

Schools Pool Valuation and Employer/Employee Contribution Rates

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Overview

- Actuarial valuation date: **June 30, 2025**
 - Determines required employer and PEPRA employee contributions for **fiscal year 2026-27**
- All participating school employers pay the same employer contribution rate for all active members based on total results of the Schools Pool
- Unlike public agencies, the entire employer contribution is paid as a rate (percentage of covered payroll)

Key Experience Since Prior Valuation

- Money-weighted investment return net of administrative expenses was 12.0% in fiscal year 2024-25
- Assumption changes were made in conjunction with the 2025 Experience Study, resulting in a modest cost increase
- Salary increases for active members averaged 4.5%, receding from elevated levels in recent years
- Growth in total payroll, at 6.6% over the prior year, declined from recent years but remained above the assumed rate of 2.8%

Key Results (\$ in millions)

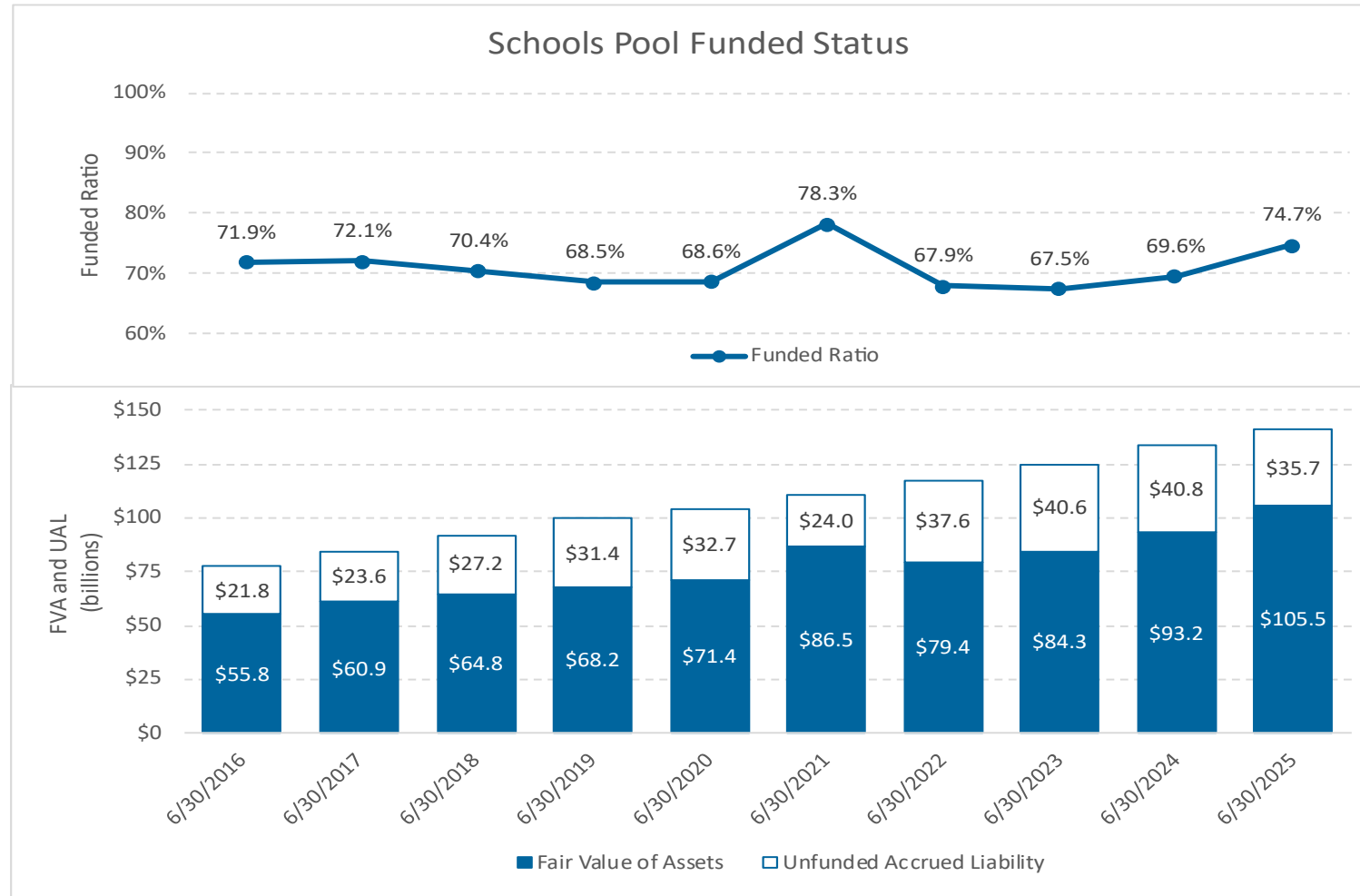
	June 30, 2024	June 30, 2025
Accrued Liability	\$ 133,978	\$ 141,195
Fair Value of Assets	\$ 93,187	\$ 105,452
Unfunded Accrued Liability	\$ 40,791	\$ 35,743
Funded Ratio	69.6%	74.7%
Discount Rate	6.80%	6.80%
	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Contribution Rate	26.81%	26.40%
PEPRA Member Contribution Rate	8.00%	8.00%

Employer Contributions (\$ in millions)

	Fiscal Year 2025-26	Fiscal Year 2026-27
Employer Contribution Rate (% of pay)		
Employer Normal Cost	9.37%	9.66%
Unfunded Liability Rate	<u>17.44%</u>	<u>16.74%</u>
Employer Contribution Rate	26.81%	26.40% ¹
Projected Payroll in Contribution Year	\$ 21,450	\$ 22,946
Expected Employer Contribution (\$)	\$ 5,751	\$ 6,057

¹ Compares to the most recent estimate of 26.4% published in Circular Letter 200-048-25 dated November 13, 2025, *School Employer Projected Contribution Rates*

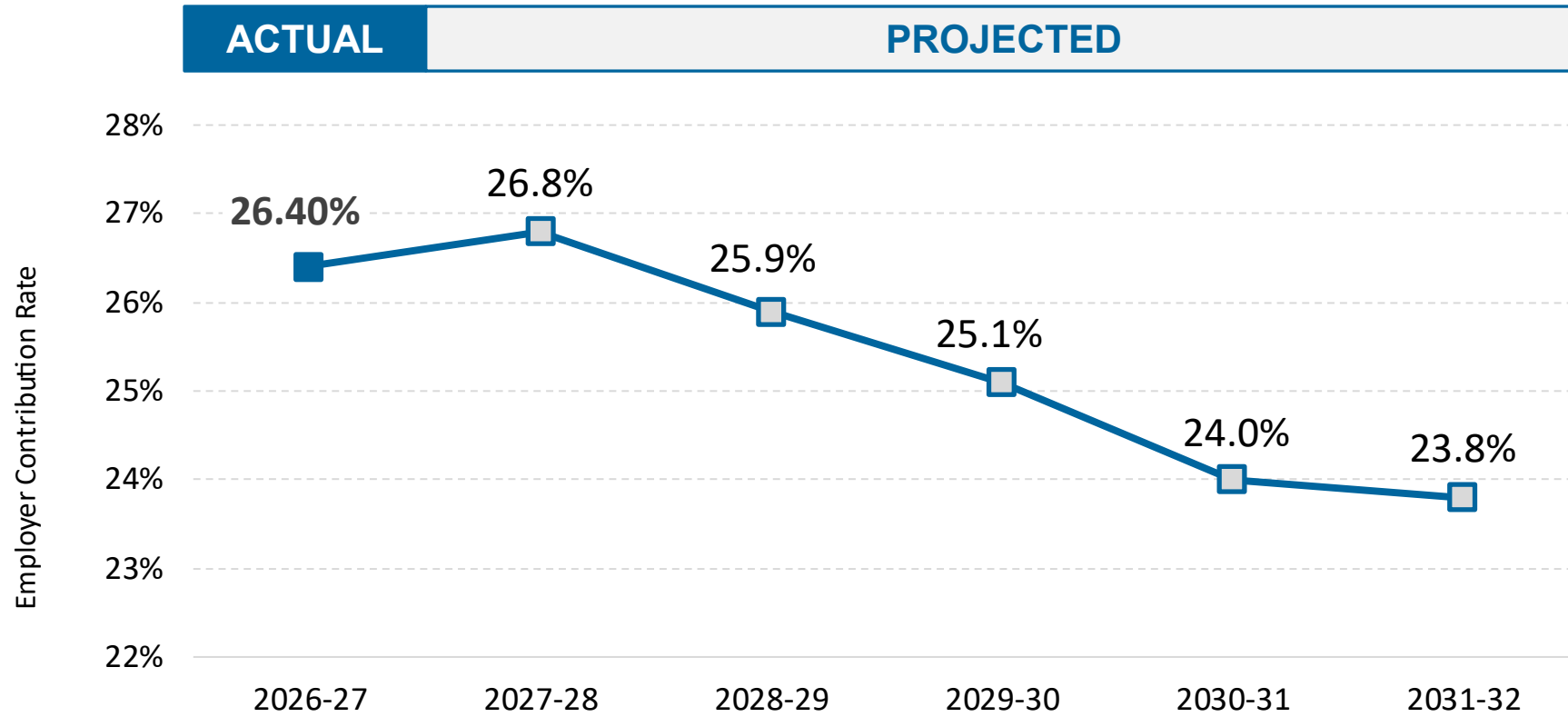
Funded Status Recent History



Employee Contributions

- PEPRA members in the Schools Pool are required to contribute 50% of normal cost
- PEPRA member contribution rate will remain 8.00% in fiscal year 2026-27
- The Classic member contribution rate is set by statute (7.00%)
- PEPRA members represent 70% of Schools Pool active membership by headcount and 62% by payroll

Projected Employer Contribution Rate



Projected rates assume 6.8% investment return in FY 2025-26 and thereafter with no changes to benefits, assumptions, or methods during the projection period. All plan experience is assumed to match the actuarial assumptions, including the expectation that normal cost will continue to gradually decline over time as new employees enter the PEPRA benefit tier.