

March 13, 2023

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

**SUBJECT: ADOPTION OF EMPLOYER AND EMPLOYEE RETIREMENT CONTRIBUTION RATES FOR  
FISCAL YEAR 2023-2024**

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, 2022, 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 21.32% of payroll to 18.23% of payroll due primarily to the investment return (after "smoothing") more than the 7.00% return assumption partially offset by the changes in actuarial assumptions adopted by the Board. Total annual employer contributions are projected to decrease from \$174.3 million to approximately \$159.2 million based upon a projected total plan compensation payroll of approximately \$817.6 million last fiscal year and \$873.0 million this fiscal year, respectively.

The average member contribution rate for County employees will decrease from 10.55% to 10.49%.<sup>1</sup> This decrease is primarily due to changes in actuarial assumptions adopted by the Board. Total annual member contributions are projected to increase from \$86.3 million to \$91.6 million in the upcoming fiscal year (see Actuarial Valuation, pages 10 and 30).

**SUMMARY OF RESULTS FROM JUNE 30, 2022 ACTUARIAL VALUATION AND REVIEW**

- VCERA's plan assets earned -7.37% for fiscal year ending June 30, 2022 on a market value basis.
- The investment return on the valuation value of assets was 10.99% for the same period after considering the recognition of prior years' investment gains and losses.
- There was \$254.3 million in net unrecognized investment loss as of June 30, 2022, compared to \$1.0 billion in deferred gain as of June 30, 2021.
- VCERA's funded status (i.e., the ratio of valuation value of assets to accrued liabilities) was 97.2% as of June 30, 2022, an increase of 4.3% since June 30, 2021.

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

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, 2023. 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).

<b>2023-2024 CONTRIBUTION RATES</b> (REFLECTING 50/50 COST SHARING FOR LEGACY MEMBERS)			
<b>MEMBER CATEGORY</b>	<b>TOTAL* EMPLOYER RATE</b>	<b>TOTAL* MEMBER RATE</b>	
		<b>First \$350</b>	<b>Over \$350</b>
General Tier 1 Members (Legacy)	22.64%	8.50%	12.75%
General Tier 2 Members w/o COLA (Legacy)	10.91%	5.21%	7.82%
General Tier 2 Members w/COLA (Legacy)	17.91%	7.84%	10.45%
Safety Members (Legacy)	31.74%	16.69%	16.69%
General PEPRA Tier 2 Members w/o COLA	10.92%	7.73%	
General PEPRA Tier 2 Members w/COLA	17.84%	10.36%	
Safety Members (PEPRA)	29.04%	15.41%	

*\*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 and the Ventura County Superior Court.

The following table provides the new total retirement contribution rates to be adopted for Court employees in each benefit tier for the fiscal year beginning July 1, 2023. It reflects the Normal Cost as well as the costs associated with the Unfunded Actuarial Accrued Liability (UAAL) and, where applicable, cost-of-living adjustments (COLA). For Legacy members, this table reflects the statutory rates calculated under the County Employees Retirement Law of 1937 ("CERL"), or "CERL Rates," without 50/50 cost sharing.

<b>2023-2024 CONTRIBUTION RATES (COURTS)</b>			
<b>MEMBER CATEGORY</b>	<b>TOTAL EMPLOYER RATE*</b>	<b>TOTAL MEMBER RATE</b>	
		<b>First \$350</b>	<b>Over \$350</b>
General Tier 1 Members (Legacy)	24.34%	7.33%	10.99%
General Tier 2 Members w/o COLA (Legacy)	11.98%	4.49%	6.73%
General PEPRA Tier 2 Members w/o COLA	10.92%	7.73%	

*\*Combines Normal Cost & UAAL*

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**DISCUSSION**

The net unrecognized investment loss of \$254.3 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 loss represents about 3.6% of the market value of assets.

The Actuarial Valuation was previously provided to the County Executive Office in December 2022 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.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Webb".

Linda Webb

Retirement Administrator

Enclosure

cc: Dr. Sevet Johnson, County Chief Executive Officer  
Shawn Atin, Assistant County Executive Officer/Human Resources Director  
Mike Pettit, Assistant County Executive Officer  
Kaye Mand, County Chief Financial Officer  
Jeff Burgh, Auditor-Controller  
Tiffany North, County Counsel