

Agenda Report

July 29, 2013

TO: Honorable Mayor and City Council
FROM: Department of Human Resources
SUBJECT: CITY COUNCIL WORKSHOP ON CALPERS RETIREMENT

RECOMMENDATION:

This report is submitted for information only.

BACKGROUND:

The workshop will provide an overview of recent developments and funding issues related to the California Public Employees' Retirement System (CalPERS). The City contracts with CalPERS for retirement and medical benefits however, this workshop will focus only on the retirement system. Recently, CalPERS has adopted several important changes that affect the actuarial assumptions used in preparing the City's annual actuarial valuation. CalPERS is contemplating additional modifications that may also impact future employer rates.

John Bartel of Bartel Associates LLC will provide an overview of those changes, an overview of the City's retirement program including our funding status, and projections of anticipated employer rates in the next several years.

Retirement benefits are provided to employees under the contract with CalPERS and are identified in our salary resolutions for unrepresented employees and in our Memoranda of Understanding with our represented employees. Modifications to retirement benefits must be negotiated.

Between July 2009 and July 2013 the City's pension contribution rates have increased 60 percent for non-safety employees (from 10.855 percent of salaries to 17.377 percent) and 18 percent for public safety employees (22.997 percent of salaries to 27.226 percent). Actual pension costs have increased 63 percent or \$11.9 million since FY 2009 even after personnel reductions resulting from the effects of the Great Recession.

Per the most recent CalPERS actuarial report, Pasadena's unfunded liability is \$225,058,742 (Misc - \$153,036,319; Safety - \$72,022,423). Pasadena's funded status percentages are 81.3 percent for the miscellaneous group and 82.2 percent for the safety group.

COUNCIL POLICY CONSIDERATION:

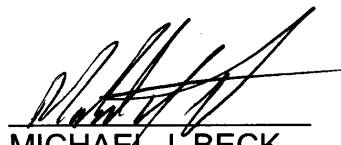
This workshop supports the City's strategic goal to maintain fiscal responsibility and stability.

Respectfully submitted,



Kristi Recchia
Director of Human Resources

Approved by:



MICHAEL J. BECK
City Manager

Attachment

CALPERS EMPLOYER RATES

MISCELLANEOUS

| Effective Date | Employer Rate |
|----------------|---------------|
| 7/1/2013 | 17.377% |
| 3/1/2013 | 16.277% |
| 7/1/2012 | 16.277% |
| 7/1/2011 | 15.484% |
| 7/1/2010 | 11.422% |
| 7/1/2009 | 10.855% |
| 7/1/2008 | 10.644% |
| 7/1/2007 | 11.072% |
| 1/8/2007 | 11.310% |
| 7/24/2006 | 8.863% |
| 7/1/2006 | 8.331% |
| 7/1/2005 | 8.313% |
| 7/1/2004 | 2.423% |
| 7/1/2003 | 0.000% |
| 7/1/2002 | 0.000% |
| 7/1/2001 | 0.000% |
| 7/1/2000 | 0.000% |

SAFETY (Police & Fire)

| Effective Date | Employer Rate |
|----------------|---------------|
| 7/1/2013 | 27.226% |
| 7/1/2012 | 25.621% |
| 7/1/2011 | 26.559% |
| 7/1/2010 | 23.599% |
| 9/14/2009 | 23.096% |
| 7/1/2009 | 22.977% |
| 7/1/2008 | 21.898% |
| 7/1/2007 | 22.048% |
| 7/1/2006 | 21.321% |
| 7/1/2005 | 19.648% |
| 6/28/2004 | 23.355% |
| 12/29/2003 | 13.283% |
| 11/3/2003 | 6.228% |
| 7/1/2003 | 6.001% |
| 7/1/2002 | 2.466% |
| 7/1/2001 | 2.491% |
| 7/1/2000 | 3.540% |