



California Public Employees' Retirement System
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April 20, 2017

The Honorable Jerry Brown
Governor's Office
State Capitol
Sacramento, CA 95814

The Board of Administration of the California Public Employees' Retirement System (CalPERS) has accepted the June 30, 2016 Actuarial Valuation of the Judges' Retirement System II (JRS II).

The discount rate assumption has been changed from 7 percent to 6.5 percent to reflect the reduced capital market assumptions. The actuarially determined employer contribution rate is 26.409% for Fiscal Year 2017-18. This compares with a rate of 23.185% for the previous fiscal year. The employee contribution rate for members subject to the PEPRA is 16.75% for Fiscal Year 2017-18. This compares with a rate of 15.25% for the previous fiscal year. The June 30, 2016 funding deficit is 99.8 million with a funded status of 92.2%. This compares with a funding surplus of 2.3 million with a funded status of 100.2% for the previous fiscal year.

As indicated in the report, the case of Robert M. Mallano, et al. v. John Chiang, Controller of the State of California (SCO), the Judges' Retirement System, and the JRS II will have an impact on the JRS II. Once implemented, the changes will result in a higher Unfunded Liability and lower Funded Status for the plan. We anticipate that the impact of this lawsuit will be reflected in the June 30, 2017 valuation.

The Board is pleased to file the 2016 report for the Judges' Retirement System II with the Governor and the Legislature.

Respectfully,

ROB FECKNER, President
Board of Administration

Enclosure

cc: Mr. Daniel Alvarez
Secretary of the Senate

Ms. Diane F. Boyer-Vine
Legislative Counsel

Mr. E. Dotson Wilson
Chief Clerk of the Assembly