

SBCERS

Santa Barbara County Employees' Retirement System

DATE: December 13, 2023

TO: SBCERS BOARD OF RETIREMENT

FROM: Rico Pardo, Controller
Greg Levin, CEO

RE: **June 30, 2023 Actuarial Valuation**

Recommendation

That the Board of Retirement adopt the June 30, 2023 Actuarial Valuation and recommend rates of contribution contained therein for approval by the Santa Barbara County Board of Supervisors in accordance with California Government Code section 31453.

Executive Summary

Presentation by Anne Harper and Graham Schmidt of Cheiron, Inc. on the SBCERS June 30, 2023 Actuarial Valuation.

The key results of the June 30, 2023 actuarial valuation are as follows:

- The actuarially determined employer contribution rate, net of employee cost-sharing, decreased from 39.48% of payroll to 38.86% of payroll. The rate decreased mainly due to higher than expected payroll used to determine the Unfunded Actuarial Liability payment.
- The return on Plan assets for June 30, 2023 was 7.2% – net of investment expenses and assuming mid-year cash flows – as compared to the 7.00% assumption. This produced an actuarial asset gain of \$6.5 million.
- The System's funded ratio, the ratio of the Market Value of Assets over the Actuarial Liability, increased from 82.7% last year to 83.9% as of June 30, 2023.
- The UAL is the excess of the System's Actuarial Liability over the Market Value of Assets. The System experienced a decrease in the UAL from \$816.9 million to \$790.8 million, a decrease of \$26.1 million. Table I-3 details the changes in UAL.
- The Actuarial Liability of the System increased more than expected. The experience losses were primarily due to higher than expected salaries and more retirements than expected. As a result, the System experienced a loss on the Actuarial Liability of

\$30.3 million, less than a 1% increase as a percentage of the expected Actuarial Liability of \$4,892.6 million.

- Through collective bargaining agreements, certain legacy members began making employer pick-up contributions starting September 10, 2018. The cost-sharing contributions are estimated to offset the net employer contribution rates by 1.75% for FYE 2024 and 1.57% for FYE 2025. The impact of cost-sharing will continue to gradually decline as legacy members retire or leave the System.

Attachments

- 2023 SBCERS Actuarial Valuation Report