

Schools Pool Valuation and Employer/Employee Contribution Rates

Actuarial Office

Overview

- Actuarial valuation date: **June 30, 2022**
 - Determines required employer/employee contributions for **fiscal year 2023-24**
- All participating school employers pay the same employer contribution rate based on total results of the Schools Pool

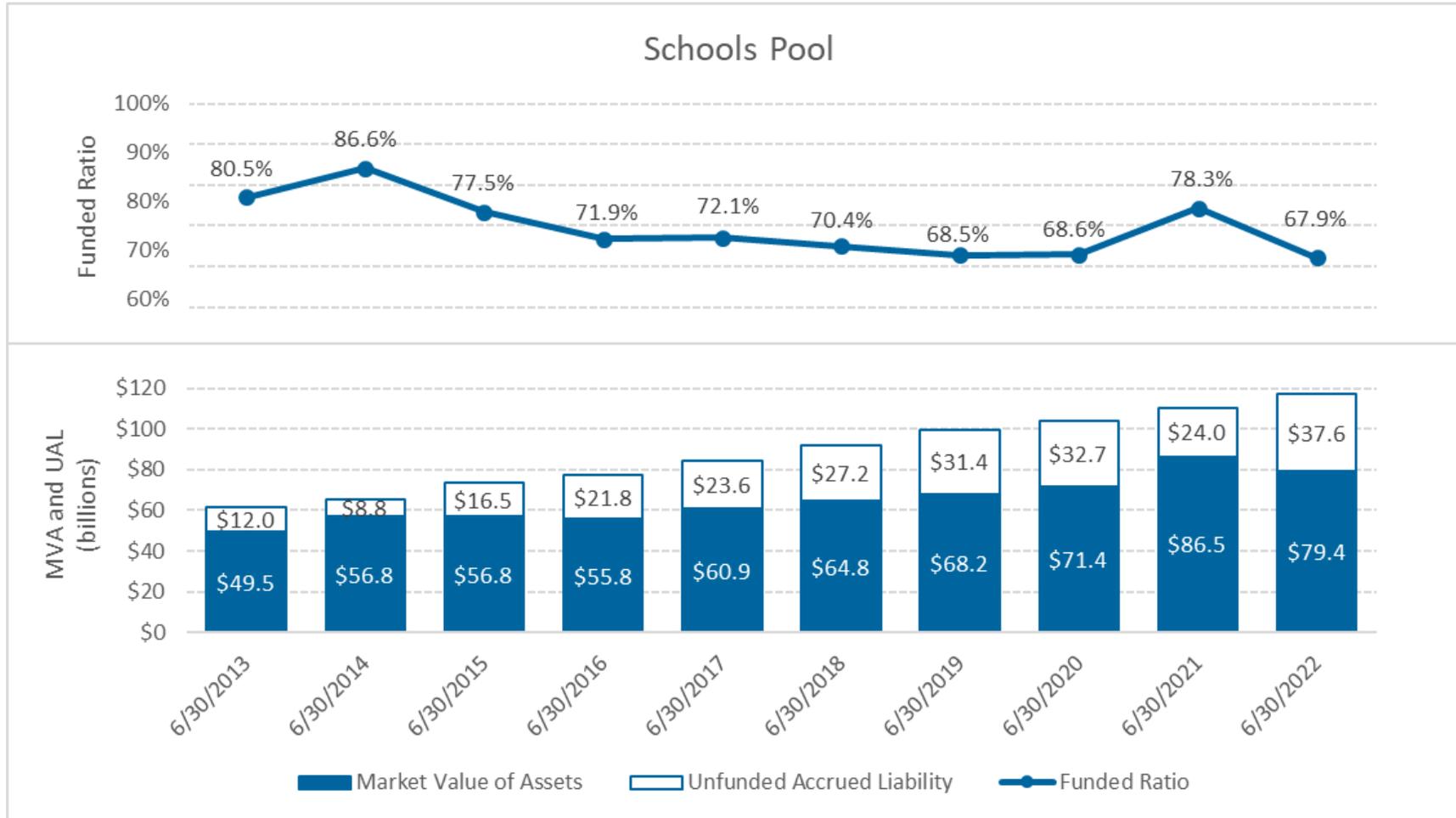
Key Experience Since Prior Valuation

- Investment return based on final audited assets was -7.5% for fiscal year 2021-22
- Salary increases for active members averaged 8.0% in the year ending June 30, 2022
- Benefit increases for retirees and beneficiaries averaged 3.2% in the year ending June 30, 2022
- Total pool payroll increased by 10.2% over the prior year

Key Results (\$ in millions)

	June 30, 2021	June 30, 2022
Accrued Liability	\$ 110,507	\$ 116,982
Market Value of Assets	\$ 86,519	\$ 79,386
Unfunded Accrued Liability	\$ 23,988	\$ 37,596
Funded Ratio	78.3%	67.9%
Discount Rate	6.80%	6.80%
	Fiscal Year 2022-23	Fiscal Year 2023-24
Employer Contribution Rate	25.37%	26.68%
PEPRA Member Contribution Rate	8.00%	8.00%

Funded Status Recent History



Employer Contributions (\$ in millions)

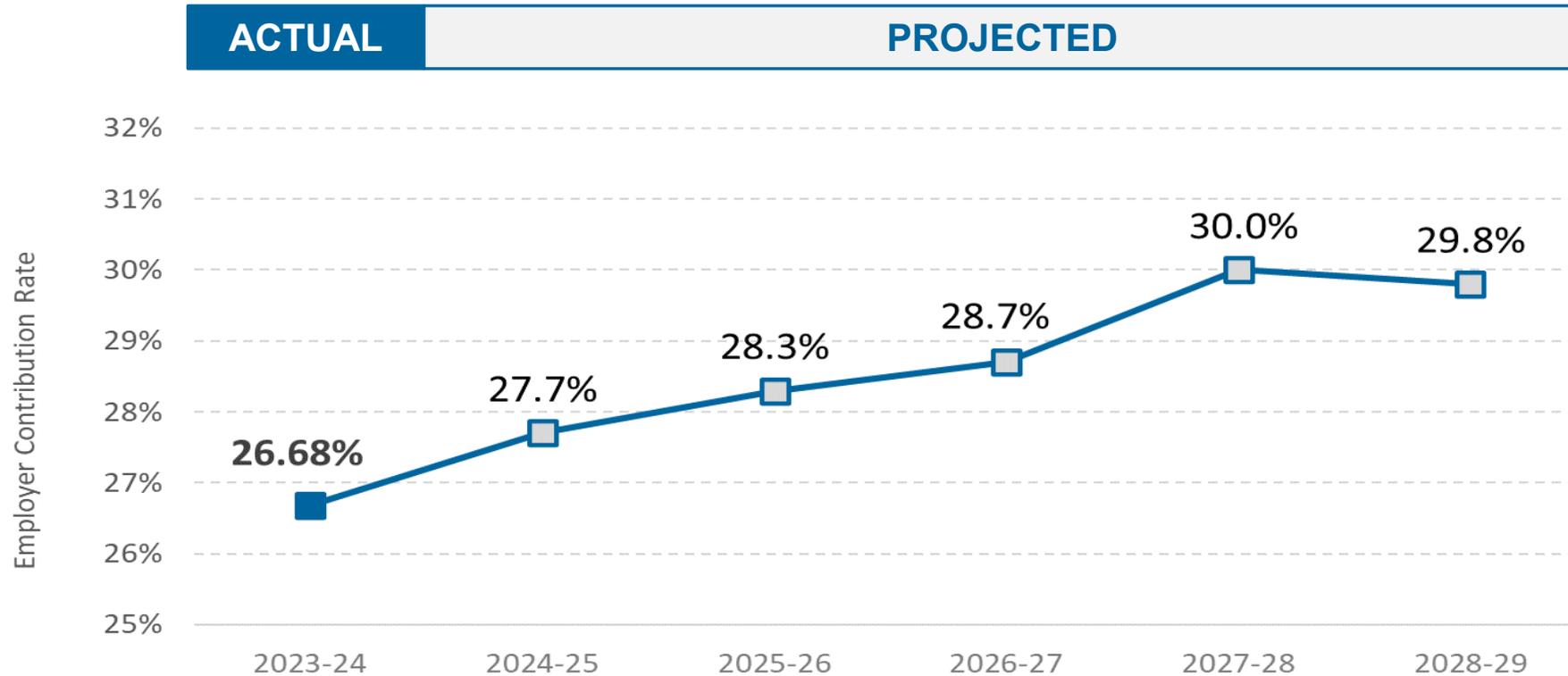
	Fiscal Year 2022-23	Fiscal Year 2023-24	
Employer Contribution Rate (%)		<i>[estimated¹]</i>	[actual]
Employer Normal Cost	9.82%	9.7%	9.77%
Unfunded Liability Rate	<u>15.55%</u>	<u>17.3%</u>	<u>16.91%</u>
Required Employer Rate	25.37%	27.0%	26.68%
Projected Payroll in Contribution Year	\$ 15,181		\$ 16,731
Expected Employer Contribution (\$)	\$ 3,852		\$ 4,465

¹ As projected in the June 30, 2021 actuarial valuation report

PEPRA Member Contributions

- PEPRA members in the Schools Pool are required to contribute 50% of normal cost
- Member contribution rate will remain 8.00% in fiscal year 2023-24
- Payroll of PEPRA members is 49% of pool total
 - PEPRA's lower normal cost and member cost sharing currently saves employers about 1.4% of payroll

Projected Employer Contribution Rate



Projected rates assume 6.8% investment return in FY 2022-23 and thereafter with no changes to benefits, assumptions, or methods during the projection period. Normal cost is expected to continue to gradually decline over time as new employees enter the PEPRAs benefit tier. All other plan experience is assumed to match the actuarial assumptions.