

Budget and Finance Commission

CalPERS Valuation Update

October 9, 2025

CalPERS Valuation Update

Report Parameters

- Report dated July 2025
- Data for year ending 06/30/2024
- Sets rates and payments for FY 2026-27

Results

- Total UAL and funded levels improved
- Employer normal cost rates decreased
- FY 26-27 UAL payment matches current year (\$4.3 million)

Unfunded Accrued Liability

Plan	Year			Delta	
	FY 24-25	FY 25-26	FY 26-27	\$	%
	Prior Valuation (data 6/30/22)	Prior Valuation (data 6/30/23)	Current Valuation (data 6/30/24)		
Miscellaneous	10,581,634	12,769,056	9,548,749	(3,220,307)	-25.2%
Safety	31,964,244	45,265,008	41,428,291	(3,836,717)	-8.5%
COMBINED	42,545,878	58,034,064	50,977,040	(7,057,024)	-12.2%

Funded Level

Plan	Year		
	FY 24-25	FY 25-26	FY 26-27
	Prior Valuation (data 6/30/22)	Prior Valuation (data 6/30/23)	Current Valuation (data 6/30/24)
Miscellaneous	95.6%	94.9%	96.3%
Safety	92.6%	89.9%	91.0%
COMBINED	93.7%	91.7%	92.9%

Normal Cost (% of pensionable payroll)

Plan	Year		
	FY 24-25	FY 25-26	FY 26-27
	Prior Valuation (data 6/30/22)	Prior Valuation (data 6/30/23)	Current Valuation (data 6/30/24)
Miscellaneous	10.31%	9.98%	9.72%
Safety	33.72%	33.62%	32.87%

Unfunded Accrued Liability Payment

Plan	Year			Delta	
	FY 24-25	FY 25-26	FY 26-27	\$	%
	Prior Valuation (data 6/30/22)	Prior Valuation (data 6/30/23)	Current Valuation (data 6/30/24)		
Miscellaneous	815,663	942,428	841,023	(101,405)	-10.8%
Safety	2,436,363	3,320,609	3,469,892	149,283	4.5%
COMBINED	3,252,026	4,263,037	4,310,915	47,878	1.1%

Unfunded Accrued Liability Payment Detail

- Each year's investment and non-investment experience constitutes an amortization base
- Investment and non-investment experience are amortized over 20 years
- Investment gains and losses are ramped in over five years (20%, 40%, 60%, 80%, 100%)
- **Each year's UAL payment is the sum of prior year amortization bases: the sum of the current year amortization of prior year experience**

Amortization Bases (Misc.)

CalPERS Actuarial Valuation - June 30, 2024
Miscellaneous Plan of the City of Redondo Beach
CalPERS ID: 5681155915

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, 2024.
- The required employer contributions determined by the valuation are for the fiscal year beginning two years after the valuation date: FY 2026-27.

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 2024-25 is based on the actuarial valuation two years ago, adjusted for additional discretionary payments, if necessary, and the expected payment for FY 2025-26 is based on the actuarial valuation one year ago.

FY 21-22
Investment
Return (-6.1%)

FY 23-24
Investment
Return (+9.3%)

FY 26-27 UAL
payment (misc.
portion)

Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escala- tion Rate	Amort. Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Benefit Change	6/30/22	No Ramp		0.00%	18	395,643	35,578	385,779	35,578	375,244	35,578
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	18	(803,036)	(72,212)	(783,016)	(72,212)	(761,634)	(72,212)
Partial Fresh Start	6/30/22	60%	Up Only	0.00%	18	12,803,560	275,209	13,389,790	550,417	13,731,472	825,626
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	1,972,060	558,414	1,529,072	45,271	1,586,264	65,207
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	19	(726,601)	0	(776,010)	(69,782)	(756,663)	(69,782)
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(6,103,760)	0	(6,518,816)	0	(6,962,095)	(149,648)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	20	2,010,883	0	2,147,623	0	2,293,661	206,254
Total						9,548,749	796,989	9,374,422	489,272	9,506,249	841,023

Amortization Bases (Safety)

CalPERS Actuarial Valuation - June 30, 2024
Safety Plan of the City of Redondo Beach
CalPERS ID: 5681155915

FY 21-22
Investment
Return (-6.1%)

FY 23-24
Investment
Return (+9.3%)

FY 26-27 UAL
payment
(safety portion)

Schedule of Amortization Bases

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Reason for Base	Date Est.	Ramp Level 2026-27	Ramp Shape	Escalation Rate	Amort Period	Balance 6/30/24	Expected Payment 2024-25	Balance 6/30/25	Expected Payment 2025-26	Balance 6/30/26	Minimum Required Payment 2026-27
Benefit Change	6/30/22	No Ramp		0.00%	18	196,239	17,647	191,346	17,646	186,121	17,646
Non-Investment (Gain)/Loss	6/30/22	No Ramp		0.00%	18	4,676,391	420,518	4,559,805	420,518	4,435,291	420,518
Partial Fresh Start	6/30/22	60%	Up Only	0.00%	18	32,154,387	691,149	33,626,624	1,382,297	34,484,712	2,073,446
Investment (Gain)/Loss	6/30/23	40%	Up Only	0.00%	19	3,519,019	1,264,755	2,451,263	80,784	2,534,463	104,185
Non-Investment (Gain)/Loss	6/30/23	No Ramp		0.00%	19	7,799,060	0	8,329,396	749,009	8,121,738	749,009
Investment (Gain)/Loss	6/30/24	20%	Up Only	0.00%	20	(10,435,877)	0	(11,145,517)	0	(11,903,412)	(255,860)
Non-Investment (Gain)/Loss	6/30/24	No Ramp		0.00%	20	3,519,072	0	3,758,369	0	4,013,938	360,948
Total						41,428,291	2,394,069	41,771,286	2,650,254	41,872,851	3,469,892

Returns & UAL

Fiscal Year	CalPERS Investment Return	Actuarial Report Year	Valuation Date	UAL in Valuation	% Annual Change	Notes
2010-11	21.7%	6/30/2011	6/30/2012	110,497,727		
2011-12	0.1%	6/30/2012	6/30/2013	132,733,669	20%	
2012-13	13.2%	6/30/2013	6/30/2014	119,722,222	-10%	
2013-14	18.4%	6/30/2014	6/30/2015	115,941,505	-3%	
2014-15	4.8%	6/30/2015	6/30/2016	137,483,684	19%	
2015-16	0.6%	6/30/2016	6/30/2017	174,162,856	27%	
2016-17	11.2%	6/30/2017	6/30/2018	173,854,333	0%	
2017-18	8.6%	6/30/2018	6/30/2019	202,395,183	16%	
2018-19	6.7%	6/30/2019	6/30/2020	208,715,529	3%	
2019-20	4.7%	6/30/2020	6/30/2021	218,668,761	5%	
2020-21	21.3%	6/30/2021	6/30/2022	163,400,593	-25%	Reflected 21.3% return
2021-22	-6.1%	6/30/2022	6/30/2023	42,545,878	-74%	Payoff made 7/15/21 UAL was \$0 as of September 2021 (start of FY 21-22) UAL reflects -6.1% impact on larger asset pool
2022-23	5.8%	6/30/2023	6/30/2024	58,034,065	36%	Adds 5.8% investment return & FY 22-23 experience impact to UAL
2023-24	9.3%	6/30/2024	6/30/2025	50,977,040	-12%	Adds 9.3% investment return and FY 23-24 experience impact to UAL
2024-25	11.6%	6/30/2025	6/30/2026			July 2026 valuation will incorporate 11.6% return

Future Outlook

- Factors Impacting UAL Payment
 - Ramping of negative & positive returns
 - Non-investment factors
 - Likely to see gradual changes (improvements)
- Annual payments will likely remain at the same/ a similar level for at least next two years
- Other factors to consider:
 - Growing PEPRA enrollment
 - 2025 Asset Liability Management Review

PEPRA Transition

- Balance continues to shift towards PEPRA
- Miscellaneous makeup changing more quickly

Plan	PEPRA Statistics			
	% of Members	Annual Covered Payroll	Present Value of Future Covered Payroll	Accrued Liabilities
Miscellaneous	60.2%	51.9%	63.2%	4.8%
Safety	55.6%	46.3%	65.6%	3.5%

Next Steps

- Budget & Finance Commission session to discuss CalPERS
- Will include review of projections created through CalPERS' pension tool