

State Valuation and Employer/Employee Contribution Rates

Actuarial Office

Overview

- Actuarial valuation date: **June 30, 2024**
 - Determines required employer and employee contributions for **fiscal year 2025-26**
- Five member sub-groups
 - State Miscellaneous
 - State Industrial
 - State Safety
 - State Peace Officers & Firefighters
 - California Highway Patrol

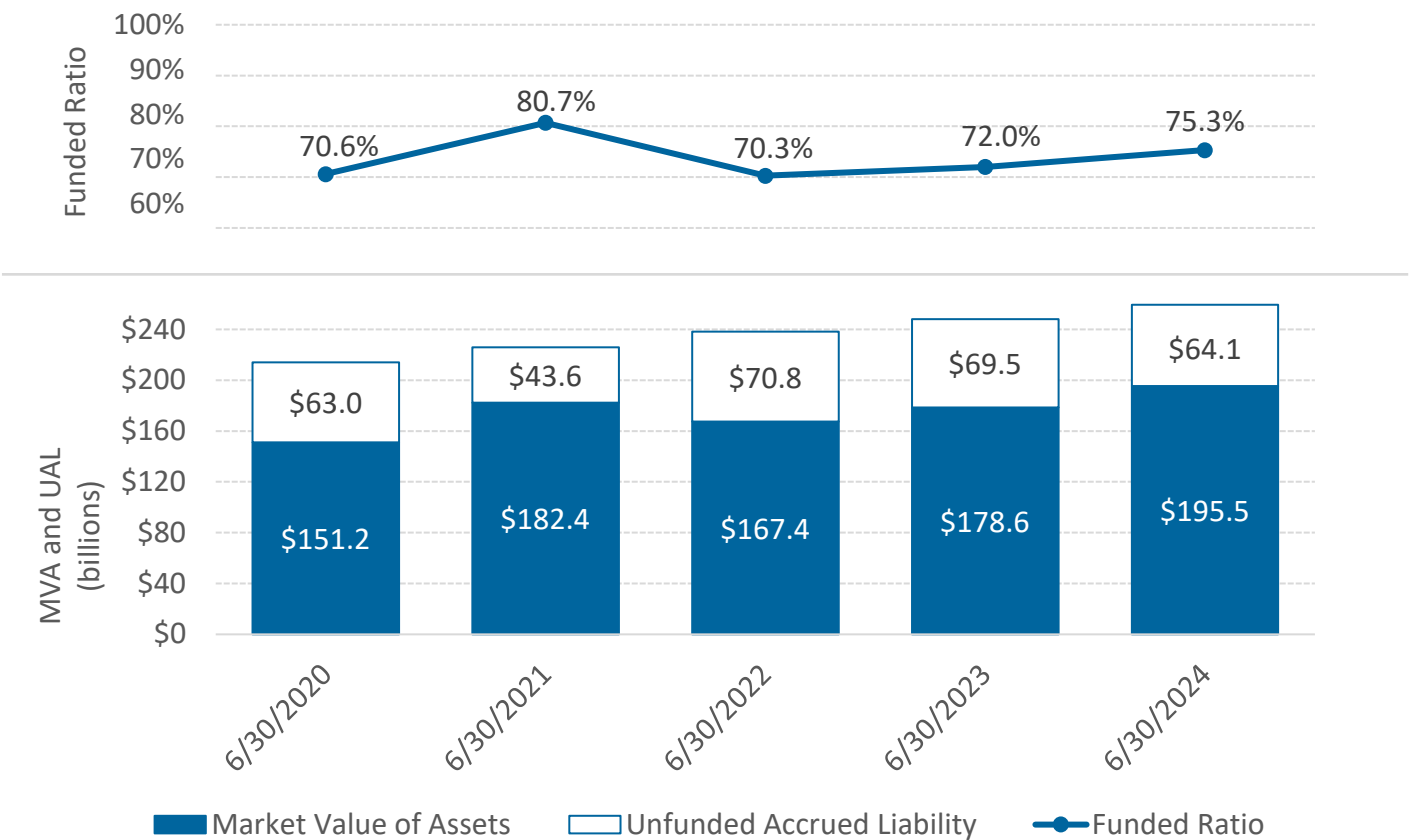
Significant Events Since June 30, 2023 Valuation

- Investment Return
 - Money-weighted investment return based on final assets was 9.5% in FY 2023-24
- Additional Contributions
 - \$337 million contributed in July 2024 (Prop 2)
 - Additional contributions will be reflected in funded status as of June 30, 2025
 - Currently not reflected in FY 2025-26 required contributions

Assets and Liability (in millions)

	June 30, 2023	June 30, 2024
Accrued Liability	\$ 248,129	\$ 259,549
Market Value of Assets	\$ 178,647	\$ 195,488
Unfunded Accrued Liability	\$ 69,483	\$ 64,061
Funded Ratio	72.0%	75.3%
Expected Employer Contributions based on Actuarially Determined Contribution Rates	\$ 8,616	\$ 9,284
Expected Employer Contributions Including Additional Contributions Pursuant California State Budget Act	\$ 8,754	\$ 9,432

Funded Status History of State Plans (aggregate)



Actuarially Determined Contribution Rates (\$ in millions)

Plan	Fiscal Year 2024-25		Fiscal Year 2025-26		
	Employer Contribution Rate	Expected Contribution in Dollars	<i>Estimated Rate¹</i>	Employer Contribution Rate	Expected Contribution in Dollars
State Miscellaneous	31.39%	\$ 5,123	31.9%	31.32%	\$ 5,515
State Industrial	20.18%	178	20.6%	20.54%	193
State Safety	22.03%	565	22.4%	21.67%	619
State Peace Officers & Firefighters	48.09%	2,064	48.7%	49.36%	2,214
California Highway Patrol	69.89%	686	70.9%	69.29%	743
Total State		\$ 8,616			\$ 9,284

¹ As published in Circular Letter 200-043-24 dated September 20, 2024, *State Employer Projected Contribution Rates*

Total FY 2025-26 Contributions by Plan

Plan	Actuarially Required Employer Contribution for FY 2025-26	Additional Statutory Contribution per GC 20683.2	Total Contribution FY 2025-26
State Miscellaneous	31.32%	0.10%	31.42%
State Industrial	20.54%	0.88%	21.42%
State Safety	21.67%	1.18%	22.85%
State Peace Officers & Firefighters	49.36%	1.65%	51.01%
California Highway Patrol	69.29%	1.32%	70.61%

Member Contributions

- PEPRA member rates were established beginning January 1, 2013. The initial rates were calculated as half of the total normal cost rounded to the nearest quarter percent.
- The normal cost is calculated annually. If it is determined that the total normal cost has changed by one percent or more since the last time the PEPRA member rates were set, the PEPRA member rate is recalculated based on the new normal cost.

Member Contributions

- Most State employees are exempt from the PEPRA requirement that members contribute 50% of normal cost
- PEPRA members subject to automatic 50% cost sharing:
 - Legislature
 - California State University
 - Judicial Branch
- No change to PEPRA member contributions in FY 2025-26

Member Contributions – Bargaining Units 2, 5 & 18

- State employees in Bargaining Units 2, 5 and 18 generally contribute 50% of normal cost
- Member Contributions effective July 1, 2025:
 - Patrol members in BU 5: increase from 13.50% to 14.50%
 - No other changes to member contributions

Projected Required Future Employer Rates

Plan	Actual		Projected			
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
State Miscellaneous	31.32%	31.2%	32.6%	32.2%	31.7%	31.5%
State Industrial	20.54%	20.4%	21.6%	21.2%	20.7%	20.5%
State Safety	21.67%	21.5%	22.7%	22.2%	21.7%	21.5%
State Peace Officers & Firefighters	49.36%	48.9%	51.1%	50.1%	48.9%	48.4%
California Highway Patrol	69.29%	67.0%	69.3%	67.9%	68.7%	66.0%

Projected rates assume 6.8% investment return in FY 2024-25 and following years with no changes to benefits, assumptions, methods, or supplemental payments during the projection period. Adjustments were made to estimate the effects of future hires entering PEPPRA benefit tiers and future member contribution rate changes already codified in statute. All other demographic experience is assumed to match the actuarial assumptions.