

# State Valuation and Employer/Employee Contribution Rates

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# Overview

- Actuarial valuation date – **June 30, 2025**
  - Determines required employer/employee contributions for **FY 2026-27**
- Five member sub-groups
  - State Miscellaneous
  - State Industrial
  - State Safety
  - State Peace Officers & Firefighters
  - California Highway Patrol

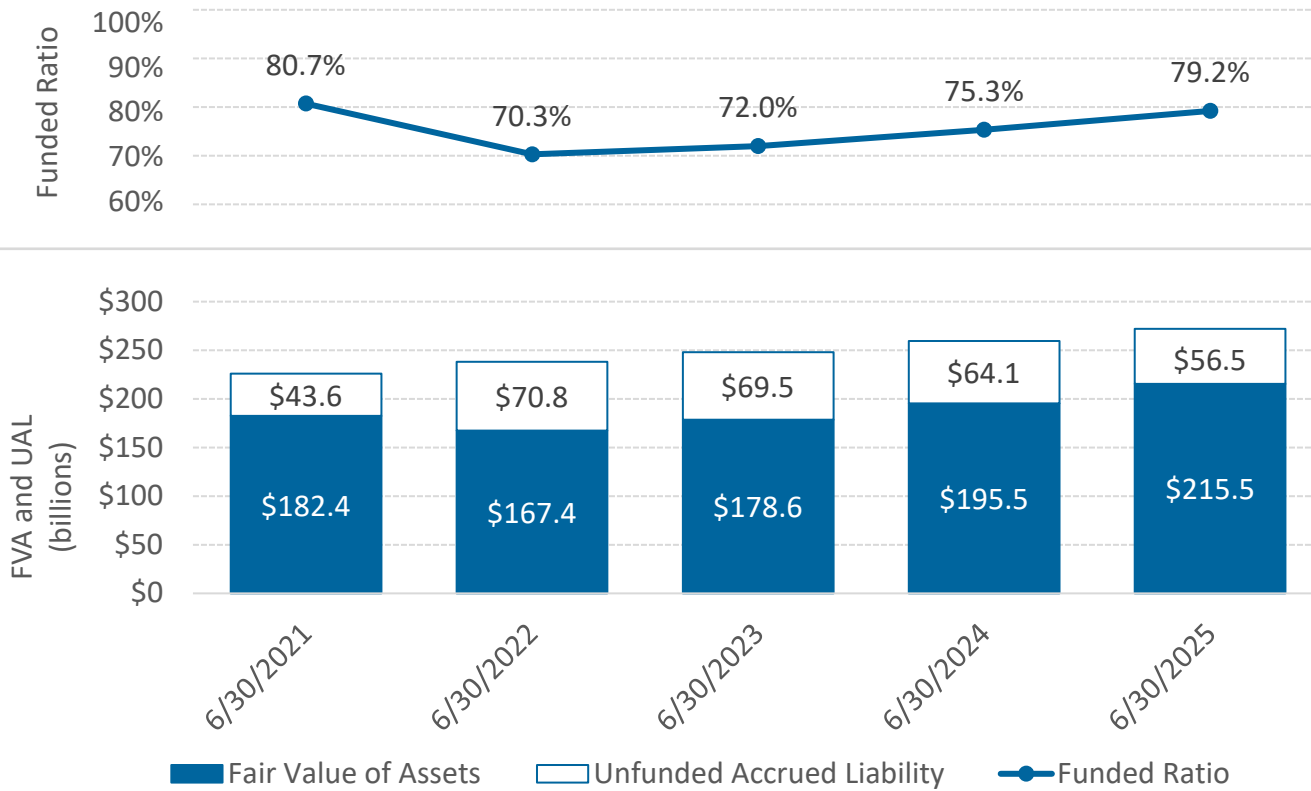
# Significant Events Since June 30, 2024 Valuation

- Investment Return
  - Money-weighted investment return based on final assets (net of administrative expenses) was 12.0% in FY 2024-25
- New Assumptions
  - Board Approved Assumptions Changes in November 2025
- Additional Contributions
  - \$584 million contributed in July 2025 (Prop 2)
  - \$372 million contributed in October 2025 (Prop 2)
    - Additional contributions will be reflected in funded status as of June 30, 2026
    - Currently not reflected in FY 2026-27 required contributions

# Assets and Liability (in millions)

	June 30, 2024	June 30, 2025
Accrued Liability	\$ 259,549	\$ 272,055
Fair Value of Assets	\$ 195,488	\$ 215,527
Unfunded Accrued Liability	\$ 64,061	\$ 56,528
Funded Ratio	75.3%	79.2%
Expected Employer Contributions based on Actuarially Determined Contribution Rates	\$ 9,284	\$ 9,873
Expected Employer Contributions Including Additional Contributions Pursuant California State Budget Act	\$ 9,432	\$ 10,031

# Funded Status History of State Plans (aggregate)



# Actuarially Determined Contribution Rates (\$ in millions)

	FY 2025-26		<i>Estimated Rate*</i>	FY 2026-27	
	Employer Contribution Rate	Expected Contribution in Dollars		Employer Contribution Rate	Expected Contribution in Dollars
State Miscellaneous	31.32%	\$ 5,515	30.6%	31.60%	\$ 5,939
State Industrial	20.54%	193	19.8%	20.40%	199
State Safety	21.67%	619	20.9%	21.60%	660
State Peace Officers & Firefighters	49.36%	2,214	47.7%	49.00%	2,334
California Highway Patrol	69.29%	743	65.8%	63.81%	741
<b>Total State</b>		<b>\$ 9,284</b>			<b>\$ 9,873</b>

\* As projected in Circular Letter 200-049-25

# Total FY 2025-26 Contributions by Plan

	<b>Actuarially Required Employer Contribution for FY 2026-27</b>	<b>Additional Statutory Contribution per GC 20683.2</b>	<b>Total Contribution FY 2026-27</b>
State Miscellaneous	31.60%	0.10%	31.70%
State Industrial	20.40%	0.88%	21.28%
State Safety	21.60%	1.18%	22.78%
State Peace Officers & Firefighters	49.00%	1.65%	50.65%
California Highway Patrol	63.81%	1.32%	65.13%

# 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 2026-27

## Member Contributions – Bargaining Units 2, 5, 12, 16 and 18

- State employees in Bargaining Units 2, 5, 12, 16 and 18 generally contribute 50% of normal cost
- Member Contributions effective July 1, 2026:
  - No changes to member contributions

# Projected Required Future Employer Rates

Plan	Actual	Projected				
	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
State Miscellaneous	31.60%	32.2%	31.0%	29.9%	29.1%	28.9%
State Industrial	20.40%	20.9%	19.8%	18.7%	17.9%	17.8%
State Safety	21.60%	22.0%	20.9%	19.8%	19.0%	18.8%
State Peace Officers & Firefighters	49.00%	49.8%	47.5%	45.2%	43.5%	43.1%
California Highway Patrol	63.81%	64.5%	62.0%	61.5%	57.8%	57.0%

Projected rates assume 6.8% investment return in FY 2025-26 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 PEPRA benefit tiers and future member contribution rate changes already codified in statute. All other demographic experience is assumed to match the actuarial assumptions.