



PERA

Investments & Pensions Oversight Committee

Representative Patricia Roybal Caballero, Chair

Senator Roberto “Bobby” J. Gonzales, Vice Chair

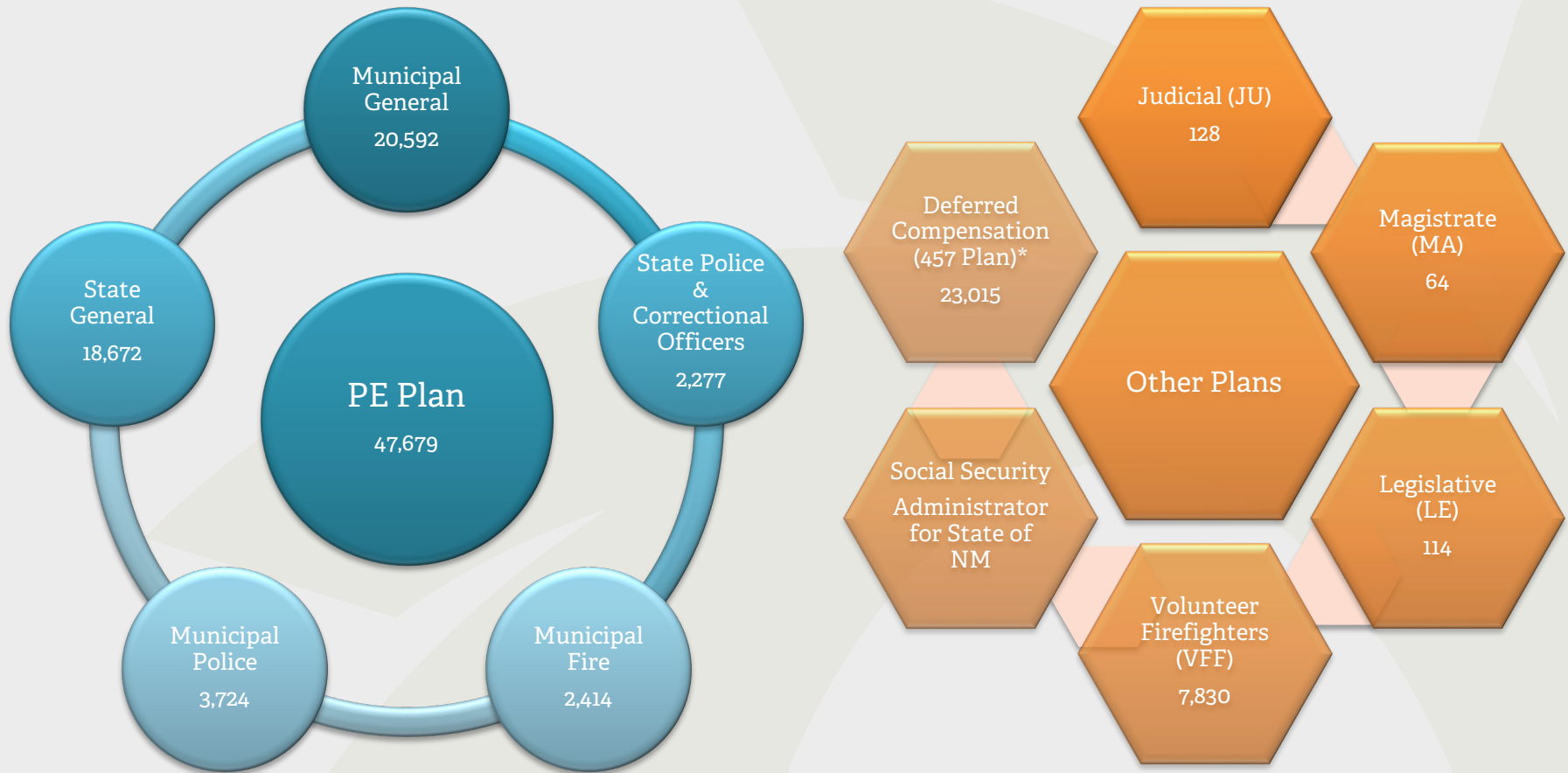
November 12, 2021

Francis Page, Acting Board Chair

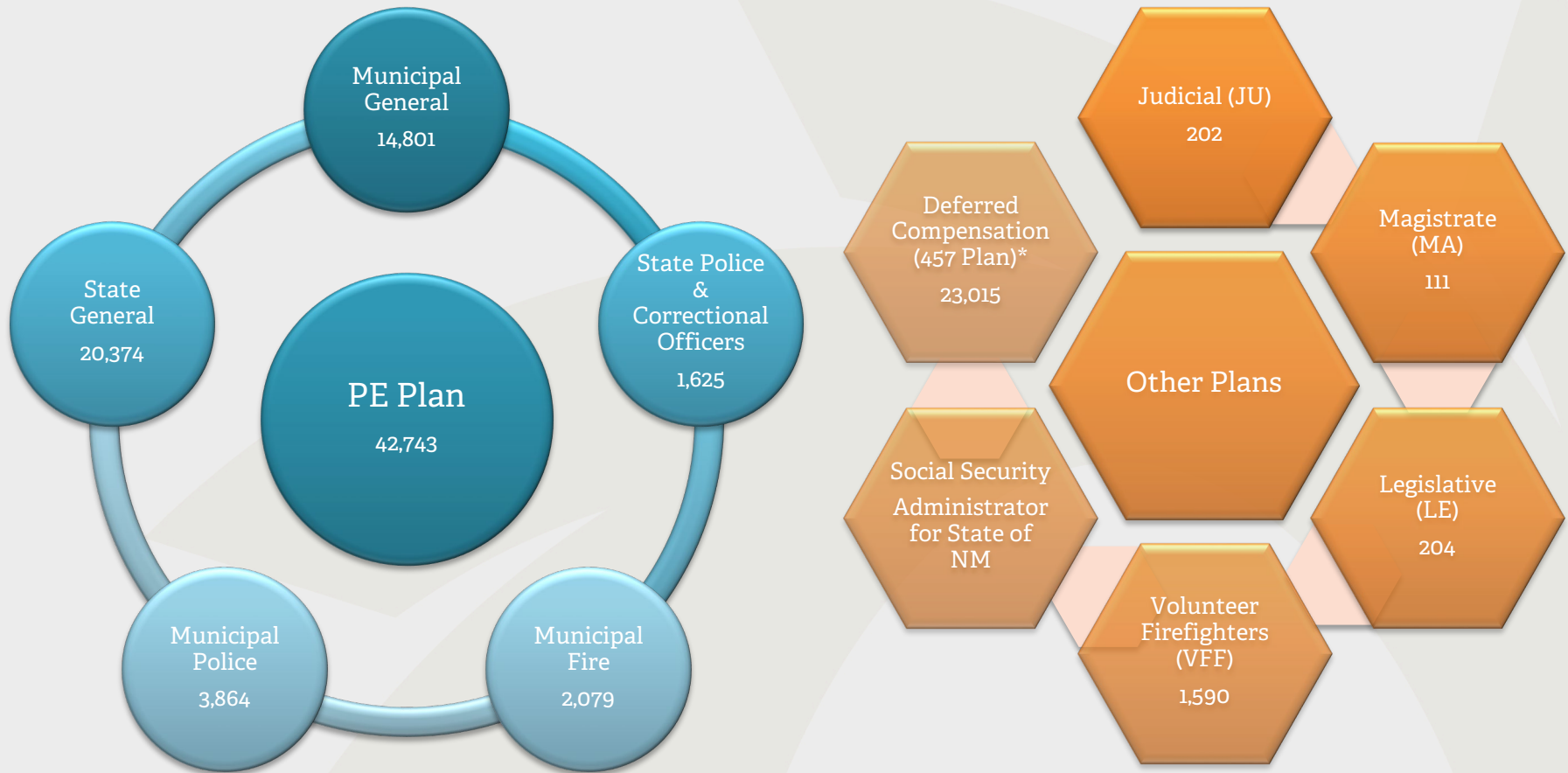
Greg Trujillo, Executive Director

Kristin Varela, Interim Chief Investment Officer

Who We Serve – Active Membership



Who We Serve – Retired Membership



Fiscal Year 2021 In Review



Total Fund Value
\$17.6 Billion



Rate of Return (net of fees)
24.02%



Active Members
47,679



Participating Employers
335



Retirees and Benefit Recipients
42,743



Retirement Benefits Paid
\$1.3 Billion



Funded Ratio
71.4%



Amortization Period
72 Years

Overview of SB72

Effective 7/1/2020

Retired Members:

- Non-compounding, additional 13th check in lieu of Cost Of Living Adjustment for three consecutive fiscal years (FY21, 22 and 23), funded by a \$55 million appropriation.
- Reduced the COLA eligibility period from 7 to 2 full calendar years before eligibility.
- Effective July 1, 2023, provides for a profit-share COLA calculation tied to both investment performance and the funded ratio of the PERA Fund for all current and future retirees, with a .5% floor and 3% maximum until 100% funded.
- Protects most vulnerable pension recipients, including disability retirees and retirees with 25 years of service and annual pension benefit of \$25,000 or less, who will continue to receive a flat 2.5% COLA.
- Increased the COLA to 2.5% for pension recipients age 75 years on or before June 30, 2020.

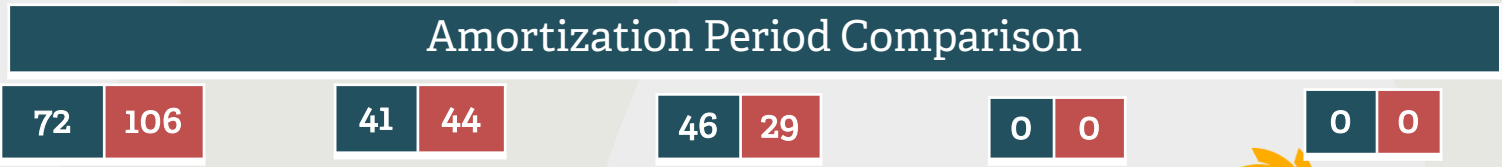
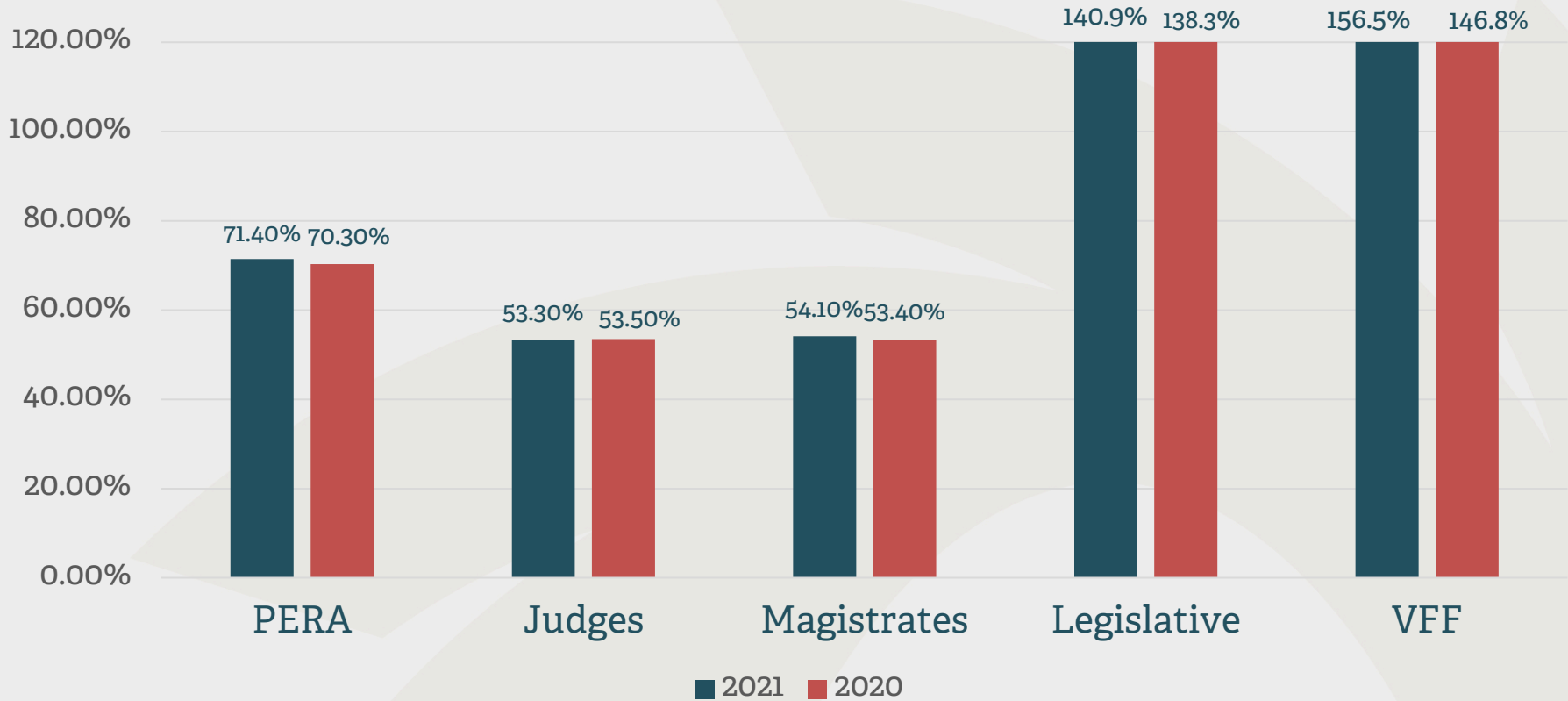
Active Members:

- State Employees: FY2021 – FY2024 - increases employee and employer contribution rates .5% over 4 years (2% employee/2% employer), excludes State Police & Adult Correctional Officer Plan and employees earning less than \$25,000.
- Municipal and County Employees: FY2023 – FY2026 – increases employee and employer contribution rates .5% over 4 years (2% employee/2% employer), excludes employees earning less than \$25,000.
 - ✓ Includes triggers to reduce contribution rates depending on the ratio of each coverage plan.
- Reduces vesting for Tier 2 members to 5 years for general members (from 8) and public safety members (from 6).

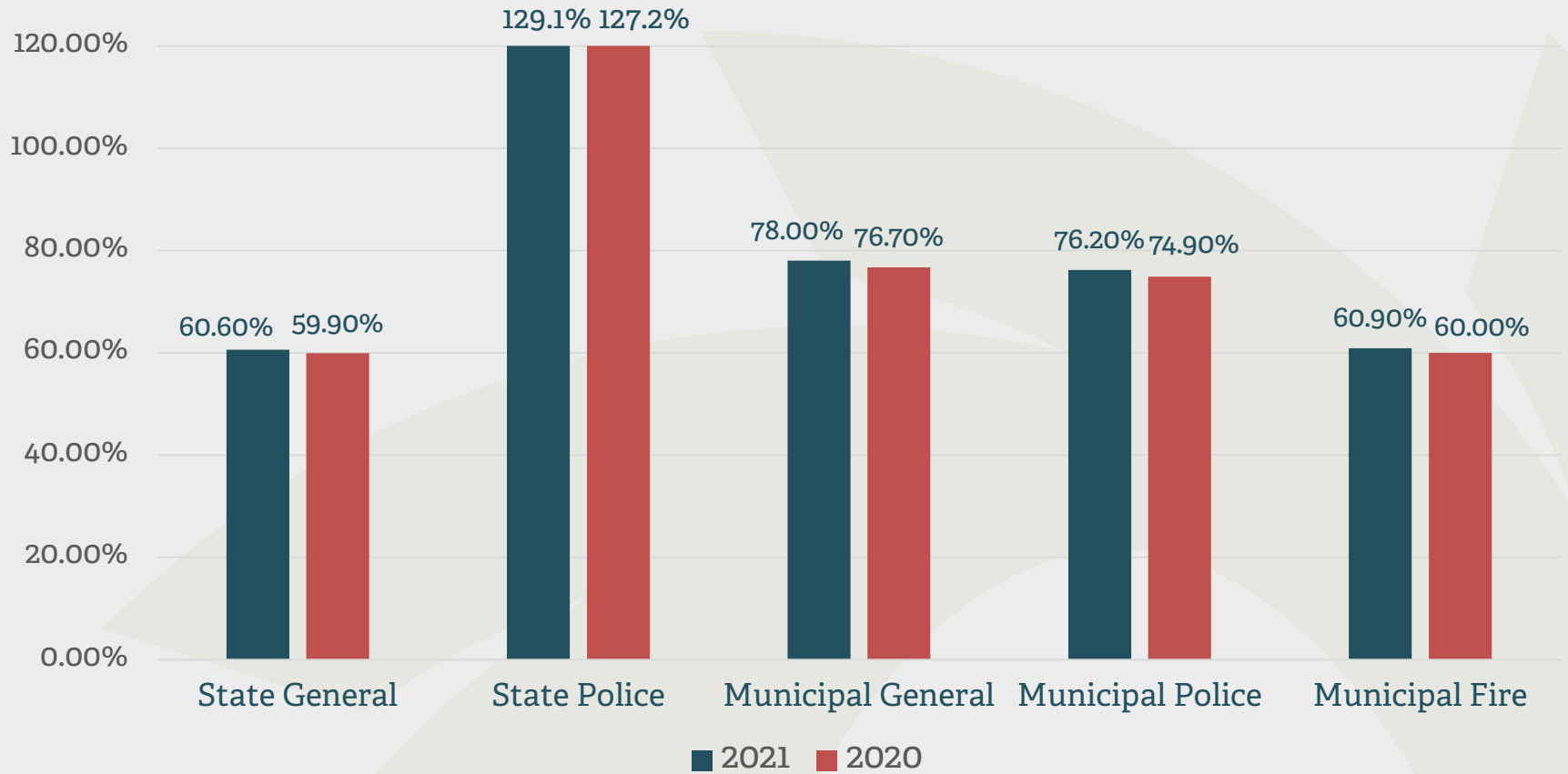
Funded Ratio as of 6/30/2021

71.4%

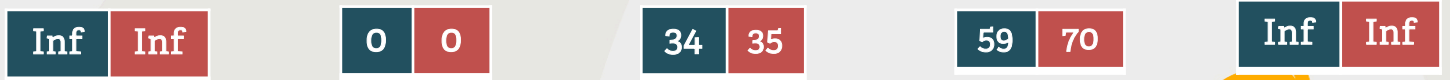
Funded Ratio By Fund



PE Fund - Funded Ratio By Division



Amortization Period Comparison



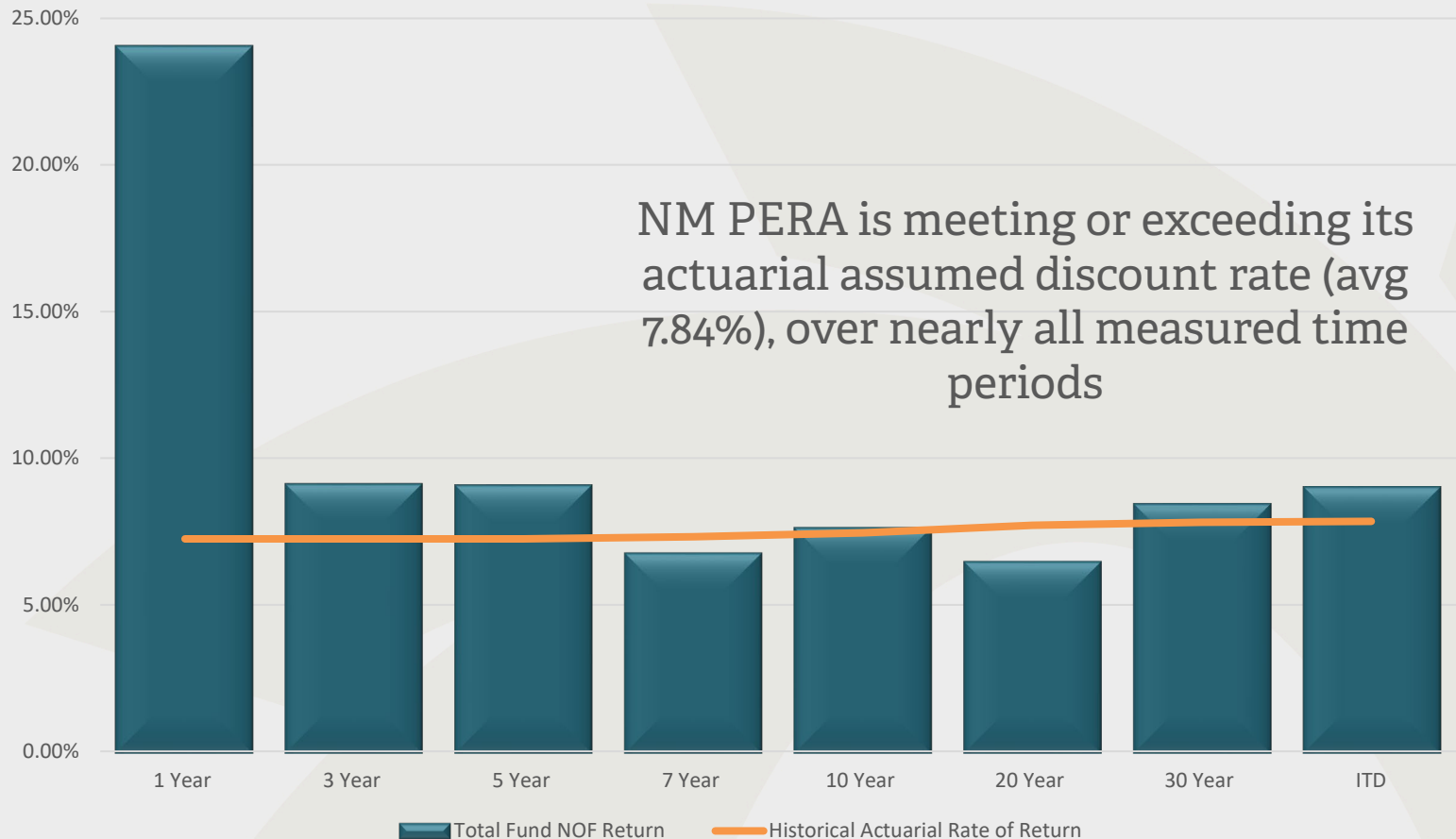
PERA Fund Performance – FY2021

- PERA's market value increased by \$3.5 billion over FY2021, closing the Fiscal Year at \$17.6b, *as of September 30 an all time high of \$18.2 billion*
- PERA paid out \$1.3b in total member benefits for FY2021, investment activities funded \$684m (52%) of member benefit payments
- PERA marked its strongest FYTD return since its inception, 24.02%
- Risk adjusted returns for the fiscal year ranked in the top 20%, when compared to 94 public pension peers
- Relative returns lagged slightly, while still experiencing strong absolute returns

As of 06/30/2021	FYTD 2021	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	30 Years	ITD (1985)
PERA Total Fund Returns*	24.02%	24.02%	9.12%	9.07%	6.76%	7.62	6.47%	8.44%	9.01%
Policy Benchmark*	24.17%	24.17%	9.36%	8.98%	6.99%	7.61%	6.49%	8.12%	8.93%
Value Add	-0.15%	-0.15%	-0.24%	0.09%	-0.23%	0.01%	-0.02%	0.32%	0.08%

NOTE: performance is based on annualized, net of fee, lagged private market results.

Scorecard: Assumed Rate of Return



Source: Wilshire Quarterly Performance Report, Q2 2021

Note: the average actuarial rate or return since inception has been 7.84%: 8.00% from 1985 – 2010, 7.75% from 2011 – 2015, & 7.25% from 2016 – present

Potential Legislation – 75th Anniversary

- In discussion with the Administrative Office of the Courts (AOC) to potentially pursue one time funding for the Judicial and Magistrate Retirement Plans.
- PERA will pursue full funding of SB315 passed in 2020 Legislative Session.



**Happy
75th
Anniversary
PERA!**



PERA Act

The PERA Act was enacted in 1947 and became effective on August 1, 1947.

