



Finance and Administration Committee Agenda Item 8b

September 20, 2016

Item Name: Update of Public Agency Valuations

Program: Actuarial Office

Item Type: Information

Executive Summary

The Actuarial Office completed the June 30, 2015, Public Agency actuarial valuations in July 2016. These valuations set the employer contribution rates for Fiscal Year 2017-18. Overall, average employer rates increased by about 1.3 percent of payroll.

Strategic Plan

This item is not a specific product of the Strategic Plan but is part of the regular and ongoing workload of the Actuarial Office.

Background

The 2015 valuations were performed to establish the employer contribution rate for 2017-18. This report is intended to assist the CalPERS Board of Administration in understanding the results of the 6/30/2015 Public Agency Annual Valuations.

Analysis

Overall, the average employer rate as a percentage of payroll increased 1.3% from the June 30, 2014 annual valuations to the June 30, 2015 valuations. The costs to employers have been increasing mainly due to the impact of the lower than expected asset rates of return.

Projected Rates for Public Agencies should be expected to continue to increase each year through Fiscal Year 2022-23. Most of the largest year over year increases in the required contributions will occur earlier in the process with the year over year increases reducing in scale beginning in Fiscal Year 2020-21.

For further details, please see the 2016 Results of the 6/30/2015 Public Agency Annual Valuations report.

Budget and Fiscal Impacts

Work to prepare the Public Agency Valuations is part of the core workload and did not impact the budget.

Benefits and Risks

There are no risks associated with this information item.

Attachments

Attachment 1 – 2016 Results of the 6/30/2015 Public Agency Annual Valuations

ALAN MILLIGAN

Chief Actuary
Actuarial Office

