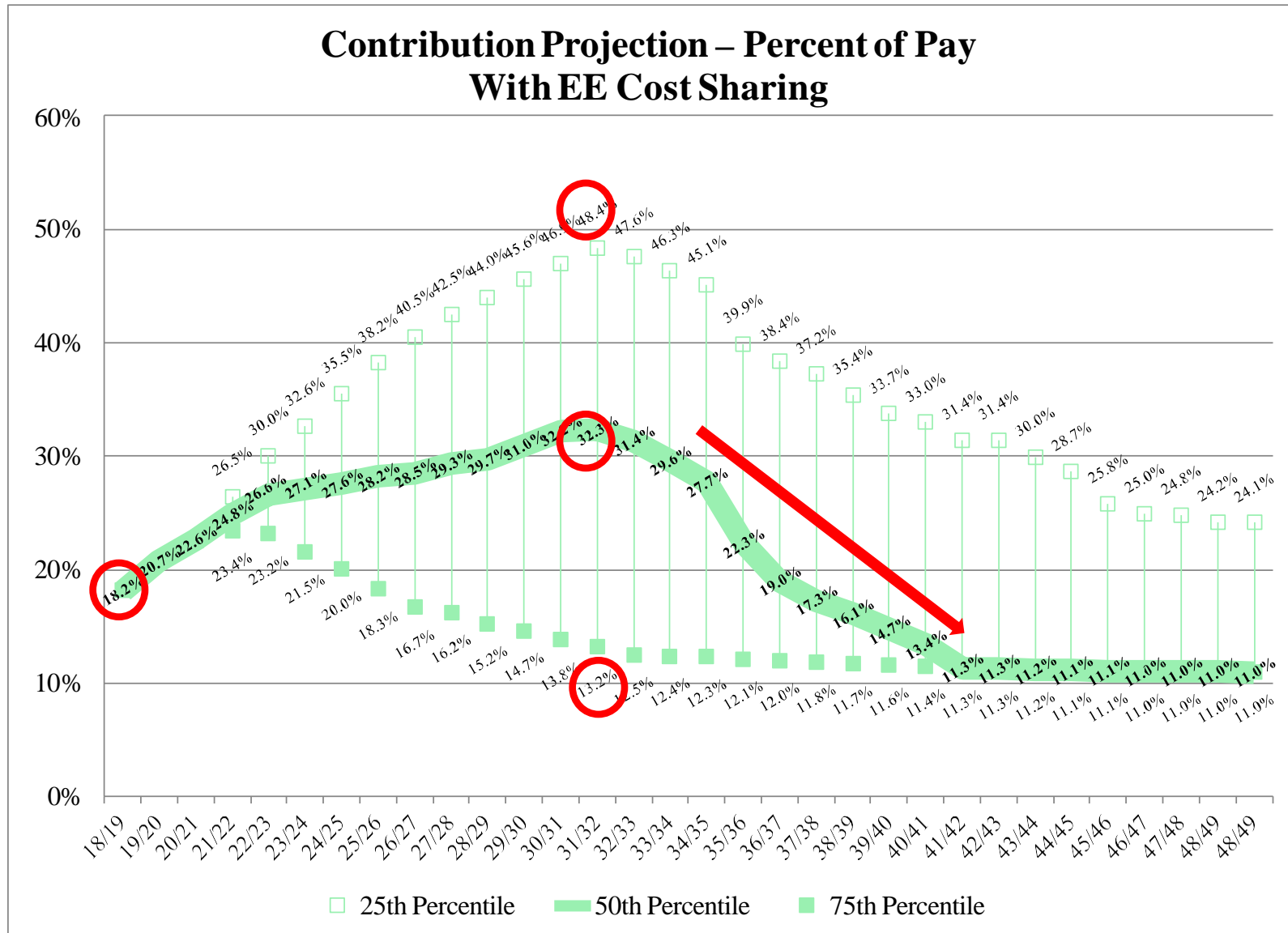
## Discount Rate Sensitivity

June 30, 2017

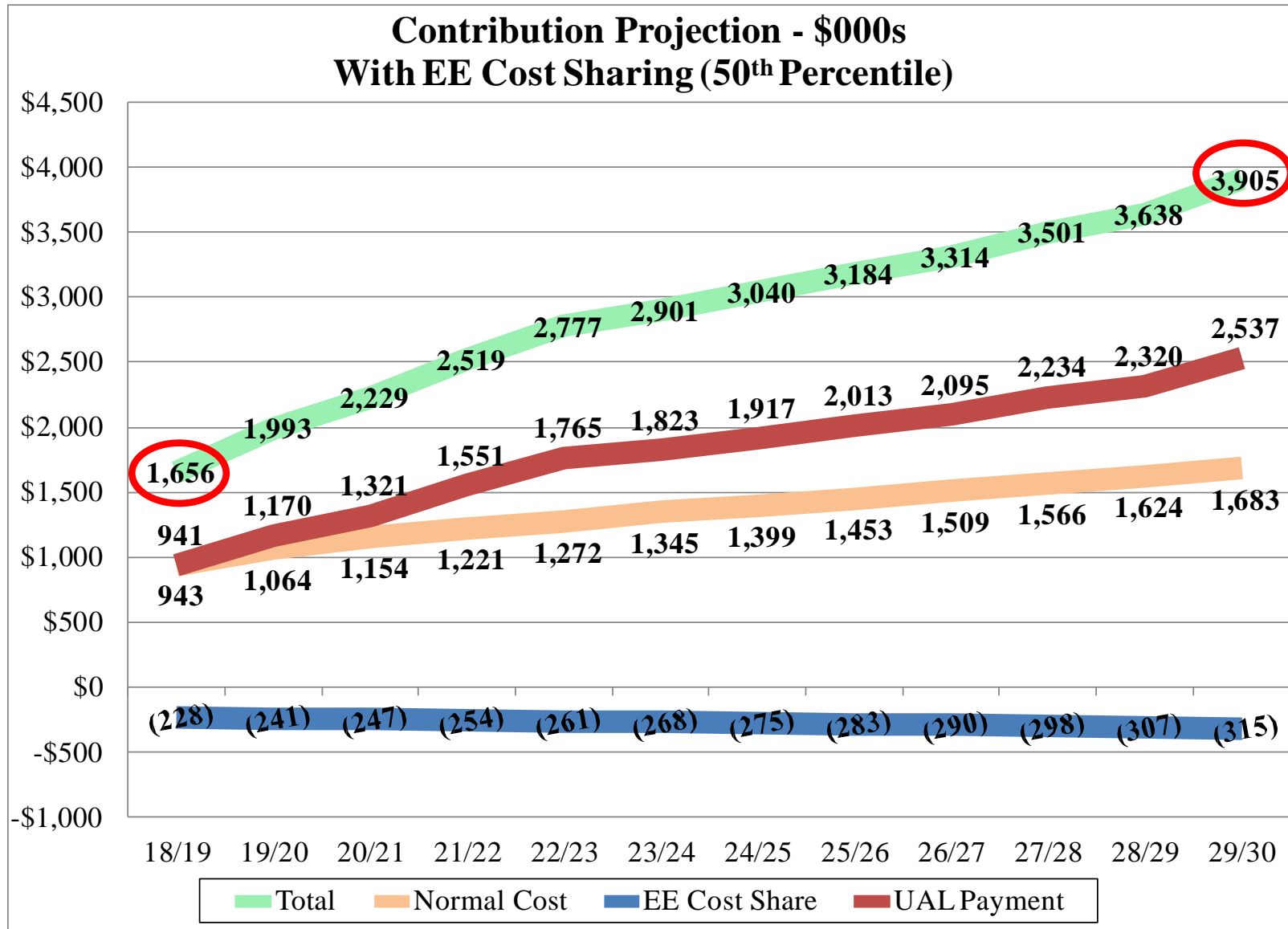
	<u>Discount Rate</u>		
	<u>7.25%</u>	<u>7.00%</u>	<u>6.00%</u>
<b>AAL</b>	→ \$ 94,200,000	\$ 96,700,000	\$ 109,500,000
<b>Assets</b>	→ 78,200,000	78,200,000	78,200,000
<b>Unfunded Liability</b>	→ 16,000,000	→ 18,500,000	→ 31,300,000
<b>Funded Ratio</b>	83.0%	80.9%	71.4%



# CONTRIBUTIONS - MISCELLANEOUS



# CONTRIBUTIONS - MISCELLANEOUS



**FUNDED STATUS – SAFETY POLICE**

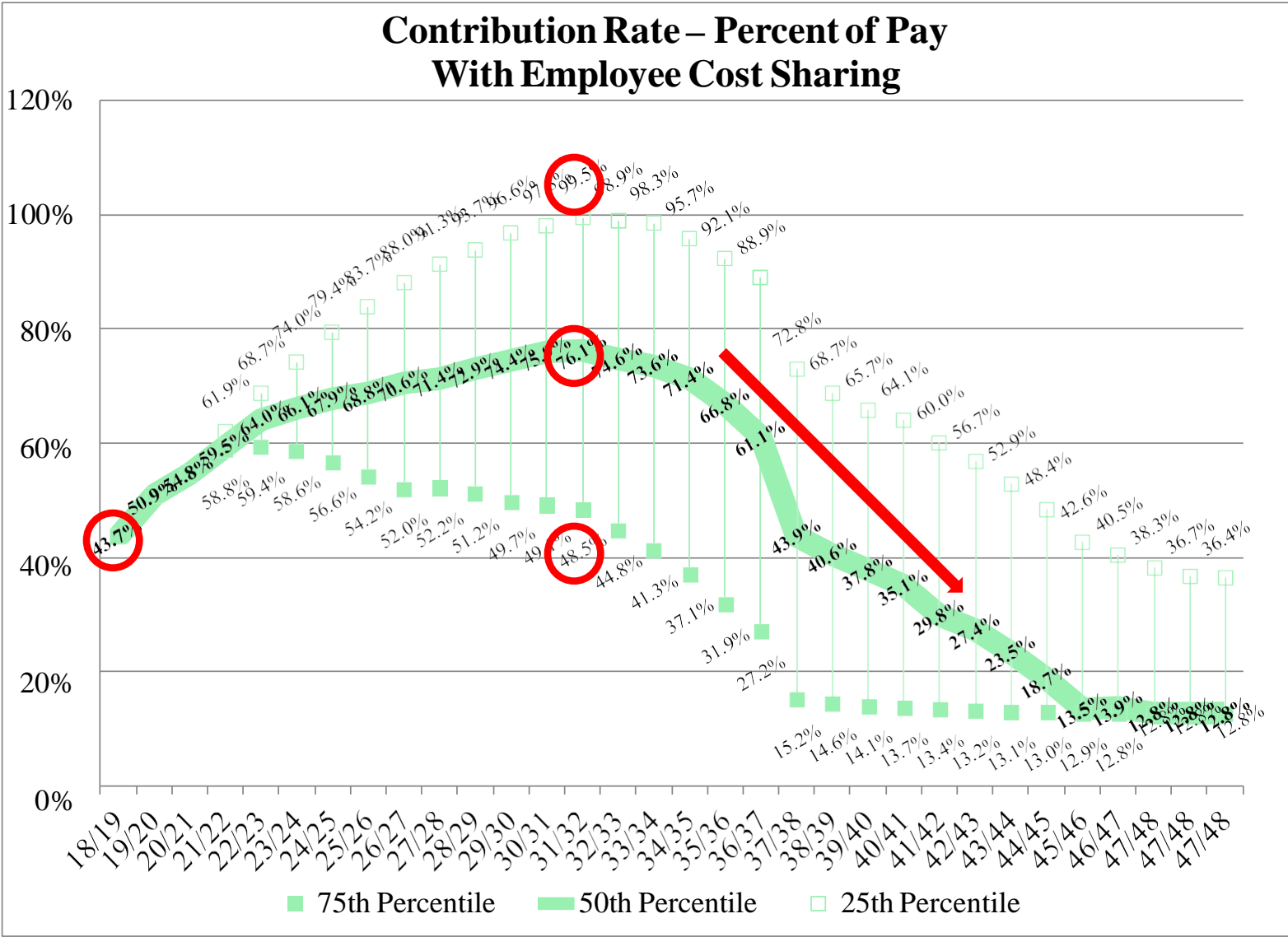
**Discount Rate Sensitivity**

**June 30, 2017**

	<b>Discount Rate</b>		
	<b><u>7.25%</u></b>	<b><u>7.00%</u></b>	<b><u>6.00%</u></b>
<b>AAL</b>	\$ 71,500,000	\$ 73,600,000	\$ 83,700,000
<b>Assets</b>	<u>51,700,000</u>	<u>51,700,000</u>	<u>51,700,000</u>
<b>Unfunded Liability</b>	19,800,000	21,900,000	32,000,000
<b>Funded Ratio</b>	72.3%	70.2%	61.8%

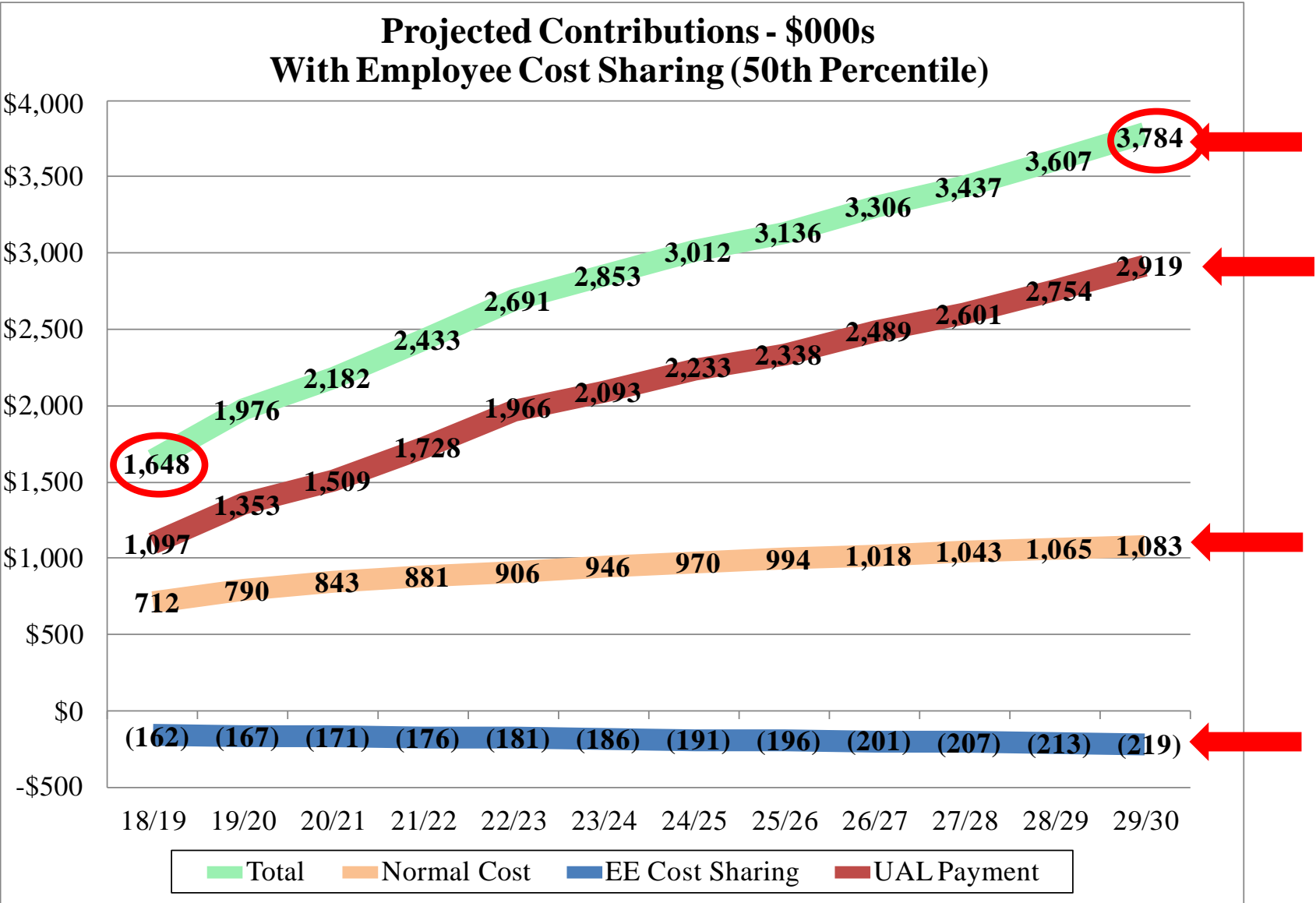


# CONTRIBUTION PROJECTIONS – SAFETY POLICE





# CONTRIBUTION PROJECTIONS – SAFETY POLICE



# FUNDED STATUS – SAFETY FIRE

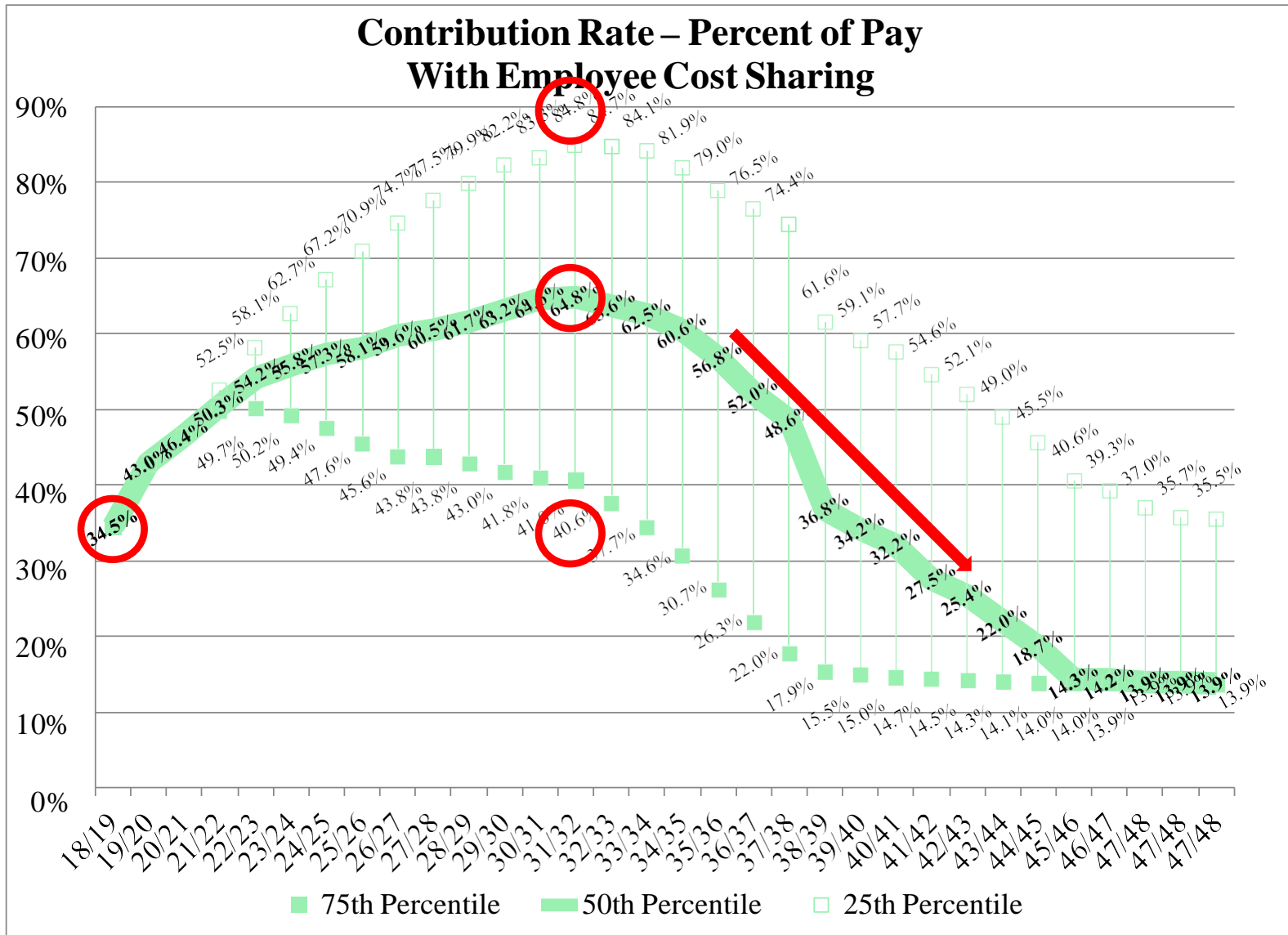
## Discount Rate Sensitivity

**June 30, 2017**

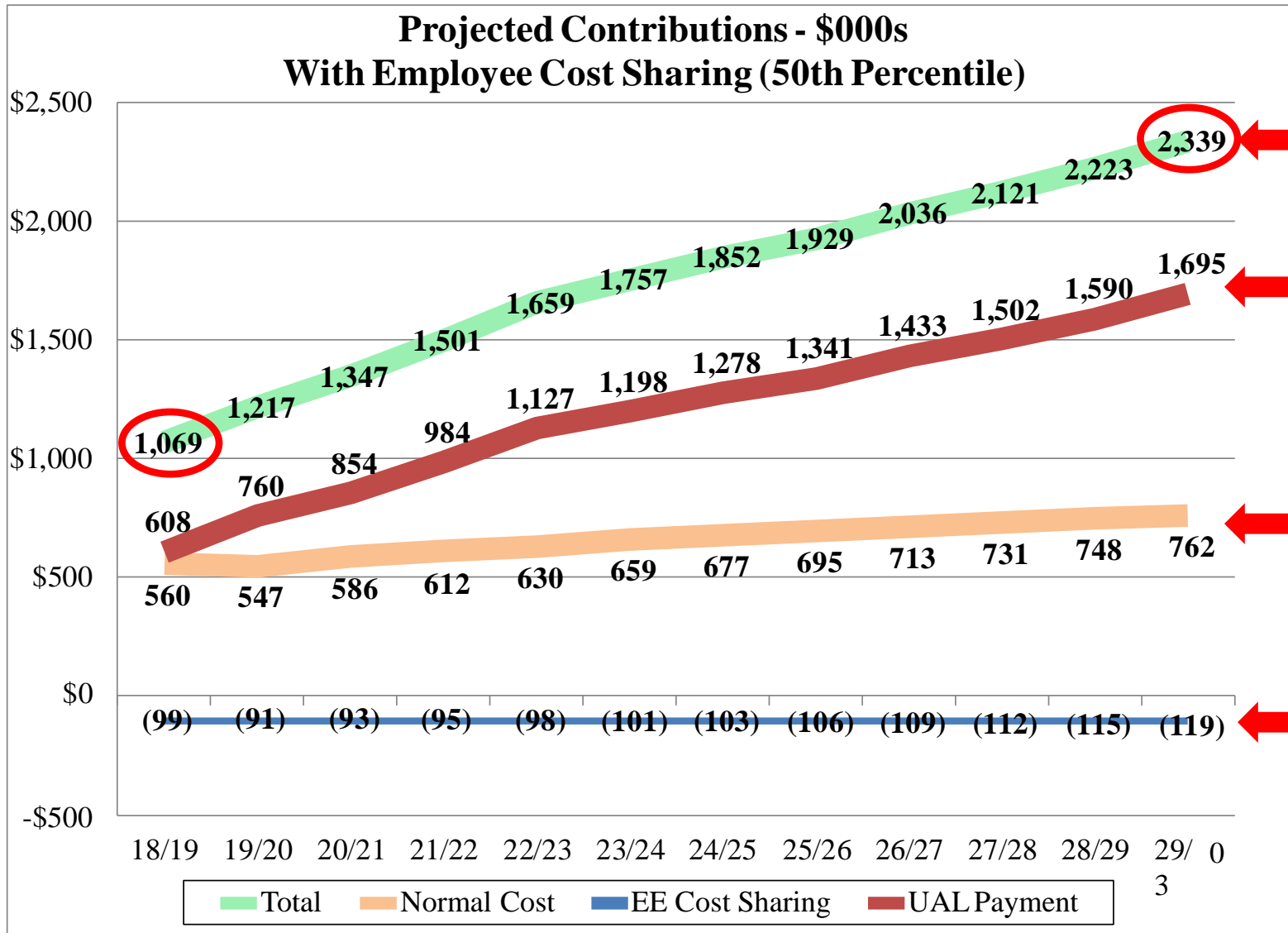
	<b>Discount Rate</b>		
	<u><b>7.25%</b></u>	<u><b>7.00%</b></u>	<u><b>6.00%</b></u>
<b>AAL</b>	→ \$ 43,400,000	\$ 44,500,000	\$ 50,000,000
<b>Assets</b>	→ <u>32,100,000</u>	<u>32,100,000</u>	<u>32,100,000</u>
<b>Unfunded Liability</b>	→ 11,300,000	→ 12,400,000	→ 17,900,000
<b>Funded Ratio</b>	74.0%	72.1%	64.2%



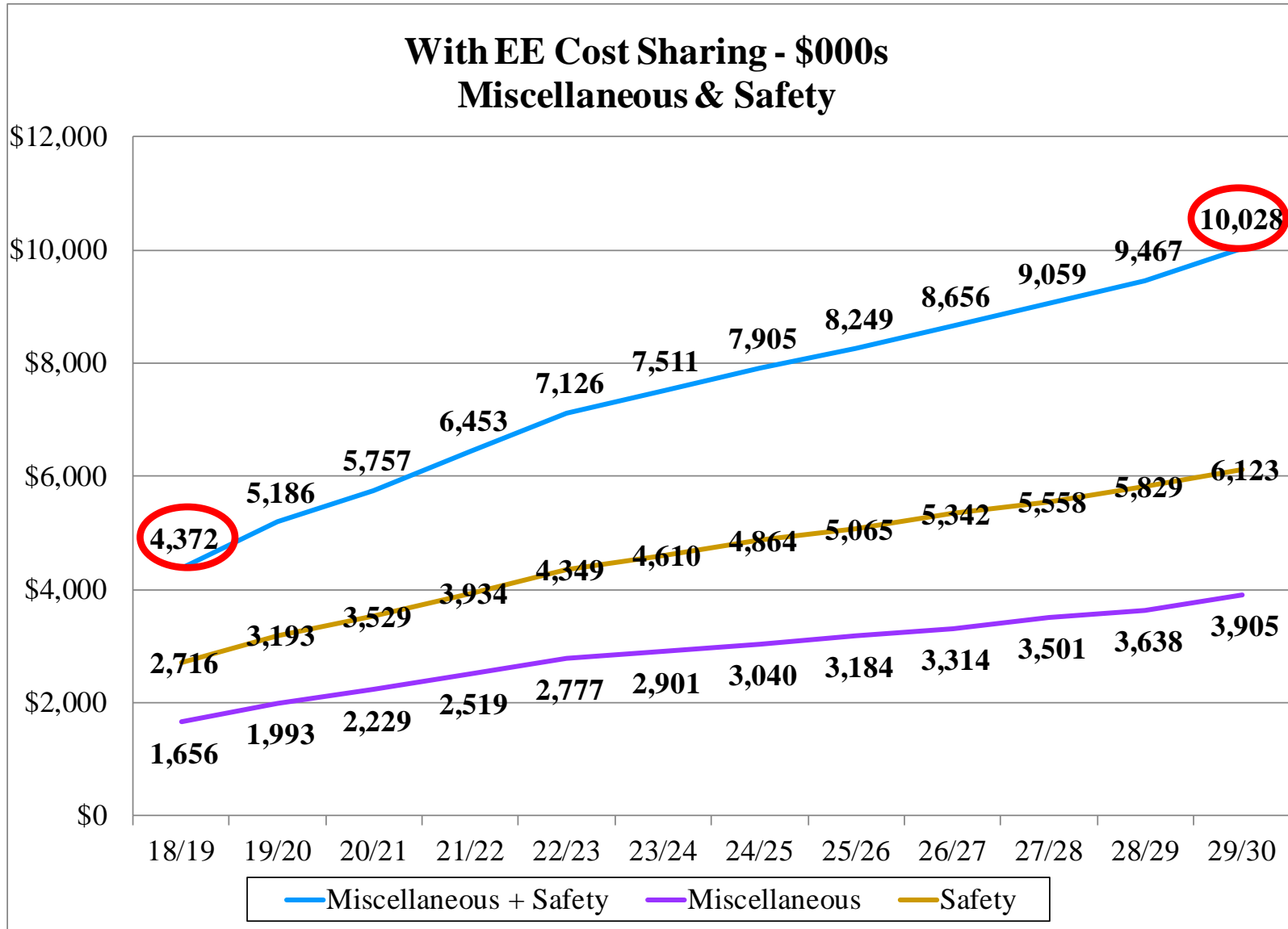
# CONTRIBUTION PROJECTIONS – SAFETY FIRE



# CONTRIBUTION PROJECTIONS – SAFETY FIRE



# COMBINED MISCELLANEOUS AND SAFETY



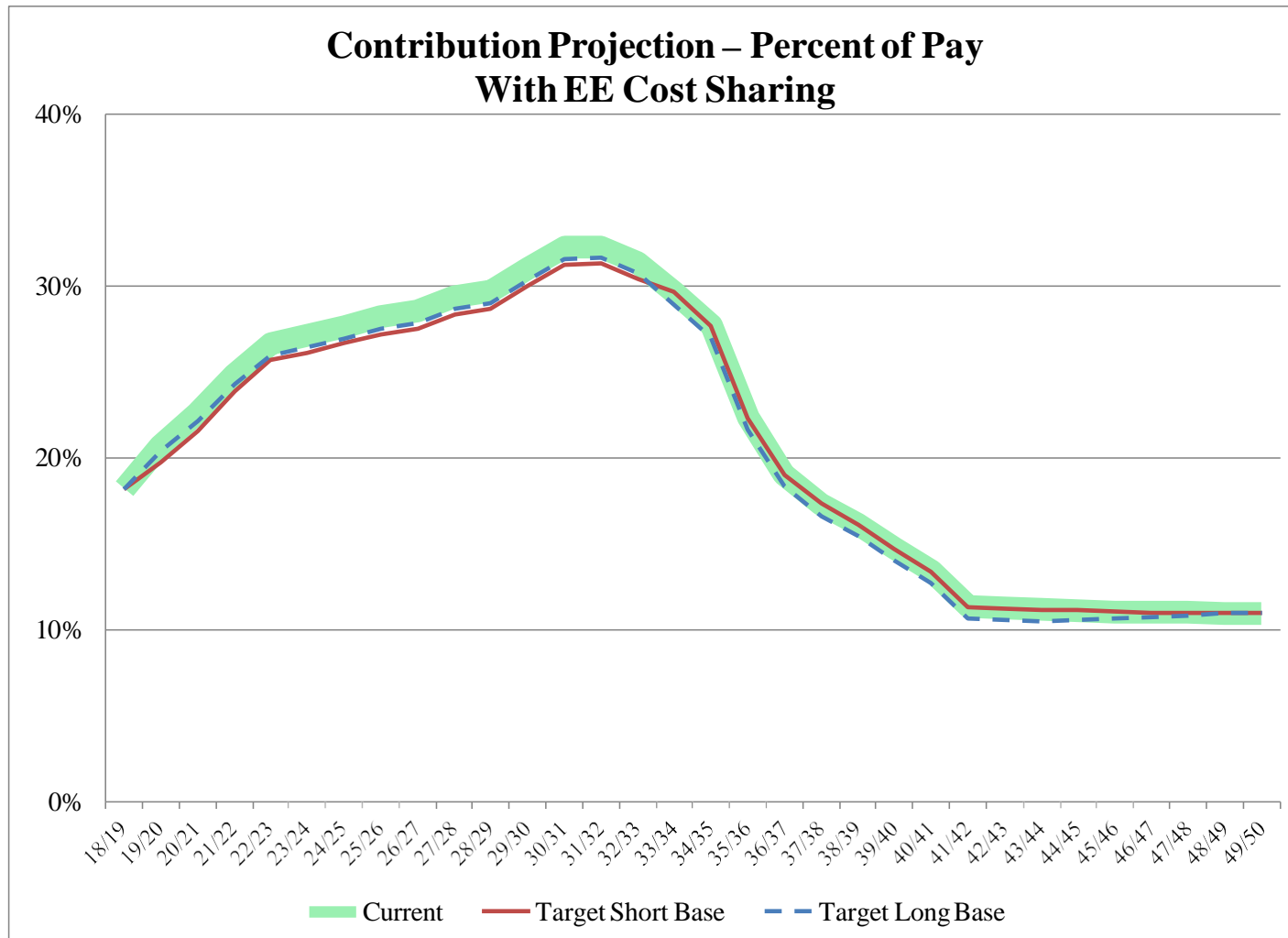
## IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Can only be used to:
  - Reimburse City for CalPERS contributions
  - Make payments directly to CalPERS
- Investments significantly less restricted than City investment funds
  - Fiduciary rules govern Trust investments
  - Usually, designed for long term returns
- Assets don't count for GASB accounting
  - Are considered Employer assets
- Over 100 trusts established, mostly since 2015
  - Trust providers: PARS, PFM, Keenan
  - California Employers' Pension Prefunding Trust (CEPPT) is coming



# IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

## Direct Payment (\$1 million) to CalPERS Miscellaneous



# IRREVOCABLE SUPPLEMENTAL (\$115) PENSION TRUST

## Miscellaneous (\$1 million to 115 Trust)

Contribution Rate Projection  
With Employee Cost Sharing

