



YESTERDAY, TOMORROW AND FINANCE
2020 CSMFO ANNUAL CONFERENCE
JANUARY 28-31, 2020
DISNEYLAND CA



Navigating the Uncertain Waters : CalPERS New Pension Outlook Tool for Public Agencies



Agenda

- Pension Fundamentals
- The Path Forward
- The Finance Director View

Pension Fundamentals

Funded Status

Basic measure to view the current financial health of a pension plan



funded status
is less than 100%

if



pension
obligations

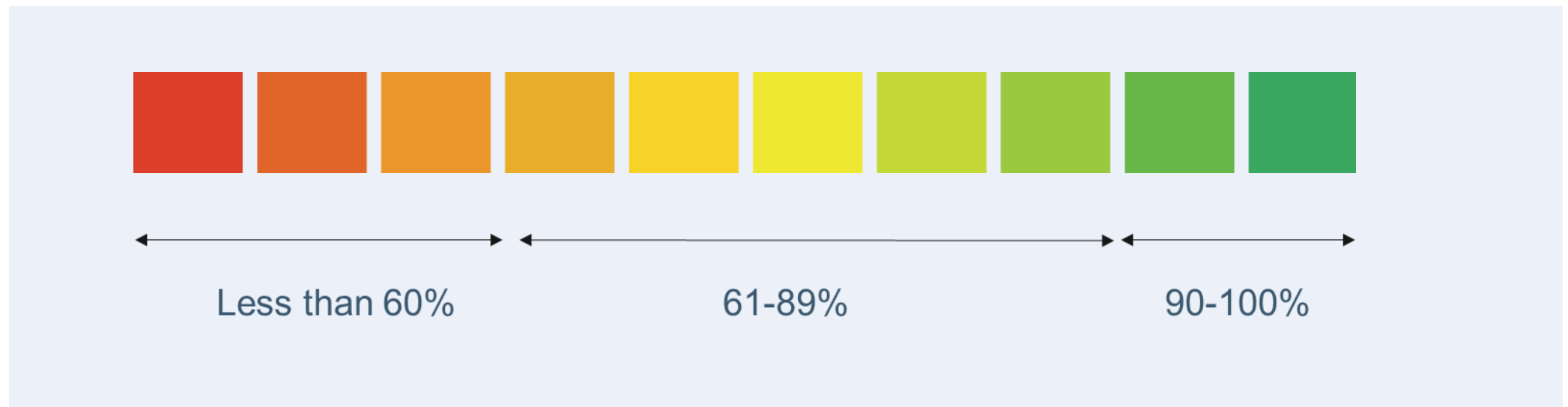
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pension
fund assets

Pension Fundamentals

Funded Status Target is 100 percent



Pension Fundamentals

The Baseline



The Path Forward

Pension Outlook - Baseline

1. Projections of Accrued Liabilities
2. Projections of Plan Assets
3. Projections of Unfunded Liabilities (1-2)
4. Projections of Funded Ratio's (2/1)
5. Projections of Employer Rates/Contributions

The Path Forward

Pension Outlook – Alternate Scenarios

1. Investment Return Volatility – Random, User Specified
2. Potential Discount Rate Changes
3. Managing Employer Contributions with Additional Discretionary Payments (ADP's)
4. Budgetary Impacts

The Path Forward

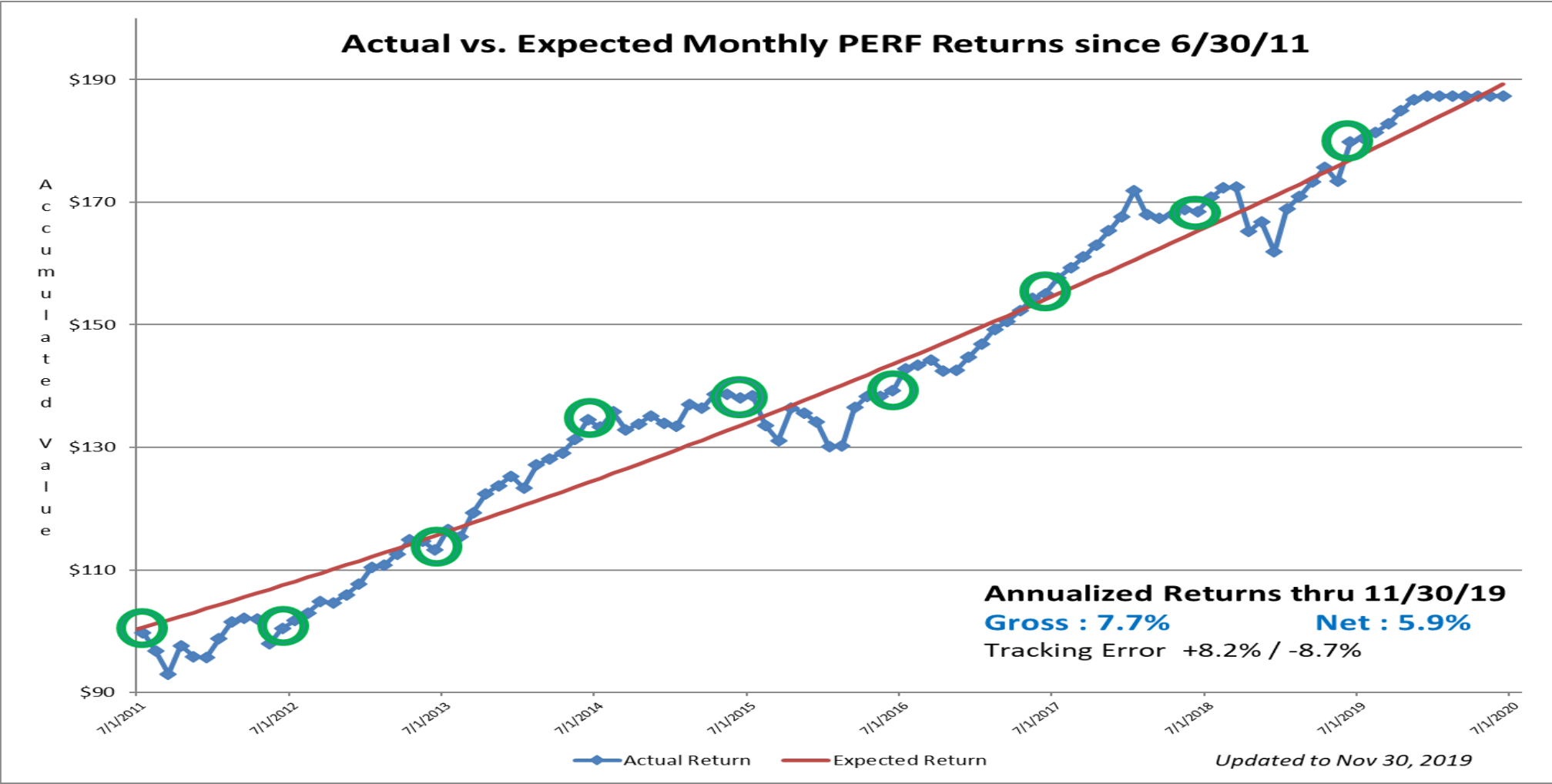
Pension Outlook – Budgeting

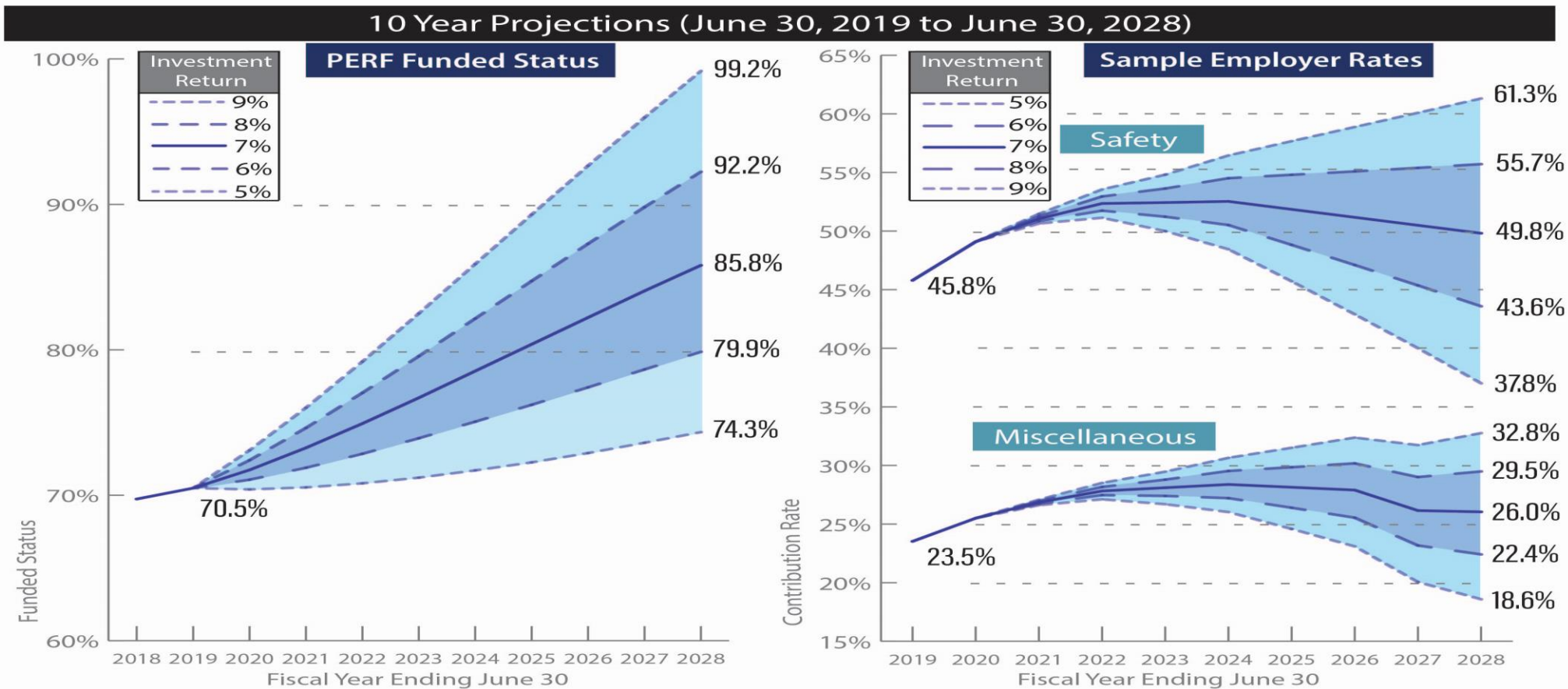
1. Projecting Costs
2. Annual Changes in Funding Requirement
3. Impact of ADP's
4. Provision for Contingencies/Reserves (Section 115)

The Path Forward

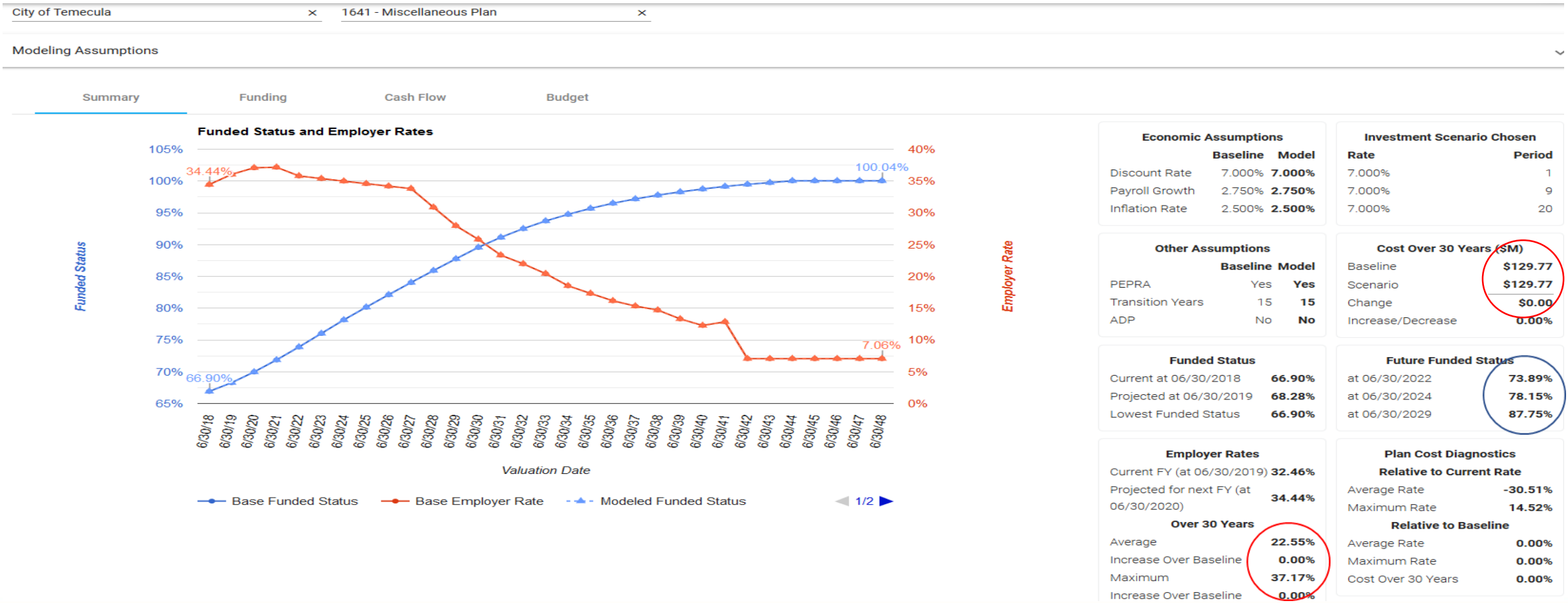
Pension Outlook – Reasonable Expectations

	1 year	5 Year	10 Year	20 Year
One Standard Deviation	11.4%	3.1%	2.0%	1.3%
Upper Bound	18.4%	10.1%	9.0%	8.3%
Lower Bound	-4.4%	3.9%	5.0%	5.7%

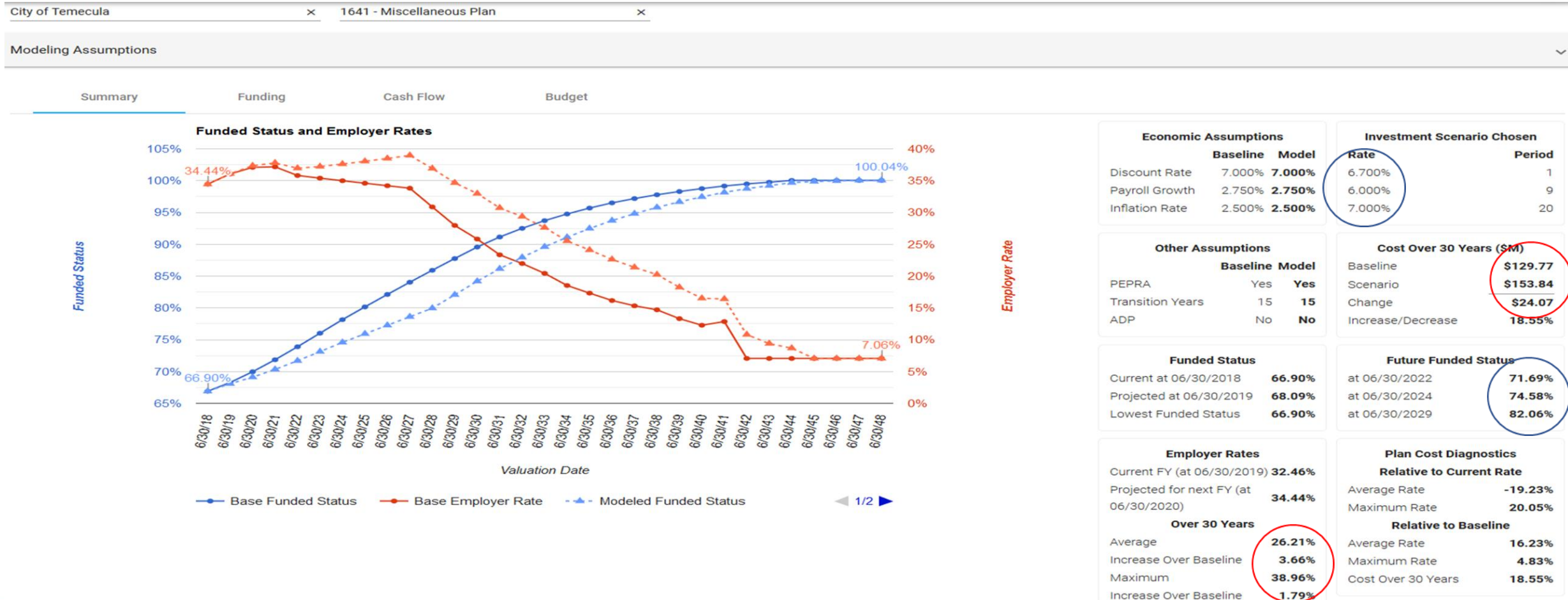




The Finance Director View



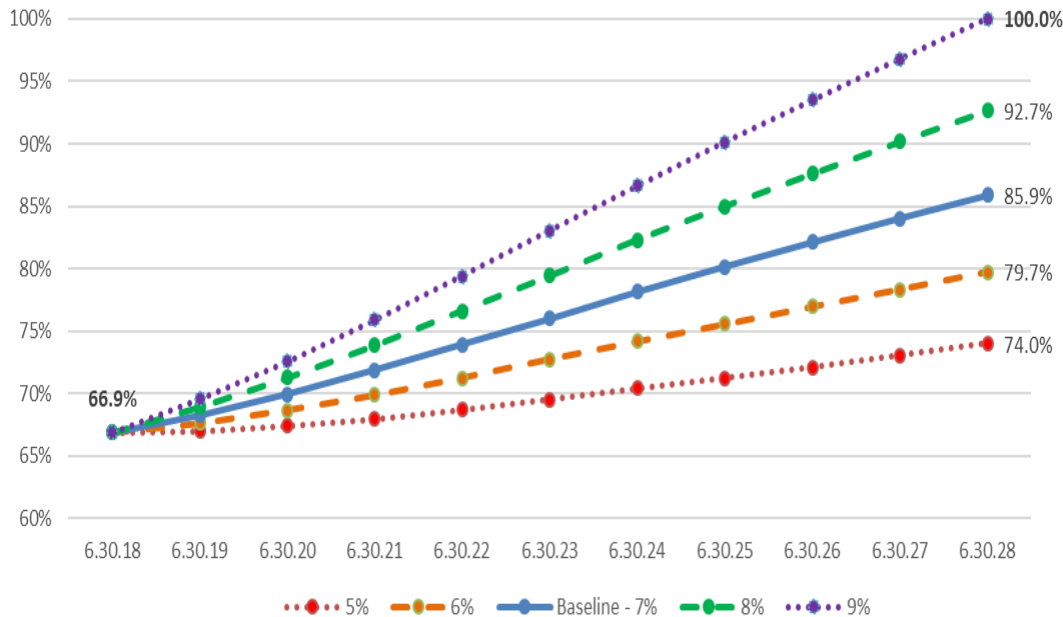
The Finance Director View



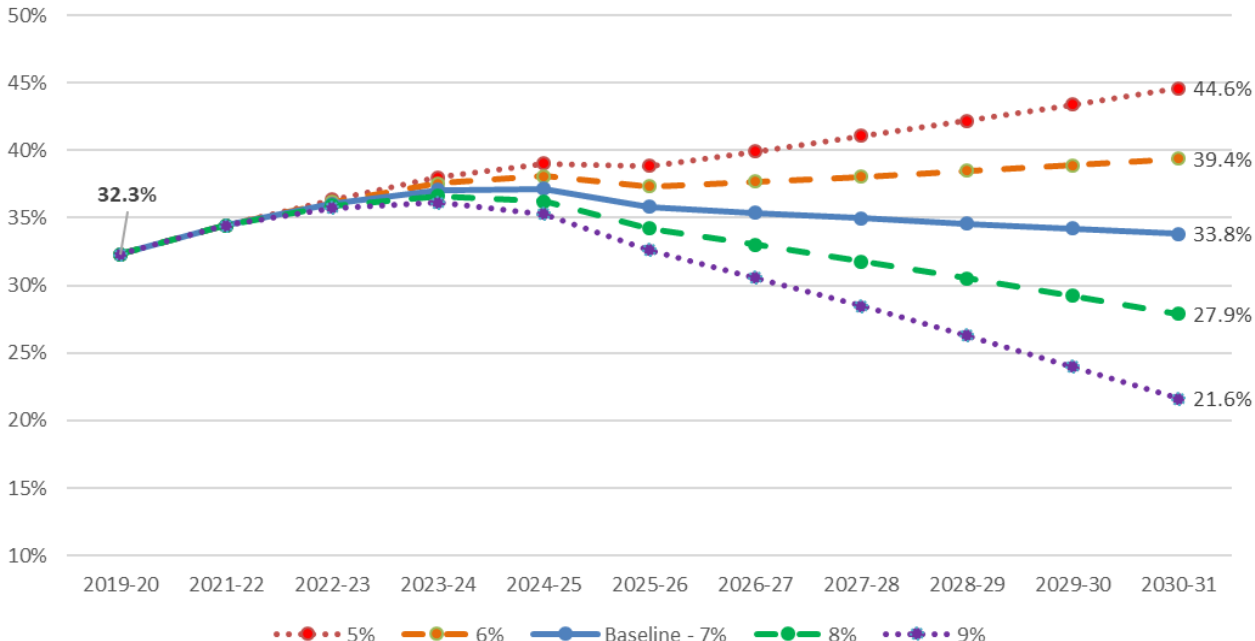
The Finance Director View

City of Temecula – Pension Outlook

Projected Funded Ratio
under various Investment Scenarios

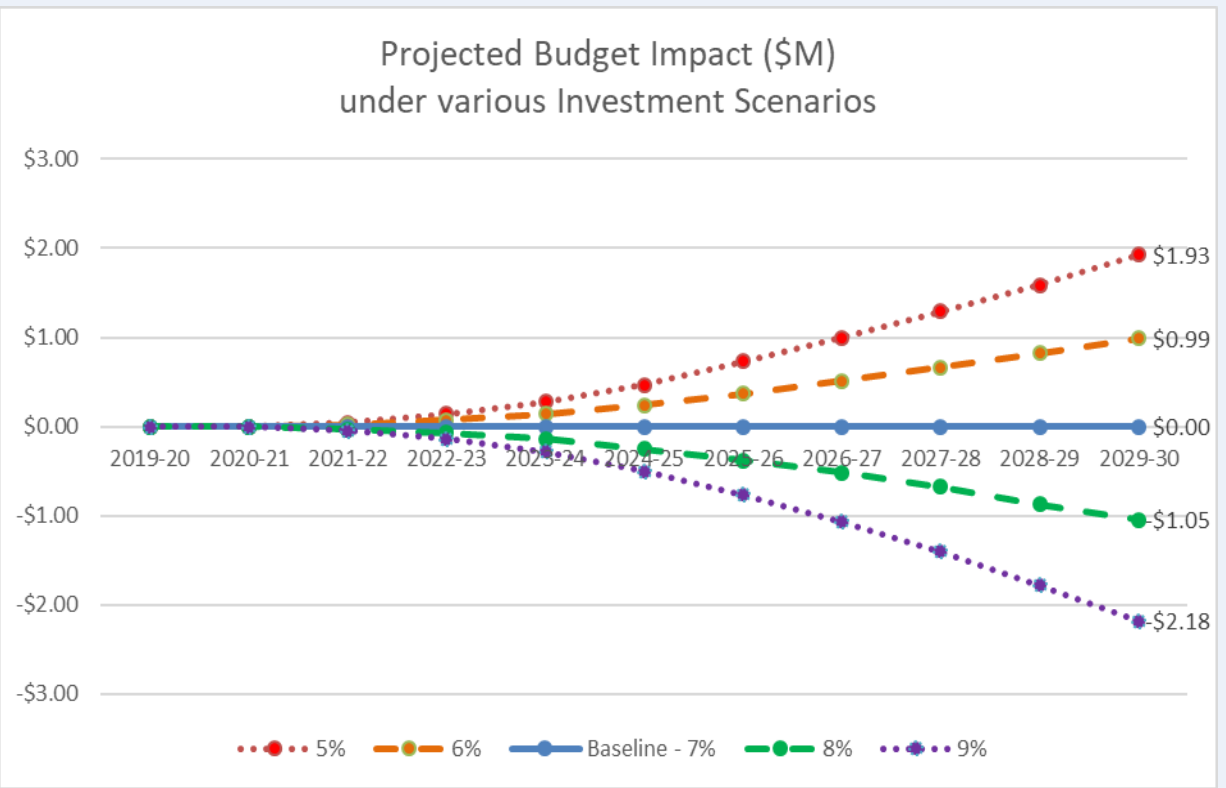
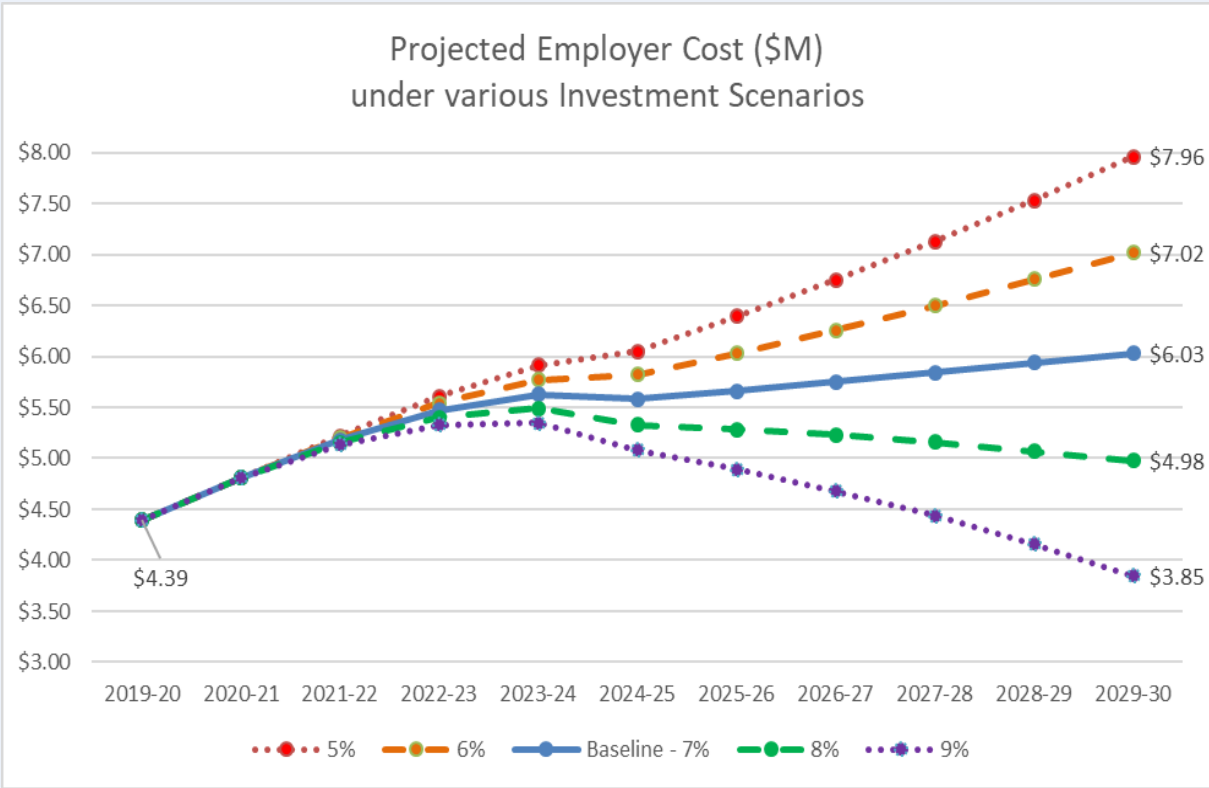


Projected Employer Rates
under various Investment Scenarios



The Finance Director View

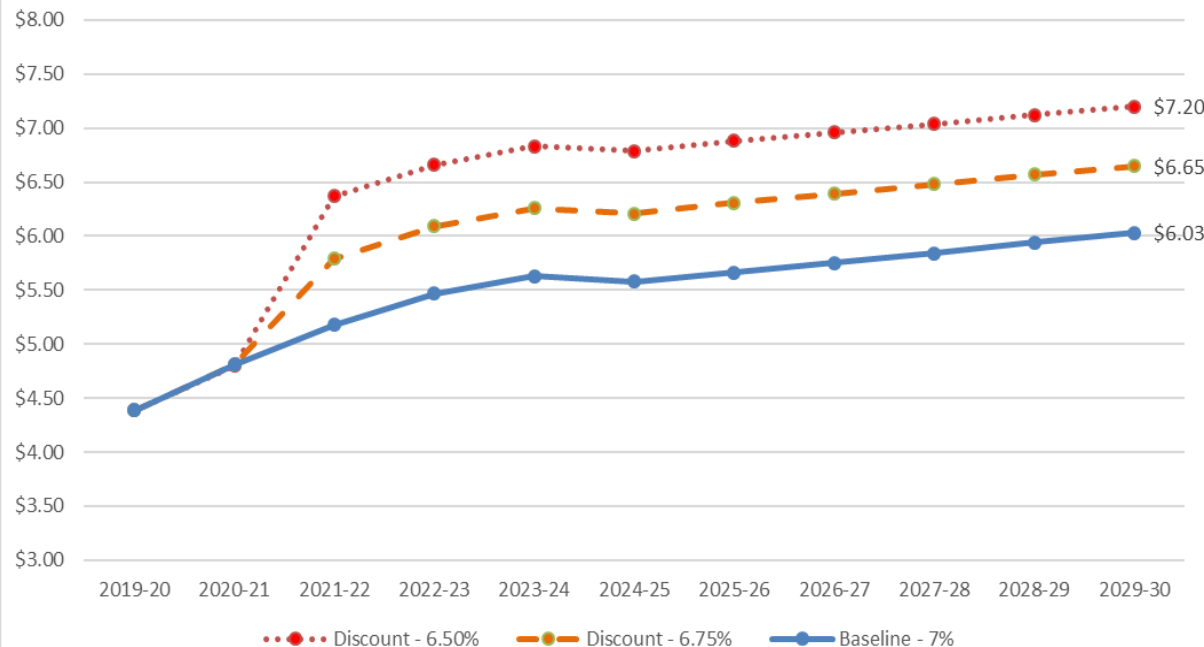
City of Temecula – Pension Budget



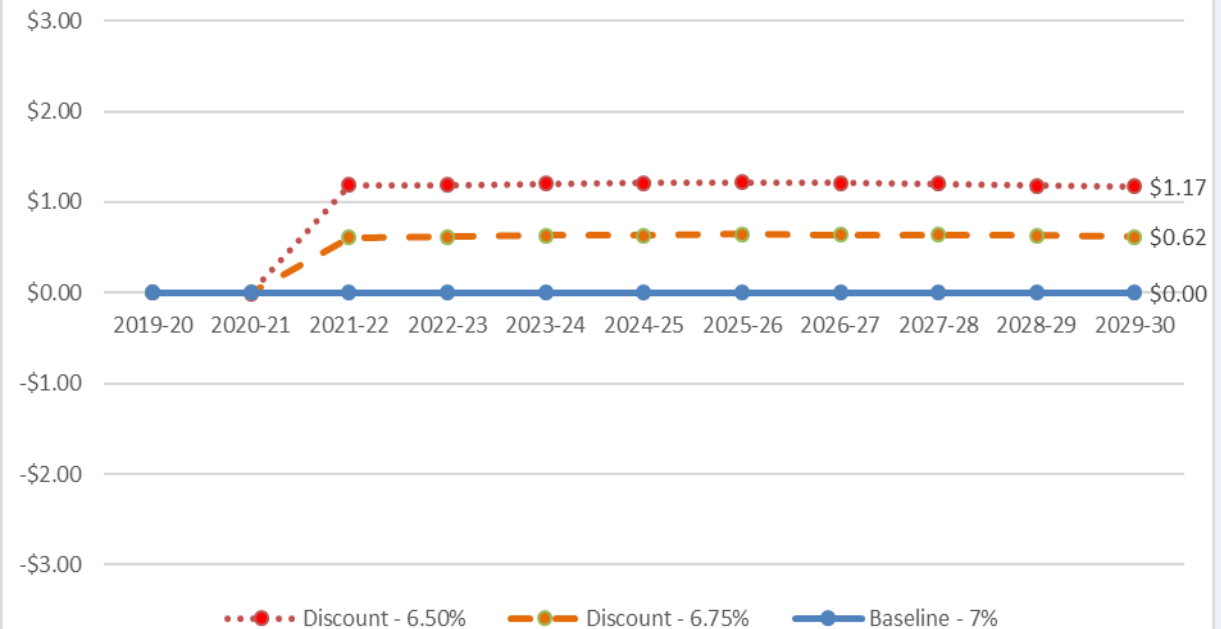
The Finance Director View

City of Temecula – Pension Budget with Discount Rate Change

Projected Employer Cost (\$M)
under various Discount Rate Scenarios

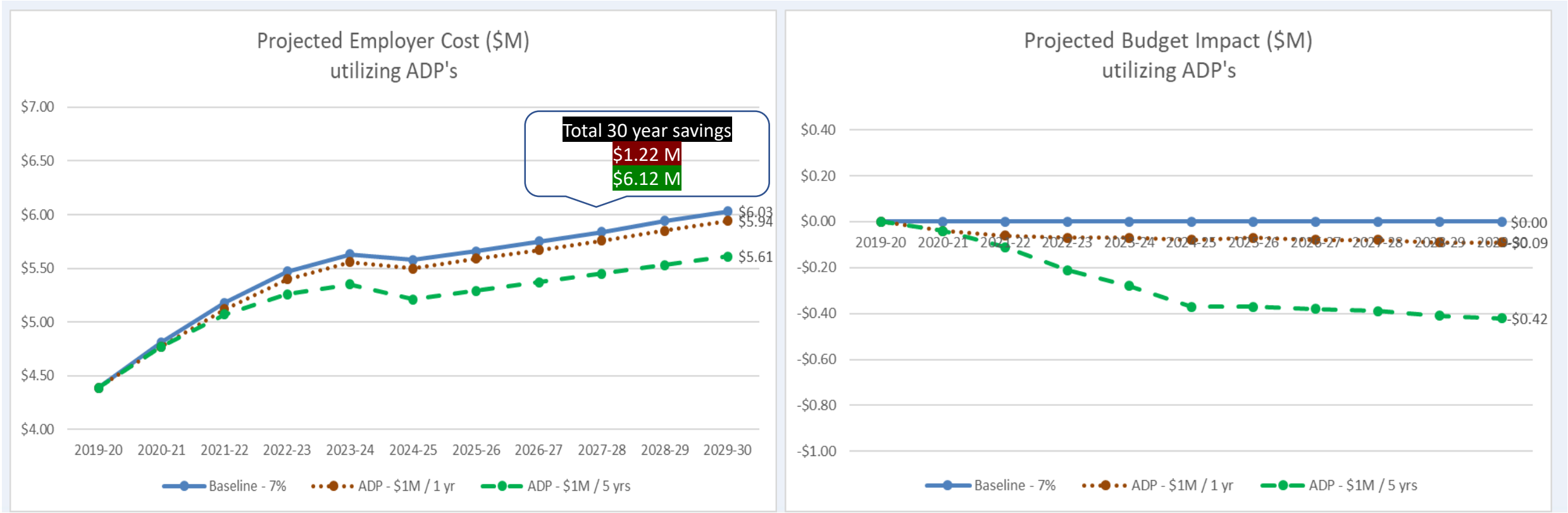


Projected Budget Impact (\$M)
under various Discount Rate Scenarios



The Finance Director View

City of Temecula – Pension Budget with Additional Discretionary Payments



Questions ?

- Idea Sharing
- Other Scenarios
- Possible Enhancements
- Pooled Version
- Public Version