

San Luis Obispo County  
Pension Trust  
***SLOCPT***

**Update - 2023**  
**San Luis Obispo County**  
**Retired Employees Association**

**SLO Pension Trust**      **805/781-5465**  
1000 Mill St., San Luis Obispo, CA 93408  
**SLOPensionTrust.org**

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## Topics

### What is the Pension Trust?

- A "Trust" for Members & Retirees
- Trustees and Governance

### What Matters to Retirees?

- Retiree COLA
- How secure is my pension?

### How do I \_\_\_\_\_?

- Tax Withholding – new Form W-4P
- Change of address
- Change bank for direct deposit
- Questions on Retiree health plans

### Funding and Investments

- Assets & Liabilities
- Investments 2022

### Contacting the SLOCPT

- Inquiries, Office Hours
- Member Portal online
- Virtual meetings

### Retiree Survey

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# The Pension Trust

## SLOCPT is a “Trust”

- Independent entity administering the SLO County Retirement Plan

### Members & Retirees at year end

2021 = 6,553

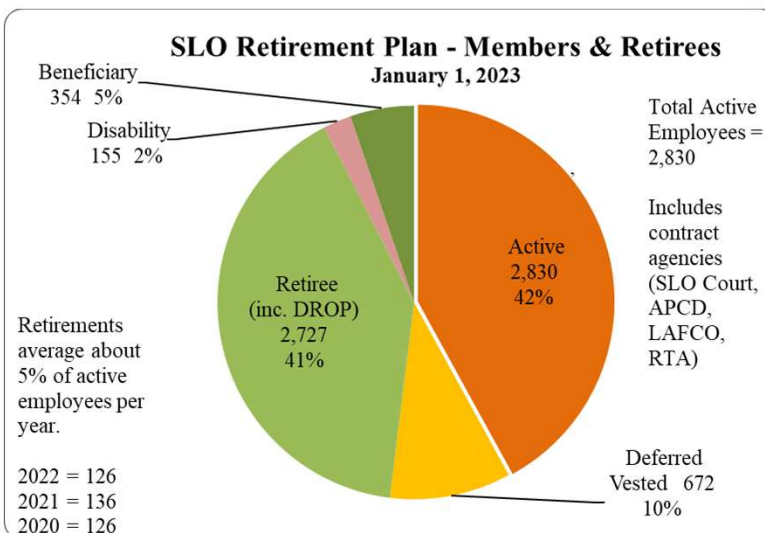
2022 = 6,738

Total Assets = \$1.59 billion at 12/31/22

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# Pension Trust Membership



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## Pension Trust Membership

### Active Employees (at 12/31/22)

<b>2,408</b>	<b>Miscellaneous</b>	= 85%
<b>122</b>	<b>Probation</b>	= 4%
<b>300</b>	<b>Safety</b>	= 11%

Tier 1 = **783** = 28% (pre 2010 hires)

Tier 2 = **268** = 9% (2010-2012 hires + reciprocal)

Tier 3 = **1,779** = 63% (post 2012 hires)

Avg. Active member pay approx. = **\$85,500/yr**

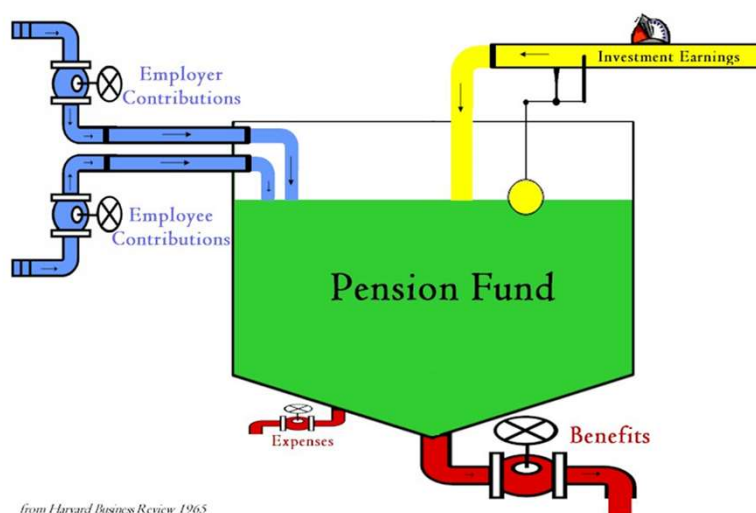
Retiree Payroll: \$10.3 million/mth or \$124 million/year

Avg. Retiree Benefit approx. = **\$38,300/yr**

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## How Pensions are Funded



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## SLOCPT Actuarial Status - 2022

*2022 Actuarial Valuation – 12/31/21 data*

Actuarial Accrued Liability (AAL) \$ 2,498 million  
at **6.75% discount rate**

Actuarial Value of Assets (AVA) \$ 1,619 million

Market Value of Assets (MVA) \$ 1,750 million

Unfunded Actuarial Accrued Liab. (UAAL) \$ 879 million

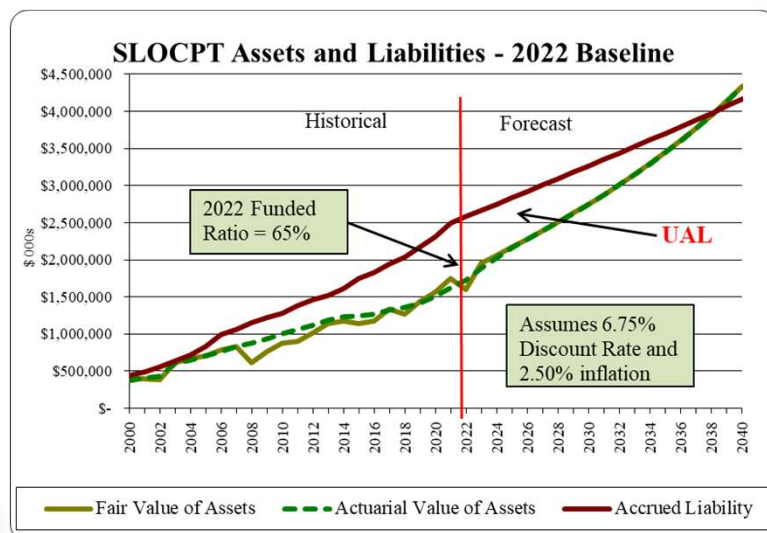
Funded Ratio - Liabilities vs. AVA 64.8%

Funded Ratio - Liabilities vs. MVA 70.1%

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## Pension Funding



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## Threats to my pension – big picture

### Pension Reform

- Your pension is a contractual obligation
- PEPRA changed pension formulas for new hires after 2012
- No legislative storm clouds in view / No SLO County proposals on pensions

### Inflation

- Inflation above the maximum COLAs (3.0% Tier 1, 2.0% Tiers 2&3)
- Social Security has COLAs for full CPI increase

### Investments

- Investment Risk is on the Pension Trust

### Funding

- Currently 65% funded with a \$879 million unfunded
  - SLO County obligated to fund and has AAA / AA+ bond rating

### Economic Turmoil

- Plan Sponsor bankruptcy - unlikely
- Economic Armageddon – always possible...
- Recession possible in '23-'24, but probably mild

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## Threats to my pension – specific cases

### Cybercrime

- Identity theft
- Banking information

### Fraud

- Direct Deposit changes
- Theft of paper checks

### Operational Disruption

- SLOCPT – cloud-based, modern system, backup sites
- High security – encryption, regular penetration testing, etc.
- Business Continuity plan and vendor in place

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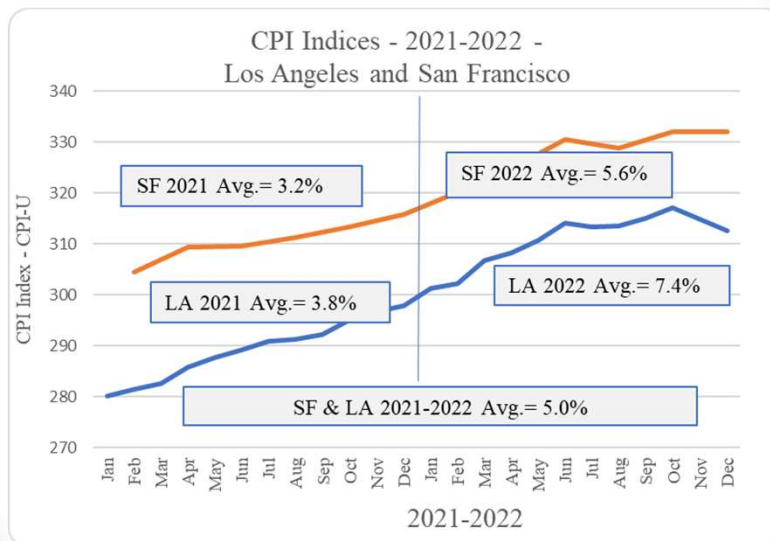
## SLOCPT – Retiree COLA

- Retirement Plan includes Retiree COLA –
  - **CPI based** – Avg. of LA and SF, across 2 years
  - April 1<sup>st</sup> of each year (if retired on or before Jan. 1<sup>st</sup>)
  - Tier 1= maximum up to 3.00%/year
    - Plus “COLA Bank” – carryover of prior years CPI > 3%
  - Tier 2 & 3 = maximum up to 2.00%/year

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## Retiree COLA – 2023 – CPI Data



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## Retiree COLA – 2023

- Tier 1 2023 COLA = +**3.0%** + COLA Bank
  - If Prior years' CPI inflation > 3.0% -
    - applies in future if CPI < 3.0%
  - Tier 1 COLA + COLA Bank from prior years
    - Retired 1981 - 2022 = **2.0%** cumulative
    - Retired 1980 = **7.4%** cumulative
    - Retired 1979 = **14.1%** cumulative
    - Retired 1978 or earlier = **18.4%** cumulative
- Tiers 2 & 3 2022 COLA = **2.0%** (Tier 2 & 3 maximum)

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## Retiree COLA – Future

- Future COLAs depend on CPI inflation
  - Can be positive or negative
- 2024 COLA likely at the Tier 1 maximum of 3.0%
  - 2023: LA = **???** SF = **???**
  - 2022: LA = 7.4% SF = 5.6%
- Current CPI Inflation above 5%
  - Inflation likely to decline to 2%-4% over several years

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## Earnings Assumption / Discount Rate

- Assumed Rate of Future Investment Earnings –
  - Controversial and sensitive variable in Actuarial Valuation
  - The Discount Rate used to calculate future liabilities
  - **Lower Earnings Assumptions –**
    - **More conservative**
    - **Increase Liabilities, decrease Funded Ratio, increase Contributions**
- SLOCPT Discount Rate = **6.75%** in 2021, 2022, 2023
  - 6.875% in 2020
  - 7.000% in 2018 - 2019
  - 7.125% in 2016 - 2017
  - 7.250% in 2013 - 2015
  - 7.750% in 2012

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## Investment Policy – 2023-current

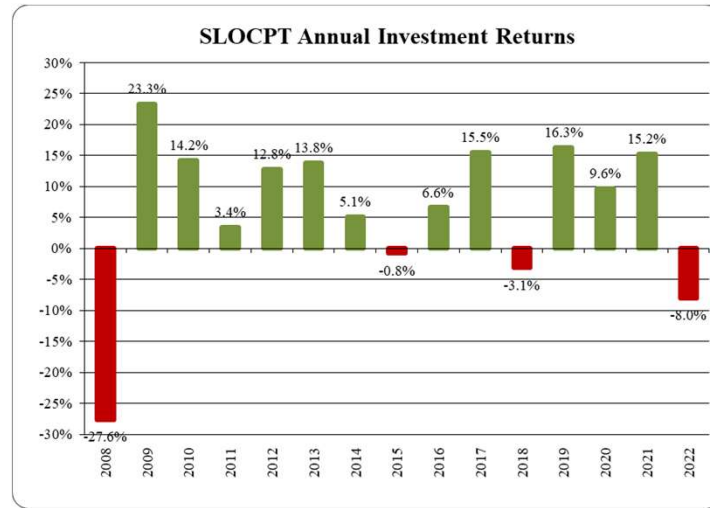
- 10%      **Liquidity** – short-term investments
  - Fund 1-2 years of gross retirement benefits
- 15%      **Risk Diversifying** – “anchor to windward”
  - Treasury Bonds/TIPS – for stability in a crisis
- 75%      **Growth** – long-term investments
  - 30% Stocks – U.S. and International
  - 10% Real Estate
  - 5% Infrastructure
  - 18% Private Equity
  - 12% Private Credit

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## SLOCPT – Investments – Returns



to 12/31/22	1 year	5 Years	10 Years	15 Years
SLOCPT	-8.0%	5.5%	6.7%	5.6%

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## SLOCPT – Governance

- 7 member Board of Trustees
  - 3 Appointed by County Board of Supervisors
    - Jeff Hamm (retired), Gere Sibbach (retired), Lisa Howe
  - 3 Elected by Employees
    - 3 year staggered terms
    - Michelle Shoresman, David Grim, Geoff O'Quest
  - 1 County Treasurer as ex officio Trustee
    - Jim Hamilton
- **All Trustees serve “At Large”**

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## Board of Trustees Meetings

- **In-Person meetings + online via Zoom**

- 4<sup>th</sup> Monday of the month – 9:30 am
- 8 months/year
- In-Person at Board of Supervisors chambers
- Hybrid meeting format
  - Public or guest speakers able to attend virtually
- Zoom link included in meeting agenda
- See [www.SLOPensionTrust.org](http://www.SLOPensionTrust.org)

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## SLOCPT – Operations 2022-2023

- **SLOCPT fully staffed and operating with no issues**

Retiree payroll – month after month...

Staff on hybrid Work From Home schedule

Office Open Mon.-Fri. 8:00-5:00

- **In-person services – July 2022 and beyond**

- Members & Retirees welcome
- Remote meetings available – phone, video
- Document drop-off at PT office all hours (mail slot)

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## How do I change my address?

- Important to keep your address up-to-date
  - Monthly payment advices – even with direct deposit
  - **Mailing your annual 1099R for doing your taxes**
  - Notice letters if your bank account is changed
  - Upon your death – if reported by Social Security – how will we find your beneficiaries?
- **Changing your address**
  - Call the SLOCPT for a paper form
  - Easiest on the SLOCPT **Member Direct** portal

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## How do I change my Direct Deposit bank?

- For fraud prevention SLOCPT requires
  - No phone/online authorizations allowed
  - Signed paper Direct Deposit Authorization
  - Back up bank issued documentation showing name, account number and bank routing number (i.e., voided check or bank statement)
- **Changing your bank for Direct Deposit**
  - At least 5 business days prior to pension payment date
  - Call SLOCPT for a paper form or download form from Member Direct

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## What happens when a Retiree dies?

- **SLOCPT notification**
  - Nationwide gaps in death reporting
  - Please instruct your executor or Trustee to call the SLOCPT
- **Benefits are paid in advance**
  - ACH retraction of last payment may be necessary
- **Continuance benefits to named beneficiary chosen at the point of retirement**
- **Lump sum death benefits**
  - After Retirement - \$1,000

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## How do I change my Beneficiaries?

- **Pension Continuance Benefits**
  - Elected at the point of retirement
  - Eligible Survivor or named Beneficiary if no survivor at retirement
  - Irrevocable once elected in most situations, if changes are allowed reduction in benefit is required
- **Beneficiaries - \$1,000 lump sum death benefit**
  - Call the SLOCPT for a paper form or download from Member Direct
  - Spousal/RDP consent if naming someone else

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## Tax Withholding

- SLOCPT withholds Federal and California taxes
  - Based on most recent paper or online elections
  - Tax tables updated annually – so tax withheld will change
  - Change your withholding with paper Federal W-4P or CA DE 4P
  - Change online at the SLOCPT **Member Direct** portal (see how changes will affect take-home pay prior to finalizing)
- Changing your withholding – *ask your tax professional*
  - W-4P Form – New format in 2023 an IRS requirement
  - More complex
  - Electing a specific dollar amount or % is no longer an option
  - Best to change on the SLOCPT **Member Direct** portal to see how your elections will affect your take-home pay

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## Retiree Healthcare

- Retiree Healthcare through Employer Plans
  - Eligible **County** retirees may participate in the County's medical group plan with CSAC-EIA
    - must maintain coverage to continue eligibility
  - Eligible **Court** retirees may participate in the Court's medical group plan with CalPERS Health,
    - may come off and on during open enrollment
  - Dental and vision plans also available
- SLOCPT withholds insurance premiums for Employer
  - Premiums withheld monthly and forwarded to former employer
  - Employer contributes \$151/month for those enrolled in sponsored medical plans
- Many retirees do not participate in their Employer's plans
  - Medicare Supplement and Part D Rx drug plan instead
  - Other coverage through new job or through spouse's plan

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## Information on Your Pension Account

- **General Information**

- [www.SLOPensionTrust.org](http://www.SLOPensionTrust.org)
- ***Members.SLOCPT.org – Member Portal***
- Email: SLOCPT@co.slo.ca.us
- 805/781-5465
- Call for -
  - Questions of any type on pension benefits
  - Beneficiary forms for changes
  - Change of address
  - Tax Withholding changes
  - Direct Deposit bank changes

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## Member Portal for Retirees

<https://Members.SLOCPT.org>

Need PIN letter to set up

Call if you lost your PIN letter

Establish your account online

Call with questions

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## Member Portal for Retirees

- Retiree features –
  - 1099-R forms – access replacements online and receive your forms more quickly
  - View payment history and Direct Deposit Receipts
  - Change address and other contact information
  - Secure upload of documents to SLOCPT
  - Tax withholding changes, see how your elections will change your take home pay prior to electing
  - Beneficiary changes – **original form to SLOCPT**
  - **Direct Deposit Changes** – **original form to SLOCPT**
    - **Security protection for your benefit payments**
    - View current allocations
    - Download change form

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## SLOCPT – Staff

- **Executive Director & Chief Investment Officer**
  - Carl Nelson (2009)
- **Deputy Director**
  - Amy Burke (2012)
- **Retirement Benefit Specialists**
  - Lisa Winter (2015)
  - Anna Bastidos (2015)
- **Retirement Technicians**
  - Ros Harding (2013)
  - Josh Lopez (2019)
- **Accounting**
  - Jennifer Alderete (2015)
- **Front Desk**
  - Suzette Lopez (2019)

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## Retiree Survey - 2023

SLOCPT Surveying Active Employees and Retirees  
(separate surveys)

**Retirees** – Be on the Lookout For the link to the survey  
In “The Fiduciary” newsletter in May (a QR code)

The link on [SLOPensionTrust.org](https://SLOPensionTrust.org)

Thanks!

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## Questions



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1000 Mill St. San Luis Obispo, CA 93401  
805/781-5465 SLOPensionTrust.org

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