



California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

July 2026

All Rate Plans of the Chico Area Recreation and Park District in the Miscellaneous Risk Pool (CalPERS ID: 1014354115)

Annual Valuation Report as of June 30, 2025

Dear Employer,

Attached to this letter is Section 1 of the June 30, 2025, actuarial valuation report for the plan noted above. **Provided in this report is the determination of the minimum required employer contributions for fiscal year (FY) 2027-28.** In addition, the report contains important information regarding the current financial status of the plan as well as projections and risk measures to aid in planning for the future.

Because this plan is in a risk pool, the following valuation report has been separated into two sections:

- Section 1 contains specific information for the following rate plan(s) including the development of the current and projected employer contributions.
 - 352, Miscellaneous Plan
 - 26281, PEPRA Miscellaneous Plan
- Section 2 contains the Miscellaneous Risk Pool information as of June 30, 2025.

Section 2 can be found on the CalPERS website in the [Forms & Publications](#) section. Search for "Risk Pool" and from the results list download the Miscellaneous Risk Pool Actuarial Valuation Report for June 30, 2025.

Required Contributions

The table below shows the minimum required employer contributions and member contribution rates for FY 2027-28 along with an estimate of the required employer Unfunded Accrued Liability (UAL) contribution for FY 2028-29. **The required employer and member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.**

Fiscal Year	Rate Plan	Employer Normal Cost Rate	Member Contribution Rate	Fiscal Year	Employer Amortization of Unfunded Accrued Liability
2027-28	352	13.11%	7.00%	2027-28	\$392,161
	26281	8.05%	7.75%		
					<i>Projected (Estimated)</i>
				2028-29	\$425,000

The actual investment return for FY 2025-26 was not known at the time this report was prepared. The projected UAL payment above assumes the investment return for that year would be 6.8%. To the extent the actual investment return for FY 2025-26 differs from 6.8%, the actual UAL contribution requirement for FY 2028-29 will differ from that shown above. For additional information on future contribution requirements, please refer to [Projected Employer Contributions](#). This section also contains projected required contributions through FY 2032-33.

Changes from Previous Year's Valuations

On November 19, 2025, the CalPERS Board of Administration (board) adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increase, the inflation assumption, and various other assumptions for public agencies. These new assumptions are incorporated in this actuarial valuation and impact the required contributions for FY 2027-28.

In addition, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. The board adopted a discount rate of 6.80%, which is unchanged from the prior year's valuation, and an increase in the price inflation assumption from 2.30% to 2.50% per year.

Besides the above-noted changes, there may also be changes specific to the plan such as contract amendments and funding changes such as additional discretionary payments and amortization schedule fresh starts.

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated UAL value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

PEPRA Member Contribution Rate

The employee contribution rate for PEPRA members can change based on the results of the actuarial valuation. See [Member Contribution Rates](#) for more information.

Report Navigation Features

The valuation report has a number of features to ease navigation and allow the reader to find specific information more quickly. The tables of contents are "clickable." This is true for the main table of contents that follows the title page and the intermediate tables of contents at the beginning of sections. The Adobe navigation pane on the left can also be used to skip to specific exhibits.

There are a number of links throughout the document in blue text. Links that are internal to the document are not underlined, while underlined links will take you to the CalPERS website. Examples are shown below.

Internal Bookmarks

[Required Employer Contributions](#)
[Member Contribution Rates](#)
[Summary of Key Valuation Results](#)
[Funded Status – Funding Policy Basis](#)
[Projected Employer Contributions](#)

CalPERS Website Links

[Required Employer Contribution Search Tool](#)
[Public Agency PEPRA Member Contribution Rates](#)
[Pension Outlook Overview](#)
[Interactive Summary of Public Agency Valuation Results](#)
[Public Agency Actuarial Valuation Reports](#)

Questions

A CalPERS actuary is available to answer questions about this report. Other questions may be directed to the Customer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS



Shelly Chu, ASA, MAAA
Senior Actuary, CalPERS

California Public Employees' Retirement System

Actuarial Valuation for the
Rate Plans of the Chico Area Recreation
and Park District in the
Miscellaneous Risk Pool
as of June 30, 2025

Consolidated Plan ID: 26281

(CalPERS ID: 1014354115)
(Rate Plan IDs: 352, 26281)

Required Contributions for Fiscal Year

July 1, 2027 — June 30, 2028

Table of Contents

Section 1 – Employer Specific Information

Actuarial Certification	1
Highlights and Executive Summary	2
Introduction	3
Purpose of Section 1	3
Summary of Key Valuation Results	4
Changes Since the Prior Year's Valuation	5
Subsequent Events	5
Liabilities and Contributions	6
Determination of Required Contributions	7
Required Employer Contributions	8
Member Contribution Rates	9
Breakdown of Entry Age Accrued Liability	10
Allocation of Plan's Share of Pool's Experience	10
Development of the Plan's Share of Pool's Assets	10
Funded Status – Funding Policy Basis	11
Additional Employer Contributions	12
Projected Employer Contributions	13
Schedule of Amortization Bases	14
Amortization Schedule and Alternatives	16
Employer Contribution History	18
Funding History	18
Risk Analysis	19
Future Investment Return Scenarios	20
Discount Rate Sensitivity	21
Mortality Rate Sensitivity	22
Maturity Measures	22
Maturity Measures History	23
Funded Status – Termination Basis	24
Funded Status – Low-Default-Risk Basis	25
Supplementary Information	26
Normal Cost by Benefit Group	27
Summary of Valuation Data	28
Status of PEPPRA Transition	29
Surcharge for Class 1 Benefits	29
Plan's Major Benefit Options	30

Section 2 – Miscellaneous Risk Pool Actuarial Information

Section 2 may be found on the CalPERS website in the [Forms & Publications](#) section.

Section 1

California Public Employees' Retirement System

Employer Specific Information for the Rate Plans of the Chico Area Recreation and Park District in the Miscellaneous Risk Pool

**(CalPERS ID: 1014354115)
(Rate Plan IDs: 352, 26281)**

Actuarial Certification

It is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles as well as the applicable Standards of Practice promulgated by the Actuarial Standards Board. While this report, consisting of Section 1 and Section 2, is intended to be complete, our office is available to answer questions as needed. All of the undersigned are actuaries who satisfy the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries with regard to pensions. The actuaries responsible for this report and their respective responsibilities are as follows.

Actuarial Methods and Assumptions

It is our opinion that the assumptions and methods, as recommended by the Chief Actuary and adopted by the CalPERS Board of Administration, are internally consistent and reasonable for this plan.



Randall Dziubek, ASA, MAAA
Deputy Chief Actuary, Valuation Services, CalPERS



Fritzie Dorais, ASA, MAAA
Deputy Chief Actuary, Special Programs, CalPERS



Scott Terando, ASA, EA, MAAA, FCA, CFA
Chief Actuary, CalPERS

Actuarial Data and Rate Plan Results

The assumptions and methods in this report are the responsibility of the CalPERS Chief Actuary and Deputy Chief Actuaries named above. These were established pursuant to their responsibility for setting actuarial policy and are relied upon without independent assessment of the reasonableness of the assumptions and methods, as such an evaluation would have required substantial additional work beyond the scope of this assignment. To the best of my knowledge and having relied upon the information in Section 2 of this report, this report is complete and accurate and contains sufficient information to disclose, fully and fairly, the funded condition of the rate plans of the Chico Area Recreation and Park District in the Miscellaneous Risk Pool and satisfies the actuarial valuation requirements of Government Code section 7504. This valuation and related validation work was performed by the CalPERS Actuarial Office. The valuation was based on the member and financial data as of June 30, 2025, provided by the various CalPERS databases and the benefits under this plan with CalPERS as of the date this report was produced. Section 1 of this report is based on the member and financial data for Chico Area Recreation and Park District, while Section 2 is based on the corresponding information for all agencies participating in the Miscellaneous Risk Pool to which the plan belongs.



Shelly Chu, ASA, MAAA
Senior Actuary, CalPERS

Highlights and Executive Summary

• Introduction	3
• Purpose of Section 1	3
• Summary of Key Valuation Results	4
• Changes Since the Prior Year's Valuation	5
• Subsequent Events	5

Introduction

This report presents the results of the June 30, 2025, actuarial valuation of the rate plans of the Chico Area Recreation and Park District in the Miscellaneous Risk Pool of the California Public Employees' Retirement System (CalPERS). This actuarial valuation sets the minimum required contributions for fiscal year (FY) 2027-28.

Purpose of Section 1

This Section 1 report for rate plans of the Chico Area Recreation and Park District in the Miscellaneous Risk Pool of CalPERS was prepared by the Actuarial Office using data as of June 30, 2025. This report contains actuarial information for the following rate plan(s).

- 352, Miscellaneous Plan
- 26281, PEPRA Miscellaneous Plan

The purpose of the valuation is to:

- Set forth the assets and accrued liabilities of these rate plans as of June 30, 2025;
- Determine the minimum required employer contributions for these rate plans for FY July 1, 2027, through June 30, 2028;
- Determine the required member contribution rate for FY July 1, 2027, through June 30, 2028, for employees subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA); and
- Provide actuarial information as of June 30, 2025, to the CalPERS Board of Administration (board) and other interested parties.

The pension funding information presented in this report should not be used in financial reports subject to Governmental Accounting Standards Board (GASB) Statement No. 68 for a Cost Sharing Employer Defined Benefit Pension Plan. A separate accounting valuation report for such purposes is available on the CalPERS website (www.calpers.ca.gov).

The measurements shown in this actuarial valuation may not be applicable for other purposes. The agency should contact a CalPERS actuary before disseminating any portion of this report for any reason that is not explicitly described above.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; changes in actuarial policies; changes in plan provisions or applicable law; and differences between the required contributions determined by the valuation and the actual contributions made by the agency.

Assessment and Disclosure of Risk

This report includes the following risk disclosures consistent with the guidance of the Actuarial Standards of Practice:

- A "Scenario Test," projecting future results under different investment income returns.
- A "Sensitivity Analysis," showing the impact on current valuation results using alternative discount rates of 5.8% and 7.8%.
- A "Sensitivity Analysis," showing the impact on current valuation results assuming rates of mortality are 10% lower or 10% higher than our current post-retirement mortality assumptions adopted in 2025.
- Plan maturity measures indicating how sensitive a plan may be to the risks noted above.
- The funded status on a termination basis.
- A low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date.

Summary of Key Valuation Results

Below is a brief summary of key valuation results along with page references where more detailed information can be found.

Required Employer Contributions — page 8

	Fiscal Year 2026-27	Fiscal Year 2027-28
Employer Normal Cost Rates		
Rate Plan 352	12.56%	13.11%
Rate Plan 26281	7.93%	8.05%
Unfunded Accrued Liability (UAL) Contribution Amount	\$370,230	\$392,161
Paid either as		
Option 1) 12 Monthly Payments of	\$30,852.50	\$32,680.08
Option 2) Annual Prepayment in July	\$358,250	\$379,471

Member Contribution Rates — page 9

	Fiscal Year 2026-27	Fiscal Year 2027-28
Rate Plan 352	7.00%	7.00%
Rate Plan 26281	7.75%	7.75%

Projected Employer Contributions — page 13

Fiscal Year	Normal Cost (% of payroll)		Annual UAL Payment
	Rate Plan 352	Rate Plan 26281	
2028-29	13.1%	8.1%	\$425,000
2029-30	13.1%	8.1%	\$404,000
2030-31	13.1%	8.1%	\$381,000
2031-32	13.1%	8.1%	\$367,000
2032-33	13.1%	8.1%	\$361,000

Funded Status — Funding Policy Basis — page 11

	June 30, 2024	June 30, 2025
Entry Age Accrued Liability (AL)	\$19,403,704	\$20,708,724
Fair Value of Assets (Assets)	15,639,129	17,554,008
Unfunded Accrued Liability (UAL) [AL – Assets]	\$3,764,575	\$3,154,716
Funded Ratio [Assets ÷ AL]	80.6%	84.8%

Summary of Valuation Data — page 28

	June 30, 2024	June 30, 2025
Active Member Count	79	85
Annual Covered Payroll	\$4,170,178	\$4,660,781
Transferred Member Count	55	53
Separated Member Count	115	130
Retired Members and Beneficiaries Count	51	53

Changes Since the Prior Year's Valuation

Investment Policy and Discount Rate

On November 19, 2025, the board adopted changes to the CalPERS Total Fund Investment Policy, which provides the framework for the management of CalPERS assets. Consistent with that policy, the board also adopted a discount rate of 6.80% for use in this valuation, which is unchanged from the prior year's valuation.

Actuarial Methods and Other Assumptions

On November 19, 2025, the board adopted new actuarial assumptions based on the recommendations in the *November 2025 CalPERS Experience Study and Review of Actuarial Assumptions*. This study assessed various assumptions including retirement rates, termination rates, mortality rates, rates of salary increase, and inflation. New assumptions stemming from the study are incorporated in this actuarial valuation and affect required contributions for fiscal year 2027-28. Among the changes were an increase in the price inflation assumption from 2.30% to 2.50% per year and an increase in the wage inflation assumption from 2.80% to 3.00% per year.

Plan Assets

Plan assets are measured at fair value. In the prior year's actuarial valuation report the term Market Value of Assets was used to describe the asset value used for funding purposes. The Actuarial Office has used this term interchangeably with Fair Value of Assets. Effective with the June 30, 2025, valuation, CalPERS will exclusively use the term Fair Value of Assets in actuarial reports. This is a change in terminology and does not represent any change in methodology.

Benefits

The standard actuarial practice at CalPERS is to recognize mandated legislative benefit changes in the first annual valuation following the effective date of the legislation. For pooled rate plans, voluntary benefit changes by plan amendment are generally included in the first valuation with a valuation date on or after the effective date of the amendment.

Please refer to the [Plan's Major Benefit Options](#) in this report and Appendix B of the Section 2 Report for a summary of the plan provisions used in this valuation.

Plan Identification

A consolidated plan identifier has been added to the cover page of the report. As a result of the combination of some or all of the employer's rate plans in the Miscellaneous Risk Pool effective with the prior year's valuation, there is now one consolidated Unfunded Accrued Liability (UAL) value and actuarial valuation report for the group of component rate plans. This single identifier, set equal to the identifier of the component rate plan to which the UAL is attached, is intended to make it easier to identify a specific group of rate plans, the associated UAL, and the actuarial report.

Amendments to Regulations Regarding Participation in Risk Pools

On September 17, 2025, the board approved amendments to pooling regulations, which were endorsed by the Office of Administrative Law on May 12, 2026. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool and become non-pooled plans. The general rule is that if an employer sponsors a pooled plan with at least 150 but less than 200 active members as of the valuation date, the employer may elect to remove that plan from the risk pool. If the plan has at least 200 active members, the plan will be automatically removed. More information can be found in [Regulatory Actions](#) on the CalPERS website under the heading Participation in Risk Pools.

Subsequent Events

This actuarial valuation report reflects fund investment return through June 30, 2025, as well as statutory changes, regulatory changes and board actions through January 2026.

The 2025 annual benefit limit under Internal Revenue Code (IRC) section 415(b) and annual compensation limits under IRC section 401(a)(17) and Government Code section 7522.10 were used for this valuation and are assumed to increase 2.5% per year based on the price inflation assumption. The actual 2026 limits, determined in October 2025, are not reflected.

To the best of our knowledge, there have been no subsequent events that could materially affect current or future certifications rendered in this report.

Liabilities and Contributions

• Determination of Required Contributions	7
• Required Employer Contributions	8
• Member Contribution Rates	9
• Breakdown of Entry Age Accrued Liability	10
• Allocation of Plan's Share of Pool's Experience	10
• Development of the Plan's Share of Pool's Assets	10
• Funded Status – Funding Policy Basis	11
• Additional Employer Contributions	12
• Projected Employer Contributions	13
• Schedule of Amortization Bases	14
• Amortization Schedule and Alternatives	16
• Employer Contribution History	18
• Funding History	18

Determination of Required Contributions

Contributions to fund the plan are determined by an actuarial valuation performed each year. The valuation employs complex calculations based on a set of actuarial assumptions and methods. See Appendix A in Section 2 for information on the assumptions and methods used in this valuation. The valuation incorporates all plan experience through the valuation date and sets required contributions for the fiscal year that begins two years after the valuation date.

Contribution Components

Two components comprise required contributions:

- Normal Cost — expressed as a percentage of pensionable payroll
- Unfunded Accrued Liability (UAL) Contribution — expressed as a dollar amount

Normal Cost represents the value of benefits allocated to the upcoming year for active employees. If all plan experience exactly matched the actuarial assumptions, normal cost would be sufficient to fully fund all benefits. The employer and employees each pay a share of the normal cost with contributions payable as part of the regular payroll reporting process. The contribution rate for Classic members is set by statute based on benefit formula whereas for PEPRA members it is based on 50% of the total normal cost.

When plan experience differs from the actuarial assumptions, UAL emerges. The new UAL may be positive or negative. If the total UAL is positive (i.e., accrued liability exceeds assets), the employer is required to make contributions to pay off the UAL over time. This is called the UAL Contribution component. There is an option to prepay this amount during July of each fiscal year, otherwise it is paid monthly.

In measuring the UAL each year, plan experience is split by source. Common sources of UAL include investment experience different than expected, non-investment experience different than expected, assumption changes and benefit changes. Each source of UAL (positive or negative) forms a base that is amortized, or paid off, over a specified period of time in accordance with the CalPERS [Actuarial Amortization Policy](#). The UAL Contribution is the sum of the payments on all bases. See the [Schedule of Amortization Bases](#) section of this report for an inventory of existing bases and Appendix A in Section 2 for more information on the amortization policy.

Required Employer Contributions

The required employer contributions in this report do not reflect any cost sharing arrangement between the agency and the employees. For employee contribution rates, see [Member Contribution Rates](#).

Required Employer Contributions		Fiscal Year 2027-28
Employer Normal Cost Rate		
Classic Rate Plan 352		13.11%
PEPRA Rate Plan 26281		8.05%
Plus		
Unfunded Accrued Liability (UAL) Contribution Amount[†]		\$392,161
Paid either as		
1) Monthly Payment		\$32,680.08
Or		
2) Annual Prepayment Option [‡]		\$379,471

The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll and paid as payroll is reported) and the Unfunded Accrued Liability (UAL) Contribution Amount (billed monthly (1) or prepaid annually (2) in dollars).

[†]The required UAL contribution does not take into account any additional discretionary payment made after April 30, 2026.

[‡]Only the UAL portion of the employer contribution can be prepaid (**which must be received in full no later than July 31**).

Development of Normal Cost as a Percentage of Payroll

	Fiscal Year 2026-27	Fiscal Year 2027-28
Classic Rate Plan 352		
Base Total Normal Cost for Formula	18.85%	19.36%
Surcharge for Class 1 Benefits ¹	0.64%	0.69%
Plan's Total Normal Cost	19.49%	20.05%
Offset Due to Employee Contributions ²	(6.93%)	(6.94%)
Employer Normal Cost for Rate Plan 352	12.56%	13.11%
PEPRA Rate Plan 26281		
Base Total Normal Cost for Formula	15.68%	15.80%
Surcharge for Class 1 Benefits ¹	0.00%	0.00%
Plan's Total Normal Cost	15.68%	15.80%
Offset Due to Employee Contributions ²	(7.75%)	(7.75%)
Employer Normal Cost for Rate Plan 26281	7.93%	8.05%

¹ See [Surcharge for Class 1 Benefits](#) in the supplementary information section of this report.

² This is the expected employee contributions, taking into account individual benefit formula and any offset from the use of a modified formula, divided by projected annual payroll. For member contribution rates above the breakpoint for each benefit formula, see [Member Contribution Rates](#).

Member Contribution Rates

The required member contributions in this report do not reflect any cost sharing arrangement between the agency and the employees.

Classic Members

Each member contributes toward their retirement based upon the retirement formula. The standard Classic member contribution rate above the breakpoint, if any, is as described below.

Benefit Formula	Percent Contributed above the Breakpoint
Miscellaneous, 1.5% at age 65	2%
Miscellaneous, 2% at age 60	7%
Miscellaneous, 2% at age 55	7%
Miscellaneous, 2.5% at age 55	8%
Miscellaneous, 2.7% at age 55	8%
Miscellaneous, 3% at age 60	8%

Auxiliary organizations of the CSU system may elect reduced contribution rates for Miscellaneous members, in which case the contribution rate above the breakpoint is 6% if members are not covered by Social Security and 5% if they are.

PEPRA Members

The California Public Employees' Pension Reform Act of 2013 (PEPRA) established new benefit formulas, final compensation period, and contribution requirements for "new" employees (generally those first hired into a CalPERS-covered position on or after January 1, 2013). In accordance with Government Code Section 7522.30(b), "new members ... shall have an initial contribution rate of at least 50% of the normal cost rate." The normal cost rate for the plan is dependent on the benefit levels, actuarial assumptions and demographics of the risk pool, particularly members' entry age. Should the total normal cost rate of the plan change by more than 1% from the base total normal cost rate established for the plan, the new member rate shall be 50% of the new normal cost rate rounded to the nearest quarter percent.

The table below shows the determination of the PEPRA member contribution rates effective July 1, 2027, based on 50% of the total normal cost rate as of the June 30, 2025, valuation.

Rate Plan Identifier	Benefit Group Name	Basis for Current Rate		Rates Effective July 1, 2027			
		Total Normal Cost	Member Rate	Total Normal Cost	Change in Normal Cost	Adj. Needed	Member Rate
26281	PEPRA Miscellaneous Plan	15.43%	7.75%	15.80%	0.37%	No	7.75%

Breakdown of Entry Age Accrued Liability

Active Members	\$6,769,014
Transferred Members	2,311,475
Separated Members	1,399,619
Members and Beneficiaries Receiving Payments	<u>10,228,616</u>
Total	\$20,708,724

Allocation of Plan's Share of Pool's Experience

It is the policy of CalPERS to ensure equity within the risk pools by allocating the pool's experience gains/losses and assumption changes in a manner that treats each employer equitably and maintains benefit security for the members of the System while minimizing substantial variations in employer contributions. The pool's experience gains/losses and impact of assumption/method changes is allocated to the plan as follows:

1. Plan's Accrued Liability	\$20,708,724
2. Projected UAL Balance at 6/30/2025	3,745,064
3. Other UAL Adjustments (Golden Handshake, Prior Service Purchase, etc.)	0
4. Adjusted UAL Balance at 6/30/2025 for Asset Share	3,745,064
5. Pool's Accrued Liability ¹	26,128,329,326
6. Sum of Pool's Individual Plan UAL Balances at 6/30/2025 ¹	5,408,106,113
7. Pool's 2024-25 Investment (Gain)/Loss ¹	(1,023,922,845)
8. Pool's 2024-25 Non-Investment (Gain)/Loss ¹	254,352,784
9. Plan's Share of Pool's Investment (Gain)/Loss: $[(1) - (4)] \div [(5) - (6)] \times (7)$	(838,286)
10. Plan's Share of Pool's Non-Investment (Gain)/Loss: $(1) \div (5) \times (8)$	201,594
11. Plan's New (Gain)/Loss as of 6/30/2025: $(9) + (10)$	(636,692)
12. Increase in Pool's Accrued Liability due to Change in Assumptions ¹	58,472,717
13. Plan's Share of Pool's Change in Assumptions: $(1) \div (5) \times (12)$	46,344
14. Increase in Pool's Accrued Liability due to Funding Risk Mitigation ¹	0
15. Plan's Share of Pool's Change due to Funding Risk Mitigation: $(1) \div (5) \times (14)$	0
16. Offset due to Funding Risk Mitigation	0
17. Plan's Investment (Gain)/Loss: $(9) - (16)$	(838,286)

¹ Does not include plans that transferred to the pool on the valuation date.

Development of the Plan's Share of Pool's Assets

18. Plan's UAL: $(2) + (3) + (11) + (13) + (15)$	\$3,154,716
19. Plan's Share of Pool's Fair Value of Assets: $(1) - (18)$	\$17,554,008

For a reconciliation of the pool's Fair Value of Assets, information on the fund's asset allocation and a history of CalPERS investment returns, see [Section 2](#), which can be found on the CalPERS website (www.calpers.ca.gov).

Funded Status – Funding Policy Basis

The table below provides information on the current funded status of the plan under the funding policy. The funded status for this purpose is based on the fair value of assets relative to the funding target produced by the entry age actuarial cost method and actuarial assumptions adopted by the board. The actuarial cost method allocates the total expected cost of a member's projected benefit (**Present Value of Benefits**) to individual years of service (the **Normal Cost**). The value of the projected benefit that is not allocated to future service is referred to as the **Accrued Liability** and is the plan's funding target on the valuation date. The **Unfunded Accrued Liability** (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The **Funded Ratio** equals the assets divided by the funding target. The funded ratio is a relative measure of the funded status and allows for comparisons between plans of different sizes.

	June 30, 2024	June 30, 2025
1. Present Value of Benefits	\$26,853,824	\$29,716,849
2. Entry Age Accrued Liability	19,403,704	20,708,724
3. Fair Value of Assets	15,639,129	17,554,008
4. Unfunded Accrued Liability (UAL) [(2) – (3)]	\$3,764,575	\$3,154,716
5. Funded Ratio [(3) ÷ (2)]	80.6%	84.8%

A funded ratio of 100% (UAL of \$0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. Plans with a funded ratio greater than 100% have a negative UAL (or surplus) but are required under current law to continue contributing the normal cost in most cases, preserving the surplus for future contingencies.

Calculations for the funding target reflect the expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, calculated normal costs and accrued liabilities provided in this report would be less/greater than the results shown. Therefore, for example, if actual average future returns are less than the expected return, calculated normal costs and UAL contributions will not be sufficient to fully fund all retirement benefits. Under this scenario, required future normal cost contributions will need to increase from those provided in this report, and the plan will develop unfunded liabilities that will also add to required future contributions. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are as follows:

	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
1. Entry Age Accrued Liability	\$23,881,971	\$20,708,724	\$18,137,742
2. Fair Value of Assets	17,554,008	17,554,008	17,554,008
3. Unfunded Accrued Liability (UAL) [(1) – (2)]	\$6,327,963	\$3,154,716	\$583,734
4. Funded Ratio [(2) ÷ (1)]	73.5%	84.8%	96.8%

The [Risk Analysis](#) section of the report provides additional information regarding the sensitivity of valuation results to the expected investment return and other factors. Also provided in that section are measures of funded status that are appropriate for assessing the sufficiency of plan assets to cover estimated termination liabilities.

Additional Employer Contributions

The CalPERS amortization policy provides a systematic methodology for paying down a plan's unfunded accrued liability (UAL) over a reasonable period of years. The projected schedule of required payments for this plan under the amortization policy is provided in [Amortization Schedule and Alternatives](#). Certain aspects of the policy such as 1) layered amortization bases (positive and negative) with different remaining payoff periods, and 2) the phase-in of required payments toward investment gains and losses, can result in volatility in year-to-year projected UAL payments. Provided below is information on how an Additional Discretionary Payment (ADP), together with your required UAL payment of \$392,161 for FY 2027-28, may better accomplish your agency's specific objectives with regard to either smoothing out projected future payments or achieving a greater reduction in UAL than would otherwise occur when making only the minimum required payment. Such additional payments are allowed at any time and can also result in significant long-term savings.

Fiscal Year 2027-28 Employer Contribution Versus Agency Funding Objectives

The interest-to-payment ratio for the FY 2027-28 minimum required UAL payment is 46%, which means the required payment of \$392,161 includes \$181,388 of interest cost and results in a \$210,773 reduction in the UAL, as can be seen in [Amortization Schedule and Alternatives](#) (see columns labelled Current Amortization Schedule). If the interest-to-payment ratio is close to 100%, and the reduction in the UAL is small, it may indicate that required contributions will be increasing in the coming years, which would be shown in [Projected Employer Contributions](#). An alternative metric that provides similar information about the FY 2027-28 required UAL payment is the number of years it would take that payment, if held constant, to pay off the existing UAL (note: actual required UAL payments will vary each year). An annual payment of \$392,161 would pay off the current UAL in 9.9 years (ignoring any unexpected changes in UAL occurring after June 30, 2025). If the agency would like their FY 2027-28 payment toward the UAL to be consistent with a faster pace for reaching 100% funded, an ADP can be added to the required minimum payment.

Provided below are select ADP options for consideration. Making such an ADP during FY 2027-28 does not require an ADP be made in any future year, nor does it change the remaining amortization period of any portion of unfunded liability. For information on permanent changes to amortization periods, see [Amortization Schedule and Alternatives](#). Agencies considering making an ADP should contact CalPERS for additional information.

Fiscal Year 2027-28 Employer Contributions — Illustrative Scenarios

If the Annual UAL Payment Each Year Were...	The Current UAL Would be Paid Off in...	This Would Require an ADP ¹ in FY 2027-28 of...	Plus the Estimated Normal Cost of...	Estimated Total Contribution
\$392,161	9.9 years	\$0	\$464,958	\$857,119
671,419	5 years	279,258	464,958	1,136,377

¹ The ADP amounts are assumed to be made in the middle of the fiscal year. A payment made earlier or later in the fiscal year would have to be less or more than the amount shown to have the same effect on the UAL amortization.

The calculations above are based on the projected UAL as of June 30, 2027, as determined in the June 30, 2025, actuarial valuation. New unfunded liabilities can emerge in future years due to assumption or method changes, changes in plan provisions, and actuarial experience different than assumed. Making an ADP illustrated above for the indicated number of years will not result in a plan that is exactly 100% funded in the indicated number of years. Valuation results will vary from one year to the next and can diverge significantly from projections over a period of several years.

Additional Discretionary Payment History

The following table provides a recent history of actual ADPs made to the plan through April 30, 2026.

Fiscal Year	ADP	Fiscal Year	ADP
2019-20	\$0	2023-24	\$200,000
2020-21	188,000	2024-25	0
2021-22	55,000	2025-26	0
2022-23	0		

Projected Employer Contributions

The table below shows the required and projected employer contributions (before cost sharing) for the next six fiscal years. The projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. In particular, the investment return beginning with FY 2025-26 is assumed to be 6.80% per year, net of investment and administrative expenses. Future contribution requirements may differ significantly from those shown below. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

The normal cost rates for each rate plan are assumed to remain constant. The employer normal cost rate for pooled plans is relatively constant from year to year when there are no assumption changes. Beginning with the June 30, 2026, actuarial valuation, it will be possible for pooled plans to be removed from the risk pool, in which case the employer normal cost would be based only on the members of that plan and will be different than the projections below. Plans with at least 200 active members on a valuation date will be automatically removed from the risk pool.

If the normal cost rates do remain constant, the employer contribution amounts will vary due to changes in payroll. The actuarial valuation does not include payroll beyond the valuation date. For the most realistic projections, the employer should apply projected payroll amounts to the rates below based on the most recent information available, such as current payroll as well as any plans to fill vacancies or add or remove positions.

Rate Plan Identifier		Covered Payroll June 30, 2025	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2025-26 and Beyond)				
			2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
			Normal Cost Rates (Percentage of Payroll)					
352	\$1,047,867	13.11%	13.1%	13.1%	13.1%	13.1%	13.1%	
26281	3,612,914	8.05%	8.1%	8.1%	8.1%	8.1%	8.1%	
UAL Payment		\$392,161	\$425,000	\$404,000	\$381,000	\$367,000	\$361,000	

Unlike the normal cost rates, the required UAL payments are expected to vary significantly from the projections above due to experience, particularly investment experience. For projected contributions under alternate investment return scenarios, please see the [Future Investment Return Scenarios](#) exhibit. Our online pension plan projection tool, [Pension Outlook](#), is available in the Employers section of the CalPERS website. Pension Outlook can help plan and budget pension costs under various scenarios.

For ongoing plans, investment gains and losses are amortized using an initial 5-year ramp. For more information, please see Amortization of Unfunded Actuarial Accrued Liability in Appendix A of the Section 2 Report. This method phases in the impact of the change in UAL over a 5-year period in order to reduce employer cost volatility from year to year. As a result of this methodology, dramatic changes in the required employer contributions in any one year are less likely. However, required contributions can change gradually and significantly over the next five years. In years when there is a large investment loss, the relatively small amortization payments during the initial ramp period could result in contributions that are less than interest on the UAL (i.e. negative amortization) while the contribution impact of the increase in the UAL is phased in.

Schedule of Amortization Bases

Below is the schedule of the plan's amortization bases. Note that there is a two-year lag between the valuation date and the start of the contribution year.

- The assets, liabilities and funded status of the plan are measured as of the valuation date: June 30, 2025.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2027-28.

This two-year lag is necessary due to the amount of time needed to extract and test the membership and financial data, and the need to provide public agencies with their required employer contribution well in advance of the start of the fiscal year.

The Unfunded Accrued Liability (UAL) is used to determine the employer contribution and therefore must be rolled forward two years from the valuation date to the first day of the fiscal year for which the contribution is being determined. The UAL is rolled forward each year by subtracting the expected payment on the UAL for the fiscal year and adjusting for interest. The expected payment on the UAL for FY 2025-26 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments made on or before April 30, 2026, if necessary, and the expected payment for FY 2026-27 is based on the actuarial valuation one year ago.

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	18	1,100,105	85,806	1,086,237	88,209	1,068,942	90,679
Non-Investment (Gain)/Loss	6/30/13	100%	Up/Dn	2.80%	18	(11,604)	(905)	(11,458)	(930)	(11,276)	(957)
Share of Pre-2013 Pool UAL	6/30/13	No Ramp		2.80%	10	656,182	69,111	629,380	71,046	598,756	73,035
Assumption Change	6/30/14	100%	Up/Dn	2.80%	9	426,384	56,963	396,510	58,558	362,956	60,198
Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	19	(983,958)	(73,936)	(974,459)	(76,006)	(962,175)	(78,134)
Non-Investment (Gain)/Loss	6/30/14	100%	Up/Dn	2.80%	19	1,049	79	1,039	81	1,026	83
Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	20	369,175	26,796	366,587	27,546	363,048	28,317
Non-Investment (Gain)/Loss	6/30/15	100%	Up/Dn	2.80%	20	(48,574)	(3,526)	(48,233)	(3,624)	(47,768)	(3,726)
Assumption Change	6/30/16	100%	Up/Dn	2.80%	11	208,700	23,624	198,478	24,286	186,876	24,966
Non-Investment (Gain)/Loss	6/30/16	100%	Up/Dn	2.80%	21	(96,115)	(6,755)	(95,670)	(6,944)	(94,999)	(7,138)
Assumption Change	6/30/17	100%	Up/Dn	2.80%	12	260,173	27,471	249,475	28,240	237,255	29,031
Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	22	(432,658)	(29,505)	(431,587)	(30,331)	(429,590)	(31,181)
Non-Investment (Gain)/Loss	6/30/17	100%	Up/Dn	2.80%	22	(21,666)	(1,478)	(21,612)	(1,519)	(21,512)	(1,561)
Assumption Change	6/30/18	100%	Up/Dn	2.80%	13	449,136	44,540	433,648	45,788	415,817	47,070
Investment (Gain)/Loss	6/30/18	100%	Up/Dn	2.80%	23	(139,537)	(9,252)	(139,464)	(9,511)	(139,118)	(9,777)
Method Change	6/30/18	100%	Up/Dn	2.80%	13	122,449	12,143	118,226	12,483	113,365	12,833
Investment (Gain)/Loss	6/30/19	100%	Up Only	0.00%	14	68,268	6,900	65,779	6,900	63,121	6,900
Non-Investment (Gain)/Loss	6/30/19	No Ramp		0.00%	14	55,300	5,590	53,283	5,590	51,129	5,590
Investment (Gain)/Loss	6/30/20	100%	Up Only	0.00%	15	337,962	26,936	333,107	33,670	320,962	33,670
Non-Investment (Gain)/Loss	6/30/20	No Ramp		0.00%	15	48,091	4,701	46,503	4,700	44,808	4,701

Schedule of Amortization Bases (continued)

Reason for Base	Date Est.	Ramp Level 2027-28	Ramp Shape	Escala-tion Rate	Amort. Period	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Expected Payment 2026-27	Balance 6/30/27	Minimum Required Payment 2027-28
Assumption Change	6/30/21	No Ramp		0.00%	16	67,271	6,378	65,254	6,378	63,100	6,378
Net Investment (Gain)	6/30/21	100%	Up Only	0.00%	16	(1,794,113)	(107,874)	(1,804,631)	(143,832)	(1,778,704)	(179,790)
Non-Investment (Gain)/Loss	6/30/21	No Ramp		0.00%	16	(68,811)	(6,524)	(66,748)	(6,524)	(64,545)	(6,524)
Investment (Gain)/Loss	6/30/22	80%	Up Only	0.00%	17	2,400,774	98,689	2,462,037	148,034	2,476,471	197,378
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	17	277,597	25,600	270,018	25,601	261,922	25,601
Partial Fresh Start	6/30/22	80%	Up Only	0.00%	17	215,755	8,869	221,261	13,304	222,558	17,738
Investment (Gain)/Loss	6/30/23	60%	Up Only	0.00%	18	107,204	2,305	112,112	4,609	114,972	6,913
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	18	325,553	29,275	317,437	29,275	308,769	29,275
Investment (Gain)/Loss	6/30/24	40%	Up Only	0.00%	19	(411,063)	0	(439,015)	(9,436)	(459,116)	(18,873)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	19	256,035	0	273,445	24,589	266,628	24,589
Assumption Change	6/30/25	No Ramp		0.00%	20	46,344	0	49,495	0	52,861	4,753
Investment (Gain)/Loss	6/30/25	20%	Up Only	0.00%	20	(838,286)	0	(895,289)	0	(956,169)	(20,553)
Non-Investment (Gain)/Loss	6/30/25	No Ramp		0.00%	20	201,594	0	215,302	0	229,943	20,677
Total						3,154,716	322,021	3,036,447	370,230	2,860,313	392,161

The (gain)/loss bases are the plan's allocated share of the risk pool's (gain)/loss for the fiscal year as disclosed in [Allocation of Plan's Share of Pool's Experience](#) earlier in this report. These (gain)/loss bases will be amortized in accordance with the CalPERS amortization policy in effect at the time the base was established.

Amortization Schedule and Alternatives

The amortization schedule on the previous page(s) shows the minimum contributions required according to the CalPERS amortization policy. Each year, many agencies express a desire for a more stable pattern of payments or indicate interest in paying off the unfunded accrued liabilities more quickly than required. As such, we have provided alternative amortization schedules to help analyze the current amortization schedule and illustrate the potential savings of accelerating unfunded liability payments.

Shown on the following page are future year amortization payments based on 1) the current amortization schedule reflecting the individual bases and remaining periods shown on the previous page, and 2) alternative “fresh start” amortization schedules using two sample periods that would both result in interest savings relative to the current amortization schedule. To initiate a fresh start, please contact a CalPERS actuary.

The current amortization schedule typically contains both positive and negative bases. Positive bases result from plan changes, assumption changes, method changes or plan experience that increase unfunded liability. Negative bases result from plan changes, assumption changes, method changes, or plan experience that decrease unfunded liability. The combination of positive and negative bases within an amortization schedule can result in unusual or problematic circumstances in future years, such as:

- When a negative payment would be required on a positive unfunded actuarial liability; or
- When the payment would completely amortize the total unfunded liability in a very short time period, and results in a large change in the employer contribution requirement.

In any year when one of the above scenarios occurs, the actuary will consider corrective action such as replacing the existing unfunded liability bases with a single “fresh start” base and amortizing it over an appropriate period.

The current amortization schedule on the following page may appear to show that, based on the current amortization bases, one of the above scenarios will occur at some point in the future. It is impossible to know today whether such a scenario will in fact arise since there will be additional bases added to the amortization schedule in each future year. Should such a scenario arise in any future year, the actuary will take appropriate action based on guidelines in the CalPERS [Actuarial Amortization Policy](#).

Amortization Schedule and Alternatives (continued)

Date	Current Amortization Schedule		Alternative Schedules			
	Balance	Payment	10 Year Amortization		5 Year Amortization	
			Balance	Payment	Balance	Payment
6/30/2027	2,860,313	392,161	2,860,313	390,431	2,860,313	671,419
6/30/2028	2,649,540	424,802	2,651,327	390,431	2,360,942	671,419
6/30/2029	2,390,701	403,841	2,428,130	390,431	1,827,614	671,419
6/30/2030	2,135,921	380,772	2,189,755	390,431	1,258,020	671,419
6/30/2031	1,887,659	367,330	1,935,171	390,431	649,694	671,420
6/30/2032	1,636,405	360,815	1,663,275	390,431		
6/30/2033	1,374,800	353,731	1,372,890	390,431		
6/30/2034	1,102,726	339,995	1,062,759	390,431		
6/30/2035	826,345	318,054	731,539	390,431		
6/30/2036	553,847	279,341	377,796	390,430		
6/30/2037	302,825	157,894				
6/30/2038	160,242	128,480				
6/30/2039	38,365	39,648				
6/30/2040						
6/30/2041						
6/30/2042						
6/30/2043						
6/30/2044						
6/30/2045						
6/30/2046						
6/30/2047						
6/30/2048						
6/30/2049						
Total		3,946,864		3,904,309		3,357,096
Interest Paid		1,086,551		1,043,996		496,783
Estimated Savings				42,555		589,768

Employer Contribution History

The table below provides a recent history of the employer contribution requirements for the plan, as determined by the annual actuarial valuation. Changes due to prepayments or plan amendments after the valuation report was finalized are not reflected.

Valuation Date	Contribution Year	Employer Normal Cost Rate		Unfunded Liability Payment
		Rate Plan 352	Rate Plan 26281	
06/30/2016	2018-19	9.409%	6.842%	\$146,141
06/30/2017	2019-20	10.221%	6.985%	189,655
06/30/2018	2020-21	11.031%	7.732%	189,690
06/30/2019	2021-22	10.88%	7.59%	222,306
06/30/2020	2022-23	10.87%	7.47%	249,188
06/30/2021	2023-24	12.47%	7.68%	213,879
06/30/2022	2024-25	12.52%	7.87%	276,740
06/30/2023	2025-26	12.58%	7.96%	330,355
06/30/2024	2026-27	12.56%	7.93%	370,230
06/30/2025	2027-28	13.11%	8.05%	392,161

Funding History

The table below shows the recent history of the actuarial accrued liability, share of the pool's fair value of assets, unfunded accrued liability, funded ratio and annual covered payroll.

Valuation Date	Accrued Liability	Share of Pool's Fair Value of Assets	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll
06/30/2016	\$11,417,918	\$8,670,592	\$2,747,326	75.9%	\$2,347,917
06/30/2017	12,522,879	9,797,977	2,724,902	78.2%	2,491,890
06/30/2018	13,907,204	10,660,351	3,246,853	76.7%	2,602,267
06/30/2019	14,703,272	11,963,096	2,740,176	81.4%	2,481,040
06/30/2020	15,364,250	12,249,609	3,114,641	79.7%	2,426,948
06/30/2021	16,721,226	15,390,213	1,331,013	92.0%	2,382,697
06/30/2022	17,759,925	14,118,165	3,641,760	79.5%	3,026,959
06/30/2023	18,506,424	14,450,189	4,056,235	78.1%	3,866,492
06/30/2024	19,403,704	15,639,129	3,764,575	80.6%	4,170,178
06/30/2025	20,708,724	17,554,008	3,154,716	84.8%	4,660,781

Risk Analysis

• Future Investment Return Scenarios	20
• Discount Rate Sensitivity	21
• Mortality Rate Sensitivity	22
• Maturity Measures	22
• Maturity Measures History	23
• Funded Status – Termination Basis	24
• Funded Status – Low-Default-Risk Basis	25

Future Investment Return Scenarios

Analysis using the investment return scenarios from the Asset Liability Management process completed in 2025 was performed to determine the effects of various future investment returns on required employer UAL contributions. The CalPERS [Funding Risk Mitigation Policy](#) stipulates that when the investment return exceeds the discount rate by at least 2% the board will consider adjustments to the discount rate. The projections below use a discount rate of 6.8% for all scenarios even though an annual return of 11.6% is high enough to trigger a board discussion on the discount rate. The projections also assume that all other actuarial assumptions will be realized and that no further changes in assumptions, contributions, benefits, or funding will occur.

The employer normal cost rates are not affected by Investment returns, and since no future assumption changes are being reflected, the projected employer normal cost rates for every future investment return scenario are the same as those shown earlier in this report. See [Projected Employer Contributions](#) for more information on projecting the employer normal cost.

The first table shows projected UAL contribution requirements if the fund were to earn either 1.9% or 11.6% annually. These alternate investment returns were chosen because 90% of long-term average returns are expected to fall between them over the 20-year period ending June 30, 2045.

Assumed Annual Return FY 2025-26 through FY 2044-45	Projected Employer UAL Contributions				
	2028-29	2029-30	2030-31	2031-32	2032-33
1.9% (5th percentile)	\$446,000	\$467,000	\$509,000	\$582,000	\$684,000
11.6% (95th percentile)	\$404,000	\$327,000	\$0	\$0	\$0

Required UAL contributions outside of this range are also possible. In particular, whereas it is unlikely that investment returns will average less than 1.9% or greater than 11.6% over a 20-year period, the likelihood of a single investment return less than 1.9% or greater than 11.6% in any given year is much greater. The following analysis illustrates the effect of an extreme, single year investment return.

The portfolio has an expected volatility (or standard deviation) of 12.7% per year. Accordingly, in any given year there is a 16% probability that the annual return will be -5.9% or less and a 2.5% probability that the annual return will be -18.6% or less. These returns represent one and two standard deviations below the expected return of 6.8%.

The following table shows the effect of one and two standard deviation investment losses in FY 2025-26 on the FY 2028-29 contribution requirements. Note that a single-year investment gain or loss decreases or increases the required UAL contribution amount incrementally for each of the next five years, not just one, due to the 5-year ramp in the amortization policy. However, the contribution requirements beyond the first year are also impacted by investment returns beyond the first year. Historically, significant downturns in the market are often followed by higher than average returns. Such investment gains would offset the impact of these single year negative returns in years beyond FY 2028-29.

Assumed Annual Return for Fiscal Year 2025-26	Required Employer UAL Contributions	Projected Employer UAL Contributions
	2027-28	2028-29
(18.6%) (2 standard deviation loss)	\$392,161	\$534,000
(5.9%) (1 standard deviation loss)	\$392,161	\$479,000

- Without investment gains (returns higher than 6.8%) in FY 2026-27 or later, projected contributions rates would continue to rise over the next four years due to the continued phase-in of the impact of the illustrated investment loss in FY 2025-26.
- The Pension Outlook Tool can be used to model projected contributions for these scenarios beyond FY 2028-29 as well as to model other investment return scenarios.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.3% and 2.5%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2025, assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 6.8% as well as alternate discount rates of 5.8% and 7.8%. The rates of 5.8% and 7.8% were selected since they illustrate the impact of a 1.0% increase or decrease to the 6.8% assumption.

Sensitivity to the Discount Rate Due to Varying the Real Rate of Return Assumption

As of June 30, 2025	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.3%	4.3%	5.3%
a) Total Normal Cost			
Rate Plan 352	25.26%	20.05%	16.08%
Rate Plan 26281	19.87%	15.80%	12.71%
b) Accrued Liability	\$23,881,971	\$20,708,724	\$18,137,742
c) Fair Value of Assets	\$17,554,008	\$17,554,008	\$17,554,008
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$6,327,963	\$3,154,716	\$583,734
e) Funded Ratio	73.5%	84.8%	96.8%

Sensitivity to the Discount Rate Due to Varying the Price Inflation Assumption

As of June 30, 2025	1% Lower Price Inflation	Current Assumptions	1% Higher Price Inflation
Discount Rate	5.8%	6.8%	7.8%
Price Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.3%	4.3%	4.3%
a) Total Normal Cost			
Rate Plan 352	21.42%	20.05%	18.43%
Rate Plan 26281	16.95%	15.80%	14.46%
b) Accrued Liability	\$21,869,379	\$20,708,724	\$19,403,919
c) Fair Value of Assets	\$17,554,008	\$17,554,008	\$17,554,008
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$4,315,371	\$3,154,716	\$1,849,911
e) Funded Ratio	80.3%	84.8%	90.5%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2025, plan costs and funded status under two different longevity scenarios, namely assuming rates of post-retirement mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2025. This type of analysis highlights the impact on the plan of a change in the mortality assumption.

As of June 30, 2025	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost			
Rate Plan 352	20.39%	20.05%	19.73%
Rate Plan 26281	16.08%	15.80%	15.54%
b) Accrued Liability	\$21,175,168	\$20,708,724	\$20,281,320
c) Fair Value of Assets	\$17,554,008	\$17,554,008	\$17,554,008
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$3,621,160	\$3,154,716	\$2,727,312
e) Funded Ratio	82.9%	84.8%	86.6%

Maturity Measures

As pension plans mature they become more sensitive to risks. Understanding plan maturity and how it affects the ability of a pension plan sponsor to tolerate risk is important in understanding how the pension plan is impacted by investment return volatility, other economic variables and changes in longevity or other demographic assumptions.

Since it is the employer that bears the risk, it is appropriate to perform this analysis on a pension plan level considering all rate plans. The following measures include only the rate plans covered in this report. One way to look at the maturity level of CalPERS and its plans is to look at the ratio of a plan's retiree liability to its total liability. A pension plan in its infancy will have a very low ratio of retiree liability to total liability. As the plan matures, the ratio increases. A mature plan will often have a ratio above 60%-65%.

Ratio of Retiree Accrued Liability to Total Accrued Liability	June 30, 2024	June 30, 2025
1. Retiree Accrued Liability	\$10,398,102	\$10,228,616
2. Total Accrued Liability	\$19,403,704	\$20,708,724
3. Ratio of Retiree AL to Total AL [(1) ÷ (2)]	54%	49%

Another measure of the maturity level of CalPERS and its plans is the ratio of actives to retirees, also called the support ratio. A pension plan in its infancy will have a very high ratio of active to retired members. As the plan matures and members retire, the ratio declines. A mature plan will often have a ratio near or below one.

To calculate the support ratio for the rate plan, retirees and beneficiaries receiving a continuance are each counted as one, even though they may have only worked a portion of their careers as an active member of this rate plan. For this reason, the support ratio, while intuitive, may be less informative than the ratio of retiree liability to total accrued liability above.

Support Ratio	June 30, 2024	June 30, 2025
1. Number of Actives	79	85
2. Number of Retirees	51	53
3. Support Ratio [(1) ÷ (2)]	1.55	1.60

Maturity Measures (continued)

The actuarial calculations supplied in this communication are based on various assumptions about long-term demographic and economic behavior. Unless these assumptions (e.g., terminations, deaths, disabilities, retirements, salary increases, investment return) are exactly realized each year, there will be differences on a year-to-year basis. The year-to-year differences between actual experience and the assumptions are called actuarial gains and losses and serve to lower or raise required employer contributions from one year to the next. Therefore, employer contributions will inevitably fluctuate, especially due to the ups and downs of investment returns.

Asset Volatility Ratio

Shown in the table below is the asset volatility ratio (AVR), which is the ratio of fair value of assets to payroll. Plans that have a higher AVR experience more volatile employer contributions (as a percentage of payroll) due to investment return. For example, a plan with an AVR of 8 may experience twice the contribution volatility due to investment return volatility than a plan with an AVR of 4. It should be noted that this ratio is a measure of the current situation. It increases over time but generally tends to stabilize as a plan matures.

Liability Volatility Ratio

Also shown in the table below is the liability volatility ratio (LVR), which is the ratio of accrued liability to payroll. Plans that have a higher LVR experience more volatile employer contributions (as a percentage of payroll) due to changes in liability. For example, a plan with an LVR of 8 is expected to have twice the contribution volatility of a plan with an LVR of 4 when there is a change in accrued liability, such as when there is a change in actuarial assumptions. It should be noted that this ratio indicates a longer-term potential for contribution volatility, since the AVR, described above, will tend to move closer to the LVR as the funded ratio approaches 100%.

Contribution Volatility	June 30, 2024	June 30, 2025
1. Fair Value of Assets	\$15,639,129	\$17,554,008
2. Payroll	\$4,170,178	\$4,660,781
3. Asset Volatility Ratio (AVR) $[(1) \div (2)]$	3.8	3.8
4. Accrued Liability	\$19,403,704	\$20,708,724
5. Liability Volatility Ratio (LVR) $[(4) \div (2)]$	4.7	4.4

Maturity Measures History

Valuation Date	Ratio of Retiree Accrued Liability to Total Accrued Liability	Support Ratio	Asset Volatility Ratio	Liability Volatility Ratio
06/30/2017	59%	1.52	3.9	5.0
06/30/2018	56%	1.42	4.1	5.3
06/30/2019	56%	1.21	4.8	5.9
06/30/2020	56%	1.00	5.0	6.3
06/30/2021	56%	0.98	6.5	7.0
06/30/2022	59%	1.22	4.7	5.9
06/30/2023	57%	1.43	3.7	4.8
06/30/2024	54%	1.55	3.8	4.7
06/30/2025	49%	1.60	3.8	4.4

Funded Status – Termination Basis

The funded status measured on a termination basis is an estimated range for the financial position of the plan had the contract with CalPERS been terminated as of June 30, 2025. The accrued liability on a termination basis (termination liability) is calculated differently from the plan's ongoing funding liability. For the termination liability calculation, both compensation and service are frozen as of the valuation date and no future pay increases or service accruals are assumed. This measure of funded status is not appropriate for assessing the need for future employer contributions in the case of an ongoing plan, that is, for an employer that continues to provide CalPERS retirement benefits to active employees. Unlike the actuarial cost method used for ongoing plans, the termination liability is the present value of the benefits earned through the valuation date.

A more conservative investment policy and asset allocation strategy was adopted by the board for the Terminated Agency Pool. The Terminated Agency Pool has limited funding sources since no future employer contributions will be made. Therefore, expected benefit payments are secured by risk-free assets and benefit security for members is increased while limiting the funding risk. However, this asset allocation has a lower expected rate of return than the remainder of the PERF and consequently, a lower discount rate assumption. The lower discount rate for the Terminated Agency Pool results in higher liabilities for terminated plans.

The discount rate used for actual termination valuations is a weighted average of the 10-year and 30-year Treasury yields where the weights are based on matching asset and liability durations as of the termination date. The discount rates used in the following analysis are based on 20-year Treasury bonds, which is a good proxy for most plans. The discount rate upon contract termination will depend on actual Treasury rates on the date of termination, which varies over time, as demonstrated below.

Valuation Date	20-Year Treasury Rate	Valuation Date	20-Year Treasury Rate
6/30/2016	1.86%	6/30/2021	2.00%
6/30/2017	2.61%	6/30/2022	3.38%
6/30/2018	2.91%	6/30/2023	4.06%
6/30/2019	2.31%	6/30/2024	4.61%
6/30/2020	1.18%	6/30/2025	4.79%

As Treasury rates are variable, the table below shows a range for the termination liability using discount rates 1% below and above the 20-year Treasury rate on the valuation date. The price inflation assumption is the 20-year Treasury breakeven inflation rate, that is, the difference between the 20-year inflation indexed bond and the 20-year fixed-rate bond.

The Fair Value of Assets also varies with interest rates and will fluctuate depending on other market conditions on the date of termination. Since it is not possible to approximate how the assets will change in different interest rate environments, the results below use the plan's share of the pool's Fair Value of Assets as of the valuation date.

	Discount Rate: 3.79% Price Inflation: 2.47%	Discount Rate: 5.79% Price Inflation: 2.47%
1. Termination Liability ¹	\$28,188,768	\$20,611,940
2. Fair Value of Assets	17,554,008	17,554,008
3. Unfunded Termination Liability [(1) – (2)]	\$10,634,760	\$3,057,932
4. Funded Ratio [(2) ÷ (1)]	62.3%	85.2%

¹ The termination liabilities calculated above include a 5% contingency load. The contingency load and other actuarial assumptions can be found in Appendix A of the Section 2 report.

In order to terminate, first contact our Pension Contract Services unit to initiate a Resolution of Intent to Terminate. The completed Resolution will allow a CalPERS actuary to provide a preliminary termination valuation with a more up-to-date estimate of the plan's assets and liabilities. Before beginning this process, please consult with a CalPERS actuary.

Funded Status – Low-Default-Risk Basis

Actuarial Standard of Practice (ASOP) No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, requires the disclosure of a low-default-risk obligation measure (LDROM) of benefit costs accrued as of the valuation date using a discount rate based on the yields of high quality fixed income securities with cash flows that replicate expected benefit payments. Conceptually, this measure represents the level at which financial markets would value the accrued plan costs, and would be approximately equal to the cost of a portfolio of low-default-risk bonds with similar financial characteristics to accrued plan costs.

As permitted in ASOP No. 4, the Actuarial Office uses the Entry Age Actuarial Cost Method to calculate the LDROM. This methodology is in line with the measure of “benefit entitlements” calculated by the Bureau of Economic Analysis and used by the Federal Reserve to report the indebtedness due to pensions of plan sponsors and, conversely, the household wealth due to pensions of plan members.

As shown below, the discount rate used for the LDROM is 5.58%, which is the Standard FTSE Pension Liability Index¹ discount rate as of June 30, 2025.

Selected Measures on a Low-Default-Risk Basis	June 30, 2025
Discount Rate	5.58%
1. Accrued Liability – Low-Default-Risk Basis (LDROM)	
a) Active Members	\$8,715,691
b) Transferred Members	2,960,763
c) Separated Members	1,652,871
d) Members and Beneficiaries Receiving Payments	11,349,064
e) Total	\$24,678,389
2. Fair Value of Assets	17,554,008
3. Unfunded Accrued Liability – Low-Default-Risk Basis [(1e) – (2)]	\$7,124,381
4. Unfunded Accrued Liability – Funding Policy Basis	3,154,716
5. Present Value of Unearned Investment Risk Premium [(3) – (4)]	\$3,969,665

The difference between the unfunded liabilities on a low-default-risk basis and on the funding policy basis represents the present value of the investment risk premium that must be earned in future years to keep future contributions for currently accrued plan costs at the levels anticipated by the funding policy.

Benefit security for members of the plan relies on a combination of the assets in the plan, the investment income generated from those assets, and the ability of the plan sponsor to make necessary future contributions. If future returns fall short of 6.8%, benefit security could be at risk without higher than currently anticipated future contributions.

The funded status on a low-default-risk basis is not appropriate for assessing the sufficiency of plan assets to cover the cost of settling the plan’s benefit obligations (see [Funded Status – Termination Basis](#)), nor is it appropriate for assessing the need for future contributions (see [Funded Status – Funding Policy Basis](#)).

¹ This index is based on a yield curve of hypothetical AA-rated zero-coupon corporate bonds whose maturities range from 6 months to 30 years. The index represents the single discount rate that would produce the same present value as discounting a standardized set of liability cash flows for a fully open pension plan using the yield curve. The liability cash flows are reasonably consistent with the pattern of benefits expected to be paid from the entire Public Employees’ Retirement Fund for current and former plan members. A different index, hence a different discount rate, may be needed to measure the LDROM for a subset of the fund, such as a single rate plan or a group of retirees.

Supplementary Information

• Normal Cost by Benefit Group	27
• Summary of Valuation Data	28
• Status of PEPRA Transition	29
• Surcharge for Class 1 Benefits	29
• Plan's Major Benefit Options	30

Normal Cost by Benefit Group

The table below displays the Total Normal Cost broken out by benefit group for FY 2027-28. The Total Normal Cost is the annual cost of service accrual for the fiscal year for active employees and can be viewed as the long-term contribution rate for the benefits contracted. Generally, the normal cost for a benefit group subject to more generous benefit provisions will exceed the normal cost for a group with less generous benefits. Future measurements of the Total Normal Cost for each group may differ significantly from the current values due to such factors as changes in economic and demographic assumptions, changes in plan benefits, or changes in applicable law.

Rate Plan Identifier	Benefit Group Name	Total Normal Cost FY 2027-28	Offset due to Employee Contributions FY 2027-28	Employer Normal Cost FY 2027-28	Number of Actives	Payroll on 6/30/2025
352	Miscellaneous Plan	20.05%	6.94%	13.11%	14	\$1,047,867
26281	PEPRA Miscellaneous Plan	15.80%	7.75%	8.05%	<u>71</u>	<u>3,612,914</u>
	Total				85	\$4,660,781

Note that if a Benefit Group above has multiple bargaining units, each of which has separately contracted for different benefits such as Employer Paid Member Contributions, then the Normal Cost shown for the respective benefit level does not reflect those differences.

Summary of Valuation Data

The table below shows a summary of the plan's member data upon which this valuation is based:

	June 30, 2024	June 30, 2025
Active Members		
Counts	79	85
Average Attained Age	37.5	37.2
Average Entry Age to Rate Plan	32.5	32.0
Average Years of Credited Service	4.7	4.8
Average Annual Covered Pay	\$52,787	\$54,833
Annual Covered Payroll	\$4,170,178	\$4,660,781
Present Value of Future Payroll	\$48,098,152	\$56,991,516
Transferred Members		
Counts	55	53
Separated Members		
Counts	115	130
Retired Members and Beneficiaries*		
Counts	51	53
Average Annual Benefits	\$17,797	\$17,271
Total Annual Benefits	\$907,624	\$915,379

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

Average Annual Benefits represents benefit amounts payable by this plan only. Some members may have service in another plan and would therefore have a larger total benefit than would be included as part of the average shown here.

* Values include community property settlements

Status of PEPRA Transition

The California Public Employees' Pension Reform Act of 2013 (PEPRA), which took effect in January 2013, changed CalPERS retirement benefits and placed compensation limits on new members joining CalPERS on or after January 1, 2013. One of the objectives of PEPRA was to improve the ability of employers to manage the costs of retirement benefits for their members. While such changes can reduce future benefit costs in a meaningful way, the full impact on employer contributions will not occur until all active members are subject to the rules and provisions of PEPRA. The table below illustrates the status of this transition as of June 30, 2025.

	Classic	PEPRA	PEPRA as a Percent of Total
Active Members			
Count	14	71	83.5%
Average Attained Age	46.1	35.5	
Average Entry Age	29.8	32.4	
Average Years of Credited Service	14.8	2.8	
Average Annual Covered Payroll	\$74,848	\$50,886	
Annual Covered Payroll	\$1,047,867	\$3,612,914	77.5%
Present Value of Future Payroll	\$10,869,369	\$46,122,147	80.9%
Transferred Members			
Count	35	18	34.0%
Separated Members			
Count	56	74	56.9%
Retired Members and Beneficiaries Receiving Payments			
Count	52	1	1.9%
Average Annual Benefit	\$17,602	\$51	
Total Annual Benefits	\$915,328	\$51	0.0%
Accrued Liabilities			
Active Members	\$4,406,094	\$2,362,920	34.9%
Transferred Members	2,004,015	307,460	13.3%
Separated Members	963,648	435,971	31.1%
Retired Members and Beneficiaries	<u>10,227,402</u>	<u>1,214</u>	<u>0.0%</u>
Total	\$17,601,159	\$3,107,565	15.0%

Surcharge for Class 1 Benefits

This plan has the following Class 1 benefit provisions which result in the surcharges indicated:

Class 1 benefit provisions	Rate Plan 352	Rate Plan 26281
One Year Final Compensation (FAC 1)	<u>0.69%</u>	<u>N/A</u>
Surcharge for Class 1 Benefits	0.69%	0.00%

Plan's Major Benefit Options

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 352	Benefit Group				
Member Category	Misc	Misc	Misc	Misc	
Demographics					
Actives	Yes	No	No	No	
Transfers/Separated	Yes	Yes	No	No	
Receiving	Yes	Yes	Yes	Yes	
Benefit Provision					
Benefit Formula	2% @ 55	2% @ 55			
Social Security Coverage	Yes	No			
Full/Modified	Modified	Full			
Employee Contribution Rate	7.00%				
Final Average Compensation Period	One Year	One Year			
Sick Leave Credit	Yes	Yes			
Non-Industrial Disability	Standard	Standard			
Industrial Disability	No	No			
Pre-Retirement Death Benefits					
Optional Settlement 2	Yes	Yes			
1959 Survivor Benefit Level	No	No			
Special	No	No			
Alternate (firefighters)	No	No			
Post-Retirement Death Benefits					
Lump Sum	\$2,000	\$2,000	\$2,000	\$2,000	
Survivor Allowance (PRSA)	No	No	No	No	
COLA	2%	2%	2%	2%	

Plan's Major Benefit Options (Continued)

Shown below is a summary of the major optional benefits for which the agency has contracted. A description of principal standard and optional plan provisions is in Section 2.

Rate Plan 26281	Benefit Group				
Member Category	Misc				
Demographics					
Actives	Yes				
Transfers/Separated	Yes				
Receiving	Yes				
Benefit Provision					
Benefit Formula	2% @ 62				
Social Security Coverage	Yes				
Full/Modified	Full				
Employee Contribution Rate	7.75%				
Final Average Compensation Period	Three Year				
Sick Leave Credit	Yes				
Non-Industrial Disability	Standard				
Industrial Disability	No				
Pre-Retirement Death Benefits					
Optional Settlement 2	Yes				
1959 Survivor Benefit Level	No				
Special	No				
Alternate (firefighters)	No				
Post-Retirement Death Benefits					
Lump Sum	\$2,000				
Survivor Allowance (PRSA)	No				
COLA	2%				

Section 2

California Public Employees' Retirement System

Risk Pool Actuarial Valuation Information

Section 2 may be found on the CalPERS website
in the [Forms & Publications](#) section