

# Schools Pool Valuation and Employer/Employee Contribution Rates

Finance & Administration Committee  
April 16, 2019

# Overview

- Actuarial valuation date - **June 30, 2018**
  - Determines required employer/employee contributions for **Fiscal Year 2019-2020**
- All participating school employers pay the same employer contribution rate based on total results of the schools pool

# Significant Events Since June 30, 2017 Valuation

- Investment return of 8.6% for FY ending June 30, 2018
- Changes to assumptions adopted by the Board in December 2017
  - Reflected in this valuation (delayed one year compared to State valuations)
  - 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, 2018 valuation.
- The Actuarial Valuation System was redesigned and enhanced resulting in more accurate measurement of liabilities.

# Current and Prior Year Results (\$ in millions)

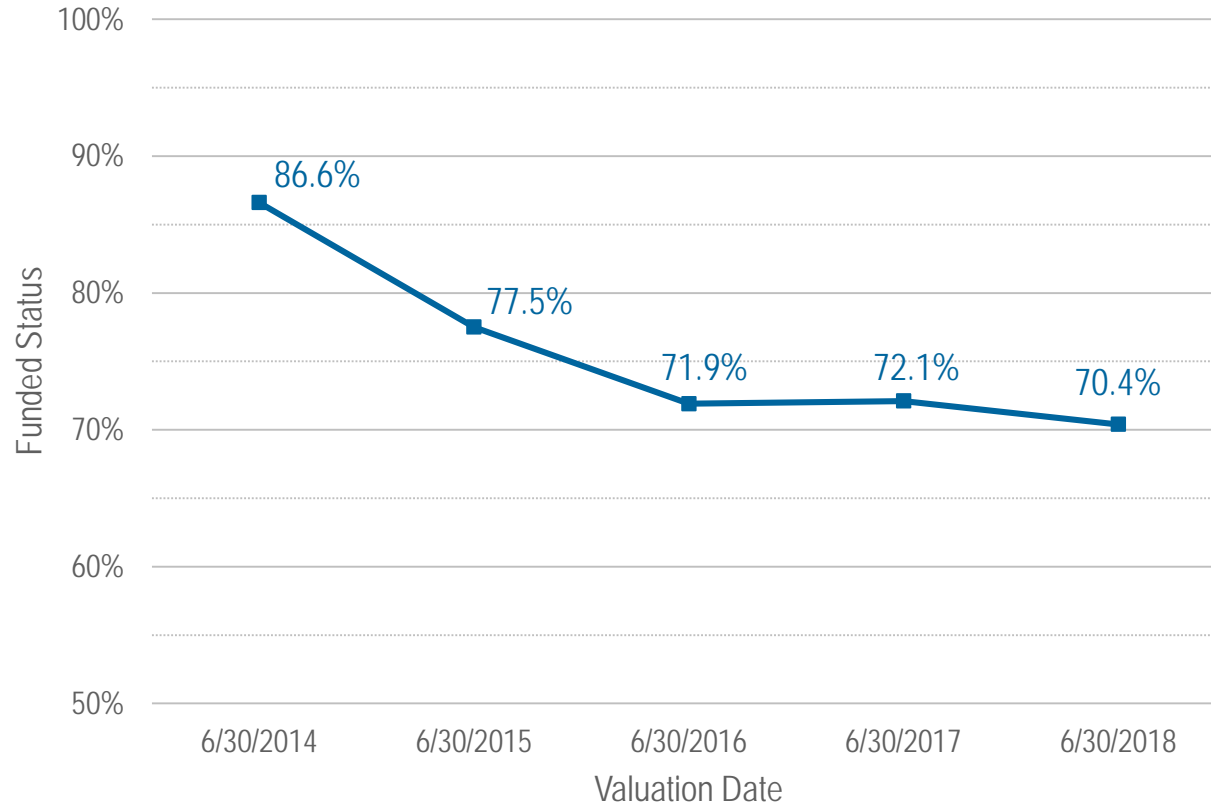
	June 30, 2017	June 30, 2018
Market Value of Assets	\$ 60,865	\$ 64,846
Accrued Liability	\$ 84,416	\$ 92,071
Unfunded Accrued Liability	\$ 23,551	\$ 27,225
Funded Status	72.1%	70.4%
	Fiscal Year 2018-19	Fiscal Year 2019-20
Employer Contribution Rate	18.062%	20.733%
PEPRA Member Contribution Rate	7.00%	7.00%

# Current and Prior Year Contributions

(\$ in millions)

	Fiscal Year 2018-19	Fiscal Year 2019-20
<b>Employer Contribution Rate</b>		
Employer Normal Cost	8.739%	8.992%
Unfunded Rate	9.323%	11.741%
Required Employer Rate	18.062%	20.733%
<b>Expected Employer Contribution Dollars</b>		
Employer Normal Cost	\$ 1,196	\$ 1,280
Unfunded	\$ 1,276	\$ 1,671
Required Employer	\$ 2,472	\$ 2,951

# Funded Status Recent History



# PEPRA Contributions

- As of June 30, 2018 the payroll for PEPRA members is \$4.15 billion (31% of active payroll)
  - Currently saves employers 0.8% of active payroll due to the lower cost of PEPRA benefits
- Current PEPRA member contribution rate is **7.0%**
- Since the PEPRA normal cost rate did not change by more than 1%, the PEPRA member contribution rate will remain at **7.0%** for the 2019-20 fiscal year

# Projected Employer Contribution Rates

Assumes 7.25% return for 2018-19 and 7.00% thereafter

Valuation Date	Fiscal Year Impact	Discount Rate	Projected Employer Contribution Rate
6/30/2019	2020-21	7.00%	23.6%
6/30/2020	2021-22	7.00%	24.9%
6/30/2021	2022-23	7.00%	25.7%
6/30/2022	2023-24	7.00%	26.4%
6/30/2023	2024-25	7.00%	26.6%
6/30/2024	2025-26	7.00%	26.5%