CalPERS Employer Contribution & Discount Rate Survey

CalPERS uses an assumed rate of investment return of 7.5 percent to calculate employer contributions to pay for pension benefits. Financial industry experts agree that the global investment environment over the coming decade will likely be very challenging; for CalPERS to earn 7.5 percent, we would likely need to make riskier investment decisions. In other words: high risk, high reward. However, this risk could translate into increasingly steep, unanticipated employer contribution increases if the markets have a major downturn. If CalPERS lowered the discount rate now, it will result in definite increases to employer contribution rates, but the impact would be more predictable and less drastic, and the likelihood of major increases in the future would be reduced.

Question 1

Has your agency been following the discussions around the global investment markets' impact on CalPERS' investment performance and the discussions the CalPERS Board has had about its discount rate (assumed rate of return)?

- [ ] Yes
- [ ] No

Question 2

Is your agency financially preparing in anticipation of an increase in future employer contribution rates?

- [ ] Yes
- [ ] No

If yes, check all that apply

How are you financially planning for these increases?

- [ ] Forecasting budgets for the next 3 years
- [ ] Forecasting budgets for the next 5 or more years
- [ ] Considering pre-funding a pension trust
- [ ] Already pre-funding a pension trust
- [ ] Considering making additional payments to CalPERS to pay down unfunded liabilities
- [ ] Already making pre-payments to CalPERS to pay down unfunded liabilities
- [ ] Other

Are you prefunding pension liabilities? ☐ Yes ☐ No

Question 3

Lowering the discount rate would reduce risk and volatility, lower expected returns, and would increase employer contribution rates in the future. Please check the option that is most important to your agency:

- [ ] Risk Mitigation
- [ ] Reducing Volatility of Employer Contribution Rates
- [ ] Maximizing Returns

Question 4

Rate the impact on your agency's ability to absorb employer contribution rate increases if they happened in the next 12 months.

- [ ] Extremely high impact
- [ ] High impact
- [ ] Some impact
- [ ] Little impact
- [ ] No impact

Question 5

Over the next 18 months, CalPERS will continue to review all factors that are expected to lower the discount rate in February 2018. Alternatively, we could begin lowering the discount rate now, leading to a less dramatic rate increase for employers. Do you believe that the discount rate should be lowered incrementally using a phased-in approach over time or reduced to the final level necessary in one action?

- [ ] Phased-in reduction over time
- [ ] One single reduction

Question 6

Please select the option that is closest to your professional level:

- [ ] Elected Official
- [ ] Executive Officer/Senior Executive Officer
- [ ] Finance Director/Senior Management
- [ ] Middle Management
- [ ] First Level Management
- [ ] Staff

Please return this survey to the Concierge located on the Upper Concourse.