Review of Actuarial Assumptions

Impact on Contribution Rates
(Excluding Impacts of Economic Assumption Changes)

State and Schools		
Category	Estimated Change in Total Normal Cost Rate (% of payroll)	Estimated Change in Total Employer Rate (% of payroll)
State CHP	2.3%	4.5%
State POFF	1.0%	1.9%
State Safety	0.1%	-0.1%
State Miscellaneous	0.5%	0.3%
State Industrial	0.4%	0.1%
Schools	0.3%	0.2%

Public Agencies		
Category	Estimated Change in Total Normal Cost Rate (% of payroll)	Estimated Change in Total Employer Rate (% of payroll)
Miscellaneous 2% at 62	0.3% to 0.9%	0.1% to 1.6%
Miscellaneous 2% at 60	0.3% to 0.9%	-0.1% to 1.3%
Miscellaneous 2% at 55	0.3% to 0.9%	-0.1% to 1.4%
Miscellaneous 2.5% at 55	0.4% to 1.0%	0.1% to 1.6%
Miscellaneous 2.7% at 55	0.4% to 0.9%	-0.1% to 1.5%
Miscellaneous 3% at 60	0.5% to 1.0%	0.3% to 1.4%
Safety 2.7% at 57	0.1% to 1.3%	-1.3% to 2.3%
Safety 2% at 50	-0.3% to -0.2%	-2.1% to -1.8%
Safety 3% at 55	-0.4% to 1.0%	-2.0% to 0.5%
Safety 3% at 50	0.1% to 2.2%	-0.8% to 4.0%

Impact on PEPRA Normal Costs
(Excluding Impacts of Economic Assumption Changes)

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 increaser. 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)	0.5%
State Industrial (2% at 62)	0.3%
State Safety (2% at 57)	0.3%
POFF (2.5% at 57)	0.8%
POFF (2.7% at 57)	0.8%
CHP (2.7% at 57)	0.9%
Schools (2% at 62)	0.3%
Public Agency Miscellaneous	0.3% to 0.9%
Public Agency Safety	0.1% to 1.3%

Notes

1- Assumes the increase in unfunded accrued liability caused by the assumption change will be amortized in accordance with current Board policy i.e. a level dollar amortization over a twenty-year period

2- All estimates included in this document were determined based on the current economic assumptions (e.g., 2.5% price inflation, 7% discount rate). Cost impacts of alternate economic assumptions under consideration will be presented as part of the Asset Liability Management process.

3- The ranges of changes in rates listed above for public agencies may be expected to cover most of the public agency plans.

4- UAL – Unfunded Accrued Liability