

**California Public Employees' Retirement System**

Executive Office

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The Honorable Gavin Newsom
Governor of the State of California
State Capitol
Sacramento, CA 95814

February 21, 2019

Subject: Judges' Retirement System II Actuarial Valuation as of June 30, 2018

Dear Governor Newsom,

The Board of Administration of the California Public Employees' Retirement System (CalPERS) has accepted the Judges' Retirement System II Actuarial Valuation as of June 30, 2018.

The required employer contribution rate is 24.964 percent for Fiscal Year 2019-20. This compares with a rate of 24.660 percent for the previous fiscal year. The employee contribution rate for members subject to the PEPRA remains unchanged at 16.00 percent for Fiscal Year 2019-20. The June 30, 2018 funding deficit is \$22.8 million with a funded status of 98.5 percent. This compares with a funding deficit of \$9.8 million with a funded status of 99.3 percent 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 as part of the June 30, 2019 valuation.

We are pleased to file the Judges' Retirement System II Actuarial Valuation as of June 30, 2018 with the Governor and the Legislature.

Sincerely,

Marcie Frost,
Chief Executive Officer

Enclosure

cc:

Ms. Erika Contreras
Secretary of the Senate

Ms. Diane F. Boyer-Vine
Legislative Counsel

Mr. E. Dotson Wilson
Chief Clerk of the Assembly