



**Tulare County Employees'  
Retirement Association  
COUNTY OF TULARE  
AGENDA ITEM**

**BOARD OF SUPERVISORS**

KUYLER CROCKER  
District One

PETE VANDER POEL  
District Two

AMY SHUKLIAN  
District Three

EDDIE VALERO  
District Four

DENNIS TOWNSEND  
District Five

**AGENDA DATE:** March 26, 2019

Public Hearing Required	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Electronic file(s) has been sent	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	No	x	N/A	<input type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	x	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>

CONTACT PERSON: Dave Kehler PHONE: 713-2900

**SUBJECT:** Tulare County Employees' Retirement Association actuarial valuation and report dated June 30, 2018.

**REQUEST(S):**

That the Board of Supervisors:

Option 1: Approves and adopts the recommended employer and employee retirement contribution rates from TCERA's actuary effective with the pay period of the fiscal year that includes July 1, 2019 (pay period 14, 2019).

Option 2: Adjusts the contribution rates "not later than 90 days after the beginning of the immediately succeeding fiscal year" as permitted under California Government Code Section 31454. The changes to the recommended employer and employee contribution rates could be delayed until pay period 20, 2019, since 90 days from the beginning of the fiscal year is September 28, 2019.

**SUMMARY:**

The Board of Retirement has completed its review of the June 30, 2018 actuarial valuation prepared and presented by the retirement association's actuary, Cheiron. The Board of Retirement has taken action to accept the actuary's recommended rates as shown on the attachment.

**SUBJECT:** TCERA June 30, 2018 Actuarial Report  
**DATE:** March 26, 2019

**FISCAL IMPACT/FINANCING:**

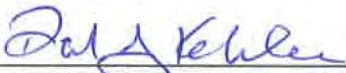
The overall plan sponsor contribution cost for fiscal year 2019/2020, using annual salary projections provided by the County, is expected to be \$36,549,000 or 13.51 percent of payroll (using projected annual payroll of \$262,713,817). This represents an increase in employer contribution rates from last year's rate of 12.98 percent of payroll and projected dollar amount of \$34,073,000 (based on projected annual payroll of \$254,940,772). These amounts do not include the County's cost for servicing the Pension Obligation Bond costs that are due to bondholders. The change in rates is primarily due to amortization of the unfunded liabilities of the plan as a result of asset losses experienced in prior years. The increase in unfunded liabilities was offset to some degree by lower Normal Costs resulting from an increase in Tier IV plan membership. As of June 30, 2018 TCERA's was 92 percent funded.

Active TCERA plan member contribution rates are based on membership type (General or Safety), tier, and age at entry into the Plan. The average employee contribution rate is expected to be 8.34% which is a slight decrease from the current year.

**LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:**

N/A

**ADMINISTRATIVE SIGN-OFF:**



Name: David Kehler  
Title: Retirement Administrator

Cc: Auditor/Controller  
County Counsel  
County Administrative Office (2)

Attachment(s)  
Employee and Employer contribution rate tables for Fiscal Year 2019-20

**BEFORE THE BOARD OF SUPERVISORS  
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF TULARE COUNTY)  
EMPLOYEES' RETIREMENT)  
ASSOCIATION ACTUARIAL REPORT)  
DATED JUNE 30, 2018)

RESOLUTION NO. \_\_\_\_\_  
AGREEMENT NO. \_\_\_\_\_

UPON MOTION OF SUPERVISOR \_\_\_\_\_, SECONDED BY  
SUPERVISOR \_\_\_\_\_, THE FOLLOWING WAS ADOPTED BY THE  
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD \_\_\_\_\_  
\_\_\_\_\_, BY THE FOLLOWING VOTE:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: JASON T. BRITT  
COUNTY ADMINISTRATIVE OFFICER/  
CLERK, BOARD OF SUPERVISORS

BY: \_\_\_\_\_  
Deputy Clerk

\* \* \* \* \*

Option 1: Approved and adopted the recommended employer and employee retirement contribution rates from TCERA's actuary effective with the pay period of the fiscal year that includes July 1, 2018 (pay period 14, 2019).

Option 2: Approved an adjustment to the contribution rates to occur "not later than 90 days after the beginning of the immediately succeeding fiscal year" as permitted under California Government Code Section 31454. The changes to the recommended employer and employee contribution rates will be delayed until pay period 20, 2019, since 90 days from the beginning of the fiscal year is September 28, 2019.

**TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2018**

**APPENDIX E – MEMBER CONTRIBUTION RATES**

**2018 Member Contribution Rates (for fiscal year ending 2020)**

Entry Age	General Tier 1		General Tiers 2 and 3		Safety Tier 1		Safety Tiers 2 and 3		Tier 4 Members	
	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	First \$161.54	Over \$161.54	General	Safety
16	2.47%	3.71%	3.89%	5.84%	4.06%	6.09%	5.99%	8.98%	4.11%	8.92%
17	2.53%	3.80%	3.99%	5.98%	4.06%	6.09%	5.99%	8.98%	4.11%	8.92%
18	2.59%	3.89%	4.08%	6.12%	4.06%	6.09%	5.99%	8.98%	4.11%	8.92%
19	2.65%	3.98%	4.17%	6.26%	4.06%	6.09%	5.99%	8.98%	4.11%	8.92%
20	2.71%	4.07%	4.27%	6.40%	4.06%	6.09%	5.99%	8.98%	4.11%	8.92%
21	2.77%	4.16%	4.37%	6.55%	4.15%	6.23%	6.12%	9.18%	4.32%	9.27%
22	2.84%	4.26%	4.47%	6.70%	4.25%	6.37%	6.26%	9.39%	4.53%	9.62%
23	2.91%	4.36%	4.57%	6.86%	4.34%	6.51%	6.40%	9.60%	4.74%	9.97%
24	2.97%	4.46%	4.67%	7.01%	4.44%	6.66%	6.55%	9.82%	4.95%	10.34%
25	3.04%	4.56%	4.79%	7.18%	4.54%	6.81%	6.69%	10.04%	5.17%	10.71%
26	3.11%	4.66%	4.89%	7.34%	4.65%	6.97%	6.85%	10.27%	5.37%	11.07%
27	3.18%	4.77%	5.01%	7.51%	4.75%	7.13%	7.00%	10.50%	5.58%	11.43%
28	3.25%	4.88%	5.12%	7.68%	4.86%	7.29%	7.16%	10.74%	5.80%	11.80%
29	3.33%	4.99%	5.24%	7.86%	4.97%	7.46%	7.33%	10.99%	6.01%	12.15%
30	3.41%	5.11%	5.36%	8.04%	5.09%	7.63%	7.50%	11.25%	6.23%	12.51%
31	3.48%	5.22%	5.48%	8.22%	5.21%	7.81%	7.67%	11.51%	6.44%	12.90%
32	3.57%	5.35%	5.61%	8.41%	5.33%	8.00%	7.86%	11.79%	6.66%	13.29%
33	3.65%	5.47%	5.73%	8.59%	5.46%	8.19%	8.05%	12.07%	6.88%	13.68%
34	3.73%	5.60%	5.84%	8.76%	5.60%	8.40%	8.25%	12.37%	7.11%	14.08%
35	3.80%	5.70%	5.95%	8.93%	5.74%	8.61%	8.46%	12.69%	7.34%	14.50%
36	3.87%	5.80%	6.06%	9.09%	5.89%	8.84%	8.67%	13.00%	7.58%	14.85%
37	3.94%	5.91%	6.17%	9.26%	6.05%	9.08%	8.86%	13.29%	7.83%	15.20%
38	4.01%	6.02%	6.29%	9.43%	6.19%	9.29%	9.03%	13.55%	8.09%	15.55%
39	4.09%	6.13%	6.40%	9.60%	6.32%	9.48%	9.19%	13.79%	8.35%	15.93%
40	4.16%	6.24%	6.52%	9.78%	6.43%	9.65%	9.34%	14.01%	8.61%	16.33%
41	4.24%	6.36%	6.64%	9.96%	6.55%	9.83%	9.46%	14.19%	8.87%	16.71%
42	4.32%	6.48%	6.77%	10.15%	6.65%	9.97%	9.55%	14.32%	9.13%	17.11%
43	4.40%	6.60%	6.89%	10.34%	6.73%	10.09%	9.59%	14.39%	9.42%	17.56%
44	4.49%	6.73%	7.03%	10.54%	6.75%	10.13%	9.61%	14.42%	9.71%	18.02%
45	4.57%	6.86%	7.16%	10.74%	6.78%	10.17%	9.61%	14.42%	10.01%	18.49%
46	4.66%	6.99%	7.30%	10.95%	6.79%	10.19%	9.58%	14.37%	10.37%	18.86%
47	4.75%	7.13%	7.44%	11.16%	6.79%	10.19%	9.48%	14.22%	10.73%	19.22%
48	4.85%	7.27%	7.59%	11.39%	6.76%	10.14%	9.80%	14.70%	11.03%	19.58%
49	4.95%	7.43%	7.75%	11.63%	6.65%	9.97%	10.13%	15.20%	11.33%	19.95%
50	5.06%	7.59%	7.91%	11.87%	6.65%	9.97%	10.13%	15.20%	11.61%	19.95%
51	5.17%	7.76%	8.07%	12.10%	6.65%	9.97%	10.13%	15.20%	11.90%	19.95%
52	5.28%	7.92%	8.21%	12.31%	6.65%	9.97%	10.13%	15.20%	12.17%	19.95%
53	5.38%	8.07%	8.33%	12.49%	6.65%	9.97%	10.13%	15.20%	12.45%	19.95%
54	5.49%	8.23%	8.41%	12.62%	6.65%	9.97%	10.13%	15.20%	12.70%	19.95%
55	5.56%	8.34%	8.43%	12.65%	6.65%	9.97%	10.13%	15.20%	12.91%	19.95%
56	5.60%	8.40%	8.40%	12.60%	6.65%	9.97%	10.13%	15.20%	13.14%	19.95%
57	5.59%	8.38%	8.29%	12.44%	6.65%	9.97%	10.13%	15.20%	13.32%	19.95%
58	5.54%	8.31%	8.57%	12.86%	6.65%	9.97%	10.13%	15.20%	13.48%	19.95%
59	5.45%	8.17%	8.87%	13.31%	6.65%	9.97%	10.13%	15.20%	13.57%	19.95%
<b>Assumptions:</b>										
Interest:	7.25%		7.25%		7.25%		7.25%		7.25%	
Salary:	3.00%		3.00%		3.00%		3.00%		3.00%	
COLA:	2.70%		2.00%		2.70%		2.00%		2.00%	
<b>Mortality:</b>	For General: Retired Pensioner (RP) 2014 Combined Healthy Table, with 20-year Generational improvement using Projection Scale MP-2016, increased by 12.1% for males and 8.0% for females to reflect Plan experience, and blended 30% male and 70% female For Safety: Retired Pensioner (RP) 2014 Combined Healthy Table with blue-collar adjustment, with 20-year Generational improvement using Projection Scale MP-2016, increased by 4.5% for males to reflect Plan experience, and blended 75% male and 25% female									



**TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2018**

**SECTION IV – CONTRIBUTIONS**

The employer contribution rates for FYE 2020 are shown in the table below, split by tier (1-4), membership class (General or Safety), and for the General class, employer (County or Non-County). Separate rates are shown above and below the first \$161.54 of biweekly compensation (Social Security Integration).

<b>Table IV-2(b) Development of the Employer Contribution Rate as of June 30, 2018 for FYE 2020 with Social Security Integration</b>				
	<b>Tier 1</b>	<b>Tier 2 &amp; 3</b>	<b>Tier 4</b>	<b>Total</b>
<b>General (County)</b>				
1. Employer Normal Cost Rate:	13.08%	8.31%	7.20%	7.94%
a. Rate on first \$161.54 of biweekly compensation	8.94%	5.68%		
b. Rate on biweekly compensation in excess of \$161.54	13.41%	8.52%		
2. UAL Rate:	3.83%	3.83%	3.83%	3.83%
a. Rate on first \$161.54 of biweekly compensation	2.62%	2.62%		
b. Rate on biweekly compensation in excess of \$161.54	3.93%	3.93%		
3. Total Rate (1 + 2):	16.91%	12.14%	11.03%	11.77%
a. Rate on first \$161.54 of biweekly compensation	11.56%	8.30%		
b. Rate on biweekly compensation in excess of \$161.54	17.34%	12.44%		
<b>General (Non-County)</b>				
1. Employer Normal Cost Rate:	13.08%	8.31%	7.20%	7.94%
a. Rate on first \$161.54 of biweekly compensation	8.94%	5.68%		
b. Rate on biweekly compensation in excess of \$161.54	13.41%	8.52%		
2. UAL Rate:	11.20%	11.20%	11.20%	11.20%
a. Rate on first \$161.54 of biweekly compensation	7.66%	7.66%		
b. Rate on biweekly compensation in excess of \$161.54	11.48%	11.48%		
3. Total Rate (1 + 2):	24.28%	19.51%	18.40%	19.14%
a. Rate on first \$161.54 of biweekly compensation	16.60%	13.33%		
b. Rate on biweekly compensation in excess of \$161.54	24.89%	20.00%		
<b>Safety (County)</b>				
1. Employer Normal Cost Rate:	N/A	12.46%	12.12%	12.37%
a. Rate on first \$161.54 of biweekly compensation	N/A	8.48%		
b. Rate on biweekly compensation in excess of \$161.54	N/A	12.72%		
2. UAL Rate:	N/A	5.12%	5.12%	5.12%
a. Rate on first \$161.54 of biweekly compensation	N/A	3.48%		
b. Rate on biweekly compensation in excess of \$161.54	N/A	5.23%		
3. Total Rate (1 + 2):	N/A	17.58%	17.24%	17.49%
a. Rate on first \$161.54 of biweekly compensation	N/A	11.96%		
b. Rate on biweekly compensation in excess of \$161.54	N/A	17.95%		