



## Risk & Audit Committee

# Agenda Item 6a

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**June 17, 2026**

**Item Name:** Third Party Valuation and Certification of the 2024 CalPERS Annual Valuations for Public Agencies

**Program:** Actuarial Office

**Item Type:** Information

### **Executive Summary**

The third-party actuarial firm, Cheiron completed its independent review of the actuarial valuations of public agency plans as of June 30, 2024. Overall, Cheiron confirmed the actuarial process followed by the CalPERS Actuarial Office conformed to applicable Actuarial Standards of Practice (ASOPs). The full report summarizing their review, which includes findings and recommendations, are in Attachment 1 of this agenda item.

### **Strategic Plan**

This agenda item supports the Strategic Plan Pension Sustainability Goal – Strengthen the long-term sustainability of the pension fund.

### **Background**

Under the California Constitution, the CalPERS Board of Administration (Board) has plenary authority and fiduciary responsibility to provide for actuarial services. The CalPERS Chief Actuary advises the Board and directs the activities of the CalPERS actuarial team. The Board also retains the services of an outside actuarial firm to review the work of the CalPERS Actuarial Office and to certify that such work complies with actuarial professional standards. The Board's Delegation Resolution RA-17-01 includes the delegation to the Risk and Audit Committee to oversee key internal auditor activities, including parallel valuations. In June 2025, the board selected a third-party actuarial firm, Cheiron, to provide the parallel valuation and certification services to the Board. Cheiron has completed the parallel valuation and certification services for valuations for public agency plans as of June 30, 2024. This activity represents the completion of Task 1 of Contract No. 2025-9409.

## **Analysis**

Cheiron reviewed the Public Agency valuations for assumptions, methods and procedures used by the Actuarial Office and confirmed that they conform to applicable Actuarial Standards of Practice. They also certified that the reports on these valuations conform to applicable Actuarial Standards of Practice.

In addition, Cheiron completed parallel actuarial valuations for 20 sample Public Agency plans using the same assumptions, census data, asset information and benefit provisions that were used by CalPERS to prepare their June 30, 2024 valuations of these plans. They compared the key results of the parallel valuations with the results published in the 20 sample Public Agency plan valuation reports. For all 20 Public Agency plans, Cheiron's key calculations matched those prepared by the Actuarial Office within the target tolerance levels specified by CalPERS and view the differences as not material.

Cheiron's review of CalPERS's calculations did not identify any refinements of the valuation calculations that they would consider necessary. However, their report does provide discussion regarding minor calculation differences, as well as possible modifications to the CalPERS report template. These will be evaluated by the Actuarial Office.

Please see Section IV in the attached report for a summary comparison of Cheiron's results to CalPERS' results.

## **Budget and Fiscal Impacts**

Funding for the third-party valuation and certification of the 2024 CalPERS Annual Valuations of public agency plans is already identified within existing budgetary resources.

## **Benefits and Risks**

It is essential to periodically review contribution requirements and funding levels to ensure the ongoing financial soundness of a pension system. The Actuarial Office has divided the retirement plans at CalPERS into three categories: Public Agencies, State and Schools, and Affiliates (LRS, JRS, JRS II, and the 1959 SBP). The Board's current independent actuarial firm, Cheiron, was selected to perform parallel valuations for each of the three categories within the next few years. This item is for the first of these three categories, public agencies. These parallel valuations provide an additional "check and balance" that increases the financial security of the retirement system for its participating members by reducing the risk of undetected errors in actuarial calculations.

## **Attachments**

Attachment 1 – Parallel Valuation and Certification Report – Public Agencies

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Randall Dziubek  
Deputy Chief Actuary - Valuation Services

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Scott Terando  
Chief Actuary