

Pension & OPEB Reserve Policy

Susie Woodstock, Administrative Services Director
City of Newark



Why adopt this policy?

- Projected \$87 million in Unfunded Accrued Liability
- Rates continue to climb
- Resources are available to establish the reserve
- The uncertainty of the next few years

Policy

Continue to pay the full Actuarial Determined Contribution.

Recognize that CalPERS has a funding goal of 100%.

The City shall establish a Pension and OPEB Reserve Fund.

Transfer \$5 Million into Pension and OPEB Reserve Fund.

Use the 20-Year Level %, Amortization Schedule for the current Unfunded Accrued Liabilities

Use 20-Year, Level % Schedule

	<u>Current Amortization Payment Schedule</u>	<u>20-Year, Level % Payment Schedule</u>	<u>Annual Payment Difference</u>	<u>Estimated Pension Reserve Fund Balance*</u>	<u>Estimated Addition to Reserve</u>
				5,000,000	
6/30/2017	5,108,756	6,363,689	1,254,933	4,127,828	+350,000
6/30/2018	5,818,860	6,554,600	735,740	3,772,024	+350,000
6/30/2019	6,566,973	6,751,238	184,265	3,969,261	+350,000
6/30/2020	6,932,469	6,953,775	21,306	4,332,339	+350,000
6/30/2021	7,308,099	7,162,389	-145,710	4,866,673	+350,000
6/30/2022	7,527,344	7,377,260	-150,084	5,409,691	+350,000
6/30/2023	7,753,162	7,598,577	-154,585	5,961,591	+350,000
Total	185,068,078	170,994,715			
Savings:		14,073,363			

Policy, continued

At the end of each year, surplus in the salary accounts may be directed to the Reserve Fund with the intent that a minimum will be transferred for existing obligations.

Staff will review the possibility of using a level % amortization schedule each time a new gain/loss or assumption change is added .

Pension and OPEB reserve may be used to pay the unfunded liability of the pension or OPEB plans in any manner.

Interest will be allocated to this reserve.



Questions?