

Second Reading PERF Actuarial Assumptions**Impact on Contribution Rates
(Excluding Impact of Discount Rate Assumption Change)**

State and Schools		
Category	Estimated Change in Total Normal Cost Rate (% of payroll)	Estimated Change in Total Employer Rate (% of payroll)
State CHP	1.0%	1.8%
State POFF	1.3%	1.9%
State Safety	0.5%	1.2%
State Miscellaneous	0.9%	1.6%
State Industrial	0.2%	0.5%
Schools	0.5%	0.6%

Public Agencies		
Category	Estimated Change in Total Normal Cost Rate (% of payroll)	Estimated Change in Total Employer Rate (% of payroll)
Miscellaneous 2% at 62	0.0% to 0.7%	-0.5% to 2.7%
Miscellaneous 2% at 60	0.1% to 0.4%	0.1% to 0.9%
Miscellaneous 2% at 55	0.0% to 0.9%	0.1% to 3.8%
Miscellaneous 2.5% at 55	0.2% to 0.7%	0.0% to 3.0%
Miscellaneous 2.7% at 55	0.2% to 0.8%	-0.1% to 3.0%
Miscellaneous 3% at 60	0.2% to 0.8%	0.2% to 3.1%
Safety 2.7% at 57	-1.8% to 1.4%	-2.0% to 6.0%
Safety 2% at 50	1.2% to 1.3%	3.0% to 3.1%
Safety 3% at 55	-1.1% to 1.2%	-0.6% to 2.2%
Safety 3% at 50	-1.3% to 1.9%	-1.1% to 7.5%

**Impact on PEPRA Normal Costs
(Excluding Impact of Discount Rate Assumption Change)**

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 increase. 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	0.6%
State Industrial	0.1%
State Safety	0.2%
POFF*	0.9%
CHP	0.8%
Schools	0.5%
Public Agency Miscellaneous	0.0% to 0.7%
Public Agency Safety	-1.8% to 1.4%

*State and Schools PEPRA employee rates remain unchanged apart from 2.7% @ 57 POFF employees

The table below quantifies how many plans are anticipated to have a PEPRA employee rate change and the corresponding number of actives working in those plans.

	Miscellaneous Plans		Safety Plans	
	<u>Plan Count</u>	<u>Actives Count</u>	<u>Plan Count</u>	<u>Actives Count</u>
Not affected	1,413	155,404	227	10,620
Increase	9	1,738	551	16,431
Decrease	0	0	4	86

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 discount rate assumption (e.g., 6.8% discount rate). Cost impacts of alternate discount rate 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