



**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 17, 2020 - **REVISED**

Public Hearing Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Published Notice Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Advertised Published Notice	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Meet & Confer Required	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Electronic file(s) has been sent	Yes	<input checked="" type="checkbox"/>	N/A	<input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Personnel Resolution attached	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
CONTACT PERSON: Leanne Malison PHONE: 559-713-2900				

SUBJECT: Tulare County Employees' Retirement Association Contribution Rates for Fiscal Year 2021.

REQUEST(S):
That the Board of Supervisors:

Option 1: Approve implementation of the employer and employee retirement contribution rates from the Tulare County Employees' Retirement Association Actuarial Valuation Report dated June 30, 2019, as approved by the Board of Retirement on November 6, 2019, and direct that the rates be adjusted effective with the pay period of the fiscal year that includes July 1, 2020 (2020 pay period 14).

OR

Option 2: Approve implementation of employer and employee retirement contribution rates from the Tulare County Employees' Retirement Association Actuarial Valuation Report dated June 30, 2019, as approved by the Board of Retirement on November 6, 2019 and direct that the rates be adjusted "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 employer and employee contribution rates could be delayed until pay period 20 (September 2020), the last pay period before the end of the 90-day limit.

SUMMARY:
The Board of Retirement has completed its review of the June 30, 2019 actuarial valuation prepared and presented by the retirement association's actuary, Cheiron.

SUBJECT: Tulare County Employees' Retirement Association Contribution Rates for Fiscal Year 2021

DATE: March 17, 2020

The Board of Retirement has taken action to approve the actuary's recommended rates as shown on the attachment. The implementation date for these rate adjustments is determined by the Board of Supervisors as required under California Government Code Section 31454.

FISCAL IMPACT/FINANCING:

The overall plan sponsor contribution cost for fiscal year 2020/2021 for all employers, using annual salary projections provided by the plan sponsors, is expected to be \$38,702,000 or 13.79% of projected payroll (\$272,416,000). This represents an increase of 0.29% over the prior year. The increase was due to lower than expected investment returns on a smoothed basis.

The employer rates attributed to specific plan sponsors are detailed on the attachment. The County of Tulare, as a separate employer, shows a lower rate than other plan sponsors due to the decrease in the Unfunded Actuarial Liability (UAL) achieved through the issuance of Pension Obligation Bonds. The contribution rates do not reflect the County of Tulare's cost for servicing the Pension Obligation Bond costs that are due to bondholders.

The employee rates are based on membership type (General or Safety), tier, and age at entry into the retirement plan. The average employee contribution rate is expected to be 8.33% which is 0.01% lower than the previous year.

ADMINISTRATIVE SIGN-OFF:



Leanne Malison
Retirement Administrator

cc: County Administrative Office

Attachment(s) Employer and Employee Contribution Rate Information for Fiscal Year 2020-2021.

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

IN THE MATTER OF TULARE COUNTY)
EMPLOYEES' RETIREMENT) Resolution No. _____
ASSOCIATION CONTRIBUTION RATES) Agreement No. _____
FOR FISCAL YEAR 2021)

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 implementation of the employer and employee retirement contribution rates from the Tulare County Employees' Retirement Association Actuarial Valuation Report dated June 30, 2019, as approved by the Board of Retirement on November 6, 2019, and directed that the rates be adjusted effective with the pay period of the fiscal year that includes July 1, 2020 (2020 pay period 14).

OR

Option 2: Approved implementation of employer and employee retirement contribution rates from the Tulare County Employees' Retirement Association Actuarial Valuation Report dated June 30, 2019, as approved by the Board of Retirement on November 6, 2019 and directed that the rates be adjusted "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 employer and employee contribution rates could be delayed until pay period 20 (September 2020), the last pay period before the end of the 90-day limit.

TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2019

SECTION I – EXECUTIVE SUMMARY

Employer and Employee Contributions

Table I-4 below compares the net employer contribution rate and its components to those from the prior year. The overall net employer contribution rate increased by 0.29% for the June 30, 2019 valuation. The net employer normal cost rate decreased by 0.03% and the UAL rate increased by 0.32%. The average employee rate decreased by 0.01%, from 8.34% to 8.33%.

Additional details on contributions may be found in Section V, including separate rates for the County versus the other employers, which have been included in this report to reflect the Board's decision to allocate the cost impact of the POB contribution to the County only. However, we would note that without further action, future investment experience related to the POB contribution will be shared amongst all TCERA employers.

Table I-4 Summary of Contributions			
	FYE 2020	FYE 2021	Change
<u>Contribution Rates</u>			
Net Employer Contribution Rate	13.51%	13.79%	0.29%
Estimated Employee Contribution Rate	<u>8.34%</u>	<u>8.33%</u>	-0.01%
Total Contribution Rate	21.85%	22.13%	0.28%
Estimated Net Employer Contributions <i>(in thousands)</i>	\$ 36,549	\$ 38,702	\$ 2,153
<u>Total Contribution Rate</u>			
Estimated Employee Contribution Rate	8.34%	8.33%	-0.01%
Employer Normal Cost Rate	<u>8.96%</u>	<u>8.92%</u>	-0.03%
Total Normal Cost Rate	17.30%	17.26%	-0.04%
UAL Rate			
Interest on Market Value UAL	4.86%	5.40%	0.54%
Principal on Market Value UAL	<u>-0.31%</u>	<u>-0.53%</u>	-0.22%
Total UAL Rate	4.55%	4.87%	0.32%
Total Contribution Rate	21.85%	22.13%	0.28%

Numbers may not add to totals due to rounding

**TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2019**

SECTION V – CONTRIBUTIONS

The employer contribution rates for FYE 2021 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).

Table V-2(b) Development of the Employer Contribution Rate as of June 30, 2019 for FYE 2021 with Social Security Integration				
	Tier 1	Tier 2 & 3	Tier 4	Total
General (County)				
1. Employer Normal Cost Rate:	14.00%	8.33%	7.21%	7.92%
a. Rate on first \$161.54 of biweekly compensation	9.54%	5.69%		
b. Rate on biweekly compensation in excess of \$161.54	14.31%	8.54%		
2. UAL Rate:	4.20%	4.20%	4.20%	4.20%
a. Rate on first \$161.54 of biweekly compensation	2.86%	2.87%		
b. Rate on biweekly compensation in excess of \$161.54	4.29%	4.30%		
3. Total Rate (1 + 2):	18.20%	12.53%	11.41%	12.12%
a. Rate on first \$161.54 of biweekly compensation	12.41%	8.56%		
b. Rate on biweekly compensation in excess of \$161.54	18.61%	12.84%		
General (Non-County)				
1. Employer Normal Cost Rate:	14.00%	8.33%	7.21%	7.92%
a. Rate on first \$161.54 of biweekly compensation	9.54%	5.69%		
b. Rate on biweekly compensation in excess of \$161.54	14.31%	8.54%		
2. UAL Rate:	11.57%	11.57%	11.57%	11.57%
a. Rate on first \$161.54 of biweekly compensation	7.88%	7.90%		
b. Rate on biweekly compensation in excess of \$161.54	11.83%	11.86%		
3. Total Rate (1 + 2):	25.57%	19.90%	18.78%	19.49%
a. Rate on first \$161.54 of biweekly compensation	17.43%	13.60%		
b. Rate on biweekly compensation in excess of \$161.54	26.14%	20.39%		
Safety (County)				
1. Employer Normal Cost Rate:	N/A	12.26%	12.21%	12.25%
a. Rate on first \$161.54 of biweekly compensation	N/A	8.34%		
b. Rate on biweekly compensation in excess of \$161.54	N/A	12.50%		
2. UAL Rate:	N/A	5.17%	5.17%	5.17%
a. Rate on first \$161.54 of biweekly compensation	N/A	3.52%		
b. Rate on biweekly compensation in excess of \$161.54	N/A	5.27%		
3. Total Rate (1 + 2):	N/A	17.43%	17.38%	17.42%
a. Rate on first \$161.54 of biweekly compensation	N/A	11.85%		
b. Rate on biweekly compensation in excess of \$161.54	N/A	17.78%		

**TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2019**

APPENDIX E – MEMBER CONTRIBUTION RATES

2019 Member Contribution Rates (for fiscal year ending 2021)

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%	4.10%	8.96%
17	2.53%	3.80%	3.99%	5.98%	4.06%	6.09%	5.99%	8.98%	4.10%	8.96%
18	2.59%	3.89%	4.08%	6.12%	4.06%	6.09%	5.99%	8.98%	4.10%	8.96%
19	2.65%	3.98%	4.17%	6.26%	4.06%	6.09%	5.99%	8.98%	4.10%	8.96%
20	2.71%	4.07%	4.27%	6.40%	4.06%	6.09%	5.99%	8.98%	4.10%	8.96%
21	2.77%	4.16%	4.37%	6.55%	4.15%	6.23%	6.12%	9.18%	4.31%	9.31%
22	2.84%	4.26%	4.47%	6.70%	4.25%	6.37%	6.26%	9.39%	4.53%	9.66%
23	2.91%	4.36%	4.57%	6.86%	4.34%	6.51%	6.40%	9.60%	4.73%	10.02%
24	2.97%	4.46%	4.67%	7.01%	4.44%	6.66%	6.55%	9.82%	4.94%	10.39%
25	3.04%	4.56%	4.79%	7.18%	4.54%	6.81%	6.69%	10.04%	5.16%	10.76%
26	3.11%	4.66%	4.89%	7.34%	4.65%	6.97%	6.85%	10.27%	5.37%	11.12%
27	3.18%	4.77%	5.01%	7.51%	4.75%	7.13%	7.00%	10.50%	5.58%	11.49%
28	3.25%	4.88%	5.12%	7.68%	4.86%	7.29%	7.16%	10.74%	5.79%	11.86%
29	3.33%	4.99%	5.24%	7.86%	4.97%	7.46%	7.33%	10.99%	6.01%	12.22%
30	3.41%	5.11%	5.36%	8.04%	5.09%	7.63%	7.50%	11.25%	6.23%	12.57%
31	3.48%	5.22%	5.48%	8.22%	5.21%	7.81%	7.67%	11.51%	6.44%	12.97%
32	3.57%	5.35%	5.61%	8.41%	5.33%	8.00%	7.86%	11.79%	6.65%	13.36%
33	3.65%	5.47%	5.73%	8.59%	5.46%	8.19%	8.05%	12.07%	6.87%	13.75%
34	3.73%	5.60%	5.84%	8.76%	5.60%	8.40%	8.25%	12.37%	7.10%	14.15%
35	3.80%	5.70%	5.95%	8.93%	5.74%	8.61%	8.46%	12.69%	7.33%	14.57%
36	3.87%	5.80%	6.06%	9.09%	5.89%	8.84%	8.67%	13.00%	7.57%	14.93%
37	3.94%	5.91%	6.17%	9.26%	6.05%	9.08%	8.86%	13.29%	7.82%	15.28%
38	4.01%	6.02%	6.29%	9.43%	6.19%	9.29%	9.03%	13.55%	8.08%	15.63%
39	4.09%	6.13%	6.40%	9.60%	6.32%	9.48%	9.19%	13.79%	8.34%	16.01%
40	4.16%	6.24%	6.52%	9.78%	6.43%	9.65%	9.34%	14.01%	8.60%	16.41%
41	4.24%	6.36%	6.64%	9.96%	6.55%	9.83%	9.46%	14.19%	8.86%	16.79%
42	4.32%	6.48%	6.77%	10.15%	6.65%	9.97%	9.55%	14.32%	9.12%	17.20%
43	4.40%	6.60%	6.89%	10.34%	6.73%	10.09%	9.59%	14.39%	9.41%	17.65%
44	4.49%	6.73%	7.03%	10.54%	6.75%	10.13%	9.61%	14.42%	9.71%	18.11%
45	4.57%	6.86%	7.16%	10.74%	6.78%	10.17%	9.61%	14.42%	10.00%	18.58%
46	4.66%	6.99%	7.30%	10.95%	6.79%	10.19%	9.58%	14.37%	10.36%	18.95%
47	4.75%	7.13%	7.44%	11.16%	6.79%	10.19%	9.48%	14.22%	10.72%	19.32%
48	4.85%	7.27%	7.59%	11.39%	6.76%	10.14%	9.80%	14.70%	11.02%	19.68%
49	4.95%	7.43%	7.75%	11.63%	6.65%	9.97%	10.13%	15.20%	11.31%	20.05%
50	5.06%	7.59%	7.91%	11.87%	6.65%	9.97%	10.13%	15.20%	11.60%	20.05%
51	5.17%	7.76%	8.07%	12.10%	6.65%	9.97%	10.13%	15.20%	11.89%	20.05%
52	5.28%	7.92%	8.21%	12.31%	6.65%	9.97%	10.13%	15.20%	12.16%	20.05%
53	5.38%	8.07%	8.33%	12.49%	6.65%	9.97%	10.13%	15.20%	12.44%	20.05%
54	5.49%	8.23%	8.41%	12.62%	6.65%	9.97%	10.13%	15.20%	12.69%	20.05%
55	5.56%	8.34%	8.43%	12.65%	6.65%	9.97%	10.13%	15.20%	12.90%	20.05%
56	5.60%	8.40%	8.40%	12.60%	6.65%	9.97%	10.13%	15.20%	13.12%	20.05%
57	5.59%	8.38%	8.29%	12.44%	6.65%	9.97%	10.13%	15.20%	13.31%	20.05%
58	5.54%	8.31%	8.57%	12.86%	6.65%	9.97%	10.13%	15.20%	13.47%	20.05%
59	5.45%	8.17%	8.87%	13.31%	6.65%	9.97%	10.13%	15.20%	13.56%	20.05%
Assumptions:										
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%	
Mortality:	For General: Retired Pensioner (RP) 2014 Combined Healthy Table, with 20-year Generational improvement using Projection Scale MP-2016, in 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 Pro increased by 4.5% for males to reflect Plan experience, and blended 75% male and 25% female									