

# CalPERS Pension Update

Napa, CA  
May 20, 2025



# Agenda



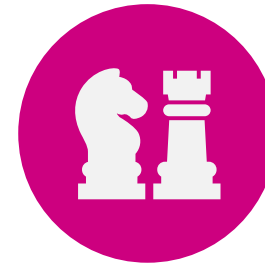
CalPERS  
Pension Basics



Comparison to  
Other Agencies



Changes  
to CalPERS &  
Their Impact



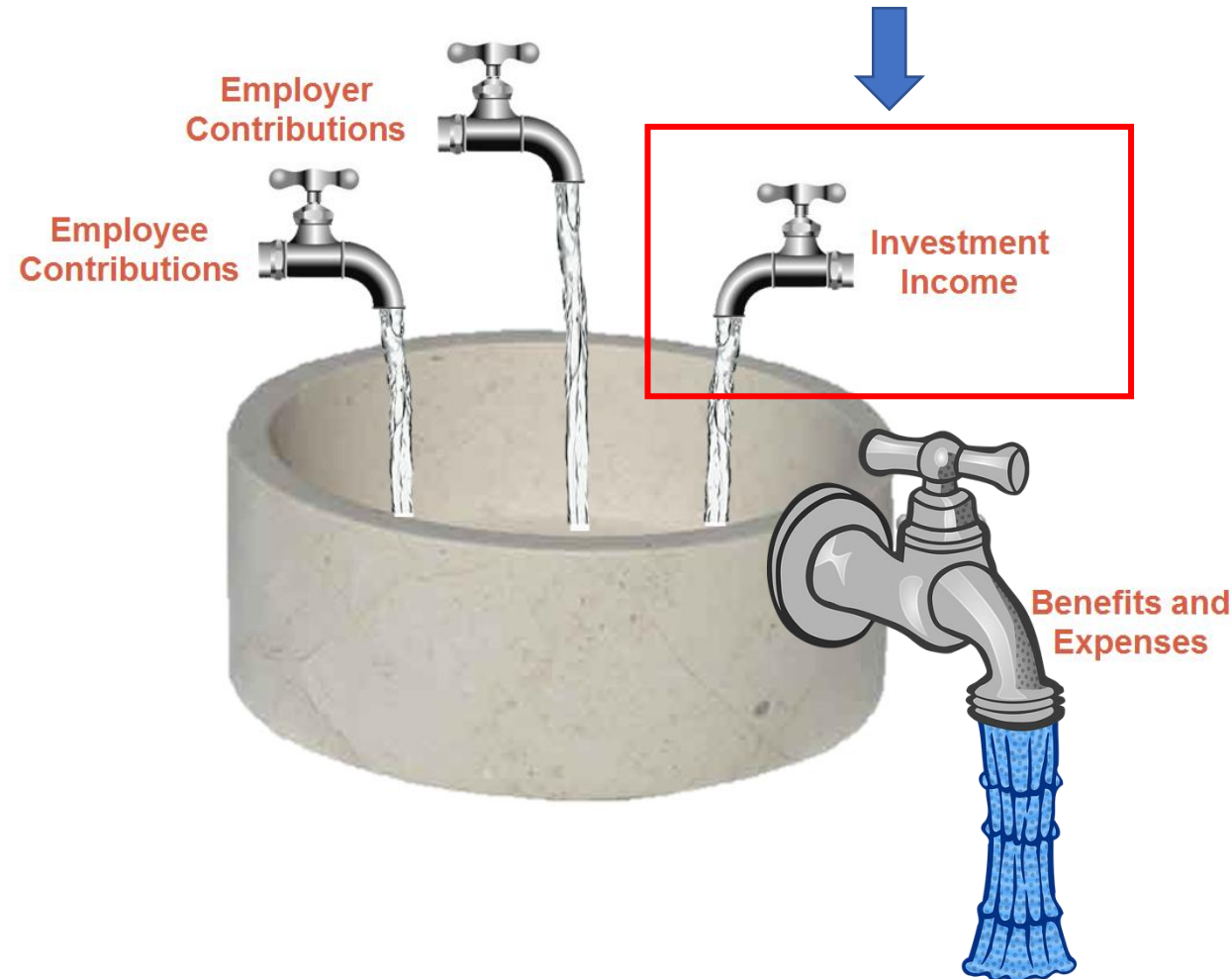
Potential  
Strategies

# CalPERS Pension Basics

# Money going into CalPERS is equal to the Money coming out of CalPERS

Major Driver of  
Plan Cost

Funding a Pension Plan

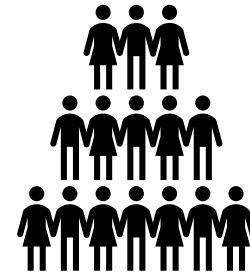


# CalPERS Projects Future Benefit Payments using a Series of Assumptions



## Economic

- Inflation
- Investment Return
- Salary Growth



## Demographic

- Retirement
- Disability
- Death
- Termination

# Napa has 4 Benefit Structures within CalPERS for Miscellaneous Employees

	<i>Miscellaneous Tier 1</i>	<i>Miscellaneous Tier 2</i>	<i>Miscellaneous Tier 3</i>	<i>PEPRA Miscellaneous</i>
<b>Hire Date</b>	On or Before 4/19/83	Between 4/20/83 and 12/20/2012	Between 12/21/2012 and 12/31/2012	On or After 01/01/2013
<b>Formula</b>	2.7% @ 55	2.7% @ 55	2% @ 60	2% @ 62
<b>Final Pay Period</b>	12 months	36 months	36 months	36 months
<b>COLA</b>	2% per year	2% per year	2% per year	2% per year
<b>Employee Contributions</b>	8% of pay	8% of pay	7% of pay	7.25% of pay (50% of Normal Cost)
<b>Additional Employee Contributions</b>	4.5% of pay	4.5% of pay	4.5% of pay	4.5% of pay

No Additional Employee Contributions for Elected Officials

# Napa has 3 Benefit Structures within CalPERS for Police Officers

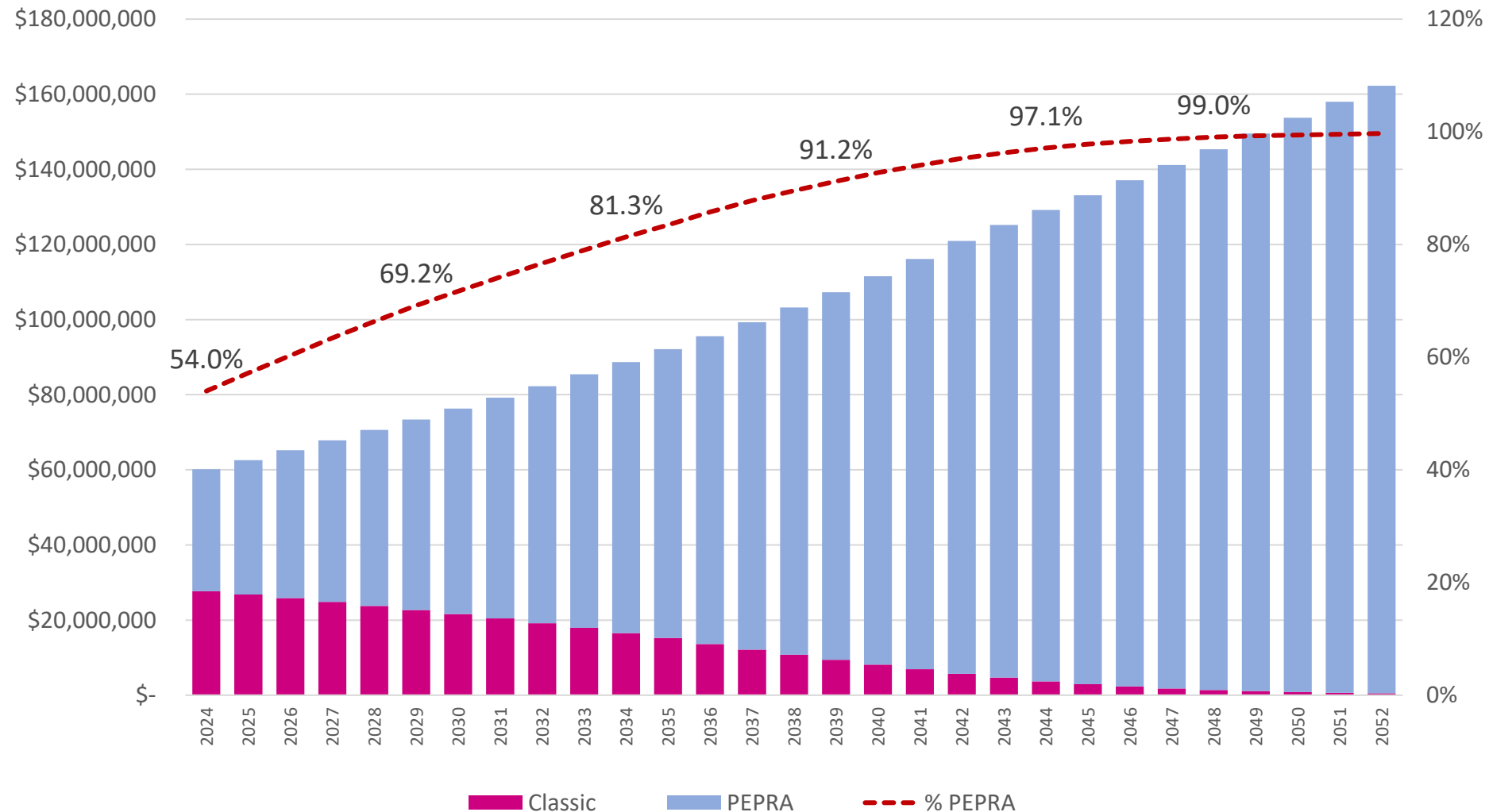
	<i>Safety Tiers 1 &amp; 2</i>	<i>Safety Tier 3</i>	<i>PEPRA Safety</i>
<i>Hire Date</i>	On or Before 1/6/2012	Between 1/7/2012 and 12/31/2012	On or After 01/01/2013
<i>Formula</i>	3% @ 50	3% @ 55	2.7% @ 57
<i>Final Pay Period</i>	12 months	36 months	36 months
<i>COLA</i>	2% per year	2% per year	2% per year
<i>Employee Contributions</i>	9% of pay	9% of pay	12.25% of pay (50% of Normal Cost)
<i>Additional Employee Contributions</i>	5.5% of pay	NPOA: 5.5% of pay PMU: 4% of pay	1.75% of pay

# Napa has 3 Benefit Structures within CalPERS for Fire Fighters

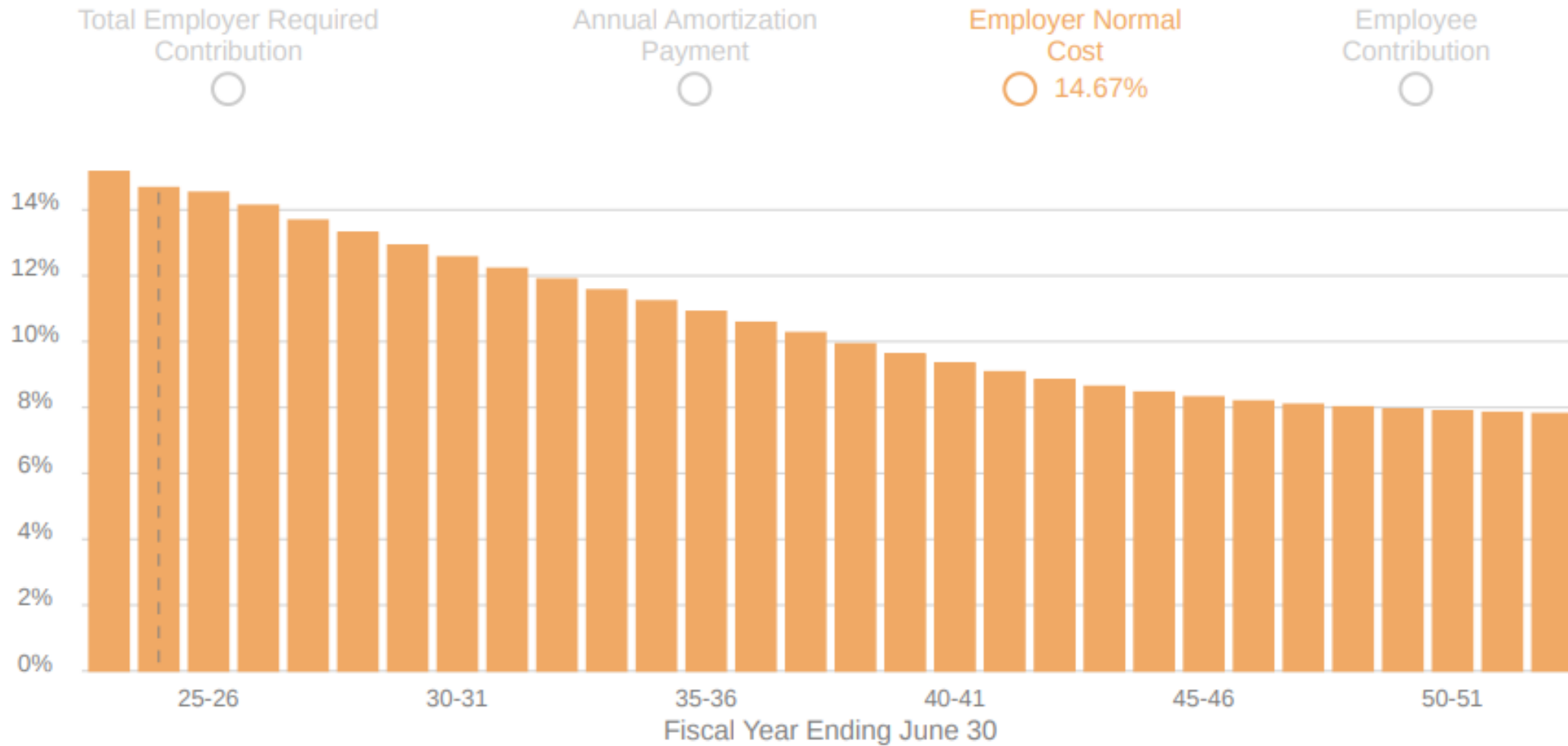
	<i>Safety Tiers 1 &amp; 2</i>	<i>Safety Tier 3</i>	<i>PEPRA Safety</i>
<i>Hire Date</i>	On or Before 8/10/2012	Between 8/11/2012 and 12/31/2012	On or After 01/01/2013
<i>Formula</i>	3% @ 50	3% @ 55	2.7% @ 57
<i>Final Pay Period</i>	12 months	36 months	36 months
<i>COLA</i>	2% per year	2% per year	2% per year
<i>Employee Contributions</i>	9% of pay	9% of pay	12.25% of pay (50% of Normal Cost)
<i>Additional Employee Contributions</i>	NCFA: 3% of pay NCFO: 5.5% of pay	NCFA: 3% of pay NCFO: 5.5% of pay	NCFA: 0% of pay NCFO: 5.5% of pay



# Over the Next Few Years, More Employees will be in the PEPRA Tier



# Normal Cost will decrease as a percent of payroll as the workforce shifts toward PEPRA



# Comparison to Other CalPERS Agencies

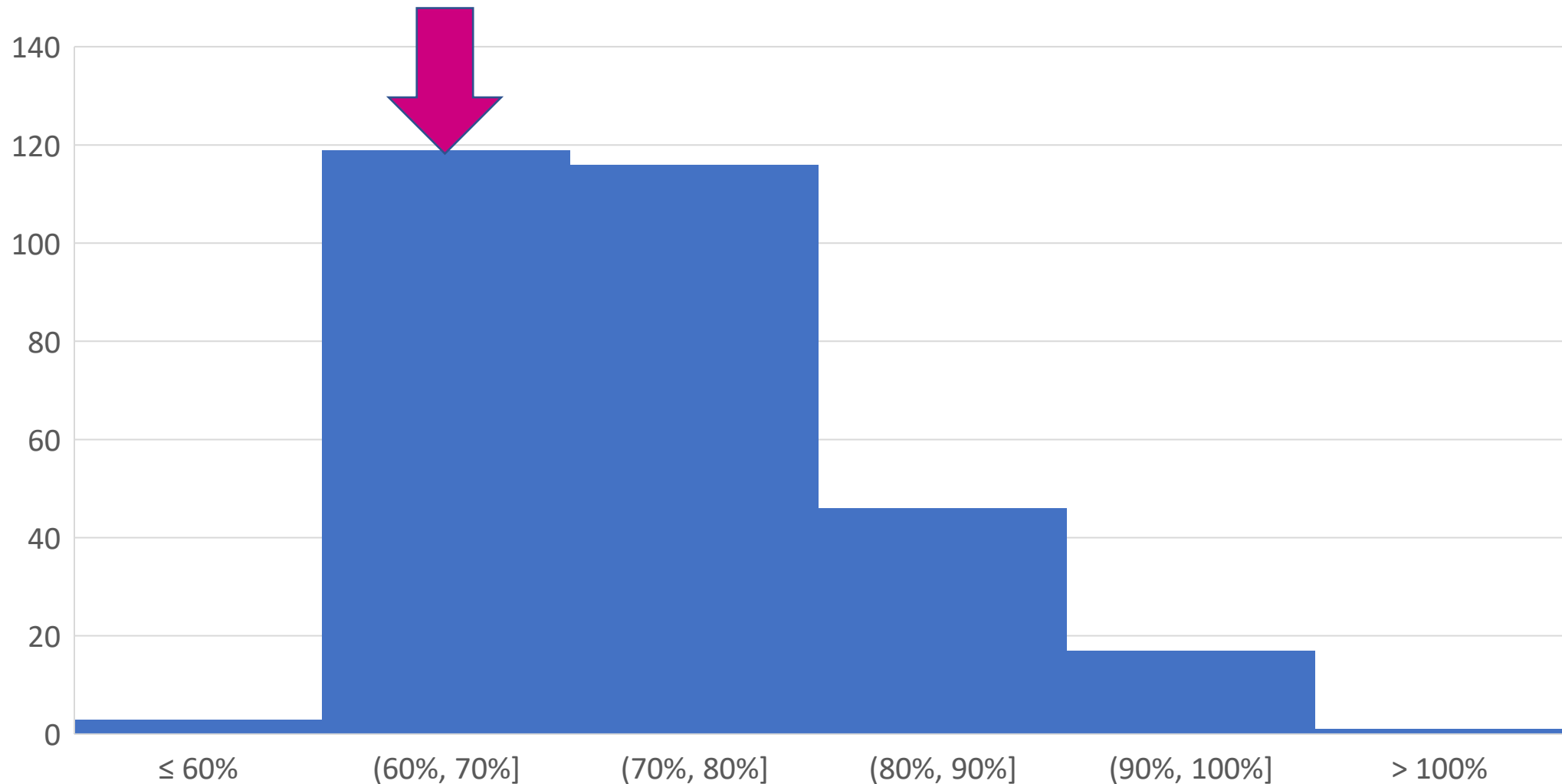
# Comparison Metrics

- **Funded Percentage**
  - Plan assets divided by Plan liabilities
  - Calculated as of June 30, 2023
- **Total Contribution Percentage**
  - Required Contribution divided by Projected Pensionable Compensation
  - Payable in Fiscal Year 2025/26

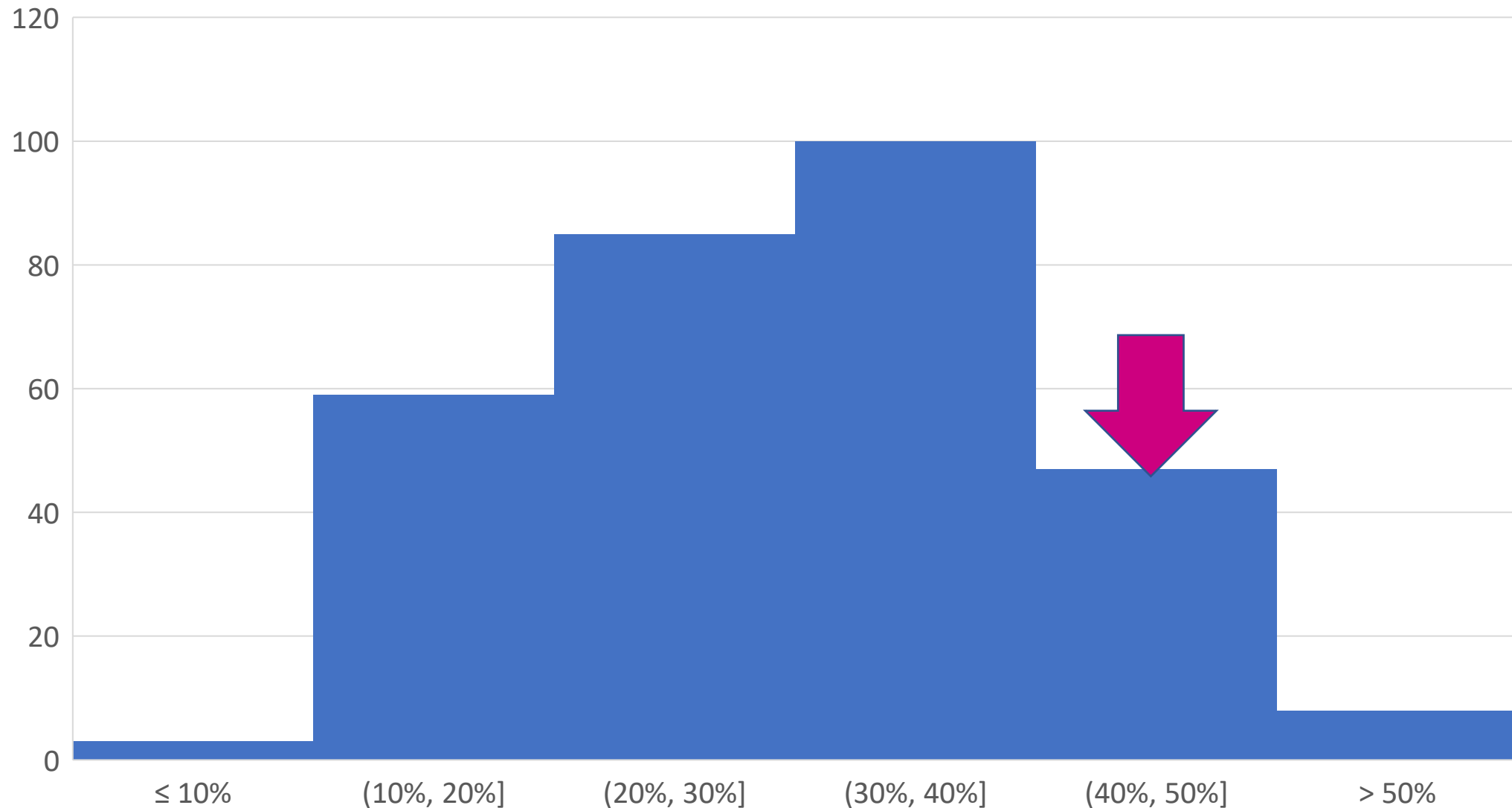
# Comparison Group

- Miscellaneous results are compared against all the results for CalPERS Miscellaneous Plans that are not in the Risk Pool
- Safety results are compared against all the results for CalPERS Safety Plans that are not in the Risk Pool

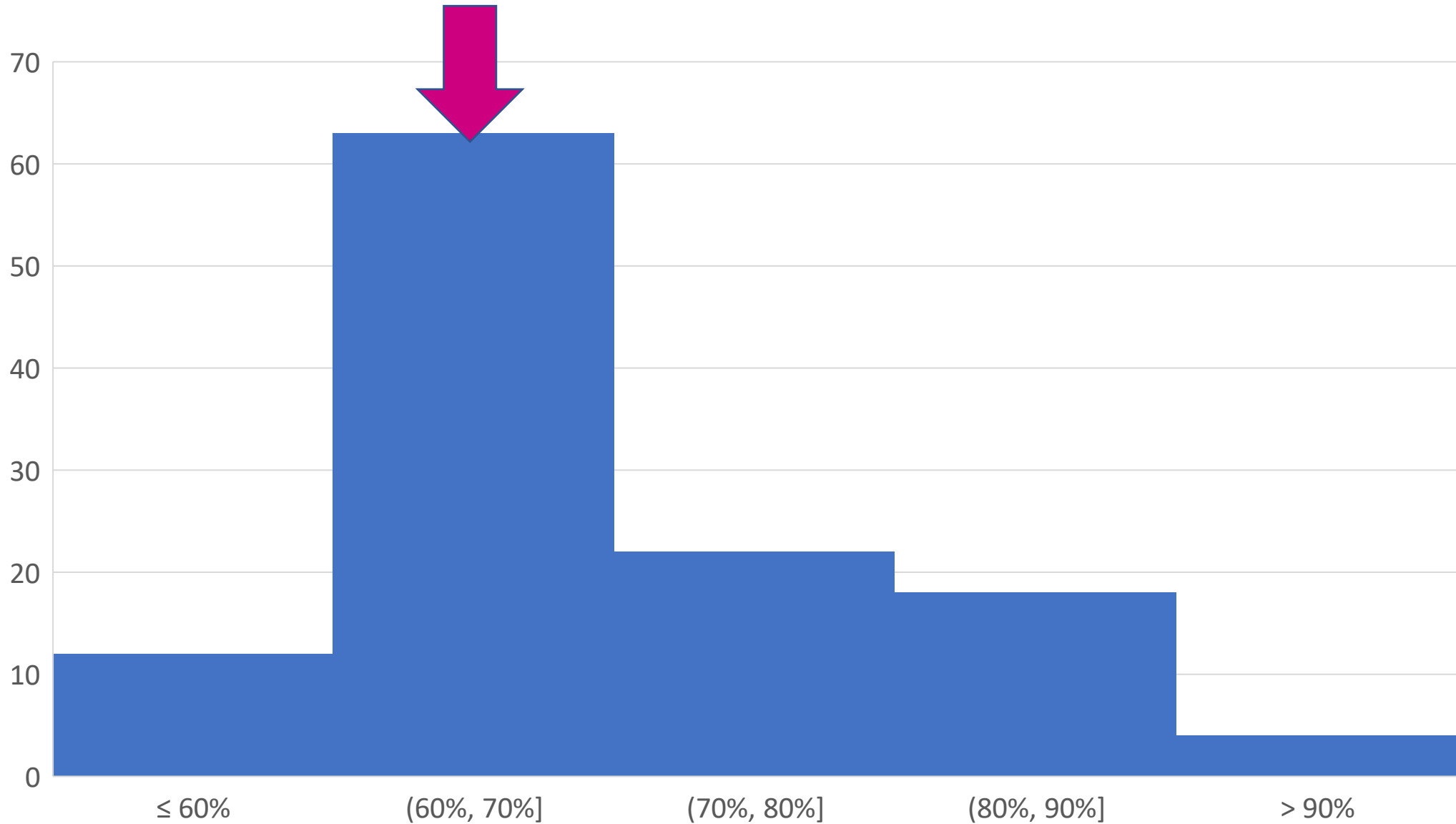
# Miscellaneous Funded Percentage Comparison – 61.2%



# Miscellaneous Total Contribution Comparison – 40.2%

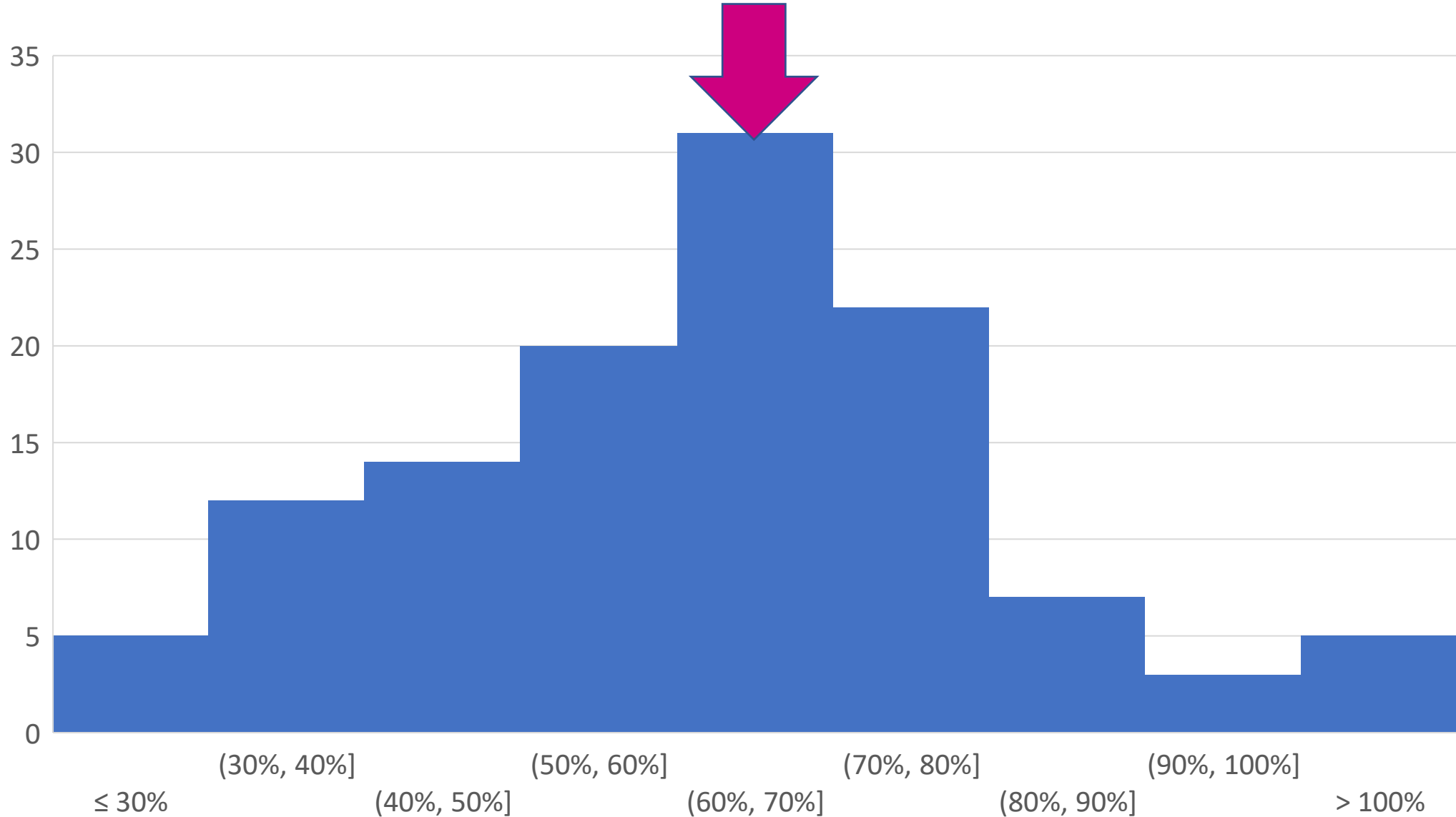


# Safety Funded Percentage Comparison – 63.0%





# Safety Total Contribution Comparison – 62.3%



# Changes to CalPERS

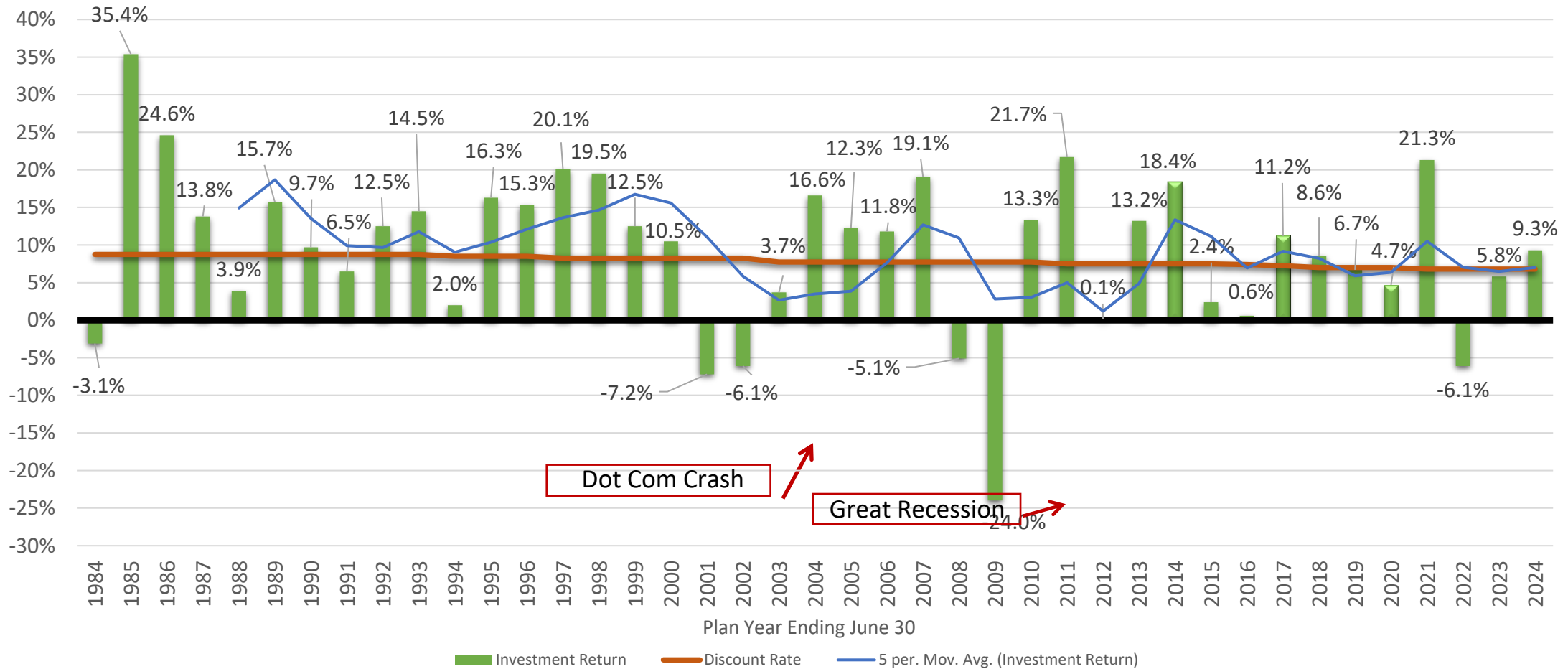
# CalPERS Investment Return:

**5.8% in 2022/23**

**9.3% in 2023/24**

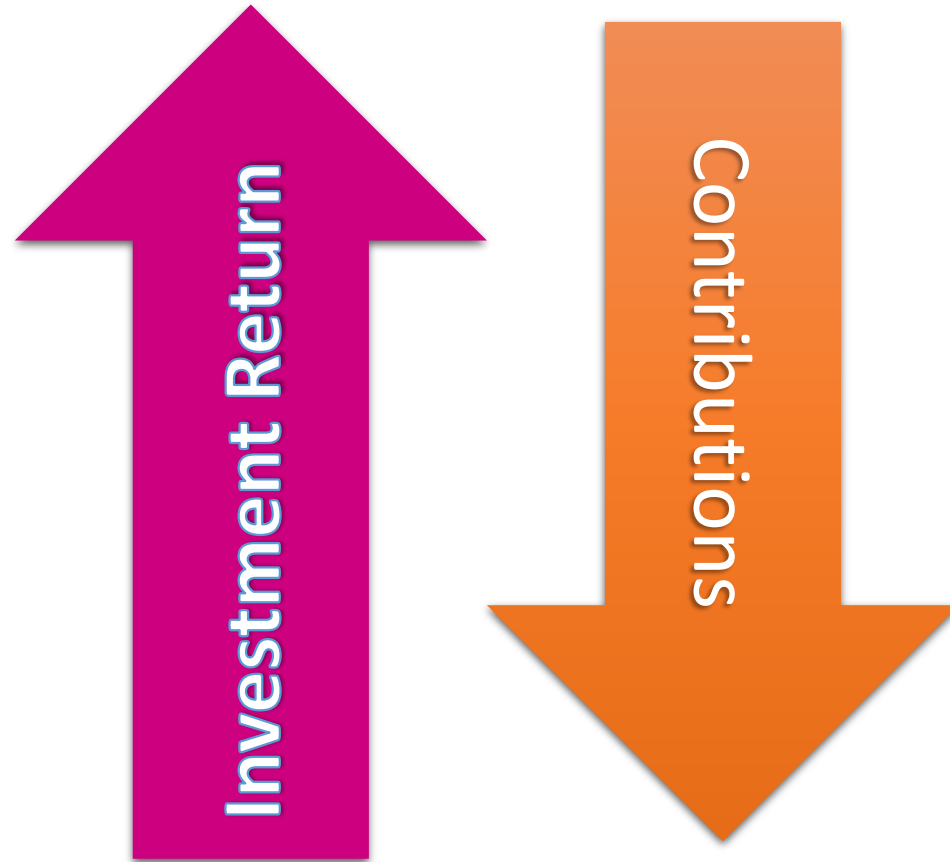
Weak return in 2022/23 followed by better return in 23/24

# CalPERS Actual Investment Returns versus Assumed Investment Return



Discount Rate = Assumed Investment Return Rate

# More Money from Investment Return means Less Money Required from Contributions

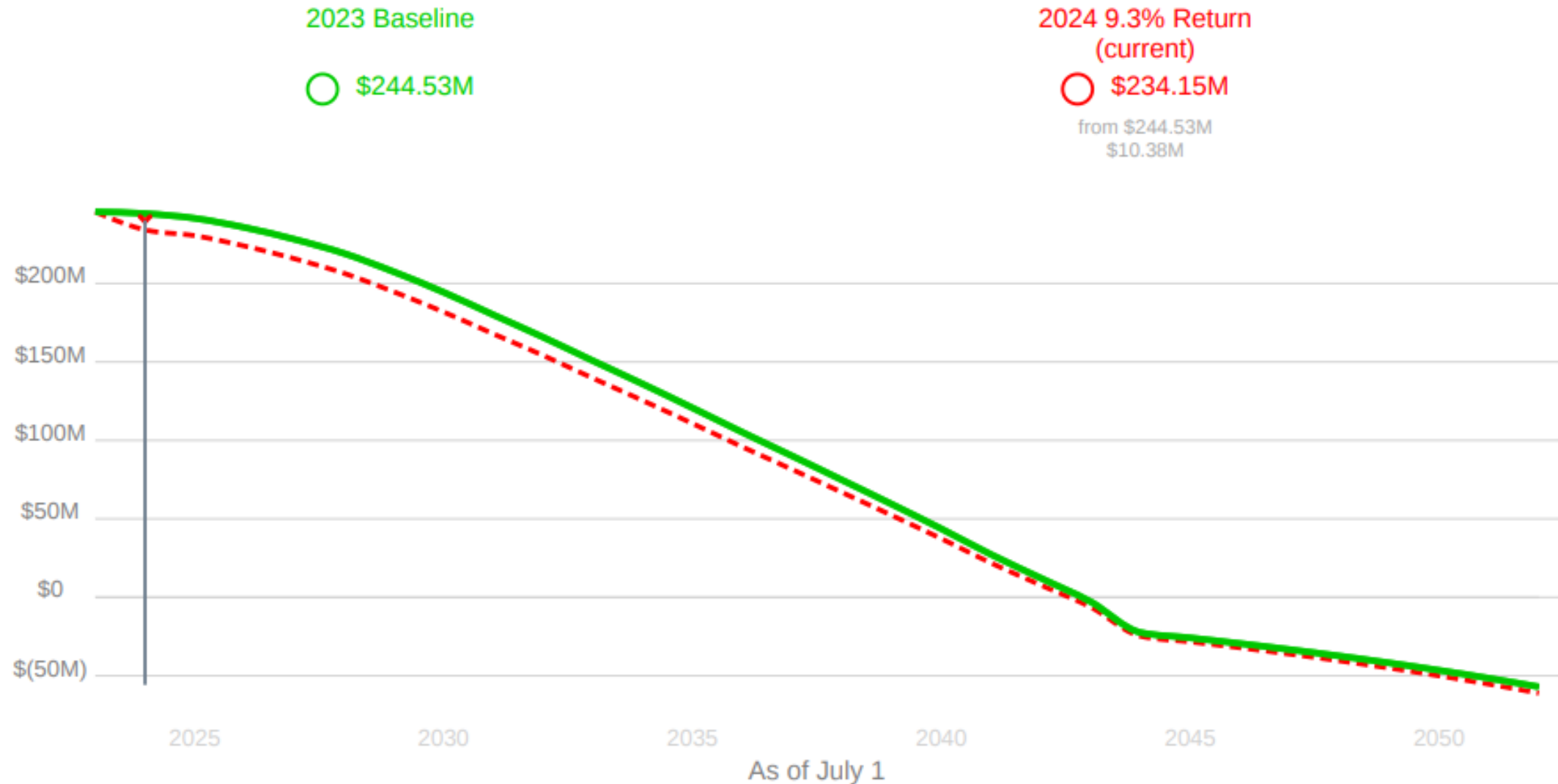


# What is the Impact of those Changes?

How did the above change impact Funded Percentage and Contribution? Now and in the future?

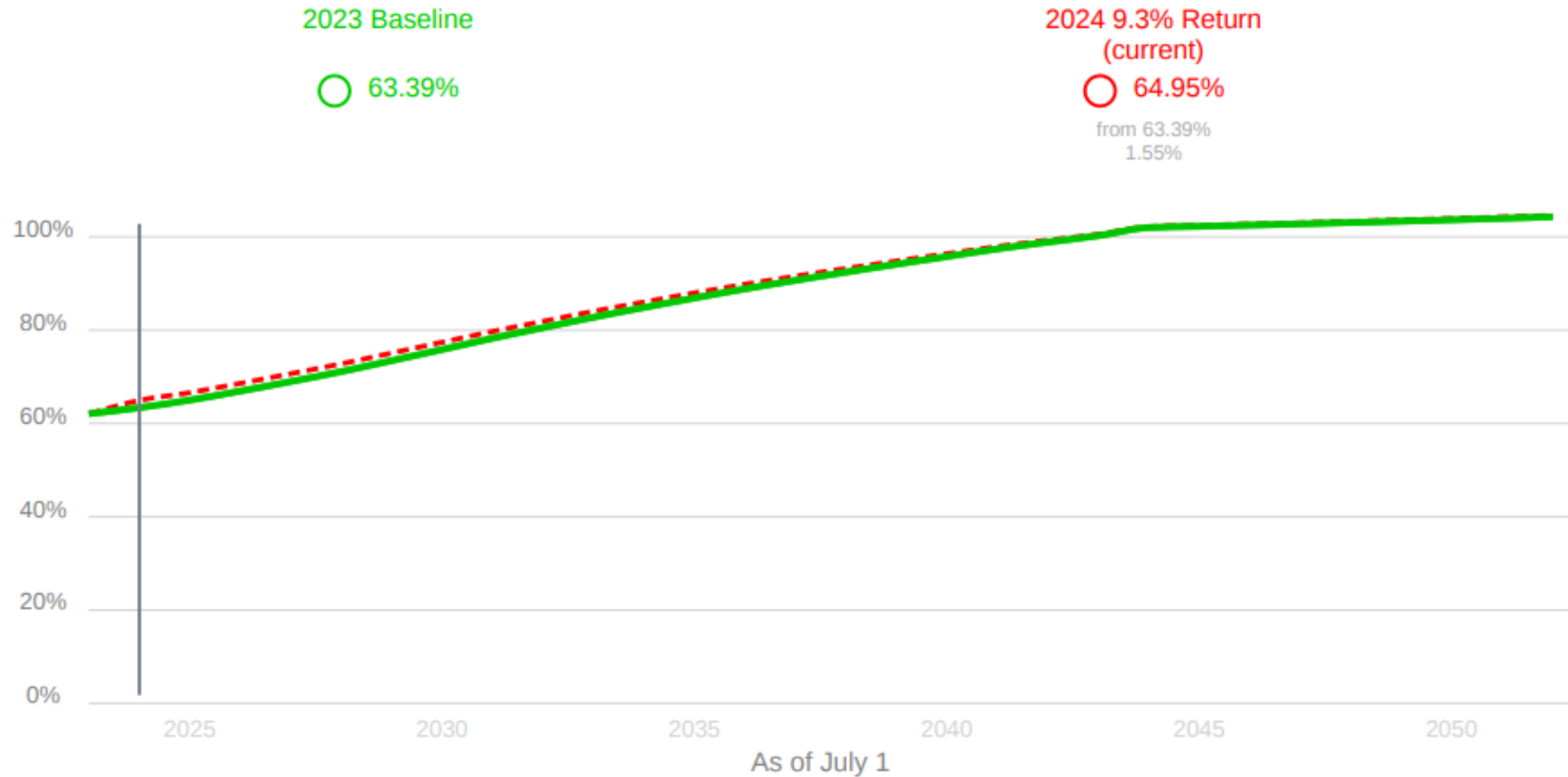
# Without 115 Trust

# Unfunded Actuarial Liability

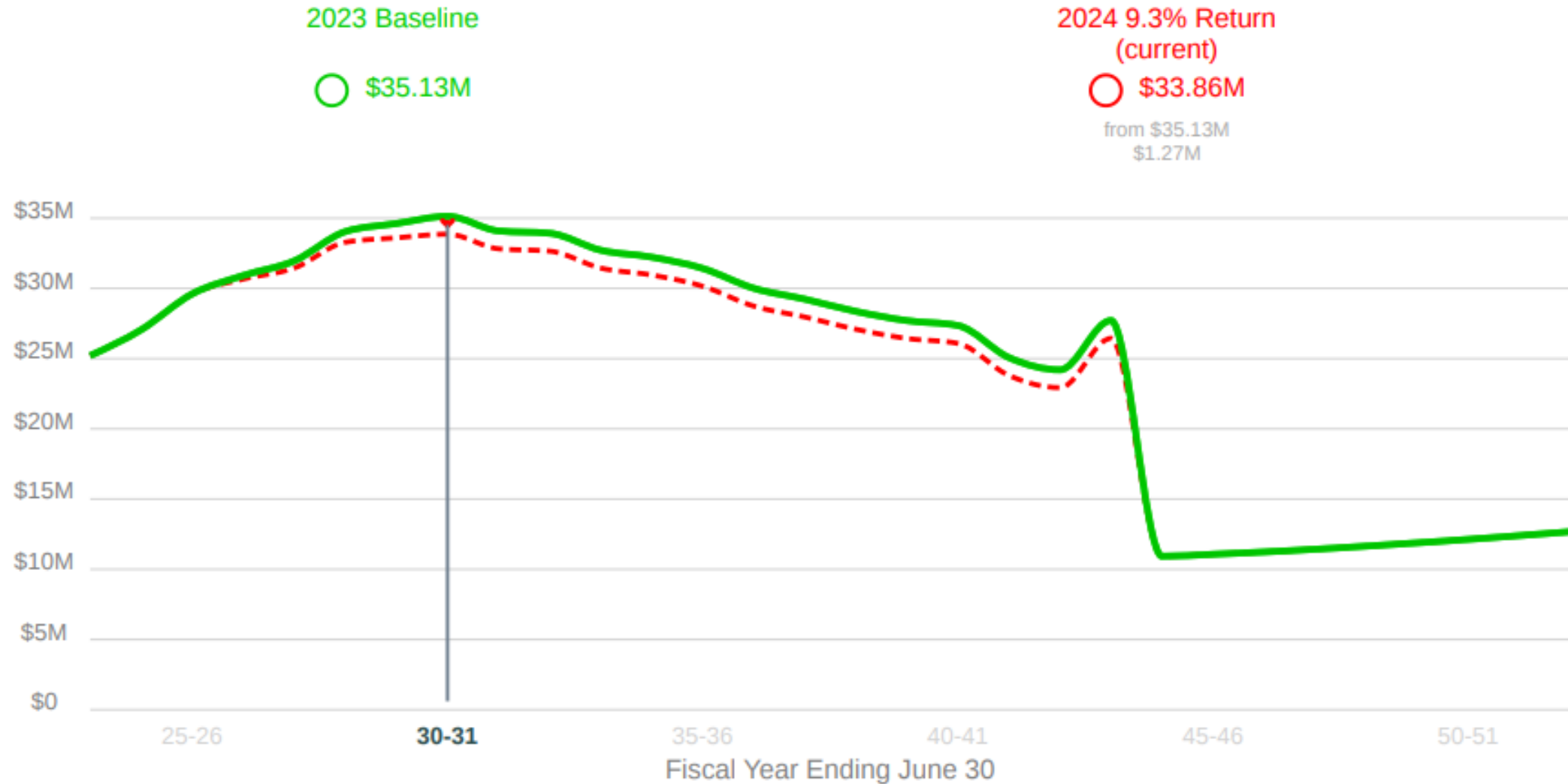




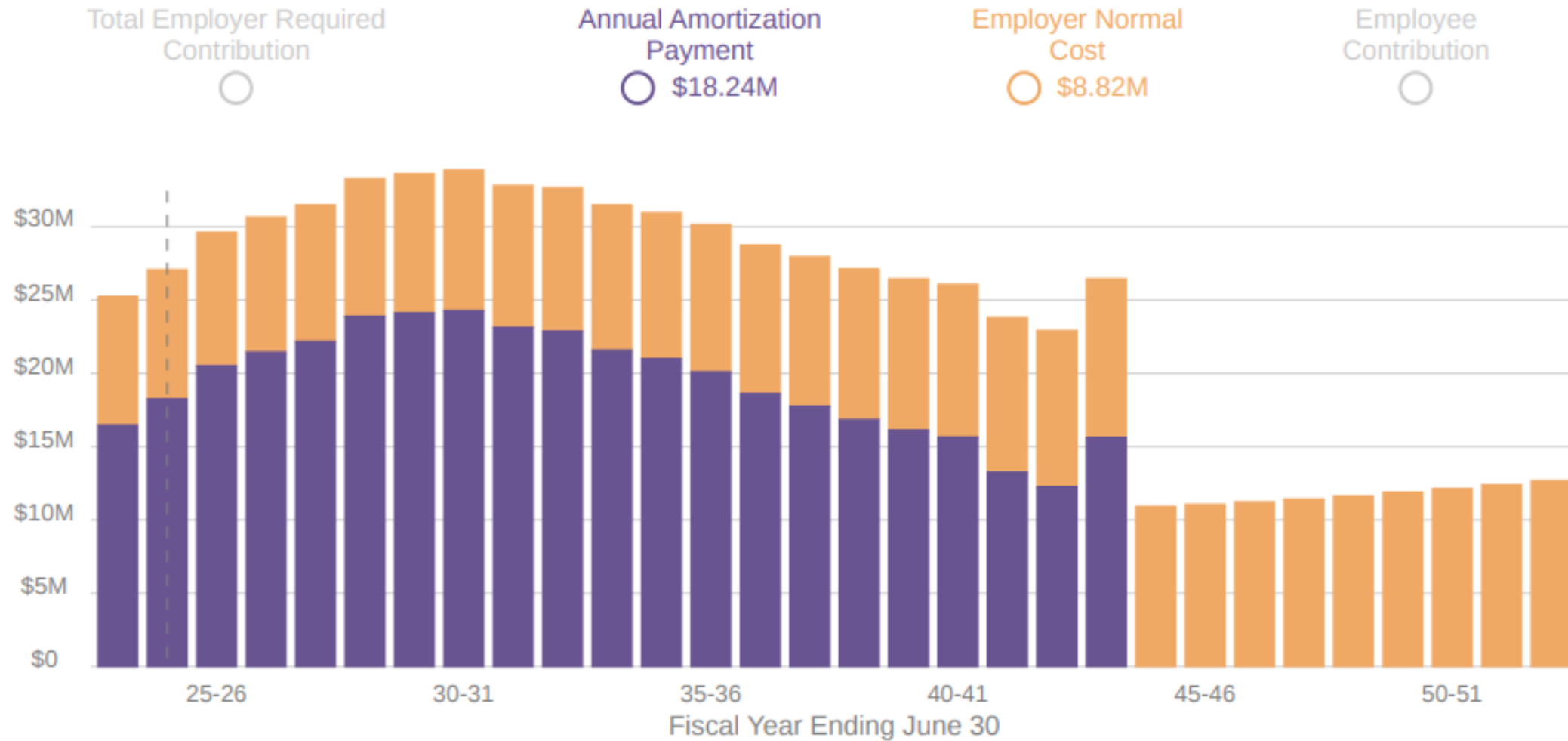
# Funded Percentage



# Employer Required Contributions



# Employer Required Contributions



**With 115 Trust**

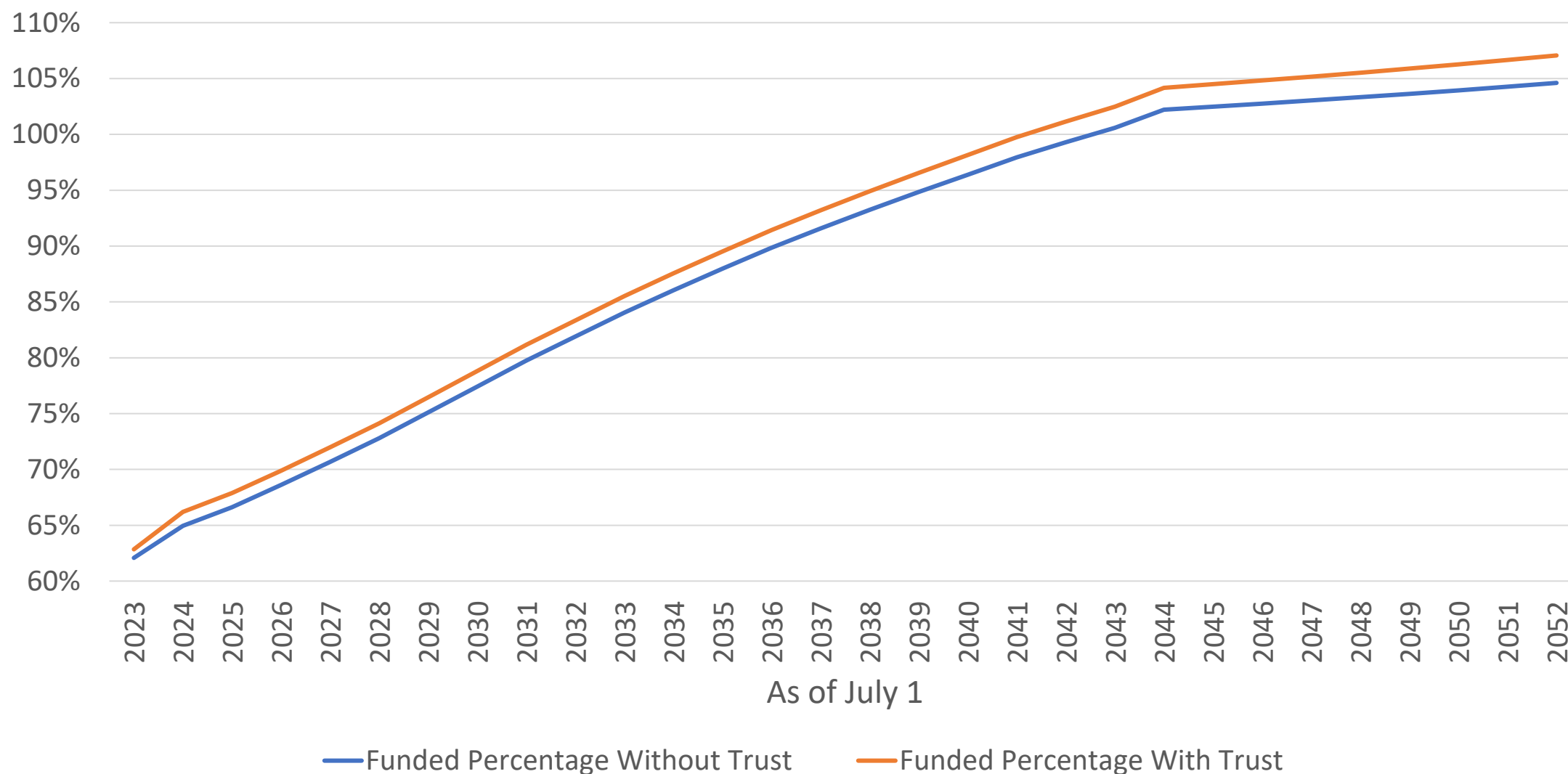
# Section 115 Pension Trust

- Balance as of June 30:
  - 2023: \$4,958,363.00
  - 2024: \$8,309,663.75
- Additional Contributions:
  - June 2024: \$3,000,000

# Unfunded Liability: With & Without Trust



# Funded Percentage: With & Without Trust



# Addressing Unfunded Liability

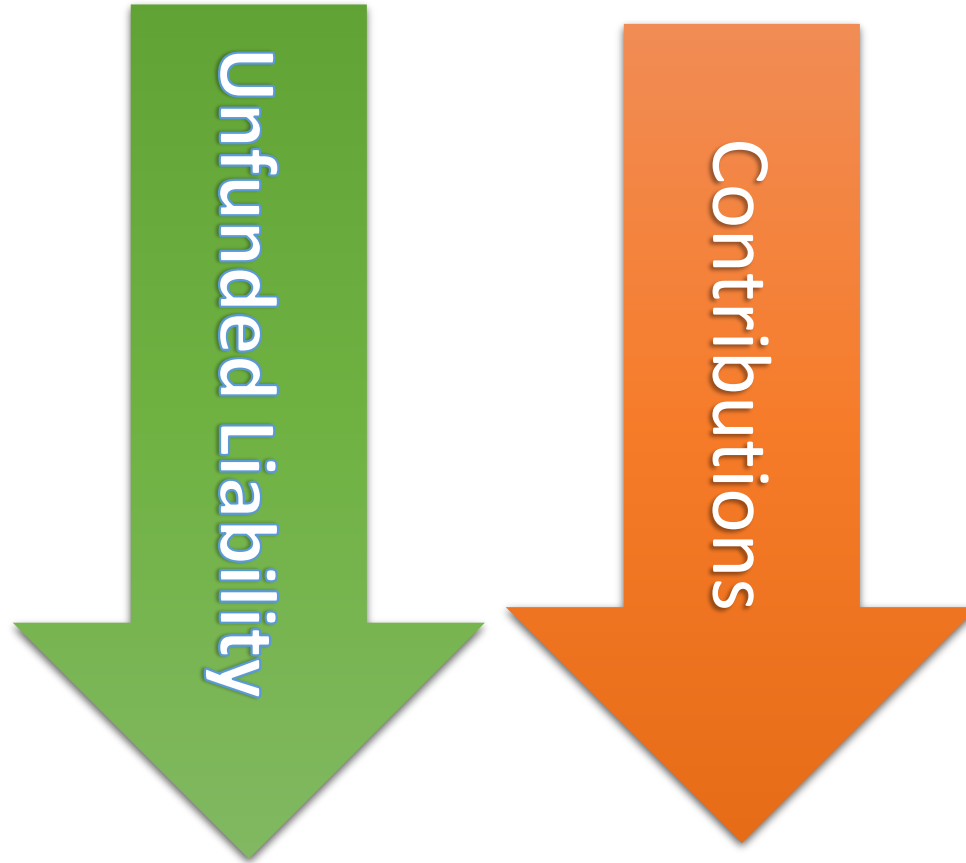
Approaches the City can take to control future Unfunded Liability



# Why Address Unfunded Liability?

- Most of current Required Contribution is due to payment toward Unfunded Actuarial Liability
- City is effectively paying interest to CalPERS for Unfunded Actuarial Liability
- Current interest rate is 6.8%

# Lower Unfunded Actuarial Liability means Lower Required Contributions



# Potential Approaches to Addressing UAL

- One-time Additional Contribution
- Additional Annual Contributions
  - Budgeted
  - Based on Budget Surplus or Other Savings

# Where Does the Money Go?

- Direct to CalPERS
  - Which amortization bases will you pay off?
- 115 Trust
- Internal Reserve

# Questions



# Disclaimer

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