

Schools Valuation and Employer/Employee Contribution Rates

Finance & Administration Committee
April 17, 2018

Overview

- Actuarial valuation date - **June 30, 2017**
 - Determines required employer/employee contributions for **FY 2018-2019**
- All participating schools/districts pay the same employer contribution rate based on total results of the school's pool

Significant Events Since June 30, 2016 Valuation

- Investment return of 11.2% for FY ending June 30, 2017
- Changes to assumptions adopted by the Board in December 2017
 - Not reflected in the June 30, 2017 valuation
 - Will first be reflected in the June 30, 2018 valuation which establishes the required contribution for Fiscal Year 2019-20
 - Demographic assumptions (e.g., retirement rates, mortality, etc.)
 - Inflation assumption
- Changes to the amortization policy were adopted by the Board in February 2018. Due to the June 30, 2019 implementation date, these changes have no impact on the June 30, 2017 valuation.

Current and Prior Year Results (\$ in millions)

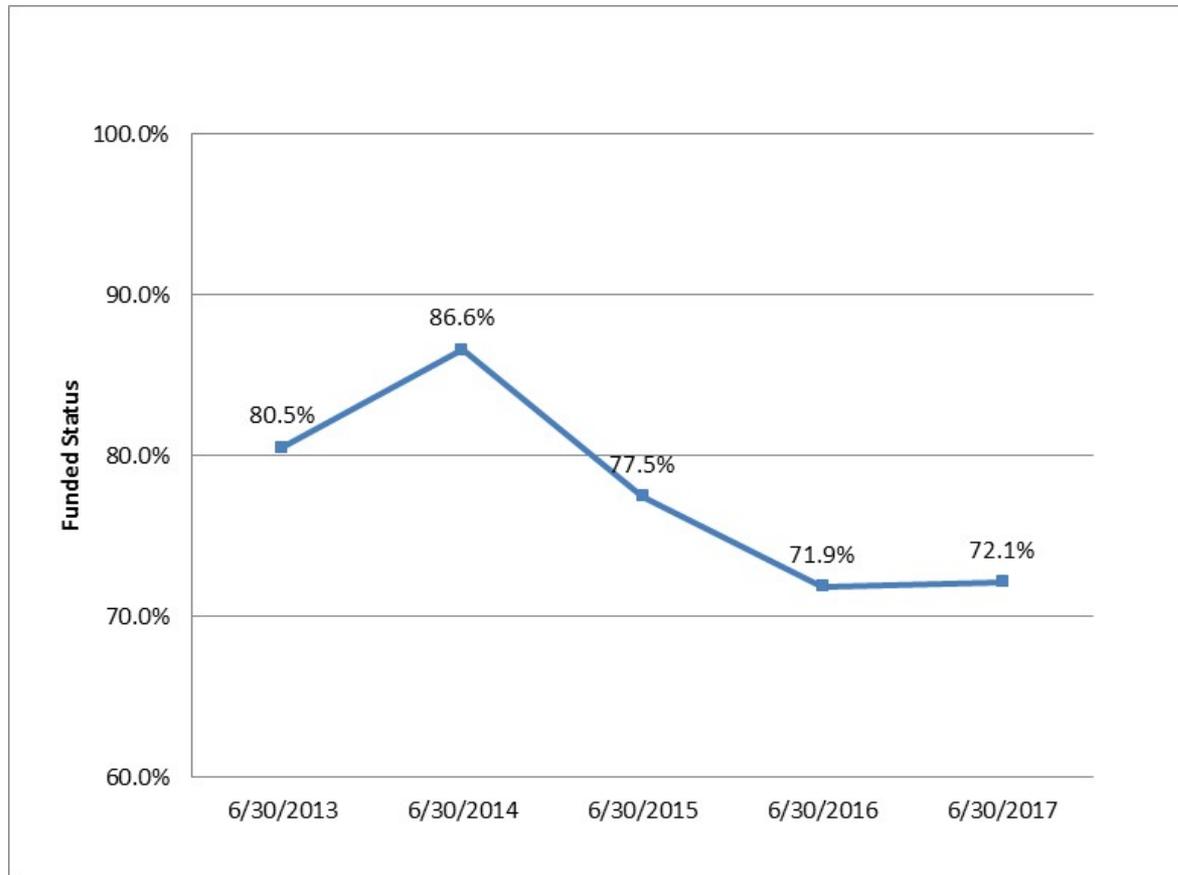
	June 30, 2016	June 30, 2017
Market Value of Assets	\$ 55,785	\$ 60,865
Accrued Liability	\$ 77,544	\$ 84,416
Unfunded Accrued Liability	\$ 21,759	\$ 23,551
Funded Status	71.9%	72.1%
	Fiscal Year 2017-18	Fiscal Year 2018-19
Employer Contribution Rate	15.531%	18.062%
PEPRA Member Contribution Rate	6.50%	7.00%

Current and Prior Year Contribution Results

(\$ in millions)

	Fiscal Year 2017-18	Fiscal Year 2018-19
Employer Contribution Rate		
Employer Normal Cost	8.103%	8.739%
Unfunded Rate	7.428%	9.323%
Required Employer Rate	15.531%	18.062%
Expected Employer Contribution Dollars		
Employer Normal Cost	\$ 1,055	\$ 1,196
Unfunded	\$ 967	\$ 1,276
Required Employer	\$ 2,022	\$ 2,472

Funded Status Recent History



PEPRA Member Contributions

- As of June 30, 2017 there are 105,565 PEPRA members (roughly 33% of actives)
- Current PEPRA member contribution rate is **6.5%**
- PEPRA member rate is required to change if the PEPRA normal cost increases or decreases by 1% or more
- Due to an increase in the PEPRA normal cost of more than 1%, the PEPRA member contribution rate will increase to **7.0%** effective **July 1, 2018**

Projected Results

Valuation Date	Fiscal Year Impact	Discount Rate	Projected Employer Contribution Rate
6/30/2018	2019-20	7.25%	20.8%
6/30/2019	2020-21	7.00%	23.5%
6/30/2020	2021-22	7.00%	24.6%
6/30/2021	2022-23	7.00%	25.3%
6/30/2022	2023-24	7.00%	25.8%
6/30/2023	2024-25	7.00%	26.0%
6/30/2024	2025-26	7.00%	25.7%