



California Public Employees' Retirement System
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Actuarial Circular Letter

August 18, 2020

Circular Letter: 200-044-20

Distribution: VI

To: All Public Agency Employers
Subject: June 30, 2019 Actuarial Valuation Reports

Purpose

The purpose of this Circular Letter is to inform you that the 2019 actuarial valuation reports have been completed and uploaded to myCalPERS.

Background

The 2019 valuation reports set the required contributions for public agency employers and certain members for fiscal year 2021-22.

As required by the Public Employees' Pension Reform Act (PEPRA), members hired after January 1, 2013 (PEPRA members) are subject to possible increases or decreases to their contribution rate based on the results of the annual actuarial valuations. Some PEPRA member groups will experience an increase to their contribution rate for fiscal year 2021-22 as a result of the 2019 valuations. **Refer to the cover letter of the report for information on the PEPRA member contribution rate(s) for your rate plan for fiscal year 2021-22.**

More information

The actuarial valuation reports are also expected to be available on the CalPERS website in September. You can find the reports under the **Employers** tab in the **Actuarial Resources** section of our website at www.calpers.ca.gov.

Projected Employer Contribution Requirements

In addition to the required contributions for fiscal year 2021-22, the actuarial valuation reports include information on projected employer contribution requirements. Page 6 of the reports includes projected employer contribution requirements for the next five fiscal years, assuming all actuarial assumptions will be realized. In particular, the projections assume an investment return of 7% for fiscal year 2019-20.

The actual investment return for fiscal year 2019-20 was approximately 4.7%, before reducing for administrative expenses. This means an investment loss equal to approximately 2.3% of the rate plan's Market Value of Assets (MVA) will be recognized in the June 30, 2020 actuarial valuation and amortized over 20 years. The projections shown on page 6 can be adjusted by adding the estimated amortization payments for this loss using the MVA as of June 30, 2019, which also can be found on page 6. The asset value can be entered into the field below, and the calculations will be performed automatically.

Investment loss calculation

Item	Formula	Your Rate Plan
MVA as of June 30, 2019	MVA	
Investment earnings	4.70%	4.70%
Discount rate	7.00%	7.00%
Investment loss (%)	2.30%	2.30%
Investment loss (\$)	$MVA \times 0.023$	

Amortization payments for investment loss

Contribution Year	Formula	Your Rate Plan
Fiscal year 2022-23	$MVA \times 0.000576$	
Fiscal year 2023-24	$MVA \times 0.001151$	
Fiscal year 2024-25	$MVA \times 0.001727$	
Fiscal year 2025-26	$MVA \times 0.002303$	
Fiscal years 2026-27 to 2041-42	$MVA \times 0.002879$	

Questions

If you have any questions, please contact the CalPERS Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

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 Actuarial Office