



CITY OF PACIFICA
MISCELLANEOUS & SAFETY PLANS

BARTEL
ASSOCIATES, LLC

CalPERS Actuarial Issues – 6/30/17 Valuation

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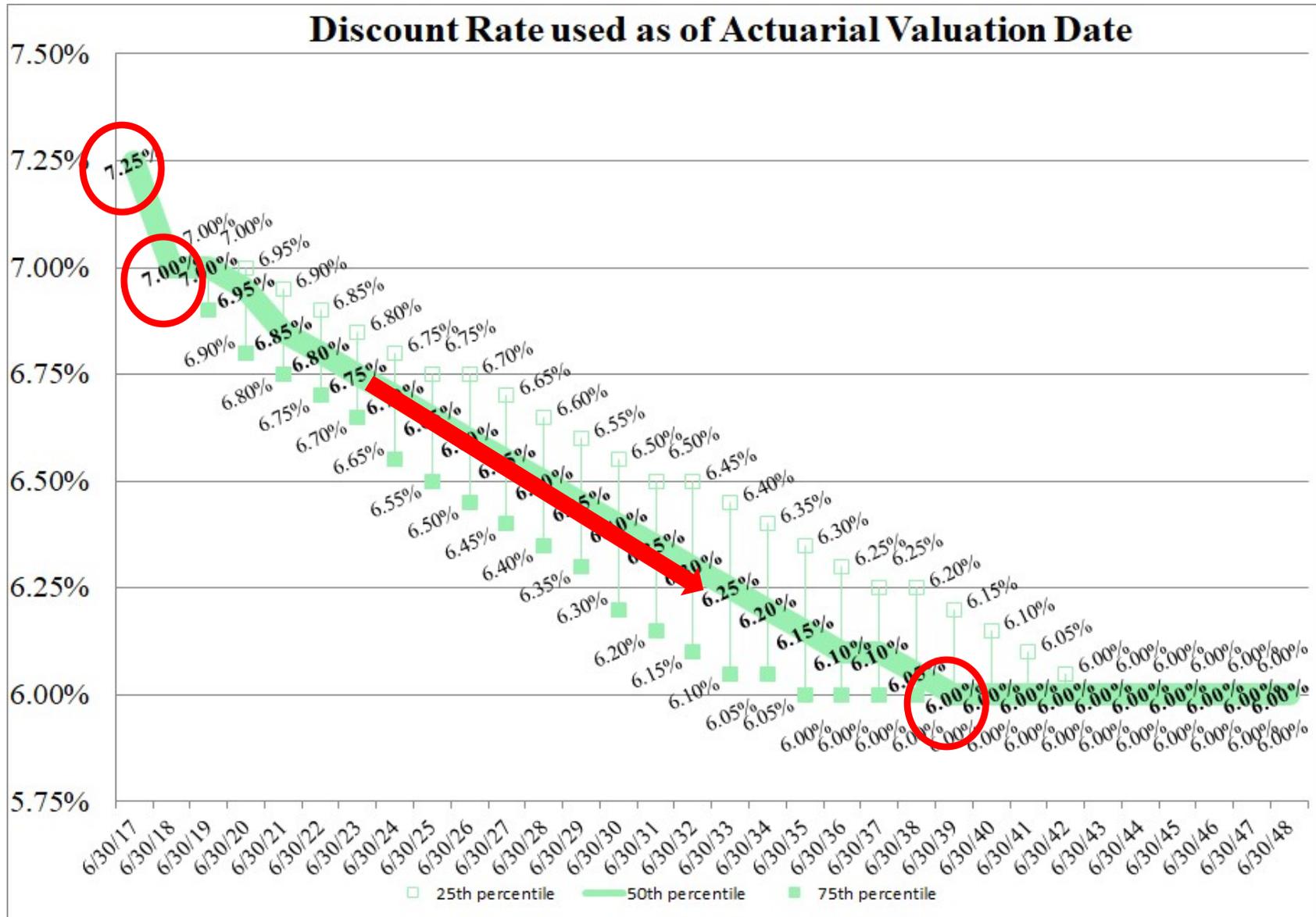
November 26, 2018

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

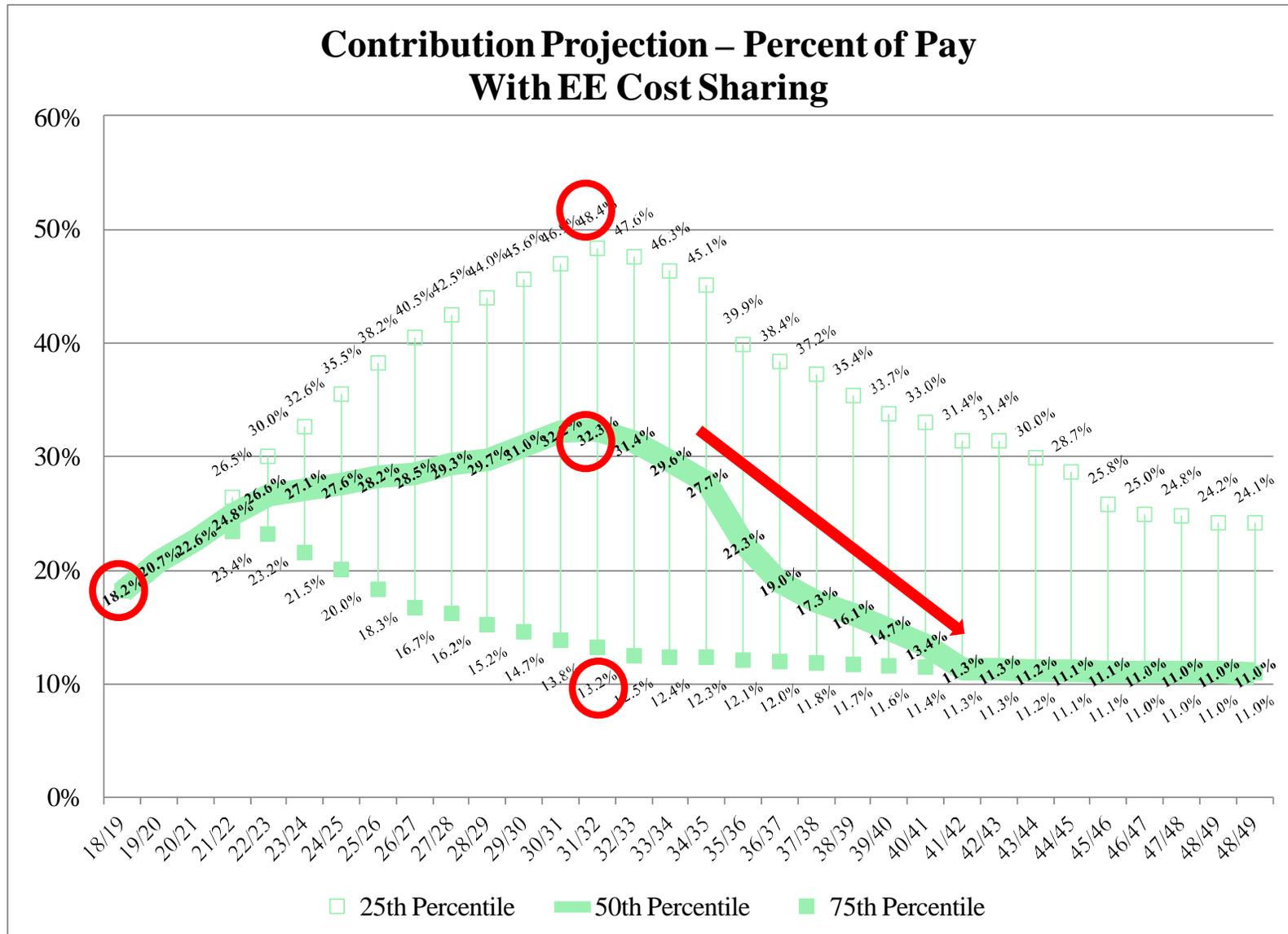
Discount Rate Sensitivity

June 30, 2017

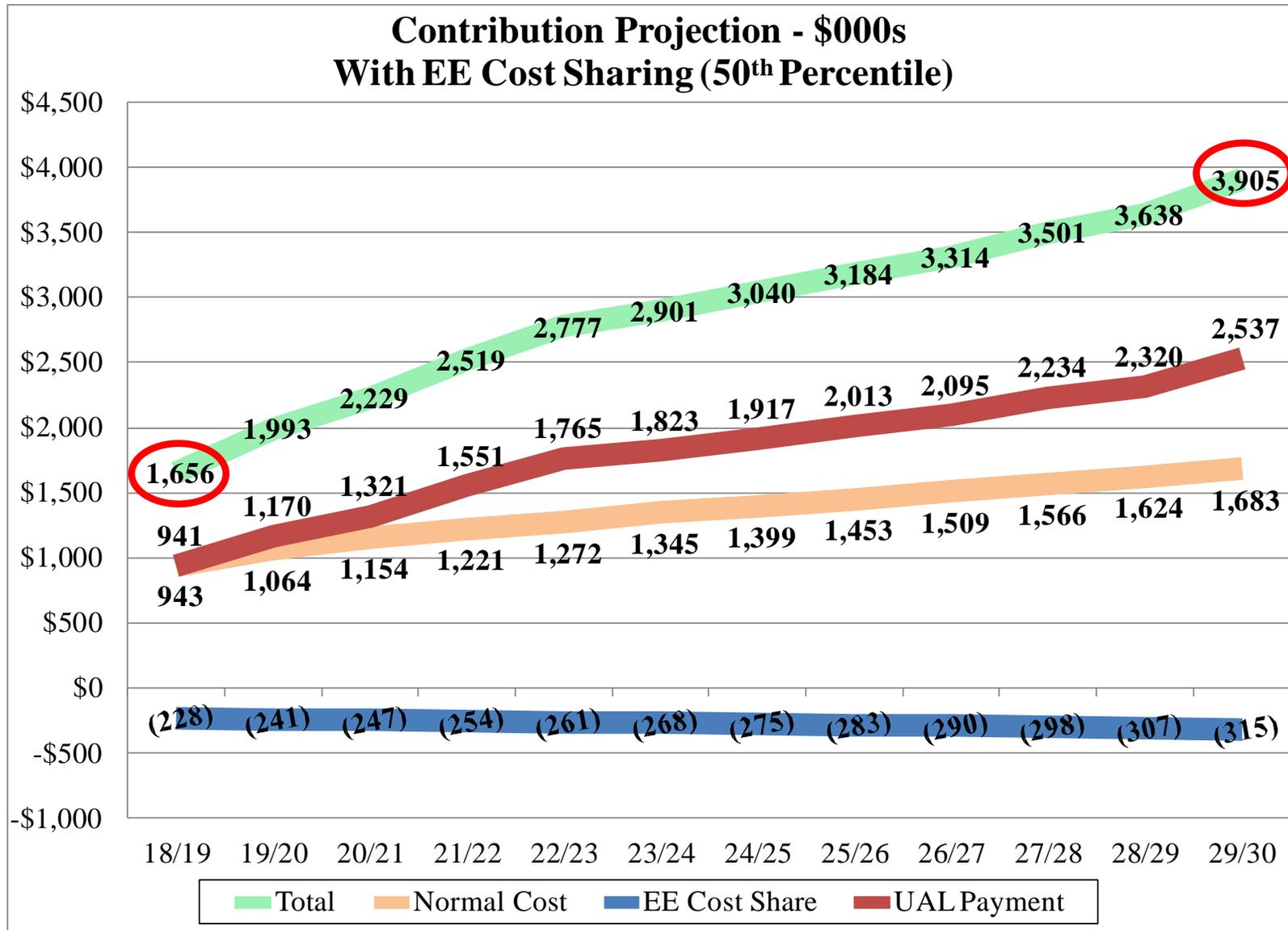
	<u>Discount Rate</u>		
	<u>7.25%</u>	<u>7.00%</u>	<u>6.00%</u>
AAL	→ \$ 94,200,000	\$ 96,700,000	\$ 109,500,000
Assets	→ 78,200,000	78,200,000	78,200,000
Unfunded Liability	→ 16,000,000	→ 18,500,000	→ 31,300,000
Funded Ratio	83.0%	80.9%	71.4%



CONTRIBUTIONS - MISCELLANEOUS



CONTRIBUTIONS - MISCELLANEOUS



FUNDED STATUS – SAFETY POLICE

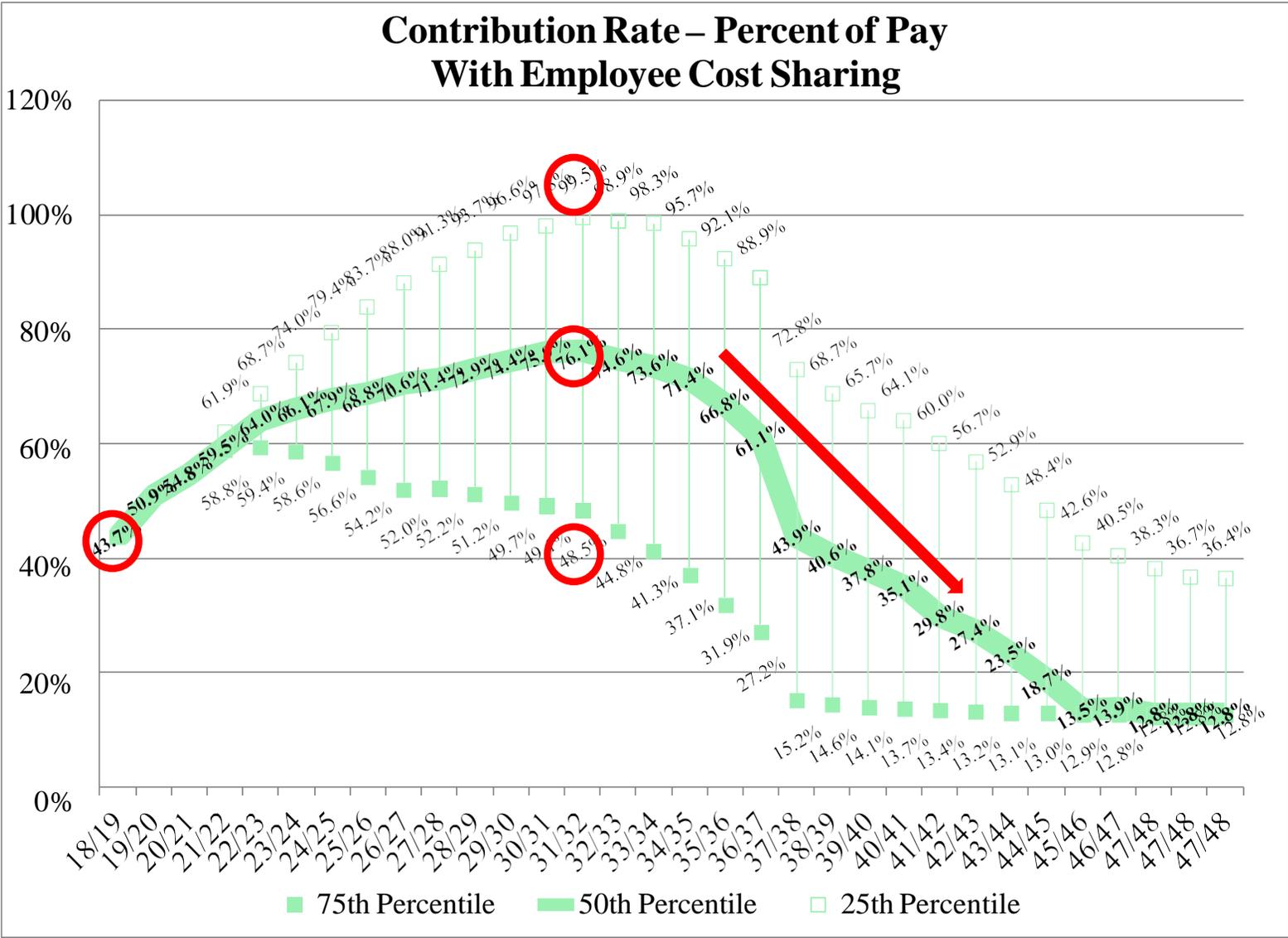
Discount Rate Sensitivity

June 30, 2017

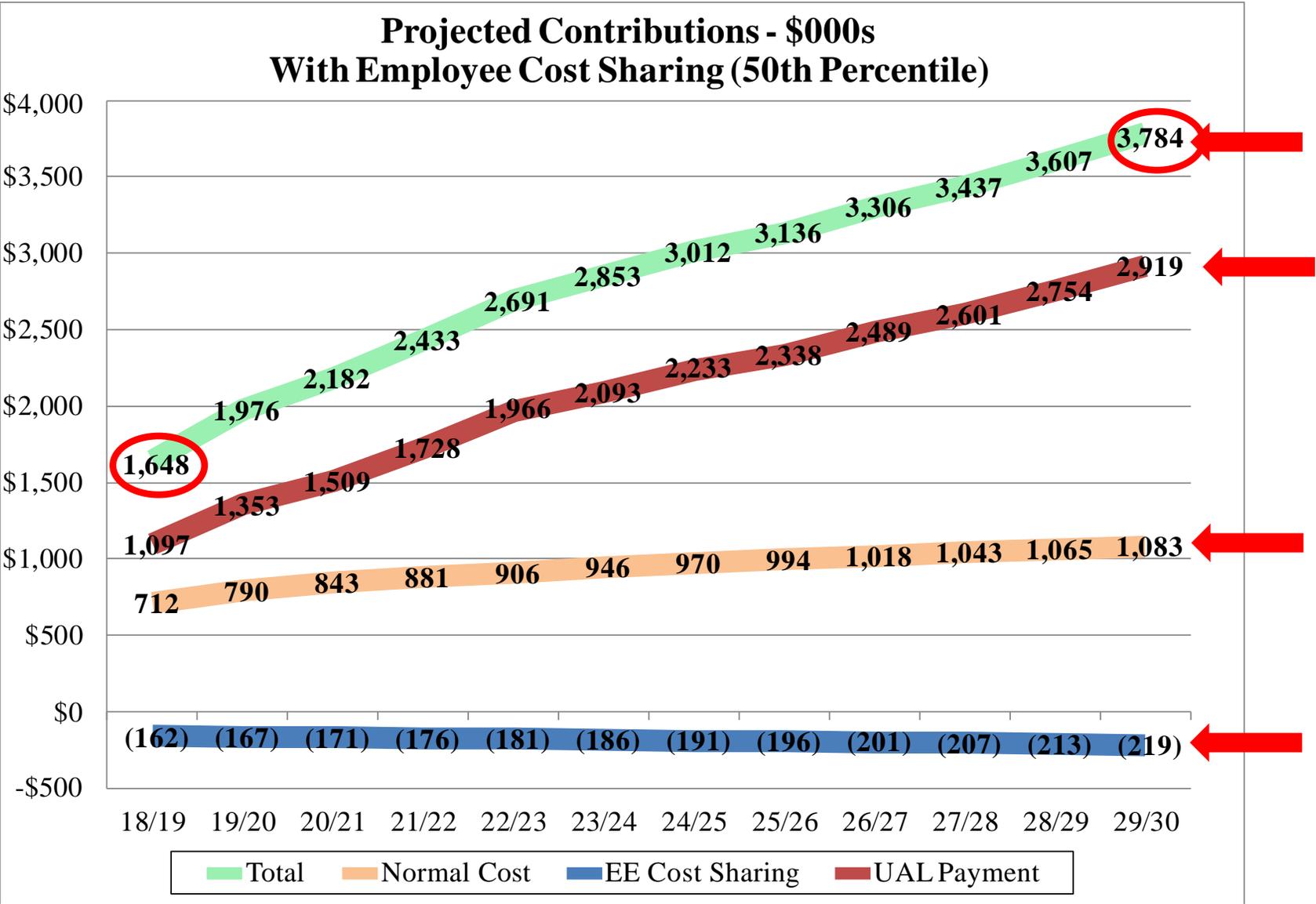
	<u>Discount Rate</u>		
	<u>7.25%</u>	<u>7.00%</u>	<u>6.00%</u>
AAL	\$ 71,500,000	\$ 73,600,000	\$ 83,700,000
Assets	<u>51,700,000</u>	<u>51,700,000</u>	<u>51,700,000</u>
Unfunded Liability	19,800,000	21,900,000	32,000,000
Funded Ratio	72.3%	70.2%	61.8%



CONTRIBUTION PROJECTIONS – SAFETY POLICE



CONTRIBUTION PROJECTIONS – SAFETY POLICE



FUNDED STATUS – SAFETY FIRE

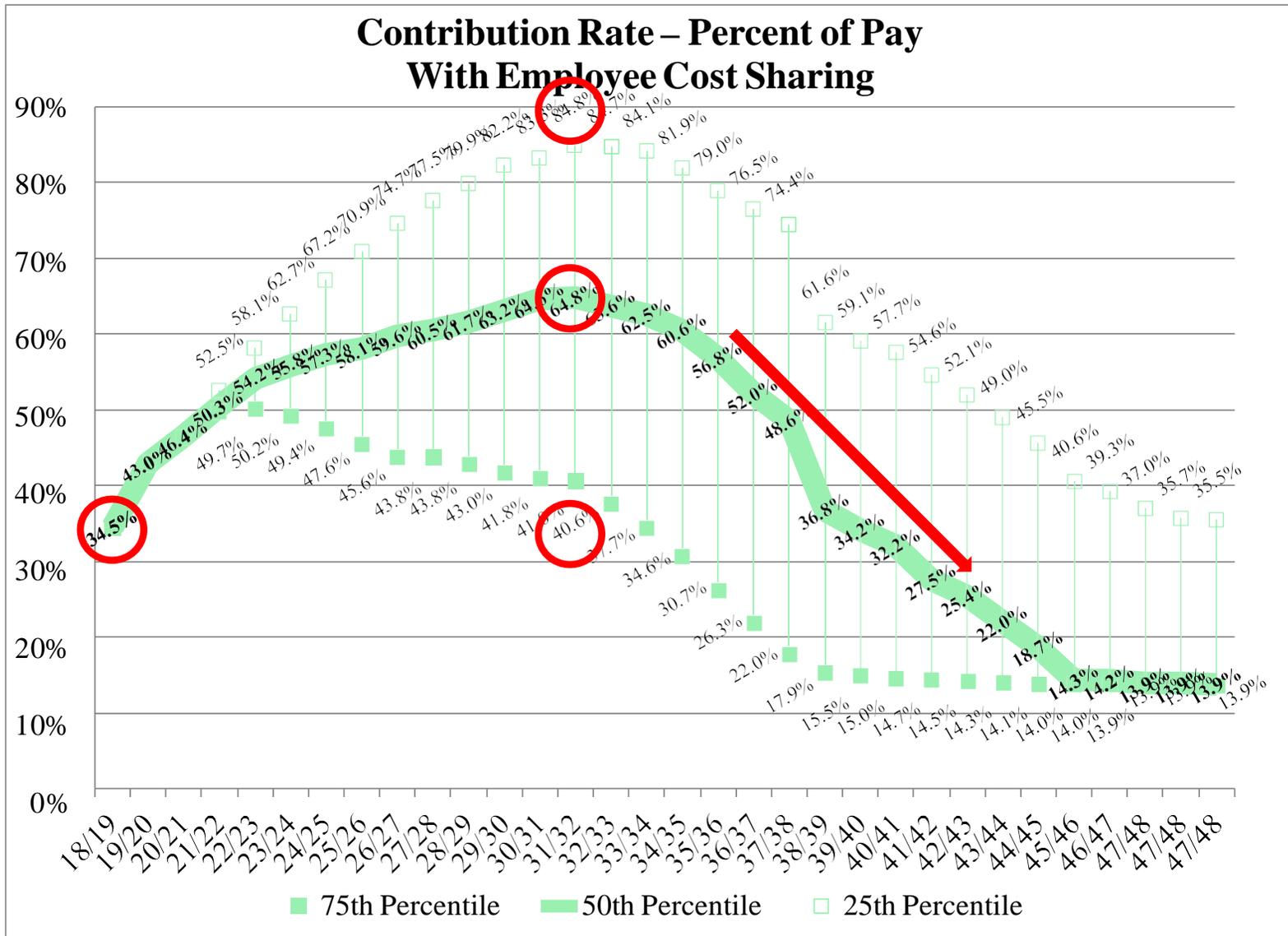
Discount Rate Sensitivity

June 30, 2017

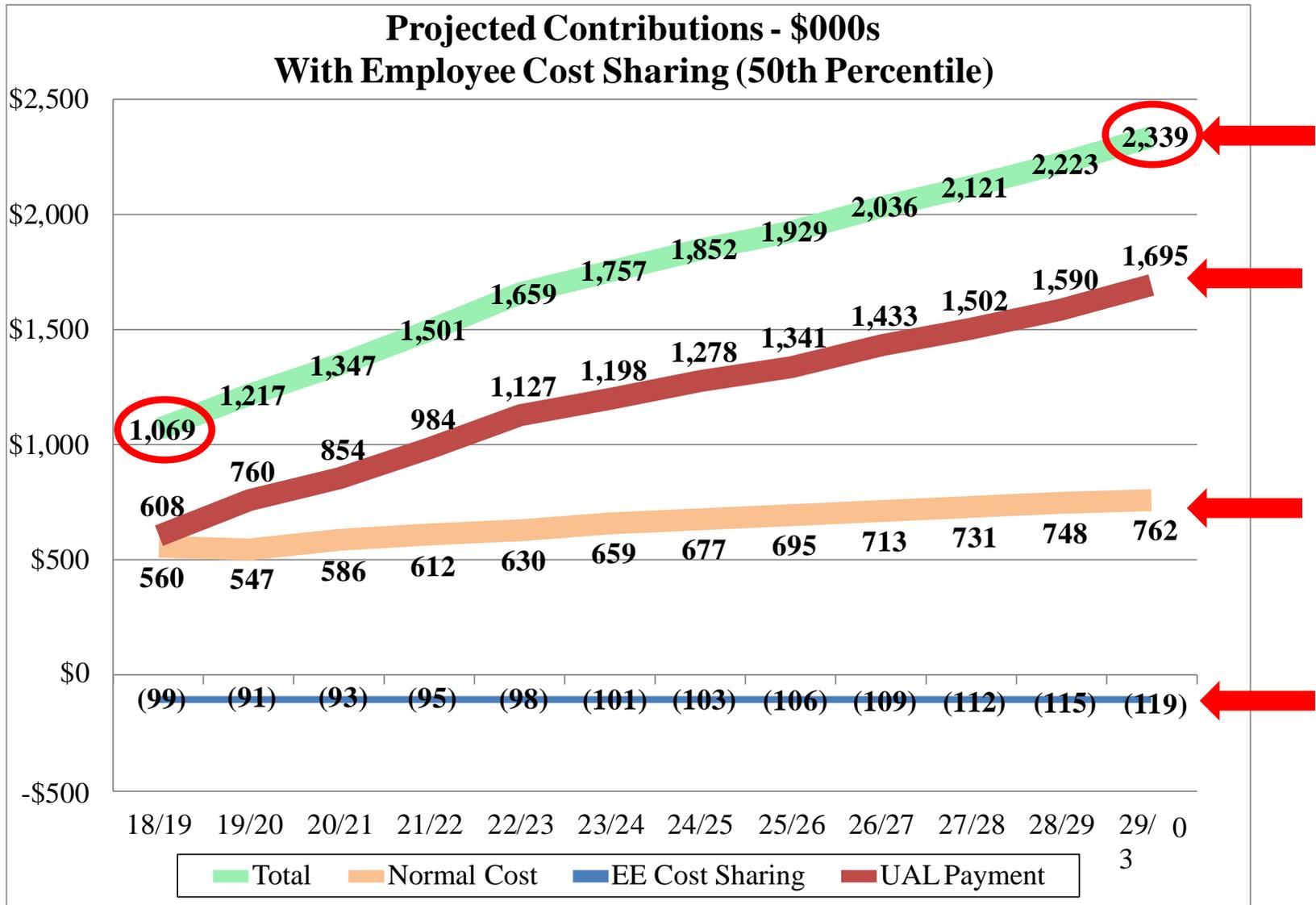
	Discount Rate		
	<u>7.25%</u>	<u>7.00%</u>	<u>6.00%</u>
AAL	\$ 43,400,000	\$ 44,500,000	\$ 50,000,000
Assets	<u>32,100,000</u>	<u>32,100,000</u>	<u>32,100,000</u>
Unfunded Liability	11,300,000	12,400,000	17,900,000
Funded Ratio	74.0%	72.1%	64.2%



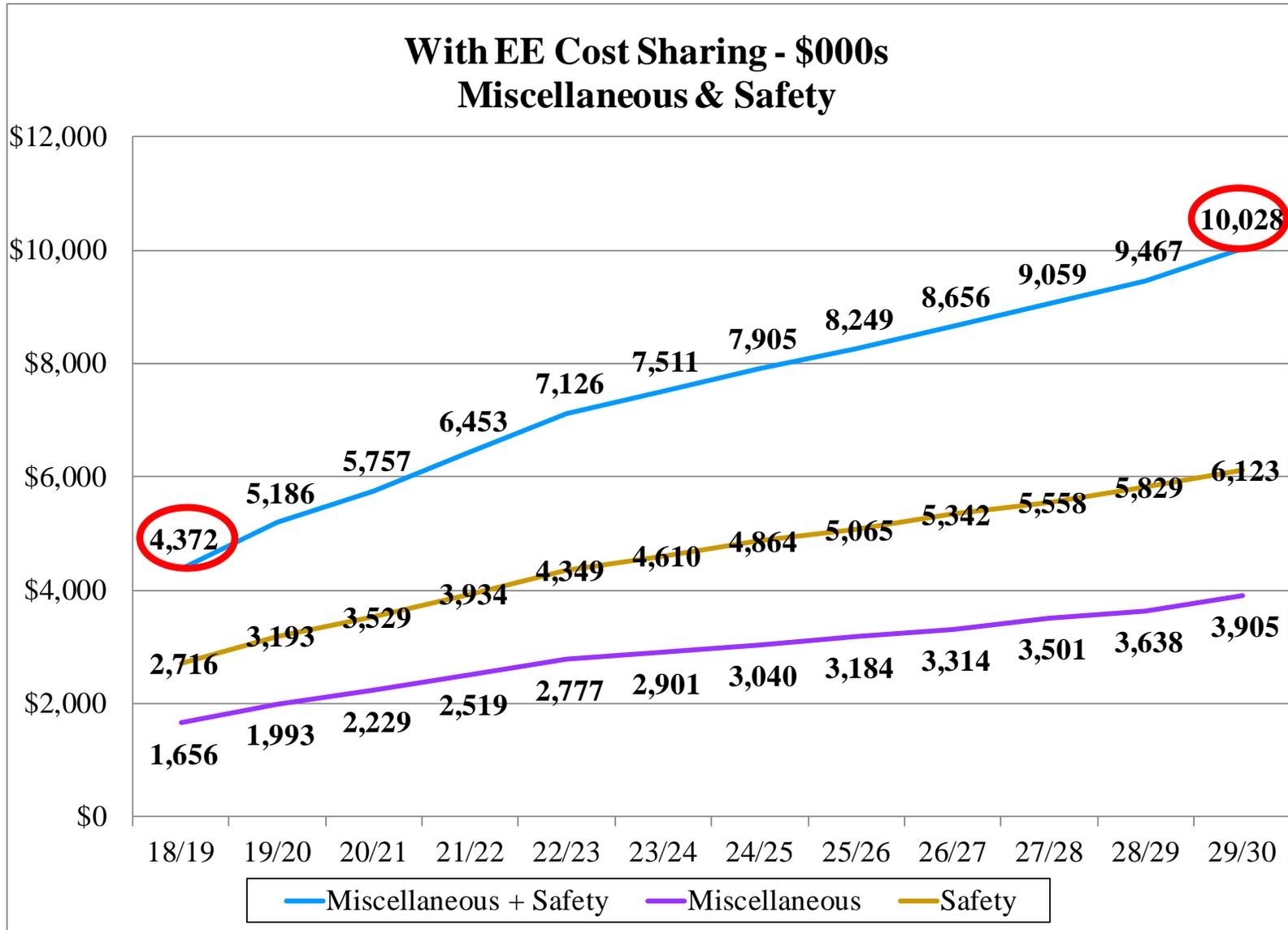
CONTRIBUTION PROJECTIONS – SAFETY FIRE



CONTRIBUTION PROJECTIONS – SAFETY FIRE



COMBINED MISCELLANEOUS AND SAFETY



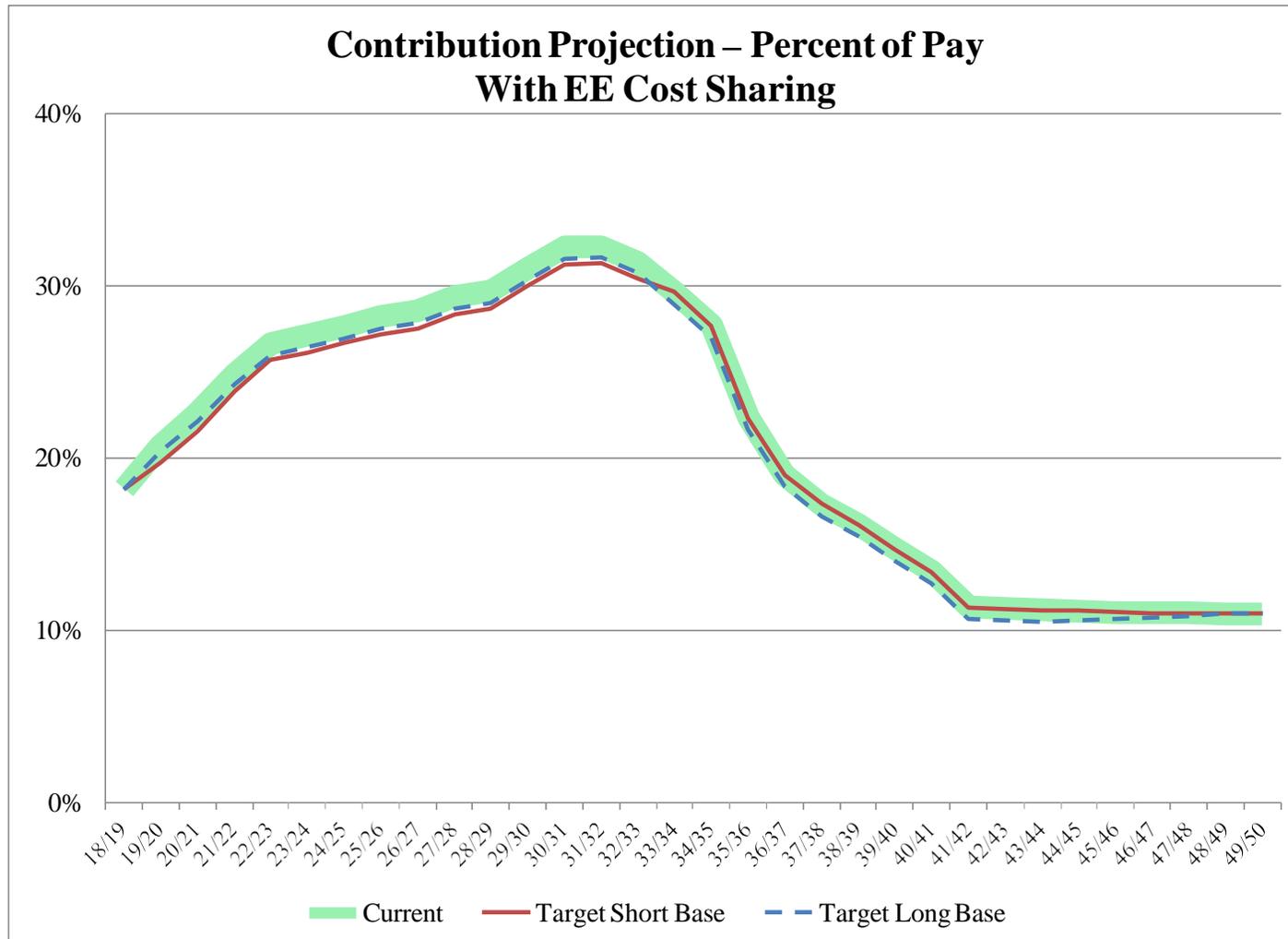
IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- 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

