

# CalPERS Unfunded Liabilities Next Steps



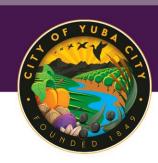
Shon Harris, Mayor December 19, 2019

### Unfunded Liabilities Update

				Pension	Li	abilities FYE 6-	30-3	17, Actuarials L	Dat	ted August 201	3					
Assets Liabilities Unfunded Liability % Funded	\$	Safety Tier 1 49,508,910 72,115,503 22,606,593) 68.7%	\$ \$	Safety Tier 2 51,587,742 65,491,485 (13,903,743) 78.8%	\$ \$ \$	Safety Tier 3-Fire 436,863 443,479 (6,616) 98.5%	\$	Safety Fier 3-Police 795,991 827,552 (31,561) 96.2%	\$	Safety PEPRA-Fire 272,242 284,612 (12,370) 95.7%	\$	Safety EPRA-Police 326,688 342,019 (15,331) 95.5%	\$	Aiscellaneous 84,981,656 118,775,214 (33,793,558) 71.5%		Pension Stabilization Trust Fund 2,615,658
Total Unfunded Pensi	on Liab		7	70.070		30.076		30.270		30.770		30.070		71.070	\$	70,369,772
				Pensi	on	Liabilities FYE 6	-30	0-18, Actuarials	D	ated July 2019						
Assets Liabilities Unfunded Liability % Funded	\$	Safety Tier 1 49,201,548 74,694,257 25,492,709) 65.9%	\$ \$ \$	Safety Tier 2 57,114,497 73,773,713 (16,659,216) 77.4%	\$ \$ \$	Safety Tier 3-Fire 647,657 683,935 (36,278) 94.7%	\$	Safety Fier 3-Police 1,156,516 1,243,749 (87,233) 93.0%	\$		\$	Safety EPRA-Police 630,383 683,672 (53,289) 92.2%	\$	Aiscellaneous 90,520,869 127,371,922 (36,851,053) 71.1%	\$	Pension Stabilization Trust Fund 2,800,837
Total Unfunded Pensi	on Liab	ilities 6-30-1	8												\$	79,224,729
				Char		s in Values 6-3	0.1	7 + a 6 20 19 V		estion Poposts						
				Chai	iye	s III values 6-3	J-1.	7 10 0-30-18 00	nu	ution Reports						Pension
■PC05019C0		Tier 1 Tie		Safety Tier 2	ier 2 Tier 3-Fire		Safety Tier 3-Police		Safety PEPRA-Fire		Safety PEPRA-Police \$ 303.695		Miscellaneous			Stabilization Trust Fund
Assets Liabilities Unfunded Liability % Funded	\$ \$ \$	(307,362) 2,578,754 2,886,116 -2.8%	\$ \$	5,526,755 8,282,228 2,755,473 -1.4%	\$ \$	210,794 240,456 29,662 -3.8%	\$	360,525 416,197 55,672 -3.2%		414,466	\$	303,695 341,653 37,958 -3.3%	\$ \$	5,539,213 8,596,708 3,057,495 -0.5%	\$	185,179
Total Net Increase in I			32.0											97	\$	8,854,95
Total Net Increase in I	Pension	Liabilities A	lfte	r Pension Trust	0	fset									5	8,669,778
CalPERS -	Summ	arv of Funde	d Si	tatus as of 6-30	)-1:	9										
		Safety		Niscellaneous		Total										
ssets iabilities	\$	109.4 (152.5)	\$	90.5 (127.4)	\$	199.9 (279.8)										
Unfunded Liability	\$	(43.1)	\$	(36.9)	\$	(79.9)										

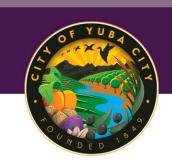
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Less Pension Stabilization Trust Fund Available
Net Unfunded Pension Liability



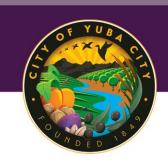
#### Hypothetical Termination Liability

- Assumed discount rate of 2.5%
  - \$469,148,144
- Assumed discount rate of 3.25%
  - -\$425,593,748



#### Next Steps

- Take recommendations to full Council for approval
- Prepare letter to be sent to State Leadership and FINRA
  - Stabilize the fund by reducing fees / State cover the investment fees
  - Split losses incurred between investors (State) and constituents (public employees) if State orders to divest for political reasons
  - Board has a fiduciary responsibility to the members
  - Legislature needs to address how Board appointments are made
  - Provide independent oversight
  - Broaden the investment opportunities based upon meeting the needs of the retirees and not politically motivated
  - State to cover losses if it controls the investments by political motivation
- Assemble a unified group to address the issue with State Leadership



## Thank you

