SAN JOAQUIN REGIONAL TRANSIT DISTRICT
SPECIAL RETIREMENT BOARD MEETING – NOTICE AND AGENDA
12:30 P.M. ON FRIDAY, JUNE 21, 2024

The Retirement Board of the San Joaquin Regional Transit District (RTD) will hold a special meeting at 12:30 p.m. on Friday, June 21, 2024, in the Boardroom of RTD's Downtown Transit Center, 421 East Weber Avenue, Stockton, California. Please visit https://sanjoaquinrtd.com/retirement-board/ for an electronic copy of this document. Materials related to an item on this agenda packet are available for public inspection at the above address.

ACCESSIBLE PUBLIC MEETINGS: RTD is committed to ensuring that all meetings are accessible regardless of an individual's ability or access method. RTD will make all reasonable accommodations for persons with disabilities to participate in this meeting. Upon request to the Chief Executive Office, RTD will provide agenda materials in appropriate alternative formats or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number, and a brief description of the requested materials, preferred alternative format, auxiliary aid, or service, at least three workdays before the meeting. Requests should be sent to RTD by mail at 421 East Weber Avenue, Stockton, CA 95202, by phone at (209) 467-6613, by fax at (209) 948-8516, or by email to BoardSupport@sjRTD.com.

The RTD Retirement Board may take action on each item on the agenda. The action may consist of the recommended action, a related action, or no action. Staff recommendations are subject to action and/or change by the Retirement Board.

For language assistance, interpreter services, please contact (209) 943-1111. Para información en Español, por favor llame al (209) 943-1111.

1. CALL MEETING TO ORDER

2. PLEDGE OF ALLEGIANCE TO THE FLAG

3. ROLL CALL

4. PUBLIC COMMENT
   All public comments shall be limited to no more than THREE MINUTES. In addition, applause, loud noises, or any other outbursts or disruptions from the audience are not allowed during or after public comment. Those who violate this protocol may be removed from the meeting at the presiding officer's discretion.

5. INFORMATION ITEMS
Staff will provide an overview of the following item.

A. RTD BOARD RESOLUTION: APPROVING THE SECOND AMENDMENT TO THE SAN JOAQUIN REGIONAL TRANSIT DISTRICT RETIREMENT PLAN, EFFECTIVE JUNE 21, 2024
Second Amendment to the Pension Plan.

6. UNFINISHED BUSINESS

A. 2023/24 SJRTD PENSION RESEARCH – Q & As
CEO Alex Clifford will lead a discussion regarding SJRTD's pension research.

B. RESOLUTION: APPROVING THE RECOMMENDED RATE CHANGES AND CHANGES IN METHODOLOGY FOR CALCULATING PENSION CONTRIBUTION RATES FOR FY 2024/2025 AS PRESENTED IN THE VALUATION REPORT, APPROVING THE FY 2023 ACTUARIAL VALUATION REPORT, AND APPROVING THE POLICY STATEMENTS
Board consideration and approval of actuarial valuation and policy statements.

1. MEMO FROM CHRISTOPHER W.WADDELL, RETIREMENT BOARD COUNSEL
TITLE: FIDUCIARY CONSIDERATIONS IN APPROVAL OF METHOD CHANGES IN JULY 1, 2023 ACTUARIAL VALUATION

7. QUESTIONS AND COMMENTS FROM THE RETIREMENT BOARD AND STAFF

8. ADJOURNMENT

NOTE: THE NEXT QUARTERLY SCHEDULED RETIREMENT BOARD MEETING WILL BE HELD ON THURSDAY, AUGUST 22, 2024, AT 10:00 A.M.

DATE POSTED: JUNE 19, 2024

LEAD STAFF: MALIKA MCGEE, HUMAN RESOURCES DIRECTOR

I. RECOMMENDED ACTION:

Approve the proposed second amendment to the San Joaquin Regional Transit District Retirement Plan ("Pension Plan"), effective June 21, 2024.

II. SUMMARY

The proposed Pension Plan amendment will permit current Pension Plan participants who are union-represented employees to continue membership in the Pension Plan upon promotion to a non-represented position at RTD.

III. DISCUSSION/BACKGROUND

The San Joaquin Regional Transit District (RTD) Retirement Plan which is a qualified government defined benefit plan under Sections 401(a) and 414(d) of the Code was established on June 1, 1968. The retirement plan covered all non-represented and union-represented employees. On October 21, 2016, the RTD Board approved the implementation of a 401(a) Retirement Savings Plan for non-represented employees. This plan became available to current non-represented employees who were not yet vested in the defined benefit pension plan, as well as all future non-represented employees.

RTD has qualified internal employees with longevity that have expressed interest in advancing into higher level positions within the agency. By promoting to a non-represented position, union-represented employees who are currently vested in the defined benefit plan would have to leave the plan to become a member of the RTD 401(a) plan. As a result, these employees would not be eligible to retire under the current defined benefit plan which requires a minimum of 55 years of age and 25 years of service since they would no longer be a member nor contributing to the defined benefit plan.

RTD would like to support employee growth and development by investing in internal promotional opportunities. These employees come with a wealth of institutional knowledge and support our goal of long-term retention and succession planning.

Proposed Pension Plan Amendment

Section 3 of the Plan is amended by adding a new subsection C., to read in its entirety as follows:

"Effective June 21, 2024, any member of this Retirement Plan who is transferred or assigned to a position with RTD that is not in the bargaining unit covered by the CBA shall remain a member of this Retirement Plan, so long as all other eligibility requirements continue to be met."

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This recommendation aligns with the Board's Strategic Priorities 1 and 4.
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

V. CUSTOMER IMPACT

N/A

VI. FINANCIAL CONSIDERATIONS/IMPACT

None, as of now, as the positions have been included in the FY25 budget.

VII. CHANGES FROM COMMITTEE

N/A

VIII. ALTERNATIVES CONSIDERED

Do nothing. The Board may choose not to approve the Pension Plan amendment, which would limit our ability to promote employees that have a wealth of institutional knowledge and support our goal of long-term retention and succession planning.

IX. ATTACHMENTS

Attachment A: Resolution

Prepared by: Malika McGee, Human Resources Director

X. APPROVALS

Alex Clifford, CEO ____________________

Attachment A
Cover Page

RESOLUTION NO. _____
DATED: JUNE 21, 2024

RESOLUTION APPROVING THE SECOND AMENDMENT TO SAN JOAQUIN REGIONAL TRANSIT DISTRICT RETIREMENT PLAN

WHEREAS, the Board may amend the San Joaquin Regional Transit District (RTD) Retirement Plan ("Plan") at any time with the consent of the Amalgamated Transit Union Local 256 and non-represented employees; and

WHEREAS, Amalgamated Transit Union Local 256 has consented to the proposed amendment to the Plan.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of San Joaquin Regional Transit District that the amendment to the San Joaquin RTD Retirement Plan permitting current defined benefit plan participants who are union-represented employees to continue membership in the Plan upon promotion to a non-represented position at RTD is hereby approved and adopted, subject to approval by non-represented employees as provided for in the Plan, effective June 21, 2024, and the CEO be and he hereby is, authorized to execute the same on behalf of RTD.

2023/24 RTD Pension Research – Q & As
(Updated June 2024)

- **What happened in 2010/2011 when the Pension went from nearly 100% funded to 89% in 2010 and then 65% in 2011?**
  - The prior actuarial consultant, Buck Consultants, produced their last Actuarial Report in February 2012 for the period ending July 1, 2011. Bartel Associates, LLC assumed the contract and produced their first Actuarial Valuation Report for the period ending July 1, 2012.
  - Per Drew Ballard (Foster & Foster) 11/21/23 email (Foster purchased Bartel in 2023):
    - For the July 1, 2010 valuation report, Buck used the Frozen Initial Liability (FIL) method and reported a funded ratio of 88.7%. The Normal Cost rate was calculated to be 20.18% of payroll and the UAAL payment was 2.50% of payroll for a total contribution rate of 22.68% of payroll.
    - For the July 1, 2011 valuation report, Buck changed the cost method from FIL to Projected Unit Credit (PUC) and reported a funded ratio of 64.5%. Buck's report states "*For the July 1, 2011 valuation, the actuarial cost method has changed from the Frozen Initial Liability method to the Projected Unit Credit method, and we adopted a closed 30-year period for the amortization of past service liabilities. This change increases the proportion of the liabilities allocated to past service, so that the plan can spread more costs over the 30-year period. The Frozen Initial Liability method would have allocated more liability to future service which is spread over future working lifetimes of active members. Because of the reduction in the number of active members, and their increasing age, the Frozen Initial Liability method would have resulted in very large contributions for future service liabilities.*" The Normal Cost rate was calculated to be 15.17% of payroll (prior year 20.18%) and the UAAL payment was 12.61% (prior year 2.50%) for a total contribution rate of 27.78% of payroll (prior year 22.68%). Buck's report further shows that the total contribution rate as of July 1, 2011 under FIL would have been 32.48% of payroll.
    - The changes made in the 2011 report by Buck resulted in the large change in the funded ratio (from 88.7% in 2010 to 64.5% in 2011). Bartel prepared the July 1, 2012 actuarial valuation using the PUC cost method and then updated to the Entry Age Normal (EAN)

actuarial cost method to align with GASB 67/68 in the July 1, 2013 valuation (along with several actuarial assumption changes). The change from the PUC cost method to the EAN resulted in a modest decrease in the funded ratio from 54.8% to 51.9%.

- Based on our prior discussions, it seemed to me the belief was that Bartel changed the cost method which resulted in the large decrease in the funded ratio, but this was done by Buck in their 2011 actuarial valuation.

- **What is the history of the recommended Discount Rate and the Actual Market Performance?**

Year	Investment Income/(Loss) (Pension Only)	Approx. Annual Market Value Rate of Return Investment Income (Loss)/Beginning of Year Balance (Pension Only)	Recommended Discount Rate (Pension Only)
2024/2025			6.20%
2023/2024			5.95%
2022/2023	$ 4,197,000	9.30%	5.95%
2021/2022	($ 7,281,000)	-13.30%	5.95%
2020/2021	$11,579,000	26.50%	6.50%
2019/2020	$ 492,000	1.00%	6.50%
2018/2019	$ 1,955,000	4.70%	6.50%
2017/2018	$ 2,880,000	7.70%	6.50%
2016/2017	$ 4,308,000	12.70%	7.00%
2015/2016	($ 86,000)	-0.30%	7.00%
2014/2015	$ 251,000	0.80%	7.00%
2013/2014	$ 4,989,000	17.10%	7.25%
2012/2013	$ 3,210,000	12.00%	7.75%

- **What is the Actuarial Value and the Market Value of the Assets?**

July 1 Report	UAL Pension Only	Funded Ratio Actuarial Valuation Pension Only (Calculated)	Funded Ratio Market Value Pension Only (Actuarial Report - Section 2) Pension Amendment - Target 77% for COLA
2024/2025			65.40%
2023/2024	$ 27,717,000	65.5%	62.50%
2022/2023	$ 28,257,000	64.5%	75.30%
2021/2022	$ 28,511,000	63.8%	56.10%
2020/2021	$ 32,742,000	57.7%	55.70%
2019/2020	$ 32,601,000	56.7%	54.00%
2018/2019	$ 32,375,000	55.7%	52.30%
2017/2018	$ 31,421,000	55.0%	50.00%
2016/2017	$ 29,496,000	54.8%	52.50%
2015/2016	$ 31,281,000	52.4%	57.30%
2014/2015	$ 25,733,000	55.2%	53.20%
2013/2014	$ 24,319,000	54.1%	60.40%
2012/2013	$ 18,724,000	61.6%	68.40%

- **What is the current UAAL and when will it be paid off?**
  - For the July 1, 2011, valuation the actuarial cost method changed from the Frozen Initial Liability method to the Projected Unit Credit method, and we adopted a closed 30-year period for the amortization of past service liabilities,
  - In 2012 the Unfunded Liability was $15,781,000.
  - This change increases the proportion of the liabilities allocated to past service, so that the plan can spread more costs over the 30-year period.
  - The 2011 Unfunded Liability was initially amortized over 30 years and was expected to be paid off in 2042.
  - Later, in 2014, for reasons unknown, the Unfunded Liability of $24,319,000 was re-amortized to accelerate the payoff to 23 years - 2037.
  - As of July 1, 2023, the Unfunded Actuarial Accrued Liability (UAAL) was $27,717,000.
  - Much like a home mortgage, an interest rate or Discount Rate is applied to the amortization schedule in an attempt to recoup the unrealized earnings. There were at least five years since 2013 in which the actual

investment earnings fell short of the assumed investment earnings. The difference must be recovered over the remaining amortization period. For example:

  - The UAAL amortization payment for 2013 was $1,216.000, 48% of the total employer and employee pension contribution of $2,528,000.
  - The UAAL payment proposed for 2024/2025 is $2,703,000, 62% of the total proposed employer and employee pension contribution of $4,388,000.

- **When we amortize the UAAL, why do we charge ourselves interest? Why not just repay our expected investment losses using a straight-line repayment schedule? (e.g.: $1 million amortized over 30-years equals $33,333.33/year)**
  - The largest contributor to the UAAL results from expected earnings not realized. The actuarial model assumes District contributions, employee contributions and a return on asset investment (among other smaller factors). When all or part of the expected return on investment is not achieved, that unrealized amount is not available in future years for investment and an expected return. Therefore, for the actuarial model to be in balance, an interest rate must be applied to replace the unrealized principal <u>and</u> earnings.

    e.g.: If one's expected investment returns this year are short $100, and next year's model assumes a 5% Discount Rate ($5), next year's total assets will not only be missing the $100, it will also not earn a 5% return next year on the missing $100.

    The application of an interest rate to the UAAL amortization schedule becomes a surrogate for future investment losses on investment returns not realized.

- **What is the history of District and Employee Pension contributions?**

July 1 Report	Employee Share Classic Pension Only	Employee Share PEPRA Pension Only	District Share Pension Only	UAL Pension Only
2024/2025	18.43%	20.86%	29.68%	
2023/2024	20.50%	22.30%	32.68%	$ 27,717,000
2022/2023	19.69%	21.06%	32.42%	$ 28,257,000
2021/2022	18.05%	20.01%	26.17%	$ 28,511,000
2020/2021	17.10%	19.32%	24.55%	$ 32,742,000
2019/2020	17.72%	19.74%	25.86%	$ 32,601,000
2018/2019	17.78%	19.27%	24.66%	$ 32,375,000
2017/2018	15.42%	16.86%	21.69%	$ 31,421,000
2016/2017	15.96%	16.78%	18.76%	$ 29,496,000
2015/2016	14.50%	No PEPRA	17.45%	$ 31,281,000
2014/2015	13.40%	"	16.50%	$ 25,733,000
2013/2014	13.40%	"	16.50%	$ 24,319,000
2012/2013	11.50%	"	14.70%	$ 18,724,000
2011/2012	10.70%	"	13.30%	$ 15,781,000
2010/2011	9.10%	"	12..2%	$ 3,465,000
2009/2010	7.20%	"	9.60%	$ 722,664
2008/2009	7.18%	"	9.09%	$ 752,549
2007/2008	6.68%	"	8.17%	$ 809,542

- **RTD's enabling legislation states the cost of the Pension Plan will be shared 50/50 between the District and the employees. If that is the case, why is the District paying a greater share than the employees? e.g.: the 2024/2025 proposed shares specifies that the District will pay 29.68%; the Classic employees will pay 18.43%; and the PEPRA employees will pay 20.86%.**
  - PUC 50000 - 50507,
  - § 50142 - Rate of Contribution: The Board shall provide that both the district and the members shall contribute to the retirement system. The rate of contribution by an officer or employee of the district becoming a members of the retirement system shall be so fixed as to provide, with accumulated interest and based on tables and assumptions adopted by the board, substantially one-half the value of the retirement allowance granted for service, exclusive of any credits allowed for prior service.
  - § 50143 – All members of the retirement system shall contribute in the manner and amount fixed by the board and such contributions may be collected by deduction the amounts thereof from the salary, wages, or compensation due such members.

- § 50144 – Liabilities accruing under the retirement system because of benefits other than such as are the equivalent of contributions by the members, with accumulated interests, shall be met by contributions by the district. Prior service or other liabilities of the district may be met by annual appropriations instead of by one appropriation for the total of the liabilities; but until the present value of regular contributions for current service, together with assets then available, equals the present value of all allowances and benefits granted or to be granted under the system, the appropriation for any one year when added to any unused balance of any previous appropriations for such purpose shall not be less than the amount disbursed during that year on account of prior service or other liabilities of the district.
- RTD Retirement Plan:
  Section 15D - All expenses incurred in the administration of this Retirement Plan, including legal, actuarial fees, and expenses, shall be paid out of the funds created by the terms of this Retirement Plan.
- Plan costs are shared equally between the District and Members, with 3 exceptions (July 1, 2023 Actuarial Report- Page 15):
  1. The District pays the full costs attributable to death and disability benefits, and also for a small portion of prior frozen UAAL.
  2. PEPRA members are required to pay the statutory minimum ½ of their Normal Cost. Due to rounding and rules which require that the rate only change if the overall change in Normal Cost is more than 1%, the split between District and members may not be exactly 50/50. To minimize the frequency of changes, this member rate is rounded to the nearest ¼%.
  3. The District makes Additional Contributions intended to mitigate the increase in required employee contribution rates that would have occurred due to the transfer of nonvested, non-represented employees into the new 401(a) plan. The District provided a schedule of the fixed payments for 30 years beginning with the 2017/18 fiscal year. The payments were calculated by actuaries from Xerox in their plan design study. These amounts are added to the District contribution (as otherwise calculated in the same manner as in the prior valuations) and subtracted from the member contributions, with no net effect on the total contribution. The amount is allocated between member groups based on pensionable payroll (pension) or total payroll (OPEB).

Discussion Topics:

1. **The amortization period for the current unfunded liability will be updated from 14 years to 20 years?**
   - Does the Pension Board accept this recommendation?

2. **Include the RTD one-time contribution in the unfunded liability calculation?**

- Does the Pension Board accept this recommendation?

3. **Each year a new layer will be created and amortized over twenty (20) years and at the current year's Discount Rate (Five-Year Smoothed). Each new Pension layer will be a standalone layer in which the amortization schedule for payoff will remain the same until the liability for that layer is fully paid off. The only thing that can affect the annual payment for each year's layer is a change in the Board adopted Discount Rate for each year going forward.**
   - Does the Pension Board accept this recommendation?

4. **Each new annual layer will be amortized over 20 years?**
   - Does the Pension Board accept this recommendation?

5. **The recommended Discount Rate for <u>both</u> the Pension and the OPEB for 2024/2025 is 6.20%.**
   - Does the Pension Board accept this recommendation?

6. **Reaffirm the Pension Board's policy to target funding the Pension Plan at 100%**
   - Does the Pension Board accept this recommendation?

LEAD STAFF: ROBERT KYLE, CFO

I. RECOMMENDED ACTION:

A. Staff recommends that the San Joaquin Regional Transit District (SJRTD) Retirement Board approve the recommended rate changes and changes in methodology for calculating Pension Contribution Rates for FY 2024/2025 as presented in the Valuation Report.
B. Staff recommends approving the FY 2023 Actuarial Valuation Report.
C. Staff recommends approving the Policy Statements summarized in Table 2.

II. SUMMARY

- A change in methodology for calculating Pension Contribution Rates will reduce the burden participants face when contributing to the pension.
- Participants currently experience higher contribution rates than others in the local area.
- Lower contribution rates result in higher net pay to the participants which will help reduce new employee attrition rates (turnover).
- Lower employee turnover will improve operator retention, which is critical as SJRTD looks to expand service and increase route frequency.

III. DISCUSSION/BACKGROUND

The Draft Valuation reflects the following recommendations.

An additional District one-time contribution of approximately $6m was made June 2021. This contribution was not previously included when the contribution rates were calculated. This resulted in higher contribution rates compared to the contribution rates that would have resulted from including the additional District contribution. The additional District contribution is now recommended to be included in the contribution rate calculation.

Recommendation to update the Amortization Period for the Pension Unfunded Actuarial Accrued Liability (UAAL). Previously, all market losses that increase the UAAL have been combined and amortized over an ever-decreasing amortization period driving up contribution rates.

Layered Approach – Staff has become aware that it is not uncommon for public pension systems to have a UAAL and that the existence of a UAAL in and of itself is not problematic so long as the plan is funded in a way that is targeted to reach fully funded status over a period that the Plan actuary has advised is reasonable. Foster and Foster have advised that the assumptions and funding schedule incorporated in the draft valuation are reasonable and are consistent with applicable actuarial standards of practice. As such, SJRTD will no longer combine all market/actuarial losses together in a single layer, but instead, will take the current UAAL of approximately $29m, and re-amortize that over 20 years (instead of the 14 years without this recommended change). Future additional layers will each amortize over 20 years. Future actuarial/market gains that reduce the UAAL will be applied to the oldest layers first on a First-in, First-out (FIFO) basis.

Pension Funding Target Ratio – Staff previously considered recommending a change to the funding target ratio from 100% to a lower amount. This would lower the contribution rate as no longer would the effort be to 100% fund the retirement & health pension funds but instead some lower number. This option is NOT recommended by Staff.

Staff noted differences in the payroll wage basis between the Pension and the Other Post Employment Benefit "OPEB" Plan. Previously, the denominator for the Pension was Pensionable Wages and for the OPEB it was Total Wages. Staff recommends the OPEB change to Pensionable Wages as its denominator to be consistent with the Pension. Since Pensionable Wages is a smaller denominator than Total Wages, to extract the same contribution dollars, a slightly higher contribution rate is needed. This improves overall analytics since the two contribution rates for the Pension and the OPEB can now be added together in a rational way for presentation purposes.

By approving these recommended changes in methodology, the reduction in the contribution rates are as follows in Table 1.

TABLE 1

	--- Combined DB & OPEB ---		
	District	Classic Members	PEPRA Members
2023/24	36.88%	21.99%	23.79%
2024/25	27.60%	15.39%	17.83%
Year over year reduction	9.28%	6.60%	5.96%

Table 2
New Policy Statements

1. The amortization period for the current unfunded liability has been updated from 14 years to 20 years.
2. Include the RTD one-time contribution (discretionary supplemental payments totaling $6 million made to Pension and OPEB in June 2021) in the unfunded liability calculation.
3. Each year, a new 5-year smoothed layer will be created.
4. Moving forward, the actuary will use a FIXED 20-year layered amortization for each new layer.
5. The recommended Discount Rate for both the Pension and the OPEB for 2024/2025 is 6.20%.
6. Reaffirm the Pension Board’s policy to target funding the Pension Plan at 100%.

IV. STRATEGIC PLAN PRIORITIES ALIGNMENT

This recommendation aligns with the Board’s Strategic Priorities 1, 3, and 4.
Strategic Priorities:

1. Employees
2. Customers
3. Financial Health
4. Operations Excellence
5. Community Relations
6. Innovation

V. CUSTOMER IMPACT

None.

VI. FINANCIAL CONSIDERATIONS/IMPACT

No additional costs to be incurred by SJRTD with this change.

VII. CHANGES FROM COMMITTEE

N/A

VIII. ALTERNATIVES CONSIDERED

“No change” is not recommended due to the need to reduce Participant Contribution Rates.

IX. ATTACHMENTS

Attachment A: Resolution

Prepared by: Robert Kyle, CFO

X. APPROVALS

Financial Impact Approved:
Robert Kyle, CFO

Alex Clifford, CEO

Attachment A
Cover Page

RESOLUTION NO. ____
DATED: JUNE 21, 2024

RESOLUTION APPROVING THE RECOMMENDED RATE CHANGES AND CHANGES IN METHODOLOGY FOR CALCULATING PENSION CONTRIBUTION RATES FOR FY 2024/2025 AS PRESENTED IN THE VALUATION REPORT, APPROVING THE FY 2023 ACTUARIAL VALUATION REPORT, AND APPROVING THE POLICY STATEMENTS

WHEREAS, due to the need to address employee concerns about San Joaquin Regional Transit District's (SJRTD) high Pension Contribution Rates.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Retirement Board of Directors of the San Joaquin Regional Transit District that the Board approves the changes to the methodology for calculating the Pension Contribution Rates, accepts FY 2023 Valuation and the FY 2025 contribution rates and policy statements.

Contribution Rates

	--- Combined DB & OPEB ---		
	District	**Classic Members**	**PEPRA Members**
2024/25	27.60%	15.39%	17.83%

Table 2
New Policy Statements

1. The amortization period for the current unfunded liability has been updated from 14 years to 20 years.
2. Include the RTD one-time contribution (discretionary supplemental payments totaling $6 million made to Pension and OPEB in June 2021) in the unfunded liability calculation.
3. Each year, a new 5-year smoothed layer will be created.
4. Moving forward, the actuary will use a FIXED 20-year layered amortization for each new layer.
5. The recommended Discount Rate for <u>both</u> the Pension and the OPEB for 2024/2025 is 6.20%.
6. Reaffirm the Pension Board's policy to target funding the Pension Plan at 100%.

Olson | Remcho

TO SJRTD RETIREMENT BOARD

FROM: CHRISTOPHER W.WADDELL,
RETIREMENT BOARD OUTSIDE COUNSEL

DATE: JUNE 21, 2024

SUBJECT: FIDUCIARY CONSIDERATIONS IN APPROVAL OF METHOD CHANGES IN JULY 1, 2023 ACTUARIAL VALUATION

The draft July 1, 2023 valuation that your Board is being asked to review and approve contains two significant method changes referenced by the Plan Actuary. The first is the updating of the amortization period from 14 to 20 years. The second is the immediate recognition in Plan assets of the June, 2021 discretionary supplemental payment made into the Pension and OPEB funds. Combined, as reflected in the staff memorandum, these actions if adopted by your Board would have the immediate effect of reducing the employee contribution to the Pension and OPEB funds by 6.6 % for Classic Members and by 5.6% for PEPRA Members. Additionally, it would have the effect of reducing the District's contribution by 9.28%.

The staff memorandum outlines the concerns of District employees regarding their contribution rates to the Pension and OPEB funds, and the need for employee relief from same. Further, The Plan's actuary has advised staff that the method changes are consistent with applicable actuarial standards of practice. The purpose of this memorandum is to advise your Board that so long as its purpose in approving these method changes in the valuation is to provide rate relief to employee members of the Plan as opposed to providing financial relief to the district, such action would be consistent with your fiduciary duties.

By way of explanation, under Article 16, section 17 (b) of the California Constitution:

> (b) The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

In a relatively recent case, a county retirement system in California became embroiled in years of litigation concerning alleged breaches of fiduciary duty over decisions it made in 2010 to change the amortization schedule for its unfunded liabilities and to shift reserve funds not previously counted towards system assets for valuation purposes to a combination of valuation reserves and offsets of employer contributions. *O'Neal v. Stanislaus County Employees' Retirement Association*, 8 Cal. App. 5th 1184 (2017) (hereinafter, "O'Neal").

This case was litigated over a period of eleven years and during that time made its way to the Court of Appeal on three separate occasions. The second time was notable for the Court's determination that there was evidence in the record that could support two competing conclusions concerning whether the system violated their fiduciary duties to its membership: The first, that StanCERA took this action to reduce the employer's contributions and the threat that its failure to do so would lead to reduced cooperation from the employer in the future; the second, that the system "reasonably took employer troubles into account in order to prevent job losses to StanCERA members and, thus, was acting exclusively in its members' interests (*O'Neal*, 8 Cal. App. 5th at 1218).

At this particular point in the litigation, the case had been pending in the courts for roughly seven years. Because there was evidence in the record supporting each of the competing explanations for the motivation behind the system's determinations, the appellate court remanded the case to the trial court to take evidence. The trial court listened to hours and hours of audio recordings of Board meetings as well as live witness testimony from both experts and percipient witnesses and ultimately concluded in January 2019 that the plaintiffs had failed to meet their burden "of proving by a preponderance of the evidence that the Board breached its fiduciary duties owed to its members as a result of the five challenged actions." The trial court's decision was affirmed by the appellate court in an unpublished opinion in December, 2021 (*O'Neal v. Stanislaus County Employees' Retirement Association*, Cal. App. Unpub. LEXIS 7646 30, 85 (2021)).

While this case was ultimately resolved in StanCERA's favor, it highlights the need for a retirement board to ensure that it is making decisions in a manner that is consistent with its sole duty to its members and beneficiaries. We believe that there are sufficient facts before your Board to approve the valuation and the method changes incorporated therein based upon the concerns that have been expressed to staff by Plan members regarding their need for rate relief to So long as your Board's approval of the valuation is solely based on providing such rate relief, in our view this would be consistent with your fiduciary duties, irrespective of the contribution relief that would also be provided by this action to the District.

We look forward to discussing these issues further with you at your meeting this Friday.

DRAFT

San Joaquin Regional Transit District

San Joaquin Regional Transit District Retirement Plan

July 1, 2023 Actuarial Valuation – Contribution Rates Effective for FY 2024/25

May 15, 2024

ACTUARIAL VALUATION CERTIFICATION

This report presents the July 1, 2023 actuarial valuation for the San Joaquin Regional Transit District Retirement Plan ("Plan"). The valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. Use of the results for other purposes may not be applicable and may produce significantly different results.

The purpose of this valuation is to calculate the actuarially determined District and Member contribution rates for fiscal year 2024/25. In our opinion, the contribution rates set forth in this report constitute a reasonable actuarially determined contribution under Actuarial Standards of Practice No. 4. In addition, information provided in this report may be useful to the District for the Plan's financial management. The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience different from expectations. Due to the limited scope of the valuation, we did not perform an analysis of the potential range of such future measurements.

In conducting the valuation, we have relied on our understanding of the Plan's benefit provisions summarized in Section 7, participant data as summarized in Section 9, the Plan's financial information, and the actuarial assumptions and methods described in Section 8. The District furnished participant data and information regarding the benefit provisions, as well as the Plan's financial information. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results.

Additionally, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models that apply the funding rules to generate the results. All internally developed models are reviewed as part of the valuation process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Information for GASB Statements 67, 68, 74 and 75 are provided separately. As a member of the American Academy of Actuaries, meeting Academy Qualification Standards, I certify the actuarial results and opinions herein.

Respectfully submitted,

DRAFT

Drew Ballard, FSA, EA, MAAA

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SECTION 1
SUMMARY

Following are the current and prior valuation results. See notes following the table for a description of terms.

	July 1, 2022	July 1, 2023	% change
■ **Participant Counts**			
• Actives	110	120	9.1%
• Terminated Vesteds & Non-Vesteds	34	29	(14.7%)
• Retirees & Beneficiaries[1]	154	157	1.9%
• Total	298	306	2.7%
■ **Projected Pensionable Payroll for Contribution Year ($000s)**	$ 7,687	$ 8,831	14.9%

	July 1, 2022	July 1, 2023	% change
	--------amount in $000's--------		
■ **Actuarial Liabilities**			
• Present Value of Projected Benefits	$ 104,169	$ 106,812	2.5%
• Actuarial Accrued Liability	90,472	92,063	1.8%
■ **Assets**			
• Market Value of Assets	$ 56,519	$ 60,244	6.6%
• Approximate Annual Rate of Return (net of investment expenses)	(13.3%)	9.3%	
• Actuarial Value of Assets	$ 61,990	$ 63,121	1.8%
• Approximate Annual Rate of Return (net of investment expenses)	4.9%	4.2%	
■ **Plan Funded Status**			
• Actuarial Accrued Liability	$ 90,472	$ 92,063	1.8%
• Actuarial Value of Plan Assets	61,990	63,121	1.8%
• Unfunded Actuarial Accrued Liability	28,482	28,942	1.6%
• Funded Ratio	68.5%	68.6%	
• Funded Ratio, Market Value Basis	62.5%	65.4%	

[1] Includes 2 survivors as of 7/1/2022 and 2 survivors as of 7/1/2023 receiving OPEB but not pension benefits.

Section 1
Summary

	2023/24	2024/25	Change
Total Contribution Rate as % of Pay[2]			
• Pension	59.91%	40.24%	(19.67%)
• Health	0.00%	4.34%	4.34%
• Total District Contribution (Adj.)	36.88%	27.61%	(9.27%)
• Expected District Contribution ($000's)	$ 2,835	$ 2,438	($ 397)
• Average Total Member Contribution (Adj.)	23.03%	15.43%	(7.60%)
Projected Pensionable Payroll for Contribution Year ($000's)[3]	$ 7,687	$ 8,831	$1,144

[2] Following the San Joaquin RTD Board of Directors Resolution No. 5993 approving the District's supplemental contributions to the plan, all District OPEB contributions and ½ of Member OPEB contributions for FY 2023/24 are paid to the pension trust, and the remaining ½ of the Member OPEB contributions is waived. Contribution rates for 2023/24 exclude assets from the additional District contribution in June 2021 while contribution rates for 2024/25 include assets from the additional District contribution in June 2021. All rates shown as percent of pensionable payroll.

[3] Pensionable payroll reflects limited pay for PEPRA employees and plan-limited pay for all members.

SECTION 1
SUMMARY

Purpose of Actuarial Valuation

The actual costs of a defined benefit plan are determined by the amount of the benefit promise, the actual salaries and service of the plan participants, and how long they and their beneficiaries live to receive payments. An actuarial valuation is a mathematical model which attempts to quantify this cost by setting assumptions that, it is hoped, duplicate reality as closely as possible. In addition, the actuarial methodology provides a reasonable plan, or method, towards funding the expected plan costs. This information assists the plan trustees so they can make informed decisions regarding plan investments and how much in contributions will be required from the employer and members to eventually fully pay the plan's costs.

Summary Information

The San Joaquin Regional Transit District Retirement Plan provides both pension and retiree medical benefits to its participants. It is open to all full-time Represented employees of the District, and includes a closed group of non-Represented employees who were vested as of January 1, 2017. Currently there are 120 active members, 29 terminated vested and non-vested members, and 155 members receiving pension benefits (plus two retirees receiving OPEB but no pension). There are 64 retirees receiving OPEB benefits: 55 receiving medical benefits, and an additional 9 retirees with dental and/or vision only.

Contribution Rates and PEPRA

The July 1, 2022 valuation set the contribution rates for fiscal year 2023/24. This valuation as of July 1, 2023 sets the contribution rates for fiscal year 2024/25.

This valuation reflects the impact of the California Public Employees' Pension Reform Act of 2013. As a result of the differing pay bases for PEPRA Members, pension and health contribution rates cannot be directly added together to determine a total contribution rate. For comparison purposes only, this report shows total rates adjusted to the same pensionable payroll basis.

This valuation also reflects the impact of Resolution No. 5993 of the San Joaquin RTD Board of Directors, as adopted on June 18, 2021. Under the terms of this resolution, the RTD made discretionary supplemental payments of $2.733 million and $3.307 million into the Pension and OPEB funds, respectively, in June 2021. The purpose was to fund the OPEB plan at 80% and improve the funding of the Pension plan. As directed by the District, in order to prevent erosion of the value of this additional payment so that the plan's funded status can continue to improve, the recommended contributions for 2023/24 were calculated as if these supplemental payments were not included in the assets of the plan. However, per direction from the District, the recommended contributions for 2024/25 are calculated including these supplemental payments in the assets of the plan. In addition, for fiscal years 2021/22, 2022/23, and 2023/24, whatever contribution the RTD would have made into the OPEB plan will instead be directed to the Pension plan; and whatever contribution the employees would have made to the OPEB plan will instead be divided so that half will go to the Pension plan and the other half will be returned to the employee.

SECTION 1
SUMMARY

Gain/Loss Summary since the Prior Valuation

Actuarial gains and losses from several sources impacted the contribution rates. Most significant were:

- Investment losses on the actuarial (smoothed) value basis for each plan.
- OPEB plan loss due to actual medical premiums greater than expected.
- Pension plan gain due to update in discount rate to 6.20%.
- Pension plan loss due to 2% cost of living increase as of July 1, 2023.

The impact of these changes is in the Actuarial Gain/Loss Analysis in Section 5 of this report. Further details regarding the assumption and methodology changes can be found in the Methods and Assumptions descriptions in Section 8 of this report.

Recent Plan Changes

The prior valuation included the impact of the most recently bargained provisions of the Retirement Plan. The negotiated changes effective July 1, 2022, eliminated early retirement and COLA increases on future benefit accruals until the plan is 77% funded, and excluded certain non-recurring pay types and unscheduled overtime from pensionable compensation. The summary of plan provisions in Section 7 includes those changes.

Assumption Changes Since Prior Valuation

There was one significant change made to the actuarial assumptions this year. We updated the pension plan discount rate to reflect a shift in the asset allocation of that fund to match that of the OPEB fund.

Method Changes Since Prior Valuation

There were two changes made to the actuarial methods this year. We updated the amortization period from 14 years to 20 years, and we included the discretionary supplemental payments made into the Pension and OPEB funds in June 2021 when determining the contribution rates.

Discussion of Plan Risks

Actuarial Standard of Practice No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined using various actuarial assumptions. These results are based on the premise that all future plan experience will align with he plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Measures of Risk

The following table lists various measures of risk, or contribution volatility, for the plan.

(amounts in $000s)

	July 1, 2022	July 1, 2023
■ **Risk Measures**		
• Actuarial Accrued Liability (AAL) (Total)	$ 90,472	$ 92,063
• Market Value of Assets (MVA)	56,519	60,244
• Unfunded AAL (on MVA)	33,953	31,819
• Funded Ratio (MVA/AAL)	62.5%	65.4%
• Unfunded AAL (on MVA)/Payroll	441.7%	360.3%
• Projected Pensionable Payroll for Contribution Year	$ 7,687	$ 8,831
■ **Volatility Ratios** Commentary: Higher volatility and maturity ratios mean that changes in plan assets have a larger impact on contribution rates than for lower ratios.		
• Asset Volatility Index (MVA/Payroll)	7.4	6.8
• Liability (100% Funded) Volatility Index (AAL/Payroll)	11.8	10.4
• Maturity Ratio (Retiree Count/Total Count)	51.7%	51.3%
• Maturity Ratio (Retiree AAL/Total AAL)	67.2%	66.3%
■ **Risk Measures – Cash Flow Ratios** Commentary: Contributions larger than benefit payments mean the plan has a positive cash flow. A negative cash flow may amplify investment risk.		
• Benefit Payments/MVA	10.2%	9.0%
• (Contributions minus benefit payments)/MVA	(3.3%)	(2.1%)
• Benefit payments/contributions	148.8%	130.6%

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

Risks that this plan is subject to include:

- Investment risk (the potential that investment returns will be different than expected);
- Asset/liability mismatch risk (the potential that changes in asset values are not matched by changes in the value of liabilities);
- Longevity and other demographic risks (the potential that mortality or other demographic experience will be different than expected); and
- Contribution risk (the potential that contributions will not be paid to the plan as necessary).

It is important to note that the actuary has identified the risks in this section as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided upon request.

Definitions

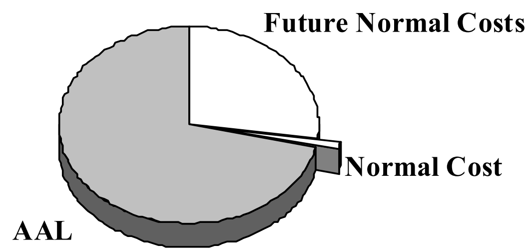
The Present Value of Projected Benefits (PVPB) is the present value of all future benefits for current plan participants.

The Actuarial Accrued Liability (AAL) represents the portion of the PVPB attributable to past service. The AAL is recognized over service through the date a participant is expected to commence retirement benefits. Therefore, the AAL is equal to the PVPB for current retirees.

The Unfunded Actuarial Accrued Liability (UAAL) is the difference between the AAL and the actuarial value of the Plan's assets.

The Normal Cost (NC) is the portion of the PVPB allocated to or earned during the year following the valuation date.

PVPB



SECTION 2
LIABILITIES & FUNDED STATUS

A comparison of the Present Value of Benefits, Actuarial Accrued Liability, Normal Cost, and the Funded Ratio for the current and prior valuations follows. (Note that numbers throughout the report may not add due to rounding.)

(amounts in $000's)

	July 1, 2022	July 1, 2023
Present Value of Projected Benefits		
■ Active Employees	$ 41,096	$ 44,003
■ Terminated Vested & Non-Vested	2,232	1,812
■ Retirees & Beneficiaries	60,841	60,997
■ Total	104,169	106,812
Actuarial Accrued Liability		
■ Active Employees	27,399	29,254
■ Terminated Vested & Non-Vested	2,232	1,812
■ Retirees & Beneficiaries	60,841	60,997
■ Total	90,472	92,063
Normal Cost (as of Valuation Date)		
■ District	865	937
■ Member	715	779
■ Total	1,580	1,716

	July 1, 2022	July 1, 2023
Plan Funded Status		
■ Total Actuarial Accrued Liability	$ 90,472	$ 92,063
■ Actuarial Value of Plan Assets	61,990	63,121
■ Unfunded Actuarial Accrued Liability	28,482	28,942
■ Funded Ratio	68.5%	68.6%
■ Market Value of Assets	56,519	60,244
■ Funded Ratio – Market Value Basis	62.5%	65.4%

Details of the Present Value of Benefits, Actuarial Accrued Liability and Funded Status as of July 1, 2023, and Normal Cost for fiscal year 2024/25 are shown below by benefit type:

(amounts in $000's)

	Pension	OPEB	Total
Present Value of Projected Benefits			
■ Active Employees	$ 36,472	$ 7,531	$ 44,003
■ Vested Terminated	1,683	-	1,683
■ Non-Vested Terminated	130	-	130
■ Service Retirees	48,866	6,180	55,046
■ Disabled Participants	2,944	107	3,050
■ Beneficiaries & QDROs	2,553	348	2,901
■ Total	92,647	14,165	106,812
Actuarial Accrued Liability			
■ Active Employees	24,140	5,114	29,254
■ Vested Terminated	1,683	-	1,683
■ Non-Vested Terminated	130	-	130
■ Service Retirees	48,866	6,180	55,046
■ Disabled Participants	2,944	107	3,050
■ Beneficiaries & QDROs	2,553	348	2,901
■ Total	80,315	11,748	92,063
Funded Status			
■ Actuarial Accrued Liability (AAL)	80,315	11,748	92,063
■ Actuarial Value of Plan Assets	52,598	10,523	63,121
■ Unfunded AAL	27,717	1,225	28,942
■ Funded Ratio	65.5%	89.6%	68.6%
■ Market Value of Assets	50,209	10,035	60,244
■ Funded Ratio – Market Value Basis	62.5%	85.4%	65.4%
Normal Cost (for FY 2024/25)			
■ District Normal Cost	798	130	928
■ Member Normal Cost	742	130	872
■ Total Normal Cost	1,540	261	1,800

Projected Benefit Payments

Following is a 10-year projection of benefit payments for the Pension Plan:

(amounts in $000's)

Year	Benefit Payments
2023/24	$5,185
2024/25	5,091
2025/26	5,182
2026/27	5,217
2027/28	5,208
2028/29	5,291
2029/30	5,425
2030/31	5,540
2031/32	5,671
2032/33	5,997

Following is a 10-year projection of benefit payments for the OPEB Plan:

(amounts in $000's)

Year	Cash Benefit Payments	Implied Subsidy Benefit Payments	Total Benefit Payments
2023/24	$463	$79	$543
2024/25	504	91	595
2025/26	518	84	603
2026/27	525	77	602
2027/28	546	92	638
2028/29	552	85	637
2029/30	559	75	634
2030/31	590	82	672
2031/32	623	87	710
2032/33	735	139	874

SECTION 3
ASSETS

Assets for the Plan are held in trust. Trust monies are used to pay benefits to plan participants and their beneficiaries. The trust is managed under the direction of the Retirement Board of the San Joaquin Regional Transit District. Asset information was provided by the District.

Asset Reconciliation – Market Value of Assets – Total Pension & OPEB

Following reconciles the July 1, 2021 through July 1, 2022, and July 1, 2022 through July 1, 2023 market value of assets. Numbers may not add due to rounding.

(amounts in $000's)

	Market Value 2021/22		Market Value 2022/23	
■ Beginning of Year Balance		$ 67,355		$ 56,519
• Member Contributions	$ 1,517		$ 1,603	
• District Contributions	2,351		2,554	
• District Contributions – Implied Subsidy Benefit Payments	116		110	
• Investment Income (Loss)	(8,810)		5,179	
■ Total Additions		(4,826)		9,445
• Benefit Payments	(4,885)		(5,002)	
• Benefit Payments - Implied Subsidy	(116)		(110)	
• Member Refunds	(870)		(428)	
• Administrative Expenses	(140)		(180)	
■ Total Deductions		(6,010)		(5,720)
■ Net Assets at End of Year		56,519		60,244
■ Approximate Return on Assets (net of investment expenses) – Market Value basis		(13.3%)		9.3%

SECTION 3
ASSETS

Following breaks out the market value asset reconciliation by Pension, OPEB & total. Numbers are from the 6/30/2023 draft audit report provided by the District. Numbers may not add due to rounding.

(amounts in $000's)

	Market Value 2021/22		
	Pension	**OPEB**	**Total**
■ Beginning of Year Balance	$55,603	$11,753	$67,355
■ Additions			
• Member Contributions	1,517	-	1,517
• District Contributions	2,351	-	2,351
• District Contributions – Implied Subsidy Ben. Pmts.	-	116	116
• Investment Income (Loss)	(7,281)	(1,529)	(8,810)
• Total	(3,413)	(1,413)	(4,826)
■ Total Deductions			
• Benefit Payments	(4,385)	(499)	(4,885)
• Implied Subsidy Payments	-	(116)	(116)
• Member Refunds	(733)	(136)	(870)
• Administrative Expenses	(130)	(10)	(140)
• Total	(5,249)	(762)	(6,010)
■ Net Assets for Valuation	46,941	9,578	56,519
■ Approx. Annual Market Value Rate of Return	(13.2%)	(13.4%)	(13.3%)

	Market Value 2022/23		
	Pension	**OPEB**	**Total**
■ Beginning of Year Balance	$46,941	$9,578	$56,519
■ Additions			
• Member Contributions	1,603	-	1,603
• District Contributions	2,554	-	2,554
• District Contributions – Implied Subsidy Ben. Pmts.	-	110	110
• Investment Income (Loss)	4,197	982	5,179
• Total	8,353	1,092	9,445
■ Total Deductions			
• Benefit Payments	(4,537)	(465)	(5,002)
• Implied Subsidy Payments	-	(110)	(110)
• Member Refunds	(376)	(52)	(428)
• Administrative Expenses	(171)	(9)	(180)
• Total	(5,085)	(635)	(5,720)
■ Net Assets for Valuation	50,209	10,035	60,244
■ Approx. Annual Market Value Rate of Return	9.0%	10.5%	9.3%

Target Allocation and Expected Long Term Rate of Return by Asset Class

Following are the target allocations adopted by the Board as of August 2023. These are the most recently adopted allocations.

Asset Class	Pension Allocation	OPEB Allocation	Expected Long Term Real Return
■ Equities			
• Large Cap Stocks	28.3%	28.3%	3.87%
• Small Cap Stocks	9.5%	9.5%	4.55%
• International Stocks	18.9%	18.9%	4.49%
• Emerging Market Stocks	6.3%	6.3%	5.25%
• REIT	7.0%	7.0%	4.06%
• Total Equities	70.0%	70.0%	
■ Fixed income			
• Core Bonds	20.0%	20.0%	0.78%
• High Yield Bonds	5.4%	5.4%	3.00%
• Emerging Market Bonds	3.6%	3.6%	2.76%
• Total Fixed	29.0%	29.0%	
■ Cash	1.0%	1.0%	(0.50%)
Total Equities, Fixed & Cash	100.0%	100.0%	

Confidence Level that actual returns will equal or exceed the stated percentage in the long run	Pension			OPEB		
	45%	**50%**	**55%**	**45%**	**50%**	**55%**
• Expected Annual Real Return	4.20%	3.85%	3.48%	4.20%	3.85%	3.48%
• Assumed Long-Term Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
• Inflation Adjusted Expected Annual Return	6.70%	6.35%	5.98%	6.70%	6.35%	5.98%
• Assumed Long-Term Expense Adjustment[4]	(0.15%)	(0.15%)	(0.15%)	(0.15%)	(0.15%)	(0.15%)
• Expected Net Annual Return	6.55%	6.20%	5.83%	6.55%	6.20%	5.83%
• **Recommended Discount Rate**: Round to Nearest 0.05%	6.55%	**6.20%**	5.85%	6.55%	**6.20%**	5.85%

Future expected returns are based on 5,000 stochastic simulations of geometric average returns over 20 years. Assumptions are based on 8 independent Investment Advisors' 2021 10-year capital market assumptions and where available, investment advisors' anticipated long-term trends

[4] Long-term expense assumption, not client-specific.

Development of Actuarial Value of Assets - PENSION

The Actuarial Value of Assets is based upon recognizing the difference between actual and expected market returns over a five-year period. This procedure reduces the impact of market volatility on contribution rates while assuring that any year's investment experience is fully recognized in 5 years. Numbers may not add due to rounding.

		(amounts in $000's)
Market Value of Assets 7/1/2023		**$ 50,209**
Expected Investment Income 2022/23		**2,765**
Actual Investment Income 2022/23		**4,025**
Unexpected Investment Gains/(Losses)		
• 2019/20	$ (2,369)	
• 2020/21	8,708	
• 2021/22	(10,678)	
• 2022/23	1,260	
Portion to be Recognized in Future Years		
• 2019/20 – 20%	(474)	
• 2020/21 – 40%	3,483	
• 2021/22 – 60%	(6,407)	
• 2022/23 – 80%	1,008	
Total as of 7/1/2023		**(2,389)**
Actuarial Value of Assets 7/1/2023 (Market Value minus Portion Recognized in Future Years)		**52,598**

Asset Reconciliation – Actuarial Value of Assets

Actuarial Value of Assets 7/1/2022	**$ 51,364**
• Contributions	4,157
• Benefit Payments	(4,914)
• Administrative Expenses	(171)
• Investment Income	2,162
Actuarial Value of Assets 7/1/2023	**52,598**
Approximate Annual Rate of Return (Actuarial Value, net of investment expenses)	4.3%

Development of Actuarial Value of Assets - OPEB

The Actuarial Value of Assets is based upon recognizing the difference between actual and expected market returns over a five-year period. This procedure reduces the impact of market volatility on contribution rates while assuring that any year's investment experience is fully recognized in 5 years. Numbers may not add due to rounding.

		(amounts in $000's)
Market Value of Assets 7/1/2023		**$ 10,035**
Expected Investment Income 2022/23		**578**
Actual Investment Income 2022/23		**973**
Unexpected Investment Gains/(Losses)		
• 2019/20	$ (403)	
• 2020/21	1,562	
• 2021/22	(2,248)	
• 2022/23	396	
Portion to be Recognized in Future Years		
• 2019/20 – 20%	(81)	
• 2020/21 – 40%	625	
• 2021/22 – 60%	(1,349)	
• 2022/23 – 80%	317	
Total as of 7/1/2023		**(488)**
Actuarial Value of Assets 7/1/2023 (Market Value minus Portion Recognized in Future Years)		**10,523**

Asset Reconciliation – Actuarial Value of Assets

Actuarial Value of Assets 7/1/2022	**$ 10,627**
• Contributions	0
• Benefit Payments	(517)
• Administrative Expenses	(9)
• Investment Income	421
Actuarial Value of Assets 7/1/2023	**10,523**
Approximate Annual Rate of Return (Actuarial Value, net of investment expenses)	4.1%

SECTION 4
CONTRIBUTIONS

Contribution Development

This valuation develops the 2024/25 fiscal year contributions for pension and health benefits.

Plan costs are shared equally between the District and Members, with 3 exceptions:

1. The District pays the full costs attributable to death and disability benefits, and also for a small portion of prior frozen UAAL.
2. PEPRA members are required to pay the statutory minimum ½ of their Normal Cost. Due to rounding and rules which require that the rate only change if the overall change in Normal Cost is more than 1%, the split between District and members may not be exactly 50/50. To minimize the frequency of changes, this member rate is rounded to the nearest ¼%.
3. The District makes Additional Contributions intended to mitigate the increase in required employee contribution rates that would have occurred due to the transfer of nonvested, non-represented employees into the new 401(a) plan. The District provided a schedule of the fixed payments for 30 years beginning with the 2017/18 fiscal year. The payments were calculated by actuaries from Xerox in their plan design study. These amounts are added to the District contribution (as otherwise calculated in the same manner as in the prior valuations) and subtracted from the member contributions, with no net effect on the total contribution. The amount is allocated between member groups based on pensionable payroll (pension) or total payroll (OPEB).

The contribution is the sum of the following components:

- Normal Cost
- An amortization payment of the UAAL as a level percentage of payroll
- Estimated administrative expenses
- Additional Contributions the District makes due to the transfer of employees to the new 401(a) plan. The same amount reduces Member contributions so the total nets to zero.

Pension and Health Contribution rates are calculated as a percentage of projected pensionable earnings, which are limited by PEPRA for PEPRA Members (those hired on and after January 1, 2013 without previous service at another California government agency).

- The Member Normal Cost rate for PEPRA Members is calculated as ½ of the group's total Normal Cost rate (see Section 6 for additional details of this calculation).
- The District pays the remainder of the Normal Cost for PEPRA Members.
- PEPRA Members' contribution rates for administrative expenses and UAAL amortization are calculated as the same rate as Non-PEPRA Members based on pay that would be pensionable if not for the PEPRA limits, and then adjusted for the difference in the PEPRA-limited payroll basis.
- Contribution rates for Health for prior valuations were based on projected total payroll without regard to PEPRA limits or other plan exclusions.
- No new non-represented employees are assumed to be covered by this plan.

For fiscal year 2024/25, the District directed that contribution rates be calculated based on assets (i.e., unfunded liability) including the District's discretionary supplemental payments made in June 2021. In addition, per SJRTD Board Resolution No. 5993, the District's and one half of the members' OPEB contributions for FY22, FY23, and FY24 will go to the Pension trust instead, and no money will be contributed to the OPEB plan.

SECTION 4
CONTRIBUTIONS

Following is the development of the total 2024/25 fiscal year contribution rates for pension and health benefits. The 2023/24 fiscal year contribution rate, which was calculated in the July 1, 2022 actuarial valuation, is shown for comparison.

Member and District contribution rates for Pension and for Health are calculated as a percentage of pensionable earnings, as limited by PEPRA and the recent change to pensionable earnings where applicable.

The following chart compares the projected total contribution amounts in dollars for the current and prior contribution years. Contributions reflect the 2021 plan changes and RTD Board Resolution No. 5993. Contributions for 2023/24 exclude the June 2021 District discretionary supplemental contribution while contributions for 2024/25 include the June 2021 District discretionary supplemental contribution.

	Contribution Amounts in $000's	
Contribution Year	**2023/24**	**2024/25**
Pension		
■ Contribution		
• Normal Cost	$ 1,424	$ 1,540
• Administrative Expense	123	145
• UAAL Amortization	2,621	1,869
• Health Contribution to Pension	438	-
• Total Cost	4,605	3,553
■ Projected Pensionable Payroll	7,687	8,831

	Pension		Health	
Contribution Year	**2023/24**	**2024/25**	**2023/24**	**2024/25**
	% of pensionable payroll (Limited by PEPRA & Plan Changes)		% of pensionable payroll (Limited by PEPRA & Plan Changes)	
■ Total Contribution				
• Normal Cost	18.53%	17.44%	0.00%	2.96%
• Administrative Expense	1.60%	1.65%	0.00%	0.10%
• UAAL Amortization	34.09%	21.16%	0.00%	1.28%
• Health Contribution to Pension	5.68%	0.00%	0.00%	0.00%
• Total Contribution	59.91%	40.24%	0.00%	4.34%

SECTION 4
CONTRIBUTIONS

The following tables detail the 2024/25 District and Member contributions by benefit type, **including the additional June 2021 District discretionary contribution from plan assets.**

(amounts in $000's)

Pension	**District**	**Classic Members**	**PEPRA Members**	**Total**
■ Contribution				
• Normal Cost	$ 798	$ 210	$ 532	$ 1,540
• Administrative Expense	76	24	45	145
• UAAL Amortization	975	312	582	1,869
• Additional Contribution	343	(120)	(223)	-
• Total Cost	2,191	426	936	3,553
■ Projected Pensionable Payroll				
• Limited by Plan rules and by PEPRA for PEPRA Members	$ 8,831	$ 3,079	$ 5,752	$ 8,831
■ Contribution (as a percent of pensionable payroll)				
• Normal Cost	9.03%	6.82%	9.25%	17.44%
• Administrative Expense	0.86%	0.79%	0.79%	1.65%
• UAAL Amortization	11.04%	10.12%	10.12%	21.16%
• Additional Contribution	3.88%	(3.88%)	(3.88%)	0.00%
• Total Contribution	24.81%	13.84%	16.28%	40.24%

Health Member and District contribution rates are calculated as a percentage of pensionable payroll.

(amounts in $000's)

Health	**District**	**Members**	**Total**
■ Contribution			
• Normal Cost	$ 130	$ 130	$ 261
• Administrative Expense	4	4	9
• UAAL Amortization	57	57	113
• Additional Contribution	55	(55)	-
• Total Cost	247	136	383
■ Projected Pensionable Payroll			
• Limited by Plan rules and by PEPRA for PEPRA Members	$ 8,831	$ 8,831	$ 8,831
■ Contribution (as a percent of total payroll)			
• Normal Cost	1.48%	1.48%	2.96%
• Administrative Expense	0.05%	0.05%	0.10%
• UAAL Amortization	0.64%	0.64%	1.28%
• Additional Contribution	0.62%	(0.62%)	-
• Total Contribution	2.79%	1.55%	4.34%

SECTION 4
CONTRIBUTIONS

The following table summarizes the 2023/24 and 2024/25 District and Member contribution rates to the Retirement Plan. The rates for 2023/24 exclude the District's $6.040 million discretionary supplemental contribution made in June 2021 while the rates for 2024/25 include the District's $6.040 million discretionary supplemental contribution made in June 2021. Including investment return, that contribution is now $5.751 million at June 30, 2023.

(amounts in $000's)

	District	Classic Members	PEPRA Members	Pay Basis
■ 2023/24 Contribution Rate				
• Pension	32.68%	20.50%	22.30%	Pensionable Payroll[5]
• Health	4.20%	2.97%	2.97%	Total Payroll[6]
• Total	36.88%	23.47%	25.27%	Mixed
■ Current 2023/24 Contribution Rate: Change in Contribution Application				
• Pension	32.68%	20.50%	22.30%	Pensionable
• Health Paid to Pension	4.20%	1.49%	1.49%	Total
• Total Pension	36.88%	21.99%	23.79%	Mixed
• Total Health	0.00%	0.00%	0.00%	
■ 2024/25 Contribution Rate				
• Pension	24.81%	13.84%	16.28%	Pensionable
• Health	2.79%	1.55%	1.55%	Pensionable
• Total	27.60%	15.39%	17.83%	Pensionable
■ Increase/(Decrease) in Total Recommended Contribution Rate	(9.28%)	(6.60%)	(5.96%)	

[5] Pensionable payroll excludes unscheduled overtime and other non-recurring pay for Classic members.

[6] Total payroll is not limited by PEPRA or other excluded pay used to define pensionable payroll.

SECTION 4
CONTRIBUTIONS

Contribution Rate History

Pension & Health

Year	District Contributions	Classic Member Contributions	PEPRA Member Contributions	Total
2013	17.3%	14.2%	N/A	31.5%
2014 & 2014/15[7]	19.0%	15.9%	N/A	34.9%
2015/16[8]	20.05%	17.10%	N/A	37.15%
2016/17+[9]	N/A	N/A	N/A	N/A

Pension

Contribution rates for contribution years 2016/17 and later are adjusted for comparison purposes and shown as a percentage of PEPRA- and plan-limited pensionable pay. Contributions for 2021/22, 2022/23 and 2023/24 reflect shifting OPEB contributions to the Pension plan.

Year	District Contributions	Classic Member Contributions	PEPRA Member Contributions	Total
2013	14.7%	11.5%	N/A	26.1%
2014 & 2014/15	16.5%	13.4%	N/A	29.9%
2015/16	17.45%	14.50%	N/A	31.95%
2016/17	18.76%	15.96%	16.78%	34.87%
2017/18	21.69%	15.42%	16.86%	37.33%
2018/19	24.66%	16.95%	18.12%	41.92%
2019/20[10]	25.86%	17.72%	19.74%	44.20%
2020/21	24.55%	17.10%	19.32%	42.51%
2021/22	29.16%	18.215%	20.705%	48.55%
2022/23	32.42%	19.69%	21.06%	52.90%
2023/24	36.88%	21.99%	23.79%	59.91%
2024/25	24.81%	13.84%	16.28%	40.24%

[7] First year of 2014 contribution rate phase-in. By Board action at its November 2014 meeting, the 2014 rate is extended 6 months through the end of the 2014/15 fiscal year.

[8] First year of a 2-year phase-in.

[9] Pension and OPEB rates can no longer be added together due to their different payroll bases.

[10] Rates for Members reflect the Board-approved 3-year phase-in which began in 2018/19.

Health

Contribution rates for all years before 2024/25 are a percentage of total pay without PEPRA limits or plan exclusions. Contribution rates for 2024/25 are a percentage of PEPRA- and plan-limited pensionable pay. Contributions for 2021/22, 2022/23 and 2023/24 reflect shifting OPEB contributions to the Pension plan.

Year	District Contributions	Member Contributions	Total
2013	2.7%	2.7%	5.4%
2014 & 2014/15	2.5%	2.5%	5.0%
2015/16	2.60%	2.60%	5.20%
2016/17	1.75%	1.75%	3.49%
2017/18	4.01%	3.52%	7.53%
2018/19	4.70%	3.85%	8.55%
2019/20	4.56%	3.77%	8.33%
2020/21	3.99%	3.29%	7.28%
2021/22	0.00%	0.00%	0.00%
2022/23	0.00%	0.00%	0.00%
2023/24	0.00%	0.00%	0.00%
2024/25	2.79%	1.55%	4.34%

SECTION 5
ACTUARIAL GAIN/LOSS ANALYSIS

Following is the gain/loss analysis of plan assets, actuarial liability, and unfunded actuarial liability for the one year period between valuation dates for the Pension plan.

(amounts in 000's)

	Actuarial Accrued Liability (gain)/loss	Actuarial Value of Assets gain/(loss)	Unfunded Accrued Liability (gain)/loss
PENSION			
■ July 1, 2022 actual value	$79,621	$51,364	$28,258
■ July 1, 2023 expected value	80,741	53,770	26,971
■ Liability experience			
• Demographic/Other[11]	1,235	-	1,235
• Retiree COLA larger than expected	597	-	597
■ Discount rate change to 6.20%	(2,257)	-	(2,257)
■ Asset changes			
• Contributions lower than projected due to lower payroll	-	(126)	126
• Investment loss (on AVA)	-	(1,046)	1,046
■ Total liability changes	(425)	-	(425)
■ Total asset changes	-	(1,172)	1,172
■ July 1, 2023 actual value	80,315	52,598	27,717

[11] Primarily due to mortality and salary increase experience losses.

SECTION 5
ACTUARIAL GAIN/LOSS ANALYSIS

Following is the gain/loss analysis of plan assets, actuarial liability, and unfunded actuarial liability for the one year period between valuation dates for the OPEB plan.

(amounts in 000's)

	Actuarial Accrued Liability (gain)/loss	Actuarial Value of Assets gain/(loss)	Unfunded Accrued Liability (gain)/loss
OPEB			
■ July 1, 2022 actual value	$10,851	$10,627	$224
■ July 1, 2023 expected value	11,226	10,754	472
■ Liability experience			
• Demographic/Other[12]	(180)	-	(180)
• Actual premiums greater than expected	702	-	702
■ Asset changes			
• Contributions lower than projected due to lower payroll	-	-	-
• Investment loss (on AVA)	-	(231)	231
■ Total liability changes	522	-	522
■ Total asset changes	-	(231)	231
■ July 1, 2023 actual value	11,748	10,523	1,225

[12] Primarily due to retirements with change in healthcare coverage level

SECTION 5
ACTUARIAL GAIN/LOSS ANALYSIS

Following are changes in the total contribution rate. (Numbers may not add due to rounding.)

Contribution rates are shown on an adjusted basis, as a percentage of pensionable payroll (PEPRA- and plan change-limited pay both for pension and OPEB). As a result the OPEB rates will not match rates shown elsewhere in this report. Rates shown are full rates, before impact of Resolution 5993 redirecting OPEB contributions to pension.

	Pension Contribution	OPEB Contribution	Total Contribution
■ 2023/24 contribution rate (% of pensionable pay)	54.23%	7.63%	61.86%
■ Projected payroll greater than expected	(4.63%)	(0.05%)	(4.68%)
■ Administrative expense increase	0.05%	(0.01%)	0.04%
■ Liability experience			
• Demographic/Other	1.53%	(0.29%)	1.24%
• Retiree COLA	0.64%	0.00%	0.64%
• Health premiums greater than expected	0.00%	0.82%	0.82%
■ Discount rate change	(3.40%)	0.00%	(3.40%)
■ Asset Changes			
• Contributions less than expected due to lower payroll	0.14%	0.00%	0.14%
• Investment loss (on AVA)	1.14%	0.25%	1.39%
• Include June 2021 supplemental contributions in assets	(2.28%)	(2.77%)	(5.05%)
■ Amortization period change	(7.17%)	(1.25%)	(8.41%)
■ Total Changes	(13.98%)	(3.29%)	(17.27%)
■ FY 2024/25 contribution rate (% of pensionable pay)	40.24%	4.34%	44.58%

SECTION 6
PEPRA CALCULATIONS

This section presents the minimum required Member contributions in accordance with the California Public Employees' Pension Reform Act of 2013 (PEPRA).

PEPRA Members (New Members) are those first employed with the District on or after January 1, 2013, and who did not have previous service with another California government agency, as specified in the California Public Employees' Pension Reform Act of 2013.

	7/1/2022 Valuation - 2023/24 Rate	7/1/2023 Valuation - 2024/25 Rate
■ Number of PEPRA Members (New Members)	62	75
■ Average Age	43.2 years	43.6 years
■ Average Service	3.9 years	3.9 years
■ Actual Total Normal Cost rate for benefits earned by PEPRA Members	19.29%	18.38%
■ Basis for Total Normal Cost rate for benefits earned by PEPRA Members (this is the 2018/19 rate from the 7/1/17 valuation)	18.31%	18.31%
■ PEPRA Member rate adjusted only if Total NC is more than 1% different from prior rate basis[13]	New rate less than 1% different – therefore no change to member rate	
■ ½ of Basis for Total Normal Cost rate for PEPRA members	9.16%	9.16%
■ Rounded Normal Cost rate for PEPRA members (to nearest ¼%)	9.25%	9.25%

The above rates should be applied to the salary below the PEPRA compensation limit for the applicable year. The 2023 limit is $146,042.

[13] Per Government Code section 7522.30(d).

SECTION 7
PLAN PROVISIONS

A. Plan Effective Date

Originally established effective June 1, 1968. Last restated June 30, 2014, and last amended in 2017. Other changes required by law or as negotiated are included in this plan summary.

B. Plan Year

July 1 to June 30.

C. Participation

All full-time Represented District employees, and full-time non-Represented employees who were vested as of January 1, 2017.

PEPRA employees are those hired on or after January 1, 2013 without immediately preceding California governmental service.

D. Eligibility for Service Retirement

Age 55 and 10 years of service, or age 62 and 5 years of service. Non-Represented employees hired before August 1, 2010 eligible for benefits at 25 years of service with no age restrictions.

PEPRA employees are assumed to have the same retirement eligibility requirement as non-PEPRA employees under Table V.

Effective with the July 1, 2020 valuation, per the terms of a bargaining agreement between the District and the Amalgamated Transit Union, Local 256, early retirement upon attainment of age 55 with at least 10 years of service will not be approved by the Retirement Board for retirements effective July 1, 2022 or later until the funded ratio for the immediately preceding plan year on a market value basis is at least 77%.

E. Vesting

100% vesting with five years of participation.

F. Average Monthly Compensation

Average monthly earnings for the highest consecutive 36 months.

For PEPRA employees, average monthly base salary (excluding items such as overtime, bonuses, and sick/vacation cash-outs) for the highest consecutive 36 months, limited to the PEPRA limit ($146,042 for 2023) which increases with CPI.

Effective with the July 1, 2020 valuation, per the terms of a bargaining agreement between the District and the Amalgamated Transit Union, Local 256, the definition of Compensation earned in periods on or after July 1, 2022 used to determine benefits and contributions is modified to exclude one-time or ad hoc payments which are not made to all members of a grade or class, payments of unscheduled overtime, or payments for unused vacation, annual leave, sick leave, etc. in an amount exceeding that which may be earned or payable in the period used to calculate the Final Compensation. (Note that this impacts only Classic employees' Pension benefits.)

G. Employee Contributions

Employees contribute a percentage of payroll to fund one half of the retirement allowance for service retirement. Employees do not contribute for death and disability allowances (except that under State statute, PEPRA Members are required to pay ½ of the total Normal Cost of their benefits), or for prior unfunded liability. The District also pays an "Additional Contribution" according to a fixed schedule, intended to mitigate the effect of non-vested non-represented employees transferring to the 401(a) retirement savings plan. Rates are set by the Board based on actuarial experience.

Employee contributions after 6/30/1994 are made under IRC 414(h)(2) and are "picked up" by the District to defer payment of taxes by the member.

Employee contributions are credited with interest at a rate set by the Board.

H. Service Retirement Benefit

Percentage of average monthly compensation based on age at retirement and years of service, plus $40 per month.

Benefit percentages for retirements after 8/1/2010:

Non-Represented Hired < 8/1/2010: The greater of Table IV and Table V.

Represented Hired < 8/1/2010: The greater of Table III and Table V.

Hired > 8/1/2010: Table V.

See Appendix A for Tables III, IV and V.

PEPRA

For PEPRA employees: the benefit under Table V plus $40 per month, prorated by the ratio of pre-12/31/2014 benefit service to total benefit service, plus the PEPRA benefit formula: average monthly compensation multiplied by benefit service after 12/31/2014 times the factors below for the age at which the benefit commences.

Retirement Age	Factor	Retirement Age	Factor
52	1.000%	60	1.800%
53	1.100%	61	1.900%
54	1.200%	62	2.000%
55	1.300%	63	2.100%
56	1.400%	64	2.200%
57	1.500%	65	2.300%
58	1.600%	66	2.400%
59	1.700%	67+	2.500%

I. Vested Termination Benefit

Deferred service retirement benefit at age 62.

J. Non-Vested Termination Benefit

Return of employee contributions with interest.

K. Disability Benefit

With ten years of service, 2% of final average salary times years of service, but no greater than the service retirement allowance at normal retirement age. Plus $40 per month.

For PEPRA employees, the benefit is based on PEPRA pay only.

L. Death Benefit – Pre Retirement Eligibility

Return of employee contributions with interest.

M. Death Benefit – Post Retirement Eligibility

100% of the member's benefit as if the member retired at the time of death and elected 100% Joint and Survivor option, paid as a lifetime benefit to the spouse.

N. Section 19: Past Service Credit Benefit

Non-represented employees hired between 7/1/2000 and 8/1/2010 who have service credit with a prior transit agency are eligible. If the election under this Section was made by the employee, then service credit earned from the prior agency is added to the RTD service credit for eligibility and in the pension benefit calculation. The monthly Pension benefit based on all service is offset by the actual monthly amount being received as a pension from the prior transit agency without actuarial adjustment.

O. Cost of Living

Effective July 1, 2001, benefits will be increased each July 1 by the change in the CPI for the Pacific Cities and US Average, All Items Indexes, All Urban Consumers, West-B/C for the preceding calendar year subject to the following:

If investment income on market value basis in the most recent actuarial valuation is at least 1% greater than the plan assumption, the COLA is capped at 1%.

If investment income on market value basis in the most recent actuarial valuation is at least 2% greater than the plan assumption, the COLA is capped at 2%.

Effective with the July 1, 2020 valuation, per the terms of a bargaining agreement between the District and the Amalgamated Transit Union, Local 256, the Cost of Living Increases (COLAs) to Pension benefits are suspended for benefits accrued on or after July 1, 2022 for any plan year beginning on or after July 1, 2022 if the funded ratio for the immediately preceding plan year is less than 77% on a market value basis.

P. Benefit Forms

Lifetime benefit to the member, which may be actuarially reduced to provide a continuance to a beneficiary.

The actuarial reduction for optional benefit forms is based on the mortality tables used in the valuation: the Society of Actuaries' RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees. Mortality improvement scale MP-21 was applied. These tables are weighted to a single basis by using 50% of each mortality rate for males and 50% of the female rate, and also by using 2/3 of each mortality rate for represented employees and 1/3 of the rate for non-represented employees.

Q. Health Benefits

For retirements before 8/1/2010, retirees with at least 30 years of service retiring after age 55, or those with at least 25 years of service retiring after age 62 receive the same medical, dental and vision coverage for themselves and their spouses as active employees. Retirees with 25 years of service retiring before age 62 will receive full benefits upon attainment of age 62, if they have paid for coverage for themselves and their spouse from the date of retirement.

For retirements after 8/1/2010 after age 55 and 25 years of service, or those retiring from terminated vested status after age 55 with 25 years of service, the retiree and spouse receive the same medical, dental and vision benefits as current actives. The retiree pays a fixed dollar amount equal to the same percentage used to calculate the retiree's pension benefit times the active contribution percentage of the Kaiser[14] premium amount at retirement. The retiree's contribution remains fixed.

A retiree may purchase coverage for other family members.

Surviving spouses receive the same benefit as the retiree if they were covered while the retiree was alive.

Under PEMHCA rules, retirees who retired directly from District within 120 days of employment termination and are annuitants of this retirement plan but who do not meet the eligibility rules above may elect medical coverage at retirement by paying the full premium net of the District's contribution for themselves and any dependents. The District will pay the statutorily required PEMHCA minimum contribution, determined using the unequal method. For 2016, that payment was $1 per month. Each subsequent year the payment will increase by 5% of the PEMHCA minimum until the full amount is reached in 20 years. The PEMHCA minimum amount is $151 for 2023 and $157 for 2024; therefore the District contributions are $52.85 for 2023 and $62.80 for 2024. Increases are tied to CPI-U and announced annually by CalPERS.

Payments of the PEMHCA minimum benefit will continue to a retiree's surviving spouse if the retiree had elected a joint and survivor annuity.

[14] Even though the RTD is now in PEMHCA with health plan choices other than Kaiser, the member contribution is still based on the Kaiser Bay Area premium regardless of actual plan enrolled in.

Premiums

The monthly PEMHCA premiums are as follows:

2023 PEMHCA Monthly Premiums
Region 1

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	$1,128.83	$2,257.66	$2,934.96	$ 413.59	$ 827.18	$1,240.77
Anthem HMO Traditional	1,210.71	2,421.42	3,147.85	413.59	827.18	1,240.77
Blue Shield Access+	1,035.21	2,070.42	2,691.55	361.90	723.80	1,085.70
Blue Shield Trio	888.94	1,777.88	2,311.24	361.90	723.80	1,085.70
Health Net SmartCare	1,174.50	2,349.00	3,053.70	n/a	n/a	n/a
Kaiser	913.74	1,827.48	2,375.72	283.25	566.50	849.75
UnitedHealthcare	1,044.07	2,088.14	2,714.58	299.68	599.36	899.04
Western Health Advantage	760.17	1,520.34	1,976.44	331.11	662.22	993.33
PERS Gold	825.61	1,651.22	2,146.59	392.71	785.42	1,178.13
PERS Platinum	1,200.12	2,400.24	3,120.31	420.02	840.04	1,260.06

2024 PEMHCA Monthly Premiums
Region 1

Medical Plan	Non-Medicare Eligible			Medicare Eligible		
	Single	2-Party	Family	Single	2-Party	Family
Anthem HMO Select	$1,138.86	$2,277.72	$2,961.04	$ 405.83	$ 811.66	$ 1,217.49
Anthem HMO Traditional	1,339.70	2,679.40	3,483.22	405.83	811.66	1,217.49
Blue Shield Access+	1,076.84	2,153.68	2,799.78	392.68	785.36	1,178.04
Blue Shield Trio	946.84	1,893.68	2,461.78	392.68	785.36	1,178.04
Health Net SmartCare	n/a	n/a	n/a	n/a	n/a	n/a
Kaiser	1,021.41	2,042.82	2,655.67	324.79	649.58	974.37
UnitedHealthcare	1,091.13	2,182.26	2,836.94	341.72	683.44	1,025.16
Western Health Advantage	807.23	1,614.46	2,098.80	268.62	537.24	805.86
PERS Gold	914.82	1,829.64	2,378.53	406.60	813.20	1,219.80
PERS Platinum	1,314.27	2,628.54	3,417.10	448.15	896.30	1,344.45

The monthly dental and vision premiums are as follows:

	1/1/2023 – 12/31/2023	
	Aetna Enhanced Dental	**VSP Vision**
Retiree Only	$ 43.98	$ 10.78
Retiree & Spouse	85.81	16.74

	1/1/2024 – 12/31/2024	
	Aetna Enhanced Dental	**VSP Vision**
Retiree Only	$ 54.98	$ 10.78
Retiree & Spouse	107.26	16.74

SECTION 8
METHODS AND ASSUMPTIONS

Actuarial Methods

The actuarial cost method used for this valuation is the Entry Age Normal (EAN) cost method. This method is consistent with GASB 67 reporting requirements effective for the Pension Plan's financial reporting, and with GASB 74 reporting requirements for the OPEB plan's financial reporting.

The projected unfunded AAL is amortized over 20 years from July 1, 2024 as a level percentage of payroll, assuming total employer payroll grows 2.75% per year. In the prior valuation, the unfunded AAL was amortized over 15 years from July 1, 2023 as a level percentage of payroll.

The contribution calculated by the current valuation is payable for the 2024/25 fiscal year.

The Actuarial Value of Assets recognizes the difference between each year's expected and actual returns over five years.

Actuarial Assumptions

Assumptions used in the valuation are as follows:

- **Discount rate**
  6.20% for Pension (5.95% in the prior valuation) and 6.20% for OPEB, net of investment expenses, with plan contributions adjusted explicitly for expected administrative expenses. Administrative expenses are assumed to be the average of the administrative expenses over the last 3 years.
- **Inflation**
  2.50%
- **Cost of Living Increases**

  0.88% annual future increases assumed. The actual COLA due to current retirees retroactive to July 1, 2023 was 2.0%.

  We assumed future retirees' benefits accrued based on pay and service through June 30, 2022 will continue to receive COLA adjustments and that any increase in benefits after that date, whether from increases in pay or service, will not be subject to cost of living increases until the year after the plan is 77% funded.

- **Salary Scale**

  2.50% plus 0.25% productivity. CalPERS 1997 – 2011 Experience Study merit increases for Miscellaneous public agencies. Sample rates follow:

	Full-Time Hire Age					
Service	< 25	25-30	30-35	35-40	40-45	>45
0	9.2%	8.9%	8.3%	7.6%	6.9%	6.5%
5	3.4%	3.2%	2.8%	2.4%	2.0%	1.8%
10	1.6%	1.5%	1.2%	1.0%	0.8%	0.7%
15	1.2%	1.1%	0.9%	0.7%	0.6%	0.4%
20	0.9%	0.9%	0.7%	0.5%	0.4%	0.3%
25	0.7%	0.7%	0.5%	0.4%	0.2%	0.1%
30+	0.5%	0.5%	0.4%	0.3%	0.1%	0.0%

- **Interest on Employee Contributions**

  2.50%

- **Adjustment to Final Average Compensation for Cashouts near Retirement**

  For non-PEPRA employees only, final average compensation is increased 2.3% for Represented members and 8.3% for Non-represented members to take into account cash-outs of vacation and sick leave at the time of retirement.

  For the current valuation this adjustment applies only for compensation before July 1, 2022.

- **Return of Employee Contributions for Terminated Vested Participants**

  The larger of the employee contribution balance paid as an immediate lump sum or the deferred annuity is valued, whichever present value is greater.

- **Disability**

  60% times CBCG Table. Sample rates follow:

60% Times CBCG Table	
Age	Rate
35	0.1%
40	0.2%
45	0.5%
50	0.8%
55	1.2%
60	1.7%
65	0.0%

- **Termination of Employment**

  CalPERS 1997 – 2011 Experience Study for Miscellaneous public agencies. Rates continue to be set to 0% after service retirement eligibility. Sample rates follow:

	Full-Time Hire Age					
Service	< 25	25-30	30-35	35-40	40-45	>45
0	17.16%	16.46%	15.78%	15.10%	14.41%	13.72%
2	13.22%	12.52%	11.84%	11.16%	10.46%	9.78%
5	8.36%	7.58%	6.80%	6.01%	5.22%	1.09%
10	6.36%	5.56%	4.75%	3.94%	0.65%	0.48%
20	3.37%	2.57%	0.18%	0.10%	0.02%	0.01%
30	0.03%	0.01%	0.01%	0.01%	0.01%	0.01%

- **Retirement**

  Rates vary based on retirement age and service. The same rates are used for PEPRA and non-PEPRA employees. We assumed employees otherwise eligible for early retirement continue working until the earlier of age 62 or the date the plan becomes 77% funded (assumed to be 2031). The results also include an assumption of more than typical retirements in the year early retirement is first allowed. Sample rates follow:

	Regular Retirement Rates (by years of service)		
Retirement Age	<5 yrs	5-10 yrs	>10 yrs
55-59	0.00%	0.00%	7.50%
60	0.00%	0.00%	16.67%
61	0.00%	0.00%	20.00%
62	0.00%	25.00%	25.00%
63	0.00%	33.33%	33.33%
64	0.00%	50.00%	50.00%
65	100.00%	100.00%	100.00%

- **Retirement (continued)**

Retirement Age	Early Retirement Rates (by years of service) in the year 1st Eligible to Retire After the Plan is 77% Funded (and age is less than 62)			
	11 years	12 years	13-19 years	>=20 yrs
55	7.50%	7.50%	7.50%	7.50%
56	15.00%	15.00%	15.00%	15.00%
57	15.00%	15.00%	22.50%	22.50%
58	15.00%	15.00%	22.50%	22.50%
59	15.00%	15.00%	22.50%	30.00%
60	33.33%	50.00%	50.00%	66.67%
61	40.00%	60.00%	60.00%	80.00%

- **Pre Retirement Employee Mortality**

The Society of Actuaries' RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively. Society of Actuaries fully generational mortality improvement scale MP-2021 was applied.

Sample rates follow (projected to 2023):

	Blue Collar		White Collar	
Age	Male	Female	Male	Female
20	0.1%	0.0%	0.0%	0.0%
30	0.1%	0.0%	0.0%	0.0%
40	0.1%	0.1%	0.1%	0.0%
50	0.2%	0.1%	0.1%	0.1%
60	0.7%	0.3%	0.4%	0.2%
70	1.8%	0.7%	1.1%	0.5%

- **Post Retirement Healthy Mortality**

The Society of Actuaries' RP-2014 Table with Blue and White Collar adjustment for Represented and non-Represented employees, respectively. Society of Actuaries fully generational mortality improvement scale MP-2021 was applied.

Sample rates follow (projected to 2023):

	Blue Collar		White Collar	
Age	Male	Female	Male	Female
50	0.4%	0.3%	0.3%	0.2%
60	0.8%	0.6%	0.5%	0.4%
70	1.9%	1.3%	1.2%	1.0%
80	4.8%	3.6%	3.5%	2.8%
90	14.1%	10.9%	12.2%	9.8%
100	30.4%	26.4%	30.4%	26.4%

- **Post-Retirement Disabled Mortality**
  CalPERS 1997 – 2011 Experience Study for Miscellaneous Public Agency Non-Duty Disability Retirees. Society of Actuaries fully generational mortality improvement scale MP-2021 was applied.

  Sample rates follow (projected to 2023):

Age	Male	Female
40	1.3%	0.7%
50	1.6%	1.1%
60	2.7%	1.5%
70	3.5%	2.4%
80	7.1%	5.3%
90	16.9%	15.0%
100	32.4%	30.2%

- **Marriage**
  2/3 of employees are assumed to be married at retirement. Wives are assumed to be three years younger than husbands.

- **Retirement Age**
  Deferred vested members are assumed to retire at age 62.

- **Payment Form Election**
  We assume that for future retirees: 50% elect single life annuity, 20% elect 100% Joint & Survivor, 20% elect 50% Joint & Survivor, and 10% elect 10 year Certain & Life.

- **Past Service Credit as Defined in Section 19**
  The 2020 valuation methodology was updated to reflect the years of additional past service, the actual retirement benefit being received, and the actual administration of this provision. We assume no additional employees elect to be covered.

- **Timing of Pension Plan Reaching 77% Funded Status**
  Based upon projections of both the Pension Plan liabilities and the trust assets, we have assumed that the Pension Plan will not achieve 77% funded status until July 1, 2031.

- **Medical Trend (non age-related increases in health care costs)**

	Increase from Prior Year		
Year	Non-Medicare	Medicare	
		Kaiser	All Other Plans
2024	*Actual premiums*		
2025	8.50%	6.25%	7.50%
2026	7.90%	5.65%	6.90%
2027	7.35%	5.45%	6.50%
2028	6.75%	5.25%	6.10%
2029	6.20%	5.05%	5.70%
2030	5.60%	4.85%	5.25%
2031	5.05%	4.65%	4.85%
2032-2038	4.45%	4.45%	4.45%
2039-2040	4.35%	4.35%	4.35%
2041	4.30%	4.30%	4.30%
2042-2044	4.25%	4.25%	4.25%
2045-2047	4.20%	4.20%	4.20%
2048-2050	4.15%	4.15%	4.15%
2051-2055	4.10%	4.10%	4.10%
2056-2061	4.05%	4.05%	4.05%
2062-2066	4.00%	4.00%	4.00%
2067	3.90%	3.90%	3.90%
2068	3.85%	3.85%	3.85%
…	…	…	…
2076+	3.45%	3.45%	3.45%

- **PEMHCA Minimum Increase**

  3.50% per year

- **Dental and Vision Trend**

  3.50% per year.

- **2023/24 Medical Claims Costs - not Eligible for Medicare**

  Varies by medical plan. Sample rates shown below:

	Kaiser Region 1	
Age	Male	Female
25	$ 351	$ 580
30	391	739
35	461	812
40	548	830
45	659	879
50	820	989
55	1,036	1,133
60	1,304	1,313
65	1,615	1,547
70	1,816	1,733
75	2,044	1,944
80	2,356	2,223
85+	2,643	2,496

- **2023/24 Medical Claims Costs - Eligible for Medicare (for non-Medicare Advantage plans)**

  Varies by medical plan. Sample rates shown below:

	PERS Platinum Out-of-State	
Age	Male	Female
65	$ 433	$415
70	469	449
75	499	479
80	515	498
85+	509	496

- **Medicare Eligibility**

  All current employees and retirees under 65 are assumed to become Medicare eligible upon attainment of age 65.

- **Healthcare Participation at Retirement**

  For those retiring with 25 years of service: 100% in medical, dental and vision

  For those retiring while eligible only for the PEMHCA minimum benefit:

  - if enrolled in a medical plan while active: 10% grading up to 50% over 20 years in retiree medical
  - if waived medical coverage while active: 5% in retiree medical

- **Health Plan Elections**
  Future retirees will elect the same health plan at retirement as they are in at the valuation date. Future retirees who have currently waived health care coverage will elect Kaiser Region 1. Retirees in Kaiser, Anthem Traditional, United Healthcare, and CalPERS PPO plans pre-Medicare will remain in those plans after Medicare eligibility. All other retirees will elect United Healthcare upon reaching Medicare eligibility.

- **Spouse Coverage at Retirement**
  Future retirees: All married employees elect spouse medical coverage at retirement
  Currently retired: Continuation of current election

- **Actuarial Models**
  Our valuation was performed using and relying on ProVal, an actuarial model leased from Wintech. Our use of ProVal is consistent with its intended purpose. We have reviewed and understand ProVal and its operation, sensitivities, and dependencies.

- **Data Quality**
  Our valuation used census data provided by the District. We reviewed the data for reasonableness and resolved any questions with the District. We believe the resulting data can be relied on for all purposes of this valuation without limitation.

- **COVID-19**
  No adjustments have been made to the actuarial methods or assumptions to reflect the impact of COVID-19, other than as reflected in the July 1, 2023 census data. Insufficient data is available at this time to evaluate any short or long term impacts on asset performance, health care cost, mortality or other demographic factors.

- **Basis for actuarial assumptions**

  Based on a review of the Plan's demographic experience we selected actuarial assumptions for employment termination, salary increases, and disability mortality based on those used by CalPERS for plans with similar benefit formulas, since CalPERS assumptions are based on experience studies of California public agencies. The rates of retirement and disablement have been selected based on the Plan's experience. The adjustment for sick leave/vacation cash-out near retirement is based on actual plan experience from 2015 to 2020.

  Retiree healthcare assumptions for participation, plan elections, and coverage are based in part upon plan experience. -Medical trends were based on expectations over the short term blended into long term medical trends developed using the Society of Actuaries Getzen Model of Long-Run Medical Cost Trends. Age-based claims costs were developed based on demographic data provided by CalPERS and Society of Actuaries studies.

  The discount rate is based on Foster & Foster's 2021 capital market assumptions and stochastic analysis, taking into account capital market assumptions of investment advisory firms.

Data Summary

Following summarizes participant demographic information for the July 1, 2022 and July 1, 2023 pension and OPEB actuarial valuations. Average monthly pension benefits for 2022 and 2023 include, respectively, the 0.0% COLA retroactive to July 1, 2022 and the 2.0% COLA retroactive to July 1, 2023.

	July 1, 2022	July 1, 2023
■ **Actives:**		
• Count	110	120
• Average Age	48.0	47.8
• Average Service	10.9	10.4
• Pay[15]		
➢ Average	$ 69,729	$ 75,952
➢ Total (000's)	7,670	9,114
■ **Vested Terms**		
• Count/ Average Age	14/55.2	12/55.2
■ **Non-Vested Terms**		
• Count/ Average Age	20/49.7	17/48.0
■ **All Retirees**		
• Count[16]	154	157
• Average Age	70.6	71.4
• Avg. Monthly Pension Ben.[17]	$ 2,453	$ 2,504
■ **Service Retirees**		
• Count[17]	116	118
• Average Age	70.2	70.9
• Average Retirement Age	61.3	61.4
• Avg. Monthly Pension Ben.	$ 2,852	$ 2,892
■ **Disabled Retirees**		
• Count	16	16
• Average Age	67.5	68.5
• Average Retirement Age	52.7	52.7
• Avg. Monthly Pension Ben.	$ 1,481	$ 1,510
■ **Beneficiaries & QDROs**		
• Count[17]	22	23
• Average Age	75.0	76.2
• Avg. Monthly Pension Ben.[18]	$ 920	$ 1,080

15 Actual pay paid for year ending on valuation date, only for those still active at the year-end (on 6/30).

16 Count is for participant records; this includes participants who have a retiree and a survivor record (one participant at 7/1/2022 and 7/1/2023).

17 Average pension benefit excludes 2 survivors who receive OPEB but no pension benefit.

Data Reconciliation[18]
7/1/2022 to 7/1/2023

	Actives	Term Vested	Term Non-Vested	Receiving Payments: Disabled	Benefic.	QDROs	Retirees	Total
■ **July 1, 2022**	110	14	20	16	17	5	116	298
• New Hires/Rehires	20	-	-	-	-	-	-	20
• Disabled	-	-	-	-	-	-	-	-
• Terminated/ Deceased	-	-	(1)	-	-	-	(2)	(3)
• New Beneficiaries/ QDROs	-	-	-	-	1	-	-	1
• Retired	(2)	(2)	-	-	-	-	4	-
• Paid Out	(8)	-	(2)	-	-	-	-	(10)
• Data adjustments	-	-	-	-	-	-	-	-
■ **July 1, 2023**	120	12	17	16	18	5	118	306

Note that Beneficiary counts include 2 survivors who receive OPEB but no pension benefit.

[18] Count is for participant records; this includes participants who have a retiree and a survivor record (one participant at 7/1/2022 and 7/1/2023).

Active Age/Service

Following are active counts by age and service groups:

Age	Service								
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30 & Over	Total
Under 25	1	-	-	-	-	-	-	-	1
25-29	2	2	1	-	-	-	-	-	5
30-34	2	7	3	-	-	-	-	-	12
35-39	4	5	4	-	-	-	-	-	13
40-44	4	4	4	-	2	2	-	-	16
45-49	3	2	5	1	1	5	1	-	18
50-54	3	3	2	3	2	4	4	2	23
55-59	1	3	2	2	1	7	-	-	16
60-64	-	2	1	1	-	7	-	-	11
65 & Over	-	1	1	1	1	1	-	-	5
Total	20	29	23	8	7	26	5	2	120

Retiree Age/Status/Monthly Benefit

Following are retiree counts and monthly pension benefit by age and status[19].

Age		Service Retirees	Disability Retirees	Beneficiaries & QDROs	Total
Under 55	Count	-	1	-	1
	Avg. Benefit	-	1,928	-	1,928
55-59	Count	5	1	1	7
	Avg. Benefit	4,608	1,203	455	3,528
60-64	Count	14	6	1	21
	Avg. Benefit	3,659	1,488	2,141	2,967
65-69	Count	38	1	5	44
	Avg. Benefit	3,124	1,582	988	2,846
70-74	Count	34	2	4	40
	Avg. Benefit	3,018	2,280	998	2,779
75-79	Count	16	1	3	20
	Avg. Benefit	1,761	988	980	1,605
80-84	Count	5	3	4	12
	Avg. Benefit	1,434	862	1,483	1,308
85 & Over	Count	6	1	3	10
	Avg. Benefit	1,718	2,392	756	1,497
Total	Count	118	16	21	155
	Avg. Benefit	2,892	1,510	1,080	2,504

[19] Excludes 2 survivors who receive OPEB but no pension benefit.

SECTION 9
PARTICIPANT DATA

Active Medical Participation

Plan	Region	Single	2-Party	Family	Waived	Total
Anthem Select	1/Bay Area	2	-	1	-	3
Blue Shield Access+	1/Bay Area	-	-	2	-	2
Kaiser	1/Bay Area	33	23	37	-	93
PERS Gold	1/Bay Area	1	-	1	-	2
Waived		-	-	-	20	20
Total		36	23	41	20	120

Retiree Medical Participation – Under 65

Plan	Region	Single	2-Party	Family	Waived	Total
Kaiser	1/Bay Area	2	7	1	-	10
PERS Platinum	Out of State	1	-	-	-	1
Waived		-	-	-	18	18
Total		3	7	1	18	29

Retiree Medical Participation – Over 65[20]

Plan	Region	Single	2-Party	Family	Waived	Total
Anthem Traditional	1/Bay Area	1	-	-	-	1
Kaiser	1/Bay Area	25	15	-	-	40
	3/LA Area	-	1	-	-	1
PERS Platinum	Out of State	1	1	-	-	2
Waived		-	-	-	84	84
Total		27	17	-	84	128

[20] 9 of the retirees who waived medical coverage are enrolled in dental and/or vision.

Retiree Medical Participation[21]

Age	Single	2-Party	Family	Waived / Ineligible	Total
Under 55	-	-	-	1	1
55-59	2	1	1	3	7
60-64	1	6	-	14	21
65-69	8	9	-	27	44
70-74	11	6	-	23	40
75-79	4	1	-	17	22
80-84	3	-	-	9	12
85 & Over	1	1	-	8	10
Total	30	24	1	102	157

[21] 9 of the retirees who waived medical coverage are enrolled in dental and/or vision.

APPENDIX A
SERVICE RETIREMENT ALLOWANCE FACTORS

Table III

Years Service	Age at Retirement 55	56	57	58	59	60	61	62	63	64	65
5								10.00	10.69	11.35	12.07
6								12.00	12.81	13.61	14.48
7								14.00	14.95	15.89	16.89
8								16.00	17.09	18.15	19.30
9								18.00	19.22	20.42	21.71
10	12.24	13.20	14.16	15.12	16.21	17.28	18.61	20.00	21.36	22.69	24.13
11	13.44	14.53	15.49	16.56	17.76	19.09	20.53	22.00	23.41	24.96	26.64
12	14.77	15.84	16.93	18.13	19.44	20.77	22.32	24.00	25.57	27.25	29.04
13	15.97	17.17	18.37	19.57	21.01	22.56	24.24	26.00	27.73	29.52	31.44
14	17.28	18.48	19.81	21.12	22.69	24.24	26.05	28.00	29.89	31.81	33.84
15	18.48	19.81	21.12	22.69	24.24	26.05	27.97	30.00	32.05	34.08	36.24
16	19.68	21.12	22.56	24.13	25.81	27.73	29.76	32.00	34.08	36.37	38.64
17	21.01	22.45	24.00	25.68	27.49	29.41	31.68	34.00	36.24	38.64	41.17
18	22.21	23.76	25.44	27.12	29.04	31.20	33.49	36.00	38.40	40.93	43.57
19	23.52	25.09	26.77	28.69	30.72	32.88	35.41	38.00	40.56	43.20	45.97
20	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	42.61	45.49	48.37
21	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	44.77	47.65	50.77
22	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	46.93	49.92	53.17
23	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	49.09	52.21	55.57
24	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	51.12	54.48	58.08
25	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	53.28	56.77	60.48
26	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	55.44	59.04	62.88
27	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	57.60	61.33	65.28
28	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	59.76	63.60	67.68
29	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	61.81	65.89	70.08
30	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	63.97	68.16	72.48
31	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	66.13	70.45	75.01
32	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	68.29	72.72	77.41
33	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	70.32	75.01	79.81
34	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	72.48	77.28	82.21
35	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	74.64	79.44	84.61
36	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	76.80	81.73	87.12
37	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	78.96	84.13	89.52
38	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	81.01	86.29	91.81
39	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	83.17	88.56	94.32
40	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	85.44	90.85	96.85
41	82.00	82.00	82.00	82.00	82.00	82.00	82.00	82.00	87.49	93.12	99.12
42	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	89.65	95.41	101.52
43	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	91.81	97.68	104.05
44	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00	93.84	99.84	106.32
45	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	96.00	102.24	108.85

APPENDIX A
SERVICE RETIREMENT ALLOWANCE FACTORS

Table IV

Years	Age at Retirement											
Service	**<55**	**55**	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**	**65**
5									10.00	10.75	11.57	12.48
6									12.00	12.90	13.89	14.98
7									14.00	15.05	16.20	17.47
8									16.00	17.20	18.51	19.97
9									18.00	19.34	20.83	22.47
10		20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	21.49	23.14	24.96
11		22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	23.64	25.46	27.46
12		24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	25.79	27.77	29.96
13		26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	27.94	30.08	32.45
14		28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	30.09	32.40	34.95
15		30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	32.24	34.71	37.45
16		32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	34.39	37.03	39.94
17		34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	36.54	39.34	42.44
18		36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	38.69	41.66	44.94
19		38.00	38.00	38.00	38.00	38.00	38.00	38.00	38.00	40.84	43.97	47.43
20		40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	42.99	46.28	49.93
21		42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	45.14	48.60	52.42
22		44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	47.29	50.91	54.92
23		46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	49.44	53.23	57.42
24		48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	51.59	55.54	59.91
25	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	53.74	57.86	62.41
26	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	52.00	55.88	60.17	64.91
27	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	54.00	58.03	62.48	67.40
28	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	56.00	60.18	64.80	69.90
29	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	58.00	62.33	67.11	72.40
30	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	64.48	69.43	74.89
31	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	66.63	71.74	77.39
32	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	68.78	74.05	79.88
33	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	66.00	70.93	76.37	82.38
34	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	68.00	73.08	78.68	84.88
35	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	75.23	81.00	87.37
36	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	77.38	83.31	89.87
37	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	74.00	79.53	85.63	92.37
38	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	81.68	87.94	94.86
39	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	83.83	90.25	97.36
40	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	85.98	92.57	99.86
41	82.00	82.00	82.00	82.00	82.00	82.00	82.00	82.00	82.00	88.13	94.88	102.35
42	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	90.27	97.20	104.85
43	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	86.00	92.42	99.51	107.35
44	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00	88.00	94.57	101.82	109.84
45	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	96.72	104.14	112.34

APPENDIX A
SERVICE RETIREMENT ALLOWANCE FACTORS

Table V

Years	Age at Retirement										
Service	**55**	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**	**65**
5								10.00	10.00	10.00	10.00
6								12.00	12.00	12.00	12.00
7								14.00	14.00	14.00	14.00
8								16.00	16.00	16.00	16.00
9								18.00	18.00	18.00	18.00
10	10.33	11.30	12.39	13.59	14.94	16.44	18.12	20.00	20.00	20.00	20.00
11	11.36	12.43	13.63	14.95	16.43	18.08	19.93	22.00	22.00	22.00	22.00
12	12.39	13.56	14.87	16.31	17.93	19.73	21.74	24.00	24.00	24.00	24.00
13	13.42	14.69	16.11	17.67	19.42	21.37	23.55	26.00	26.00	26.00	26.00
14	14.46	15.83	17.34	19.03	20.91	23.01	25.36	28.00	28.00	28.00	28.00
15	15.49	16.96	18.58	20.39	22.41	24.66	27.18	30.00	30.00	30.00	30.00
16	16.52	18.09	19.82	21.75	23.90	26.30	28.99	32.00	32.00	32.00	32.00
17	17.55	19.22	21.06	23.11	25.39	27.95	30.80	34.00	34.00	34.00	34.00
18	18.59	20.35	22.30	24.47	26.89	29.59	32.61	36.00	36.00	36.00	36.00
19	19.62	21.48	23.54	25.83	28.38	31.23	34.42	38.00	38.00	38.00	38.00
20	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
21	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00	42.00
22	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00	44.00
23	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
24	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00	48.00
25	56.25	56.25	56.25	56.25	56.25	56.25	56.25	56.25	56.25	56.25	56.25
26	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50	58.50
27	60.75	60.75	60.75	60.75	60.75	60.75	60.75	60.75	60.75	60.75	60.75
28	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00	63.00
29	65.25	65.25	65.25	65.25	65.25	65.25	65.25	65.25	65.25	65.25	65.25
30	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
31	77.50	77.50	77.50	77.50	77.50	77.50	77.50	77.50	77.50	77.50	77.50
32	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
33	82.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50	82.50
34	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00	85.00
35	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50	87.50
36	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
37	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50	92.50
38	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00
39	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50	97.50
40	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
41	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50	102.50
42	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00	105.00
43	107.50	107.50	107.50	107.50	107.50	107.50	107.50	107.50	107.50	107.50	107.50
44	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00
45	112.50	112.50	112.50	112.50	112.50	112.50	112.50	112.50	112.50	112.50	112.50