

Review of Actuarial Assumptions
Impact on Contribution Rates

| State and Schools | | |
|--------------------------|---|---|
| Category | Estimated Change in Total Normal Cost Rate (% of payroll) | Ultimate Estimated Change in Total Employer Rate (% of payroll) |
| State CHP | 0.2% | 2.2% |
| State POFF | 0.0% | 1.4% |
| State Safety | 0.4% | 0.8% |
| State Miscellaneous | -0.1% | -0.4% |
| State Industrial | -1.1% | -1.5% |
| Schools | -0.1% | 0.3% |

| Public Agencies | | |
|------------------------|---|--|
| Category | Estimated Change in Total Normal Cost Rate (% of payroll) | Ultimate Estimated Relative Change in Total Employer UAL Cost (% of UAL\$ payment) |
| Safety CPO | 0.3% to 0.4% | - 0.3% to 2.0% |
| Safety Fire | -0.5% to -0.2% | 0.3% to 1.4% |
| Safety Police | -0.3% to 0.0% | 0.5% to 2.0% |
| Misc 3% at 60 | -0.2% to 0.6% | - 2.2% to -1.3% |
| Misc 2.7% at 55 | 0.0% to 0.6% | - 1.3% to 4.3% |
| Misc 2.5% at 55 | -0.2% to 0.5% | - 1.8% to -1.0% |
| Misc 2% at 55 | -0.1% to 0.4% | - 0.9% to 1.7% |
| Misc 2% at 60 | -0.3% to 0.0% | - 5.5% to -3.1% |

Note

- 1- Assumes the increase in unfunded liability caused by the assumption change will be amortized in accordance with current Board policy i.e. over twenty year period and phased-in over five years.
- 2- The ranges of changes in rates listed above for public agencies may be expected to cover most of the public agency plans.
- 3- UAL – Unfunded Accrued Liability

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 increase. 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 Change in Total Normal Cost Rate |
|--------------------------------|--|
| State Miscellaneous (2% at 62) | -0.2% |
| State Industrial (2% at 62) | -1.0% |
| State Safety (2% at 57) | 0.5% |
| POFF (2.5% at 57) | -0.4% |
| POFF (2.7% at 57) | -0.7% |
| CHP (2.7% at 57) | - 0.5% |
| Schools (2% at 62) | -0.3% |
| Public Agency Miscellaneous | -0.1% to 0.0% |
| Public Agency Safety | -0.4% to 0.1% |