

San Luis Obispo County

Pension Trust

SLO CPT

Update - 2019

San Luis Obispo County

Retired Employees Association

SLO Pension Trust

805/781-5465

1000 Mill St., San Luis Obispo, CA 93408

SLOPensionTrust.org

The Pension Trust

SLOCPT is a “Trust”

– Independent entity administering the Retirement Plan

2,725 Active Members

2,868 Retired Members (retirees, survivors, beneficiaries, disabilities)

489 Deferred Members

6,082 Total Members (at 1/1/19)

Total Assets = \$1.3 billion

Active Employees (at 1/1/19)

Avg. Active Employee Age = 44.7 Avg. Age at Hire = 35.1

Avg. Service = 9.0 years

Tier 1 = 1,250 (46%) Tier 2 = 311 (11%) Tier 3 = 1,164 (43%)

Current Monthly Retiree Payroll: \$8.0 million

Avg. Retiree Benefit approx. = \$33,600/yr

Avg. Retiree Age = 69.3

Avg. Age at Retirement = 59.2 (2018 new retirees avg. 60.1)

80% of Retiree benefits paid in SLO County

Typical pension benefit ~ 1.5x spending in the area

SLOCPT – Retiree COLA

- Retirement Plan includes retiree COLA
 - April 1st of each year (if retired on or before Jan. 1st)
 - Tier 1 (and earlier retirees)
 - = maximum up to 3.00%/year with carryover (COLA bank)
 - Tier 2 & 3 = maximum up to 2.00%/year
- 2019 COLA = +**3.0%** (Tier 1)
 - 2 year average of CPI inflation in LA and SF = 3.4%
 - 2017: LA = 2.8%, SF = 3.2%
 - 2018: LA = 3.8%, SF = 3.9%
 - Tier 1 Carryover (COLA bank) for future years = +0.4%
 - Applies in future if CPI < 3.0%
- Future COLAs depend on CPI inflation
 - Can be positive or negative

SLO Actuarial Status

2018 Actuarial Valuation – 12/31/17 data

Actuarial Accrued Liability (AAL) \$ 1,946 million
at **7.00% discount rate**

Actuarial Value of Assets (AVA) \$ 1,329 million

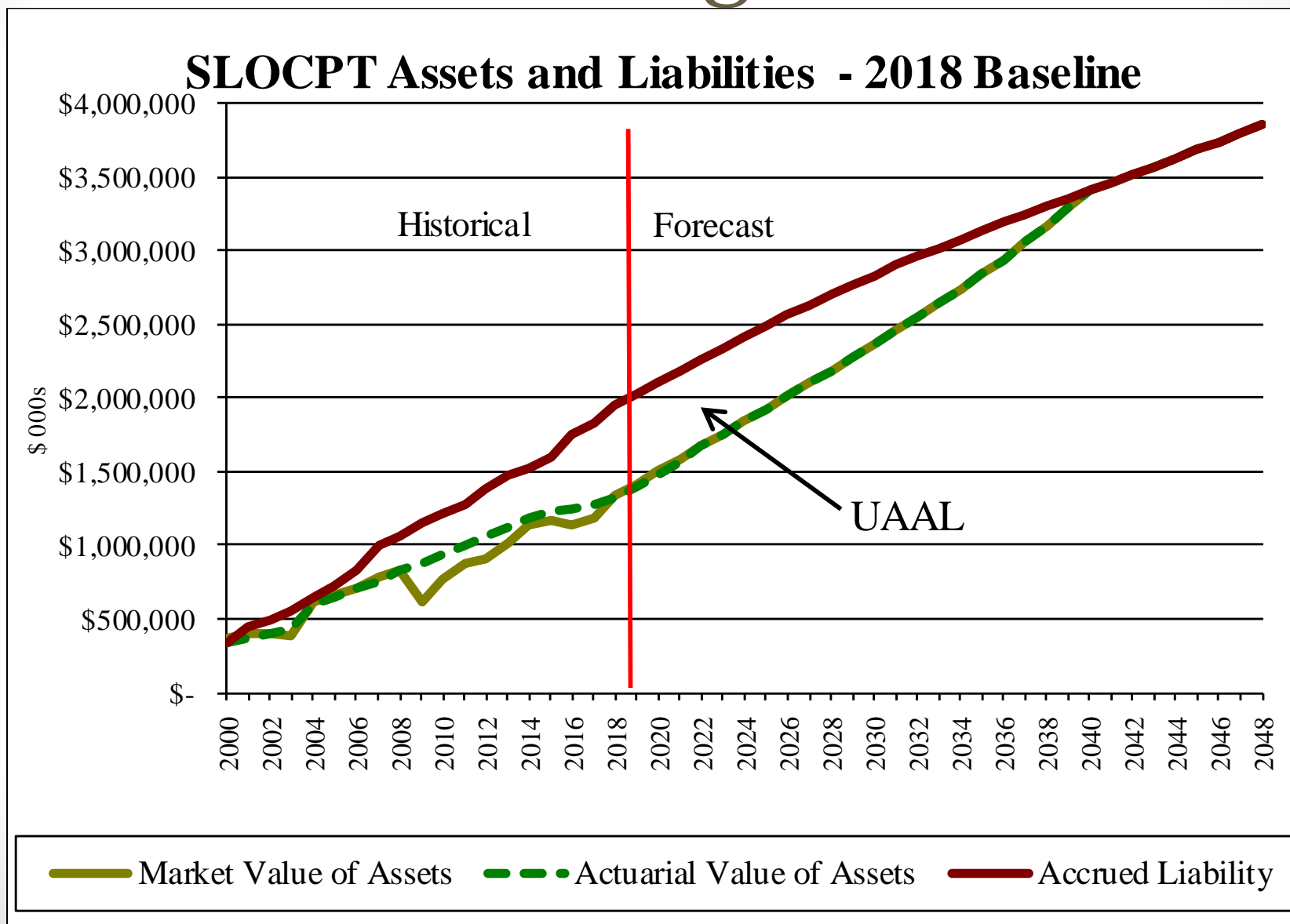
Market Value of Assets (MVA) \$ 1,340 million

Unfunded Actuarial Accrued Liab. (UAAL) \$ 617 million

Funded Ratio - Liabilities vs. AVA 68.3%

Funded Ratio - Liabilities vs. MVA 68.9%

Pension Funding



Earnings Assumptions

- Assumed Rate of Future Investment Earnings –
 - Controversial and sensitive variable in Actuarial Valuation
 - Used as the Discount Rate to calculate future liabilities
 - Lower Earnings Assumptions are more conservative, but contribute to a lower funded ratio and higher contribution rates.
- **SLOCPT Earnings Assumption = 7.000% in 2018**
 - 7.125% in 2016 - 2017
 - 7.250% in 2013 - 2015
 - 7.750% in 2012
- Other Retirement Systems
 - SLOCPT below the median of other retirement systems
 - CalPERS – 7.500% in 2016 to 7.000% over 3 years
 - CalSTRS – 7.500% in 2016 to 7.000% over 2 years
 - Leads to large contribution rate increases – more conservative

Pension Reform in California

- Perception that public sector pensions are unsustainable
- CalPERS rate increases have large impact on budgets
- California already accomplished significant pension reform with PEPRA in 2013 – e.g., Tier 3 benefits for new hires
- California law treats the benefits currently being earned by public employees as a “vested right”
 - **Retiree Benefits** –
 - Under contract law – very difficult to change (e.g., bankruptcy)
 - **Active Employees – Benefits Already Accrued** –
 - Under contract law – very difficult to change
 - **Active Employees – Future Benefits To Be Accrued** –
 - Protected by Vested Rights – difficult to change
 - Multiple Appellate Court opinions about future accrual of benefits under review by California Supreme Court

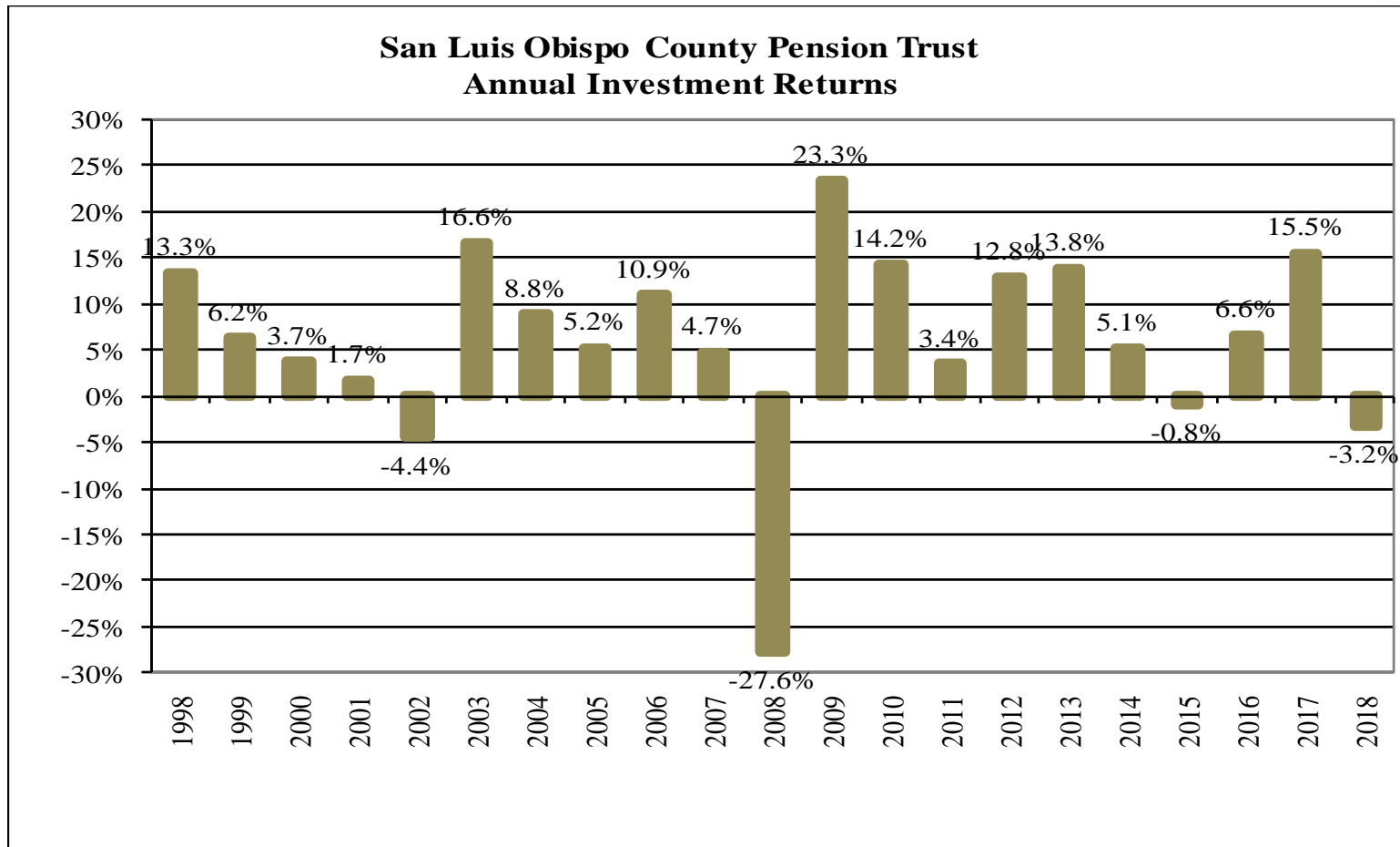
Vested Rights / The “California Rule”

- Court challenges to Vested Rights related to current active employees and their rights to future accrual of benefits
- Calif. Supreme Court ruling – 3/4/19 – CalFire case
 - Purchase of “Airtime” allowed by CalPERS 2002-2012
 - Banned by PEPPRA starting 2013
 - Litigation by CalFire union asserting purchase of Airtime service credits protected under Vested Rights (California Rule)
 - Supreme Court ruled –
 - Legislature had authority to amend pension benefits previously granted if peripheral in nature.
 - Purchase of Airtime not protected – not related to actual worked time so not covered by Vested Rights.
 - **Court deliberately set aside “Core” benefits from consideration**
 - **Vested Rights / California Rule not impacted by Court decision in CalFire case**

Vested Rights / The “California Rule”

- Marin County case – appeals court ruled
 - “There is no absolute requirement that elimination or reduction of an anticipated retirement benefit ‘must’ be counterbalanced by a ‘comparable new benefit’”. – Counter to the Vested Rights past rulings...
- Pending Supreme Court cases
 - Deals with components of Pensionable Compensation banned by PEPPRA as an anti-spiking change (none of which ever applied to SLO County Retirement Plan)
 - Alameda, Contra Costa, Merced lawsuits
 - Marin lawsuit

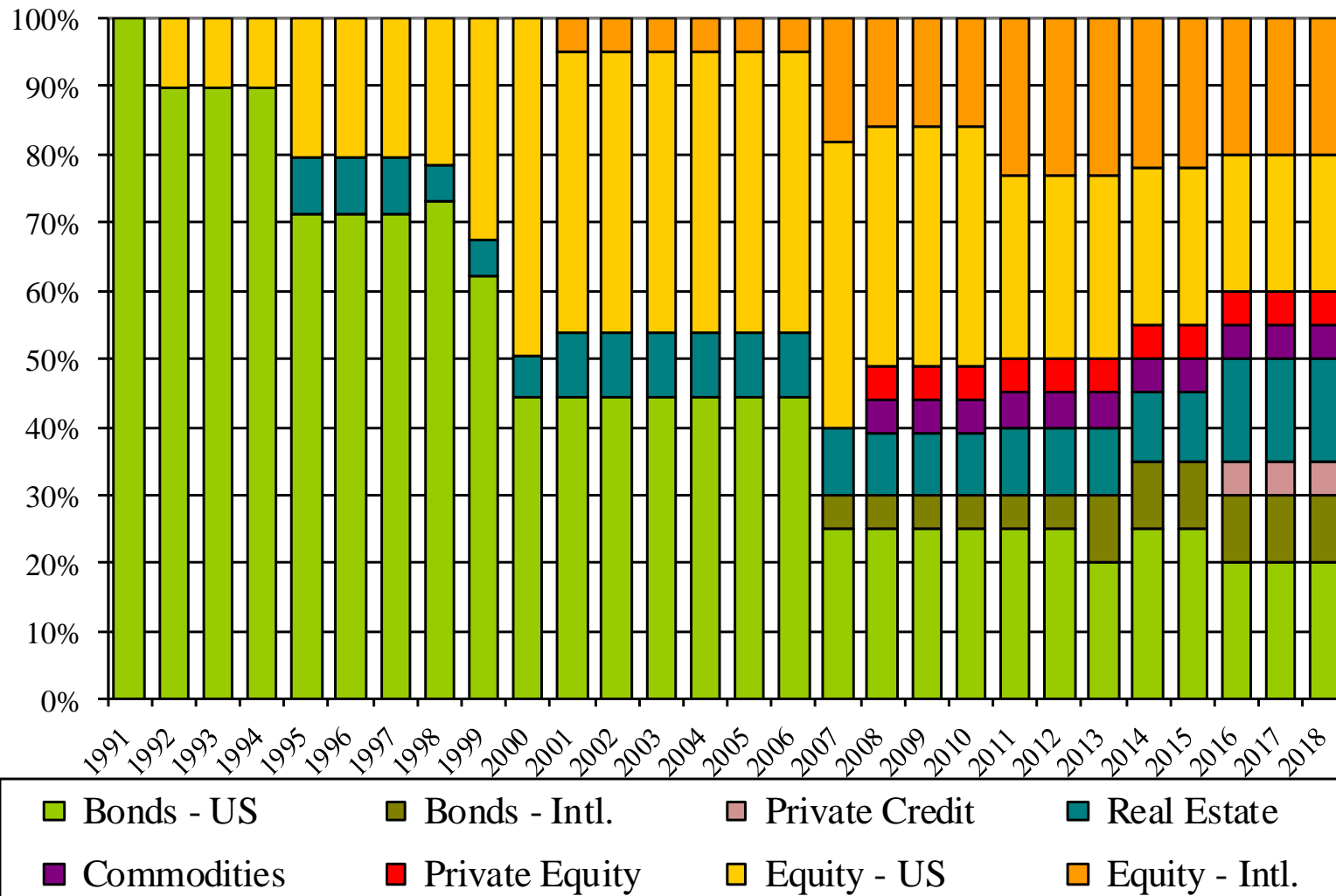
SLOCPT – Investments – Returns



	1 year	5 Years	10 Years	15 Years
SLOCPT	-3.2%	4.4%	8.8%	5.5%

SLOCPT – Investment Policy

SLOCPT Asset Allocation (Policy)



SLOCPT Investment Policy slightly below average in risk

Retiree Healthcare

- Retiree Healthcare through Employer Plans
 - Most **County** retirees may participate in the County's medical group plan with CSAC-EIA
 - **Court** retirees may participate in the Court's medical group plan with CalPERS Health
- Many retirees do not participate in their Employer's plans – e.g., get Medicare Supplement instead
- SLOCPT withholds insurance premiums
 - Premiums withheld for plan chosen
 - Employer contributes \$139 or \$136 (depending on BU) if enrolled in sponsored plan

Nearing age 65

- Nearing age 65 for you or covered spouse
- 90 days prior to turning 65
 - Contact Medicare and enroll
 - Obtain enrollment cards in Medicare Part A & B
 - Contact your Health Plan or your former employer's HR to make enrollment change for a Medicare supplemented health plan

SLOCPT – Governance

- 7 member Board of Trustees
 - 3 Appointed by County Board of Supervisors
 - Jeff Hamm (retired), Guy Savage, Gere Sibbach (retired)
 - 3 Elected by Employees
 - 3 year staggered terms
 - Matt Janssen, Will Clemens, Michelle Shoresman
 - 1 County Treasurer as ex officio Trustee
 - Jim Hamilton
- **All Trustees serve “At Large”**

SLOCPT – Staff

- Executive Secretary & Chief Investment Officer
 - Carl Nelson (2009)
- Deputy Executive Secretary
 - Amy Burke (2012)
- **Retirement Benefit Specialists**
 - Andrea Paley – retired 3/1/19 after 40 (!) years
 - Lisa Winter (4 years)
 - Anna Bastidos (4 years)
- **Retirement Technicians**
 - Denise Cameron (3 years)
 - Ros Harding (6 years)
- **Accounting**
 - Jennifer Alderete (4 years)
- **Front Desk**
 - Jennie McCarney (1 year)

SLOCPT – Administrative Software

- 2016-2019 Conversion to PensionGold software
 - Cloud-hosted in a secure environment
 - On-budget and on-schedule
 - Modern web-presence for active and retired members – late 2019
- **Important Dates for Retirees**
 - **April 16th – all changes for May 1st pmt. due.**
 - Aug. 1st retiree pmt. – new format for statements
 - Aug. 1st – retirees on paperless statements – return to mail until late 2019 and new website operational

New Member Portal for Retirees

- Active in late 2019
- Retirees features –
 - Statements – online access
 - 1099-R forms – access replacements online
 - View payment history and details
 - Change address
 - Secure upload of documents to SLOCPT
 - Beneficiary changes – original form to SLOCPT
 - **Direct Deposit bank changes – original to SLOCPT**
 - Security protection for your benefit payments

New Member Portal for Retirees

San Luis Obispo County
Pension Trust
SLOCPT

FAQs Contact

MemberDirect

Welcome!

Sign-in

Username
Password

[Forgot Username?](#)
 [Forgot Password?](#)

Why Register?

As a Member	As a Retiree
<ul style="list-style-type: none">• View your member information• Estimate your benefit• Download and complete forms• View and register for upcoming seminars	<ul style="list-style-type: none">• View your payment history and receipts• View deductions• Update your personal information• View and update your tax withholding

Direct Deposit

Primary Deposits [include prior deposits](#) | [view as grid](#)

JP MORGAN CHASE BANK

N.A.

Deposit Amount
\$6,204.20

Effective: 12/11/2018

Primary Checking

Routing #	Account #
322271627	****7041

Secondary Deposits

US BANK

Deposit Amount
25.00 %

Effective: 12/11/2018

Secondary Checking

Routing #	Account #
101200453	*****

Cyber Security for Retirees

- Don't click if in doubt!
- “Hover to Discover” on links and attachments
- Check your direct deposit every month with your bank and verify
- Notify the SLOCPT of any suspicious activity
- SLOCPT changes to direct deposit – call us for a paper form – no online changes

Information on Your Pension Account

- **General Information**

- www.SLOPensionTrust.org
 - *Coming in 2019 – new Member Portal online*
- SLOCPT@co.slo.ca.us
- 805/781-5465
- Call for -
 - Any questions of any type on pension benefits
 - Beneficiary forms for changes
 - Change of address
 - Tax Withholding changes
 - Direct Deposit bank changes