



Finance and Administration Committee

Agenda Item 3f

April 13, 2026

Item Name: Legislators' Retirement System Actuarial Valuation and Employer and Employee Contribution Rates

Program: Actuarial Office

Item Type: Action Consent

Recommendation

Approve the June 30, 2025 Legislators' Retirement System Actuarial Valuation report and the corresponding transmittal letter to the governor and Legislature.

Adopt the employer contribution amount of \$505,688 for the period of July 1, 2026 through June 30, 2027 for the Legislators' Retirement System.

Executive Summary

The following table summarizes key results from the valuation:

	June 30, 2024	June 30, 2025
Present Value of Benefits	\$ 97,714,684	\$ 95,639,627
Accrued Liability	\$ 97,714,684	\$ 95,639,627
Fair Value of Assets	\$ 93,823,484	\$ 92,242,141
Unfunded Liability/(Surplus)	\$ 3,891,200	\$ 3,397,486
Funded Status	96.0%	96.4%
Unfunded Accrued Liability Payment ¹	\$ 493,219	\$ 505,688

- 1) The Legislators' Retirement System no longer has active members and therefore no projected payroll. Employer Contribution Rates reported as a percent of payroll are no longer applicable.

Strategic Plan

This action item is being presented as part of the regular and ongoing workload of the Actuarial Office and supports the Strategic Plan goal of Pension Sustainability.

Background

The Legislators' Retirement System was established in 1947. This actuarial valuation report is presented in accordance with Section 9354.5 of the LRS Law. The valuation report provides information regarding retirement and ancillary benefits for Senators and Members of the Assembly (first elected prior to November 7, 1990), Constitutional Officers (first elected prior to December 31, 2012), and Legislative Statutory Officers (first appointed prior to December 31, 2012).

The system was closed to newly elected Senators and Members of the Assembly by the Political Reform Act of 1990 (Proposition 140) but remained open to new Constitutional and Legislative Statutory Officers.

With the passage of Assembly Bill 340 (PEPRA) in 2012, the LRS was closed to all new potential members effective January 1, 2013.

Assembly Bill 340 also required public employer's contributions, in combination with employee contributions, cannot be less than the normal cost rate.

Analysis

In the June 30, 2024 Actuarial Valuation, the plan was in an unfunded position, with a funded status of 96.0%. The Board approved an employer contribution of \$493,219 for FY 2025-26.

As of the June 30, 2025 actuarial valuation, the plan remains unfunded with a funded ratio of 96.4%. The modest improvement was primarily driven by a favorable FY 2024-25 investment return of 6.3%, exceeding the assumed return of 4.5%.

Based on the updated actuarial analysis, the actuarial office recommends that the Board approve an employer contribution of \$505,688 for FY 2026-27.

Budget and Fiscal Impacts

Not Applicable

Benefits and Risks

One key risk measured in the June 30, 2025 funding valuation is the funded status of a plan. The funded status of a pension plan is defined as the ratio of assets to a plan's accrued liabilities. This measure, when below a certain level along with other risk measures, indicates whether a plan is at risk of not meeting future benefit obligations. This plan is no longer fully funded but is still considered well-funded at this time.

Future cost-of-living adjustments for retired legislators and beneficiaries are tied to the U.S. City Average Consumer Price Index (CPI-U). Higher than projected future COLAs could negatively impact the plan's future funded status.

Attachments

Attachment 1 – Transmittal Letter to the Governor and Legislature

Attachment 2 – Legislators' Retirement System Actuarial Valuation Report as of June 30, 2025

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