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

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

**Total**                      | 185,068,078                         | 170,994,715                      |                           | 5,961,591                               | +350,000                      |

**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?