Impact on PEPRA Normal Costs

With the enactment of the Public Employees' Pension Reform Act of 2013 (PEPRA) new benefits were put in place for new public employees in California hired after January 1st, 2013. PEPRA requires all new members to ultimately contribute at least 50 percent of the total annual normal cost of their pension benefit as determined by the actuary. PEPRA states that when the total normal cost changes by more than 1% of payroll, that PEPRA members should pay for half of the increaser. Below is a table which illustrates the estimated impact on the total normal cost from the change in demographic assumptions under the recommended assumptions.

	Estimated Increase in Total Normal Cost After Assumption Changes
State Miscellaneous (2% at 62)	1.1%
State Industrial (2% at 62)	1.2%
State Safety (2% at 57)	0.4%
POFF (2.5% at 57)	1.4%
POFF (2.7% at 57)	1.4%
CHP (2.7% at 57)	1.7%
Schools (2% at 62)	0.8%
Public Agency Miscellaneous	0.3%-0.7%
Public Agency Safety	0.3% to 3.0%

Note

1- Includes mortality improvements projected to 2028 using scale BB (i.e. 20 years of projections).