

San Luis Obispo County

Pension Trust

SLO CPT

Update - 2022

San Luis Obispo County

Retired Employees Association

SLO Pension Trust

805/781-5465

1000 Mill St., San Luis Obispo, CA 93408

SLOPensionTrust.org

Topics

What is the Pension Trust?

Membership data

Retiree COLA

Pension Funding

Investments

Board of Trustees

Miscellaneous topics

What happens when a retiree dies

Retiree healthcare

Tax withholding

Contacting the Pension Trust

Using the Member portal

The Pension Trust

SLOCPT is a “Trust”

**– Independent entity administering the
SLO County Retirement Plan**

Members & Retirees at January 1st

2021 = 6,390

2022 = 6,553

Total Assets = \$1.71 billion at 12/31/21

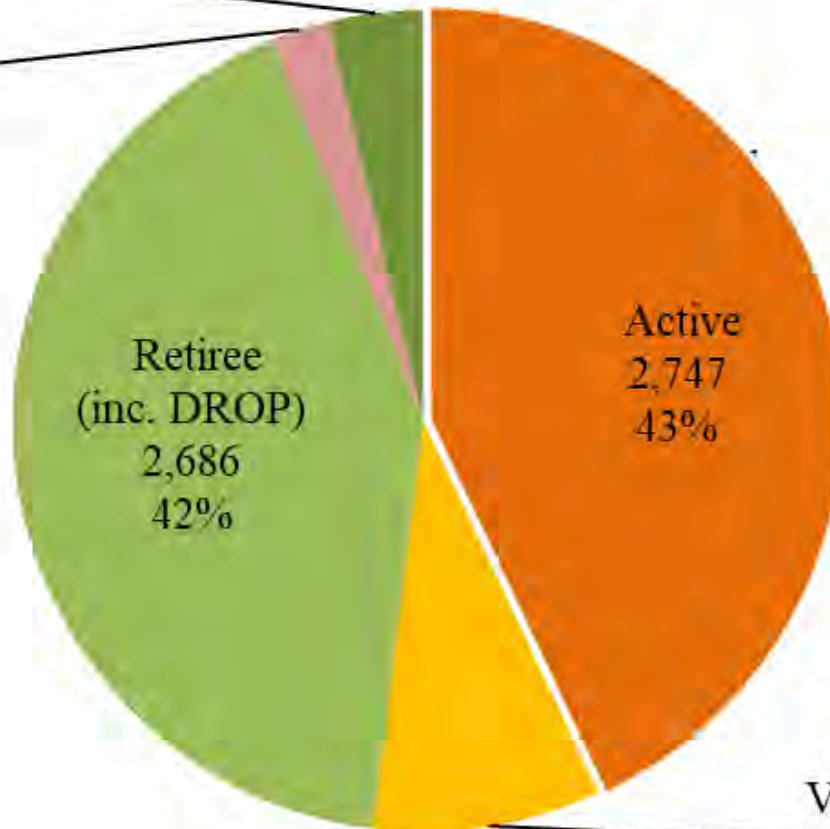
Pension Trust Membership

SLO Retirement Plan - Members & Retirees

January 1, 2021

Beneficiary
238 4%

Disability
146 2%



Total Active Employees = 2,747

Includes contract agencies (SLO Court, APCD, LAFCO, RTA)

Retirements average about 5% of active employees per year.

2021 = 141
2020 = 126
2019 = 150

Deferred Vested 573
9%

Pension Trust Membership

Active Employees (at 12/31/21)

| | | |
|--------------|----------------------|--------------|
| 2,360 | Miscellaneous | = 85% |
| 114 | Probation | = 4% |
| 302 | Safety | = 11% |

Tier 1 = 881 = 32% (pre 2010 hires)

Tier 2 = 289 = 10% (2010-2012 hires + reciprocal)

Tier 3 = 1,606 = 58% (post 2012 hires)

Avg. Active member pay approx. = \$80,700/yr

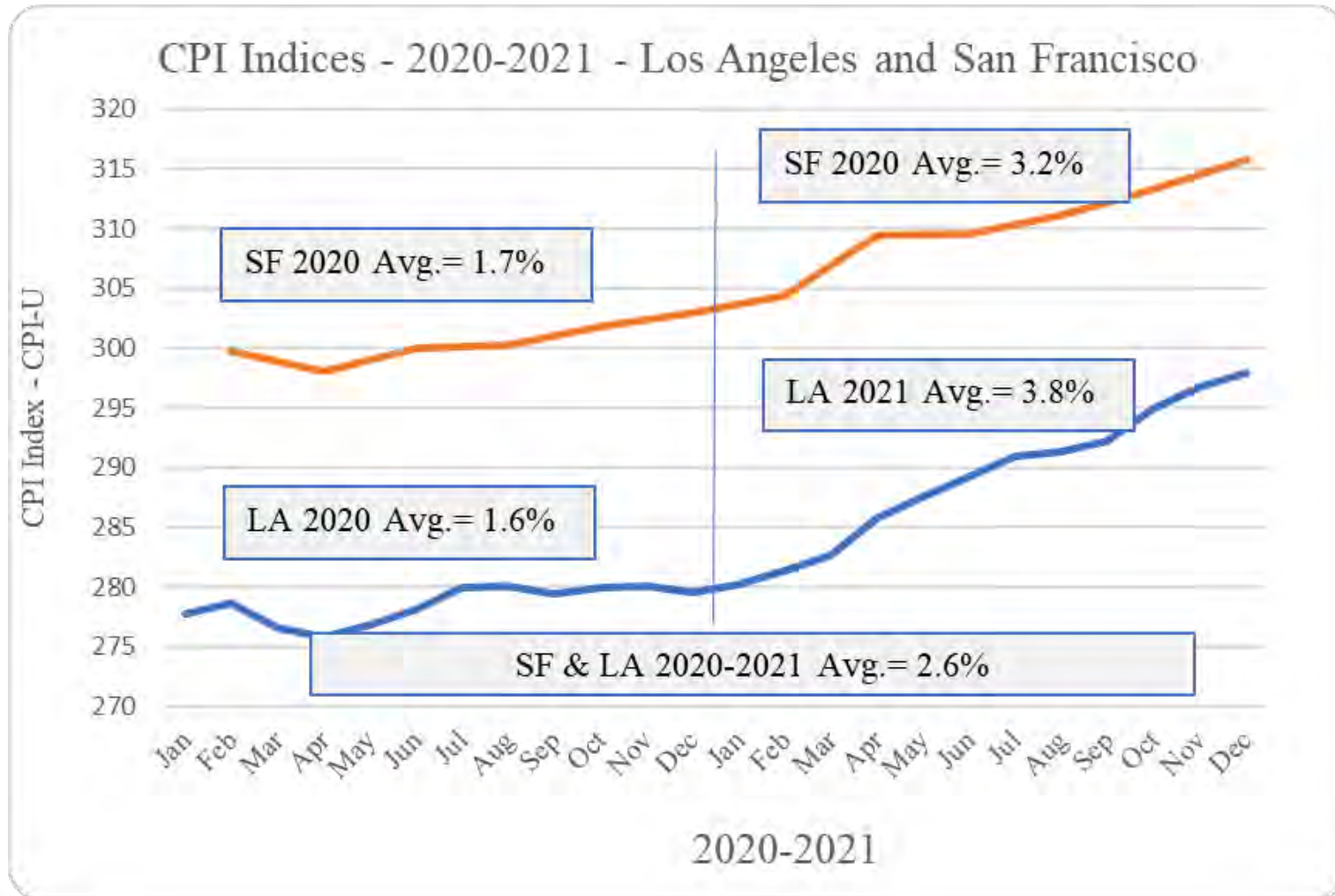
Retiree Payroll: \$9.8 million/mth - \$117 million/year

Avg. Retiree Benefit approx. = \$38,000/yr

SLOCPT – Retiree COLA

- Retirement Plan includes Retiree COLA –
 - **CPI based** – Avg. of LA and SF, across 2 years
 - April 1st of each year (if retired on or before Jan. 1st)
 - 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

Retiree COLA – 2022 – CPI Data



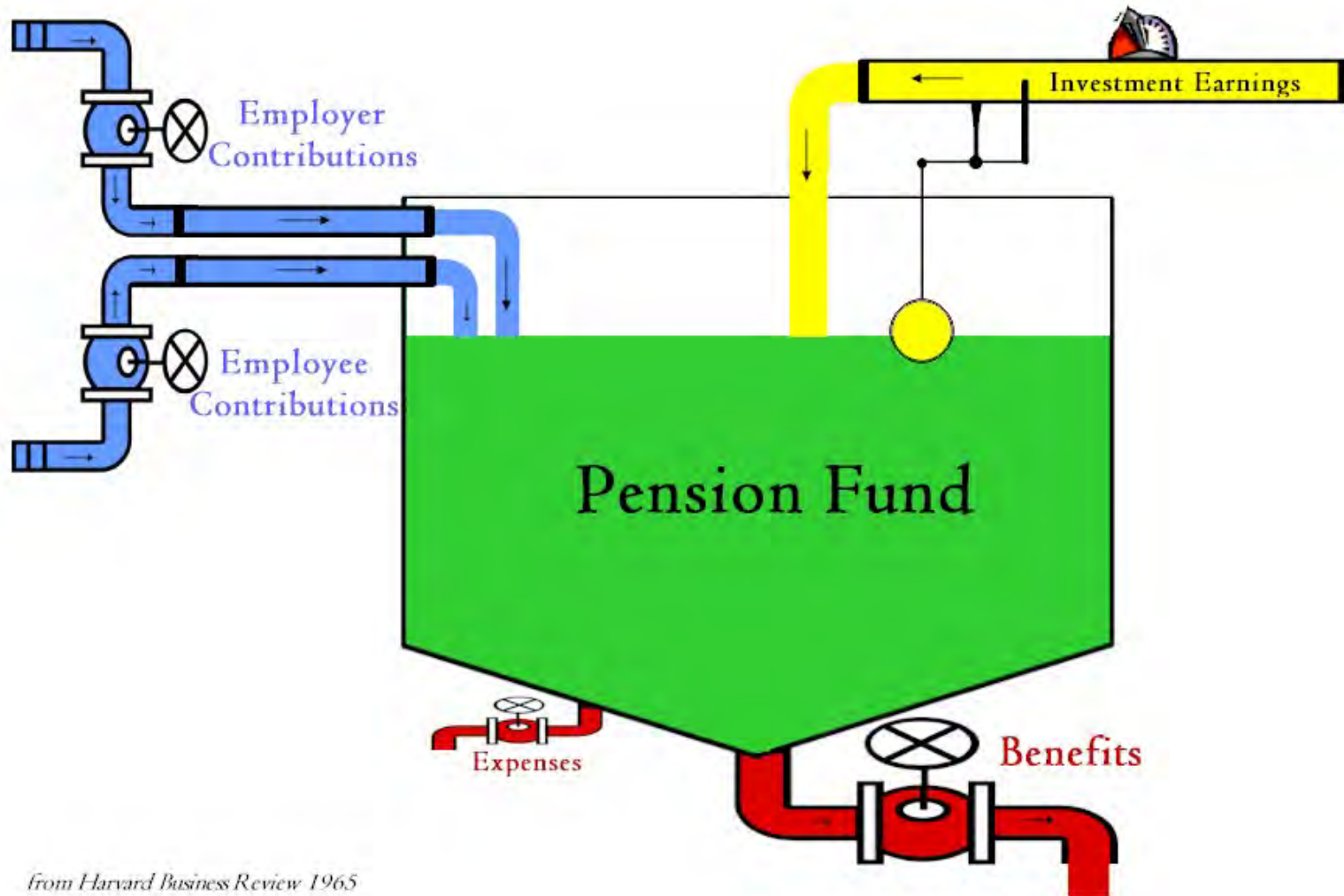
Retiree COLA – 2022

- Tier 1 2022 COLA = +**2.6%** + 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 2019 - 2021 = **2.6%**
 - Retired 1981 - 2018 = **2.9%** (most retirees)
 - Retired 1980 or earlier = **3.0%** (maximum)
- Tiers 2 & 3 2022 COLA = **2.0%** (Tier 2 & 3 maximum)

Retiree COLA – Future

- Future COLAs depend on CPI inflation
 - Can be positive or negative
- 2023 COLA likely higher – possibly the 3% max.
 - 2022: LA = ??? SF = ???
 - 2021: LA = 3.8% SF = 3.2%
- Current CPI Inflation above 7%
 - Expected to moderate over 2022-2024

How Pensions are Funded



from Harvard Business Review 1965

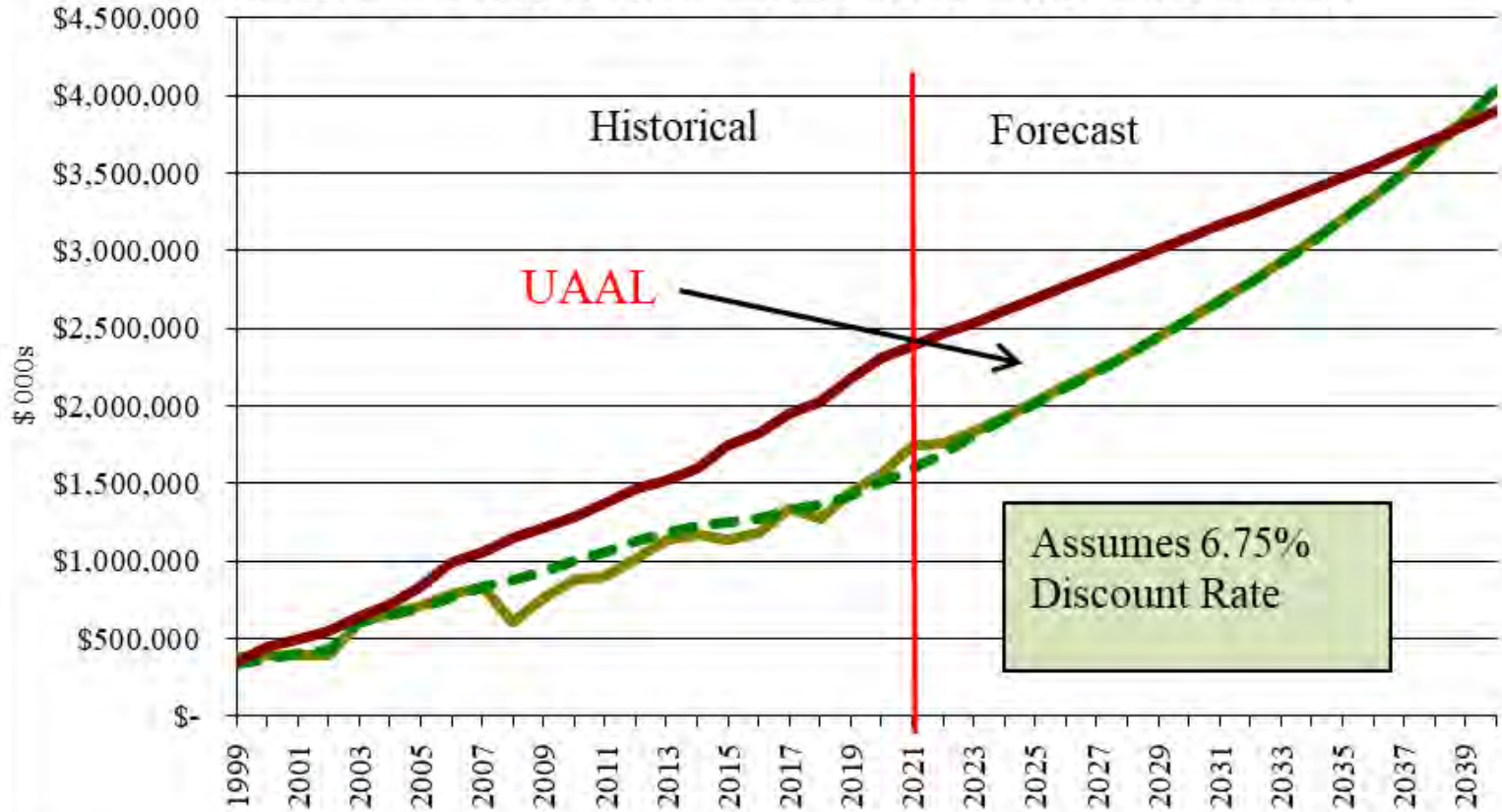
SLO Actuarial Status - 2020

2021 Actuarial Valuation – 12/31/20 data

| | |
|---|------------------|
| Actuarial Accrued Liability (AAL) | \$ 2,313 million |
| at 6.75% discount rate | |
| Actuarial Value of Assets (AVA) | \$ 1,506 million |
| Market Value of Assets (MVA) | \$ 1,566 million |
| Unfunded Actuarial Accrued Liab. (UAAL) | \$ 807 million |
| Funded Ratio - Liabilities vs. AVA | 65.1% |
| Funded Ratio - Liabilities vs. MVA | 67.7% |

Pension Funding

SLOCPT Assets and Liabilities - 2021 Baseline



— Fair Value of Assets - - - Actuarial Value of Assets — Accrued Liability

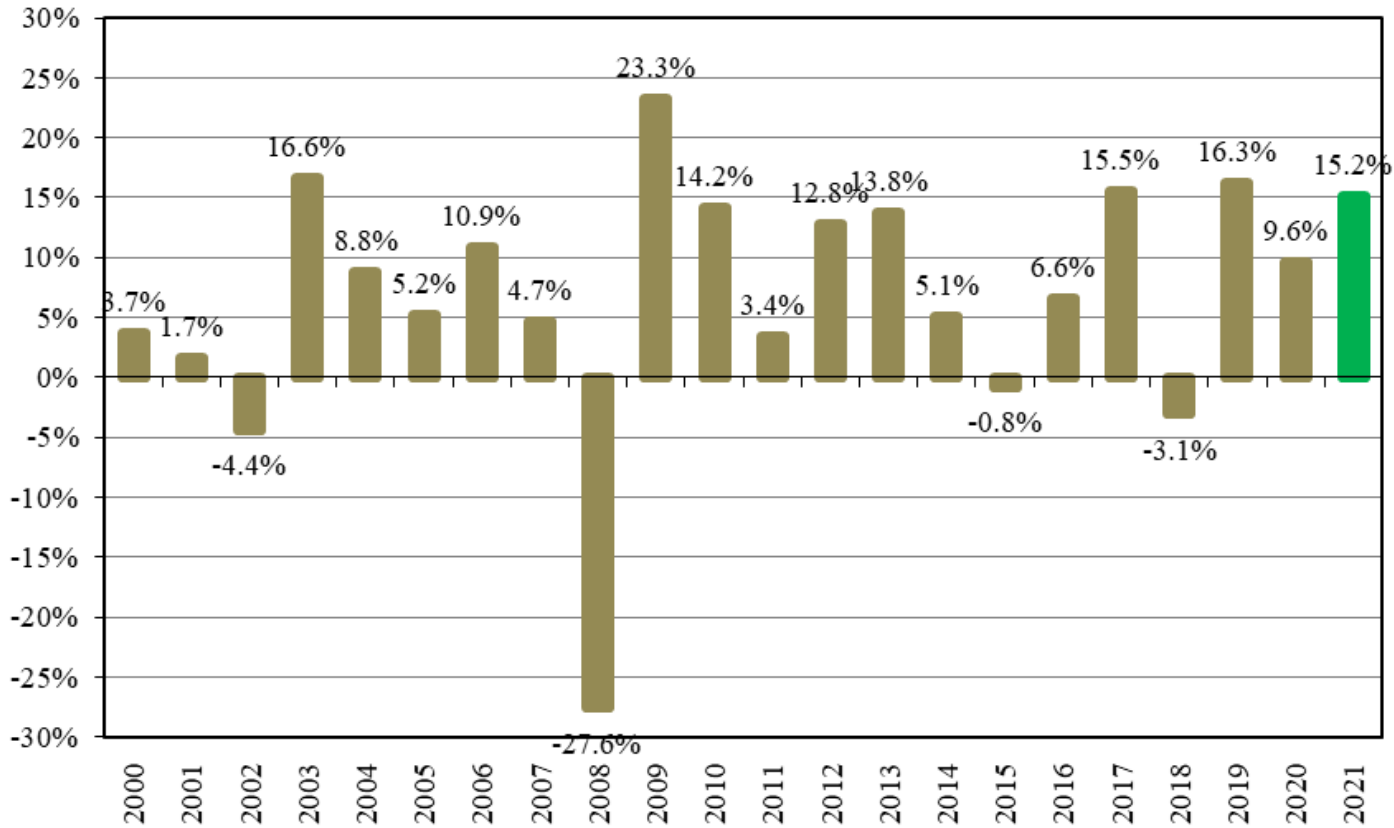
Assumes 6.75%
Discount Rate

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 Earnings Assumption = 6.75% in 2021**
 - 6.875% in 2020
 - 7.000% in 2018 - 2019
 - 7.125% in 2016 - 2017
 - 7.250% in 2013 - 2015
 - 7.750% in 2012

SLOCPT – Investments – Returns

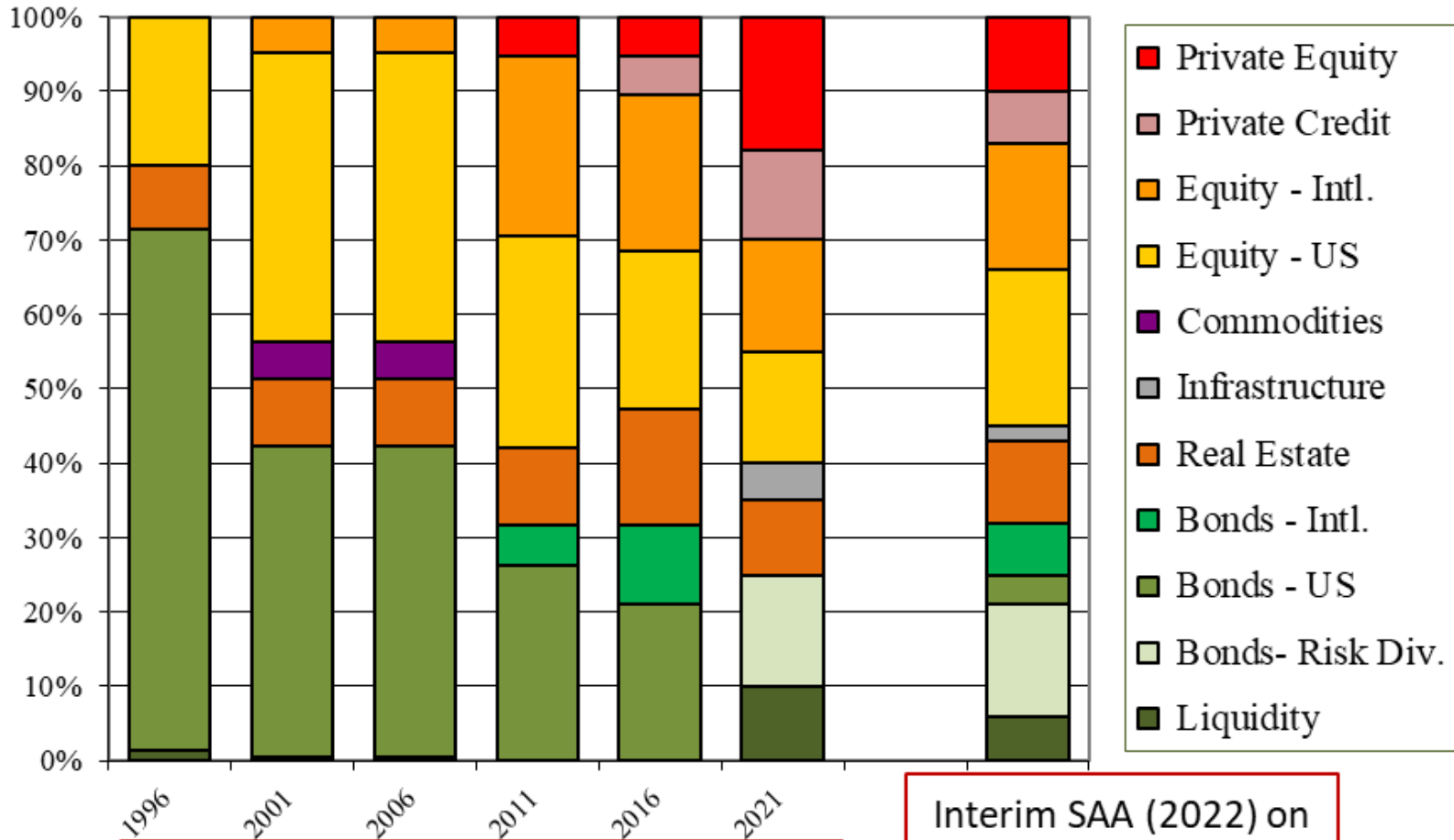
San Luis Obispo County Pension Trust
Annual Investment Returns



| to 12/31/21 | 1 year | 5 Years | 10 Years | 15 Years |
|-------------|--------|---------|----------|----------|
| SLOCPT | 15.2% | 10.4% | 8.9% | 6.5% |

SLOCPT – Investment Policy

SLOCPT Strategic Asset Allocation Policy



Long-Term SAA - each 5 years
2021 show 5 year target SAA for 2025

Interim SAA (2022) on
path to 2025 SAA

Investment Policy – 2020 Revisions

- 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

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
 - Taylor Dacus, Michelle Shoresman, David Grim
 - 1 County Treasurer as ex officio Trustee
 - Jim Hamilton
- **All Trustees serve “At Large”**

Board of Trustees Meetings

- **Back to In-Person meetings**
 - 4th Monday of the month – 9:30 am
 - 8 months/year
 - In-Person at Board of Supervisors chambers
 - Hybrid meeting format with public or guest speakers able to attend virtually
 - Zoom link included in meeting agenda
 - See www.SLOPensionTrust.org

SLOCPT – Operations during Covid

- **SLOCPT stayed fully staffed and operating**
 - Retiree payroll unaffected
 - Operations as normal
 - Work From Home staff on rotation
- **In-person services – January 2022 and beyond**
 - Okay at current level of threat
 - Remote meetings preferable – phone, videoconference
 - Document drop-off at PT office always available

What happens when a Retiree dies?

- SLOCPT notified by death reporting service
 - 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 Surviving Spouse or Registered Domestic Partner**
- Lump sum death benefits
 - Normally, \$1,000

Retiree Healthcare

- Retiree Healthcare through Employer Plans
 - Most **County** retirees may participate in the County's medical group plan with CSAC-EIA
 - **Court** retirees may participate in the Court's medical group plan with CalPERS Health
- SLOCPT withholds insurance premiums
 - Premiums withheld for plan chosen if in Employer's plan
 - Employer contributes \$**149**/mth if in Employer's plan
- Many retirees do not participate in their Employer's plans – e.g., get Medicare Supplement instead

Tax Withholding

- SLOCPT withholds Federal and California taxes
 - Based on your W-4 filed with the SLOCPT
 - Can be changed – call the SLOCPT
- W-4P Form - Starting in 2023
 - Different format and more complex questions

Information on Your Pension Account

- **General Information**
 - www.SLOPensionTrust.org
 - *Members.SLOCPT.org – new Member Portal*
 - SLOCPT@co.slo.ca.us
 - 805/781-5465
 - Call for -
 - Any questions of any type on pension benefits
 - Beneficiary forms for changes
 - Change of address
 - Tax Withholding changes
 - Direct Deposit bank changes

Member Portal for Retirees

- Retiree features –
 - Statements – online access
 - 1099-R forms – access replacements online
 - View payment history and details
 - Change address
 - Secure upload of documents to SLOCPT
 - Beneficiary changes – **original form to SLOCPT**
 - **Direct Deposit bank changes – original to SLOCPT**
 - **Security protection for your benefit payments**

Member Portal for Retirees



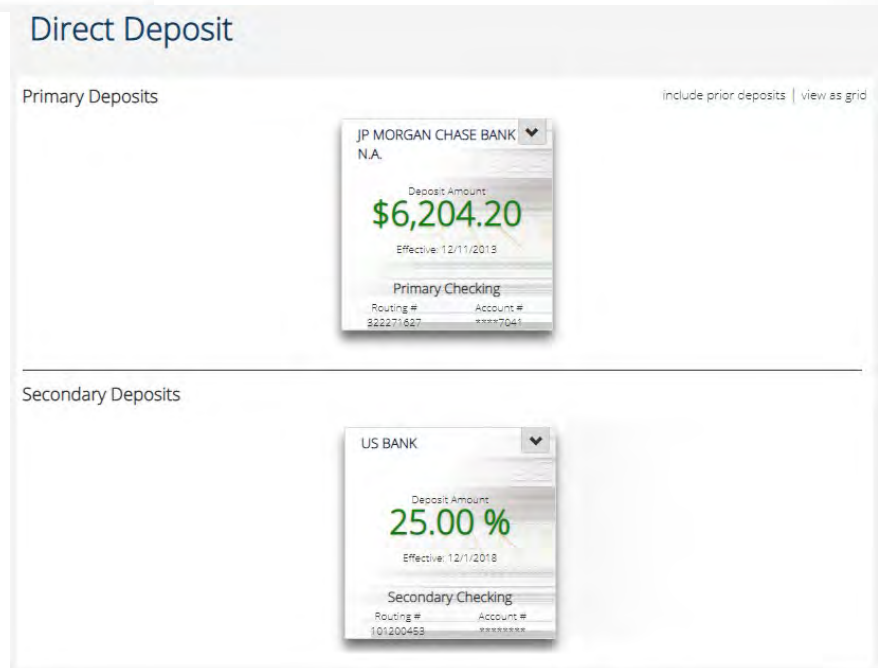
<https://Members.SLOCPT.org>

Need PIN letter to set up

Call if you lost your PIN letter

Establish your account online

Call with questions



Questions



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