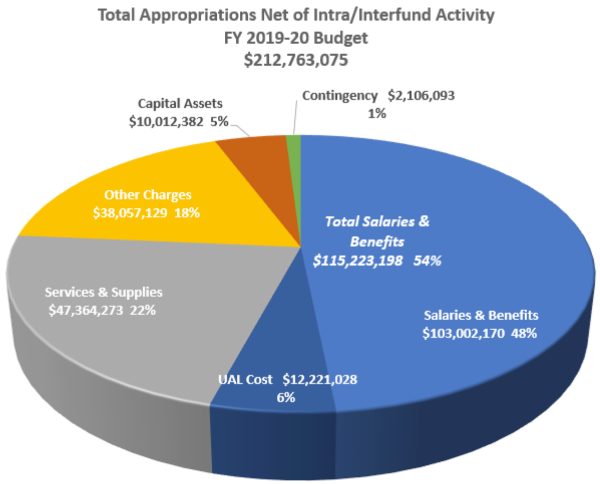
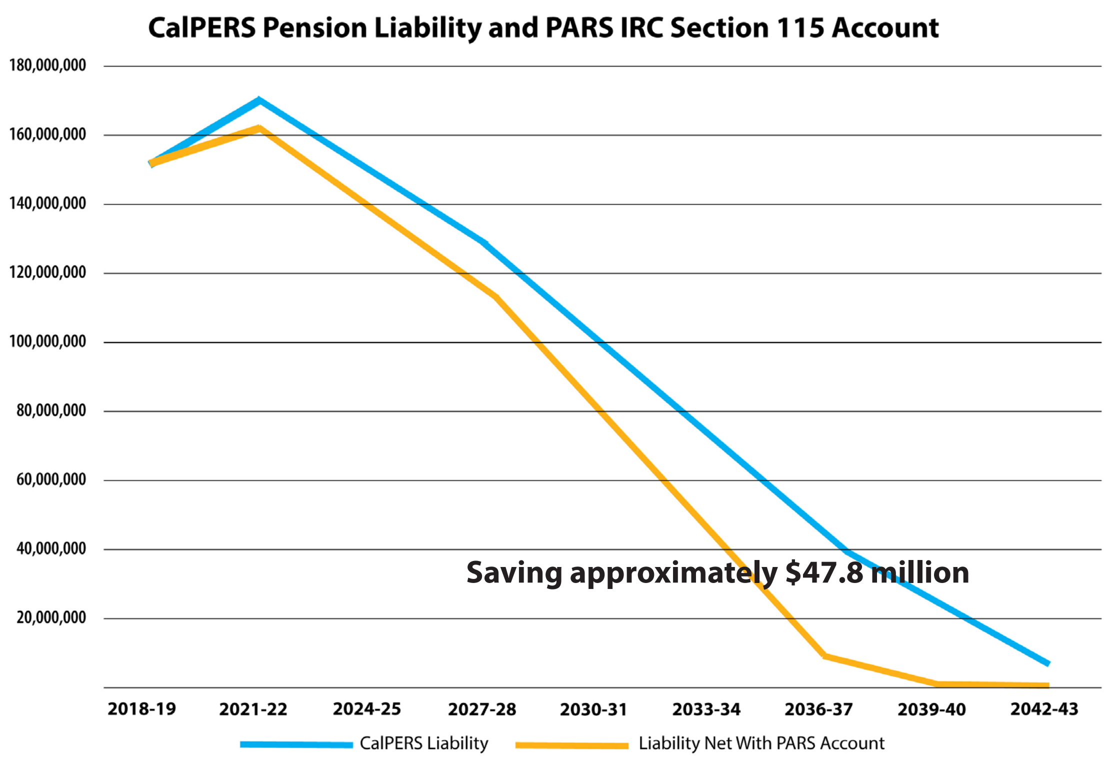
Addressing Pension Liability

Sutter County has participated in the California Public Retirement System (CalPERS) since 1958 to provide defined benefit pensions for employees as part of the overall salary and benefit package. All employees contribute from 6.75% to 12% of their salary. The County pays the remaining cost, with those funds being invested in CalPERS' pool to support future pension costs. There is an unfunded liability of $170, 006,658 as of 6/30/2018 in the pension plan. The Board of Supervisors took steps to accelerate the payoff for the unfunded liability. **We're on course to shave five years off the timeline and $47.8 million off the cost.**



The Unfunded Actuarial Liability annual payment is about 6 percent of our net budget expenditures.

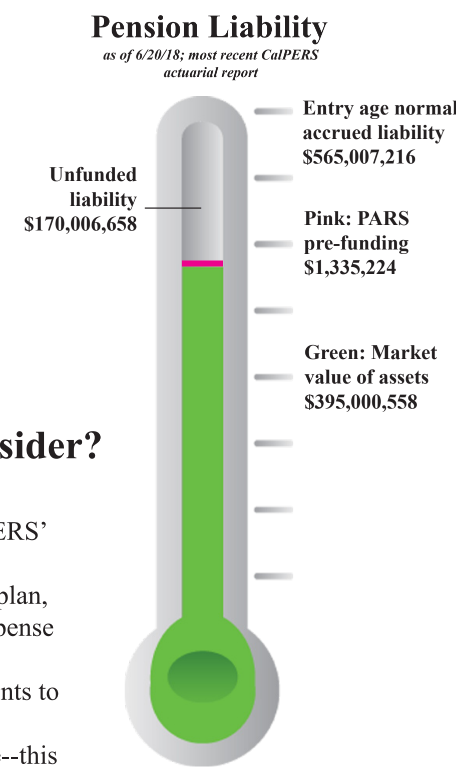


How Did We Get Here?

- **1958** Sutter County Joins CalPERS
- **1966-1984** Voters approve investments in other than Treasury Bonds
- **Late 1990s** "Superfunding status"--Projected assets exceed actuarial liabilities
- **1998-2002** "Contribution holiday" for employers--no payments from employer into system reduces assets significantly
- **2004** County improves pension benefits to remain competitive in job market
- **2008-2009** "Great Recession"--30.1 percent loss in CalPERS stock investments
- **2004-2018** "Discount rate", estimate of annual projected investment earnings, falls from 8.25% to 7%, increasing employer contribution requirement

What Have We Done?

- Increased employee share of cost and reducing county's share.
- Established new pension tier (2011) limiting pensions of newly hired employees.
- Started a pension pre-funding plan outside of CalPERS to manage our own investment and pay off our unfunded liability sooner, saving tens of millions of dollars. (PARS account).



What Else Might We Consider?

- Support Legislation giving local governments a greater voice in CalPERS' investment decisions.
- Increase contribution to pre-funding plan, but only if it does not come at the expense of services.
- Make additional discretionary payments to CalPERS.
- Ask employees to pay a greater share--this would have to be bargained.

What Should We Not Do?

- Get out of CalPERS. The cost would be $461 million to end our contract.
- Force new employees into a defined contribution plan. This is prohibited under court rulings.
- DEFAULT ON OUR PAYMENTS.

SUTTER COUNTY