

CALPERS UPDATE

Finance Department

Budget Engagement Commission
December 11, 2025

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Background

- The City's CalPERS participation dates to 1945
 - Approved by Riverside voters
 - City Charter Article X – Retirement
- Two separate plans
 - Safety: sworn Police & Fire
 - Miscellaneous: all other eligible City employees



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Definitions

- Employer Contributions
 - Normal Cost – cost of benefits employees earn during the year
 - Unfunded Accrued Liability (UAL) – gap between plan assets and earned pension benefits
- Discount rate:
 - Target rate of return on investments
 - Lower pension costs are charged to the City based on the earnings assumption.
- Funded Status: Ratio of plan assets to pension liabilities

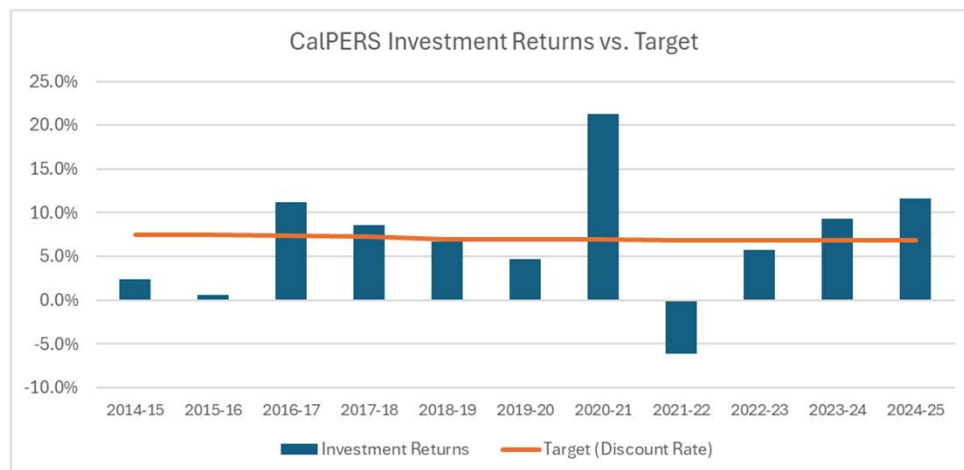


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CalPERS Discount Rate & Investment Earnings

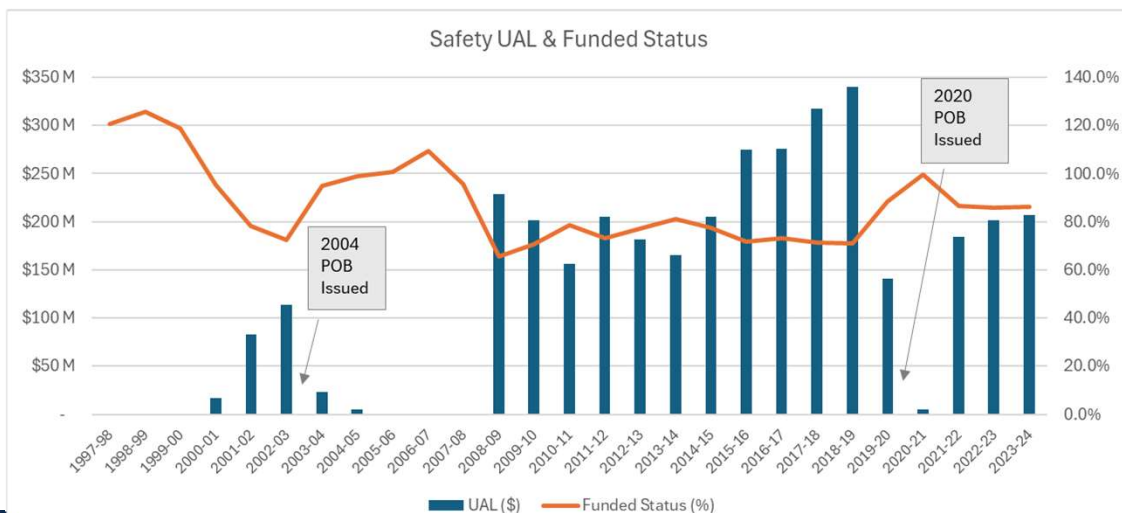


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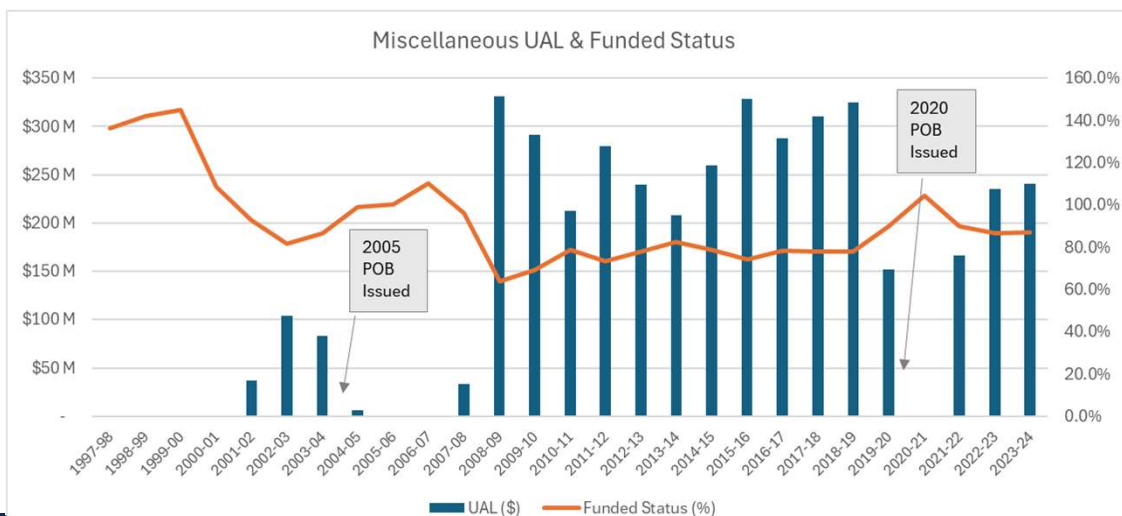
Safety UAL & Funded Status



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Miscellaneous UAL & Funded Status



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CalPERS Challenge

- Initiated in FY 2017/18
- Key Accomplishments:
 - Higher employee contributions
 - Pension Funding Policy
 - 2020 Pension Obligation Bonds
 - Section 115 Trust
 - Smoothing strategy for future payment obligations
 - Reduce impact of fluctuations and spikes on operating budget and City services



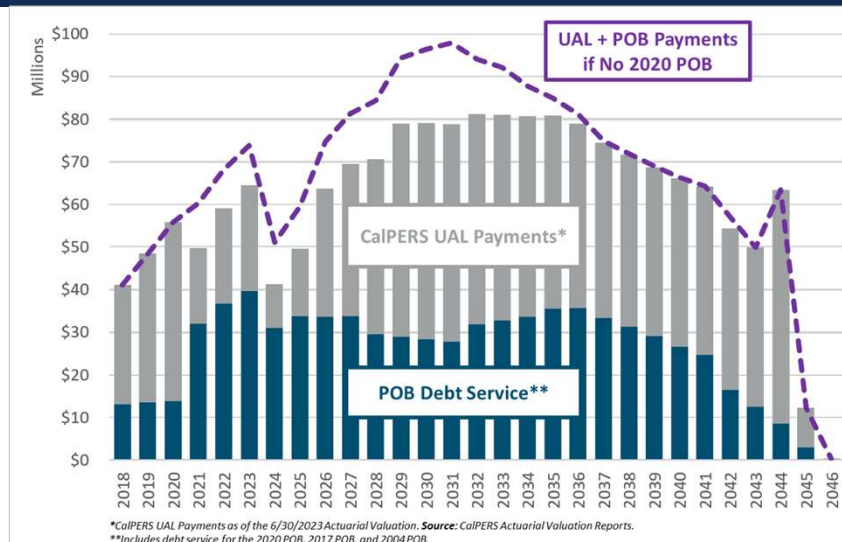
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2020 Pension Obligation Bond

- \$45M savings as of May 2025
- \$175M projected savings through 2045



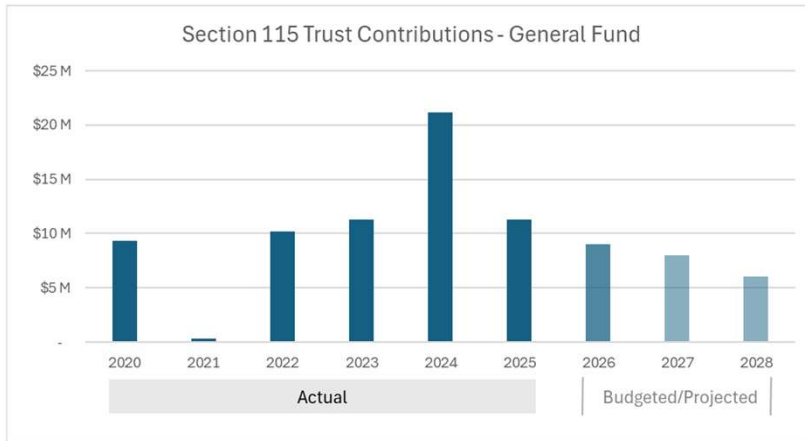
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Section 115 Trust Contributions



\$90.2M Market Value

- 92% General Fund
- 18% Enterprise Funds

Market value will be different at the time of withdrawal.

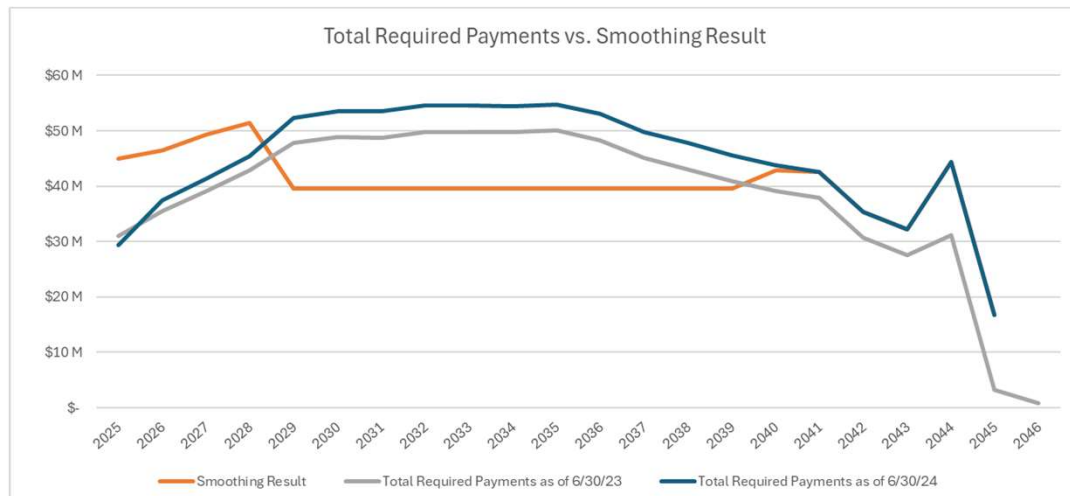


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Smoothing Strategy



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Summary

- As of 6/30/24:
 - UAL Balance: \$240M Miscellaneous Plan; \$207M Safety Plan
 - Funded Ratio: 87% Miscellaneous Plan; 86% Safety Plan
- 2020 POB: \$45M savings to date, \$175M projected in total
- Section 115 Trust: \$90.2M balance at 11/30/25; \$9M budgeted contributions in FY 2025/26; \$18M available to contribute in Section 115 Trust Set-Aside reserve
- Level payments: \$39.6M through 2039



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Recommendation

That the Budget Engagement Commission receive and file an update on the City's CalPERS Unfunded Accrued Liability (UAL) and related cost management strategies.



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