

February 21, 2025

Board of Supervisors
County of Ventura
800 S. Victoria Avenue
Ventura, CA 93009

SUBJECT: EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR FISCAL YEAR 2025-2026

Dear Board Members:

RECOMMENDATION

Adopt, pursuant to Government Code sections 31453 and 31454, the employer and employee retirement contribution rates for the County and participating districts as detailed in the enclosed Actuarial Valuation and Review as of June 30, 2024, prepared by Segal Consulting.

FISCAL IMPACTS – COUNTY

Contribution rates for specific County employee member categories are provided on the following page, reflecting a 50/50 sharing of Normal Cost for non-PEPRA tiers pursuant to labor agreements and the County's Management Resolution. The average employer rate for all County active member categories (after reflecting the 50/50 sharing) will decrease from 18.56% of payroll to 16.56% of payroll due primarily to the effect of several Unfunded Actuarial Accrued Liability (UAAL) amortization layers becoming fully amortized, investment return (after smoothing) greater than the 7.00% assumed rate, and individual salary increases less than expected for active members, offset somewhat by changes in actuarial assumptions. Total annual employer contributions are projected to decrease from \$174.6 million to approximately \$158.0 million based upon a projected total plan compensation payroll of approximately \$941.0 million last fiscal year and \$954.3 million this fiscal year, respectively.

The average member contribution rate for County employees will increase from 10.76% to 11.61%.¹ This increase is primarily due to changes in actuarial assumptions, offset somewhat by changes in active member demographics. Total annual member contributions are projected to increase from \$101.2 million to \$110.8 million in the upcoming fiscal year (see Actuarial Valuation, pages 13 and 34).

¹ Average member rate reflects impact of cessation of member contributions after 30 years of service for non-PEPRA tiers.

SUMMARY OF RESULTS FROM JUNE 30, 2024 ACTUARIAL VALUATION AND REVIEW

- VCERA's plan assets earned 11.43% for fiscal year ending June 30, 2024 on a market value basis.
- The investment return on the valuation value of assets was 8.61% for the same period after considering the recognition of prior years' investment gains and losses.
- There was \$144 million in net unrecognized investment gain as of June 30, 2024, compared to a \$63 million loss as of June 30, 2023.
- VCERA's funded status (i.e., the ratio of valuation value of assets to accrued liabilities) was 96.96% as of June 30, 2024, a decrease of 0.12% since June 30, 2023.

The following table provides the new total retirement contribution rates to be adopted for County employees in each benefit tier for the fiscal year beginning July 1, 2025. The rates reflect the Normal Cost as well as the costs associated with the Unfunded Actuarial Accrued Liability (UAAL) and, where applicable, cost-of-living adjustments (COLA).

2025-2026 CONTRIBUTION RATES (REFLECTING 50/50 COST SHARING FOR LEGACY MEMBERS)			
MEMBER CATEGORY	TOTAL* EMPLOYER RATE	TOTAL* MEMBER RATE	
		First \$350	Over \$350
General Tier 1 Members (Legacy)	19.78%	8.58%	12.87%
General Tier 2 Members w/o COLA (Legacy)	8.86%	5.71%	8.57%
General Tier 2 Members w/COLA (Legacy)	16.63%	8.34%	11.20%
Safety Members (Legacy)	28.92%	19.02%	19.02%
General PEPRA Tier 2 Members w/o COLA	8.75%	8.35%	
General PEPRA Tier 2 Members w/COLA	16.33%	10.98%	
Safety Members (PEPRA)	25.94%	17.54%	

**Combines Normal Cost, UAAL and COLA costs, where applicable*

Note: The Legacy contribution rates for General members in the table above also apply to employees of the Ventura County Air Pollution Control District, which has implemented 50/50 cost sharing through labor negotiations and the applicable Management Resolution. The County administers payroll for the Ventura County Air Pollution Control District.

DISCUSSION

The net unrecognized investment gain of \$144 million indicated above will be recognized in the determination of the actuarial value of assets for funding purposes over the next few years. This net unrecognized gain represents about 1.7% of the market value of assets.

The Actuarial Valuation was previously provided to the County Executive Office in November 2024 for use in developing budget projections for the upcoming fiscal year. It is enclosed electronically for your reference. Feel free to contact me with any questions.

February 21, 2025

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Sincerely,

A handwritten signature in dark ink that reads "Amy Herron". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

Amy Herron, CPA, CPFO, PMP
Retirement Administrator

Enclosure

cc: Dr. Sevet Johnson, County Chief Executive Officer
Danielle Keys, Assistant County Executive Officer/Human Resources Director
Mike Pettit, Assistant County Executive Officer
Scott Powers, County Chief Financial Officer
Jeff Burgh, Auditor-Controller
Tiffany North, County Counsel