

San Luis Obispo County

Pension Trust

*SLOCTPT*

**Update - 2021**

**San Luis Obispo County**

**Retired Employees Association**

**SLO Pension Trust**

**805/781-5465**

1000 Mill St., San Luis Obispo, CA 93408

**SLOPensionTrust.org**

# The Pension Trust

## **SLOCPT is a “Trust”**

- Independent entity administering the SLO County Retirement Plan**

<b>2,747</b>	<b>Active Members</b>
<b>70</b>	<b>DROP participants (still working)</b>
<b>2,854</b>	<b>Retired Members (retirees, survivors, beneficiaries)</b>
<b>146</b>	<b>Disability Retirements</b>
<b><u>573</u></b>	<b>Deferred Members</b>
<b>6,390</b>	<b>Total Members (at 12/31/20)</b>

**Total Assets = \$1.56 billion at 12/31/20**

# The Pension Trust

## Active Employees (at 12/31/20)

**2,331** Miscellaneous - 85%

**119** Probation - 4%

**297** Safety - 11%

Tier 1 = **993** - 36% (pre 2010 hires)

Tier 2 = **301** - 11% (2010-2012 hires + reciprocal)

Tier 3 = **1,453** - 53% (post 2012 hires)

Avg. Active member pay approx. = **\$77,800/yr**

Retiree Payroll: \$9.1 million/mth - \$109 million/year

Avg. Retiree Benefit approx. = **\$36,400/yr**

# SLOCPT – Retiree COLA

- Retirement Plan includes Retiree COLA – **CPI based**
  - April 1<sup>st</sup> of each year (if retired on or before Jan. 1<sup>st</sup>)
  - Tier 1 (and earlier retirees)
    - = maximum up to 3.00%/year with carryover (COLA bank)
  - Tier 2 & 3 = maximum up to 2.00%/year
- Tier 1 2021 COLA = +**2.4%** + COLA Bank
  - 2 year average of CPI inflation in LA and SF = 2.4%
    - 2020: LA = 1.6%, SF = 1.7%
    - 2019: LA = 3.1%, SF = 3.2%
  - Tier 1 Carryover (COLA bank) for future years = only pre 2020 balances
    - Applies in future if CPI < 3.0%
- Tier 2 & 3 2021 COLA = **2.0%** (Tier 2 & 3 maximum)

# Retiree COLA – Tier 1 COLA Bank

- Tier 1 2021 COLA = +**2.4%** + **COLA Bank**
  - If Prior years' CPI inflation > 3.0% -
    - applies in future if CPI < 3.0%
- 2020 Tier 1 COLA + **COLA Bank** from prior years
  - Retired 2020 = 2.4%
  - Retired 2019 = 2.9%
  - Retired 2018 or earlier = 3.0% (maximum)

# Retiree COLA – Future

- Future COLAs depend on CPI inflation
  - Can be positive or negative
- 2022 COLA likely less than 3%
  - 2021: LA = ???      SF = ???
  - 2020: LA = 1.6%,      SF = 1.7%

# SLO Actuarial Status - 2020

*2020 Actuarial Valuation – 12/31/19 data*

Actuarial Accrued Liability (AAL) \$ 2,170 million  
at **6.875 discount rate**

Actuarial Value of Assets (AVA) \$ 1,417 million

Market Value of Assets (MVA) \$ 1,439 million

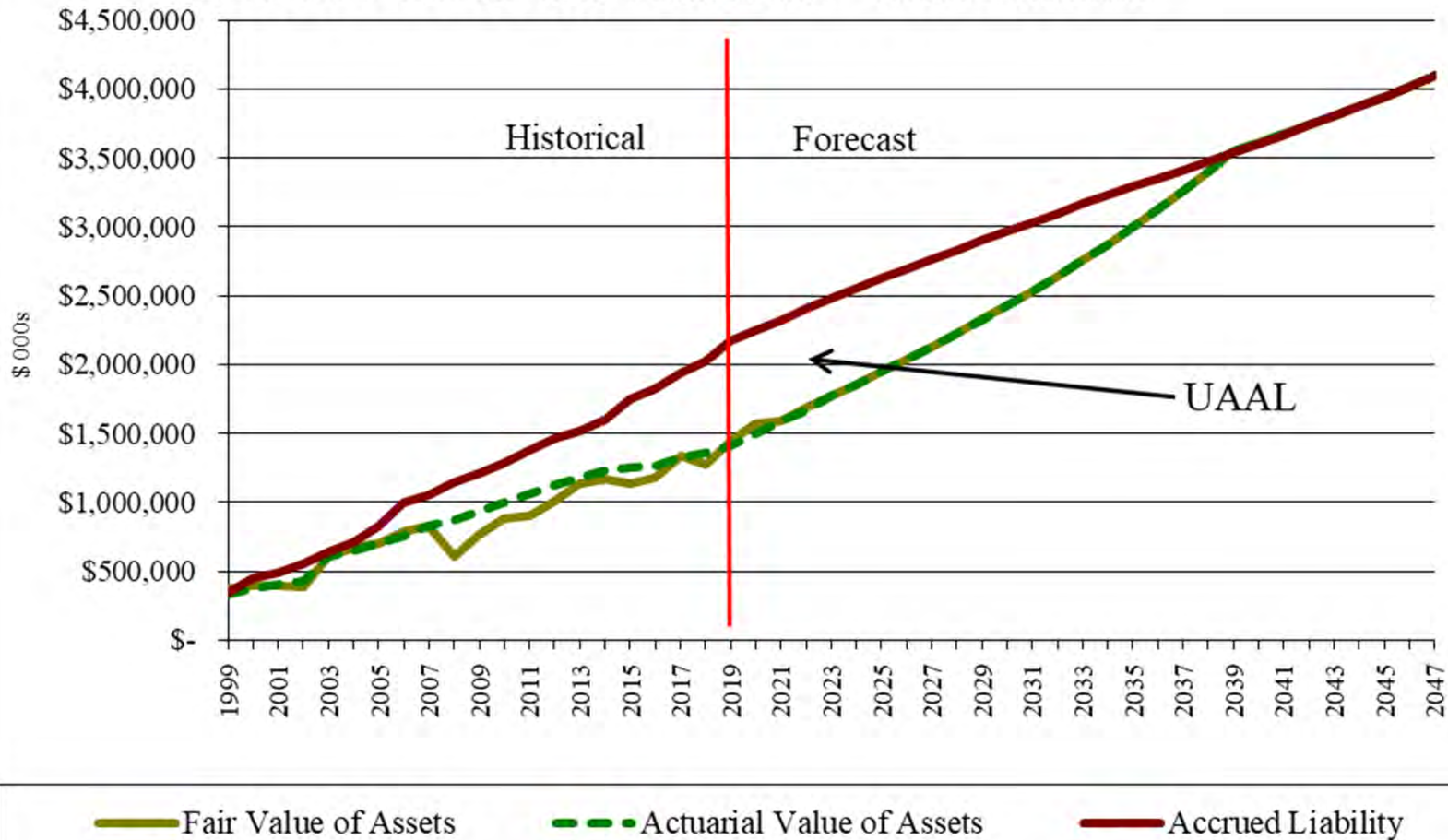
Unfunded Actuarial Accrued Liab. (UAAL) \$ 753 million

Funded Ratio - Liabilities vs. AVA 65.3%

Funded Ratio - Liabilities vs. MVA 66.3%

# Pension Funding

## SLOCPT Assets and Liabilities - 2020 Baseline



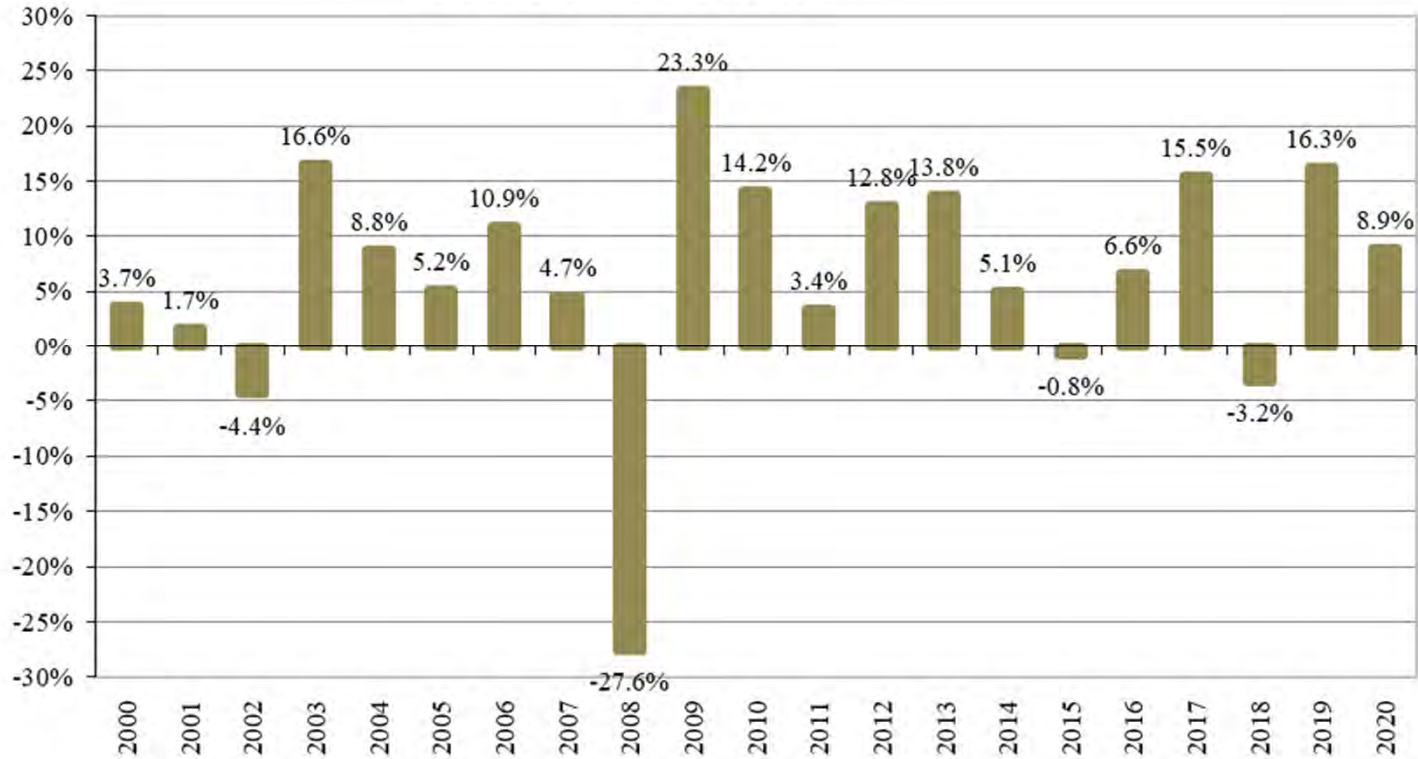


# Earnings Assumptions

- Assumed Rate of Future Investment Earnings –
  - Controversial and sensitive variable in Actuarial Valuation
  - Used as the Discount Rate to calculate future liabilities
  - Lower Earnings Assumptions are more conservative but, contribute to a lower funded ratio and higher contribution rates.
- **SLOCPT Earnings Assumption = 6.875% in 2020**
  - 7.000% in 2018 - 2019
  - 7.125% in 2016 - 2017
  - 7.250% in 2013 - 2015
  - 7.750% in 2012

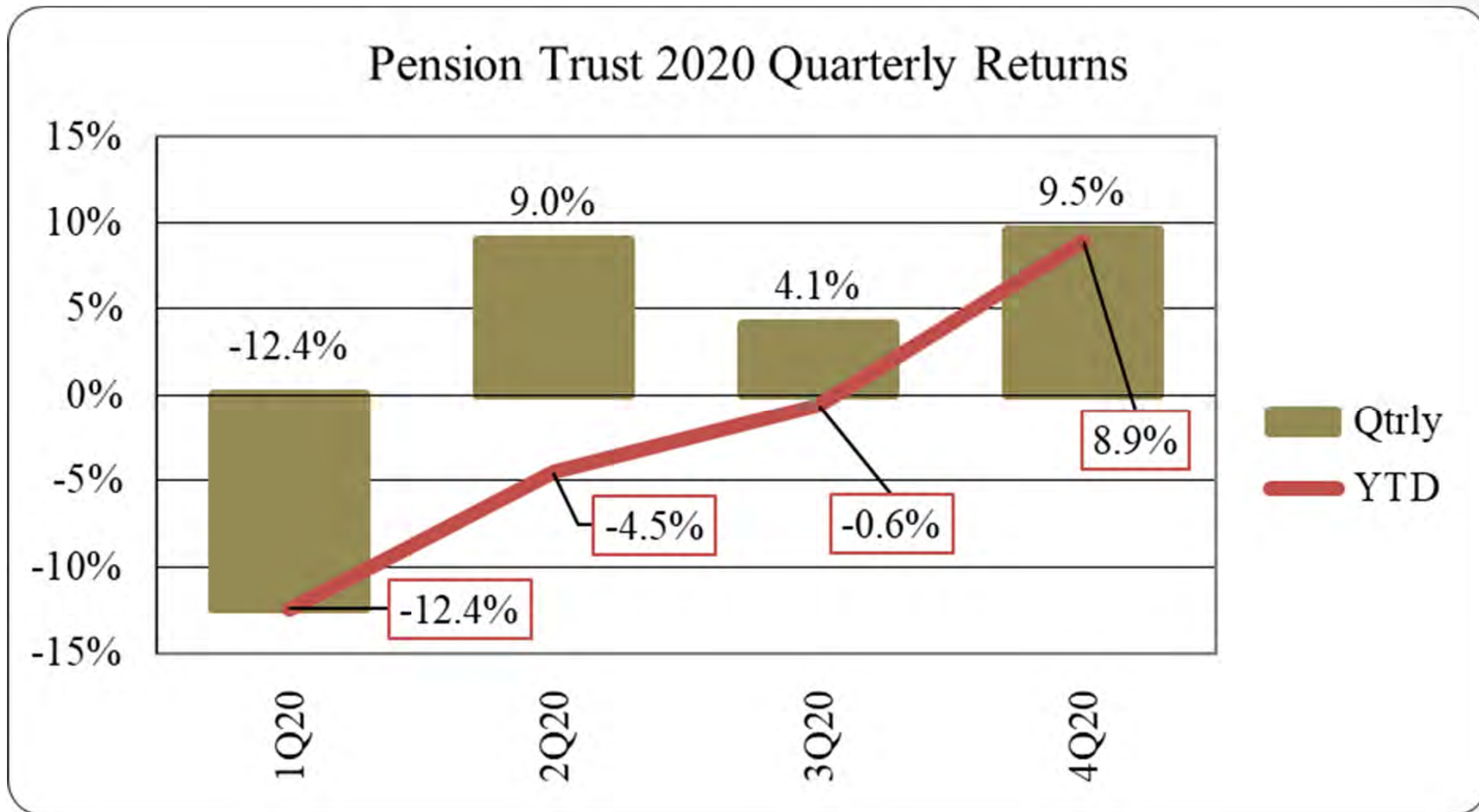
# SLOCPT – Investments – Returns

San Luis Obispo County Pension Trust  
Annual Investment Returns



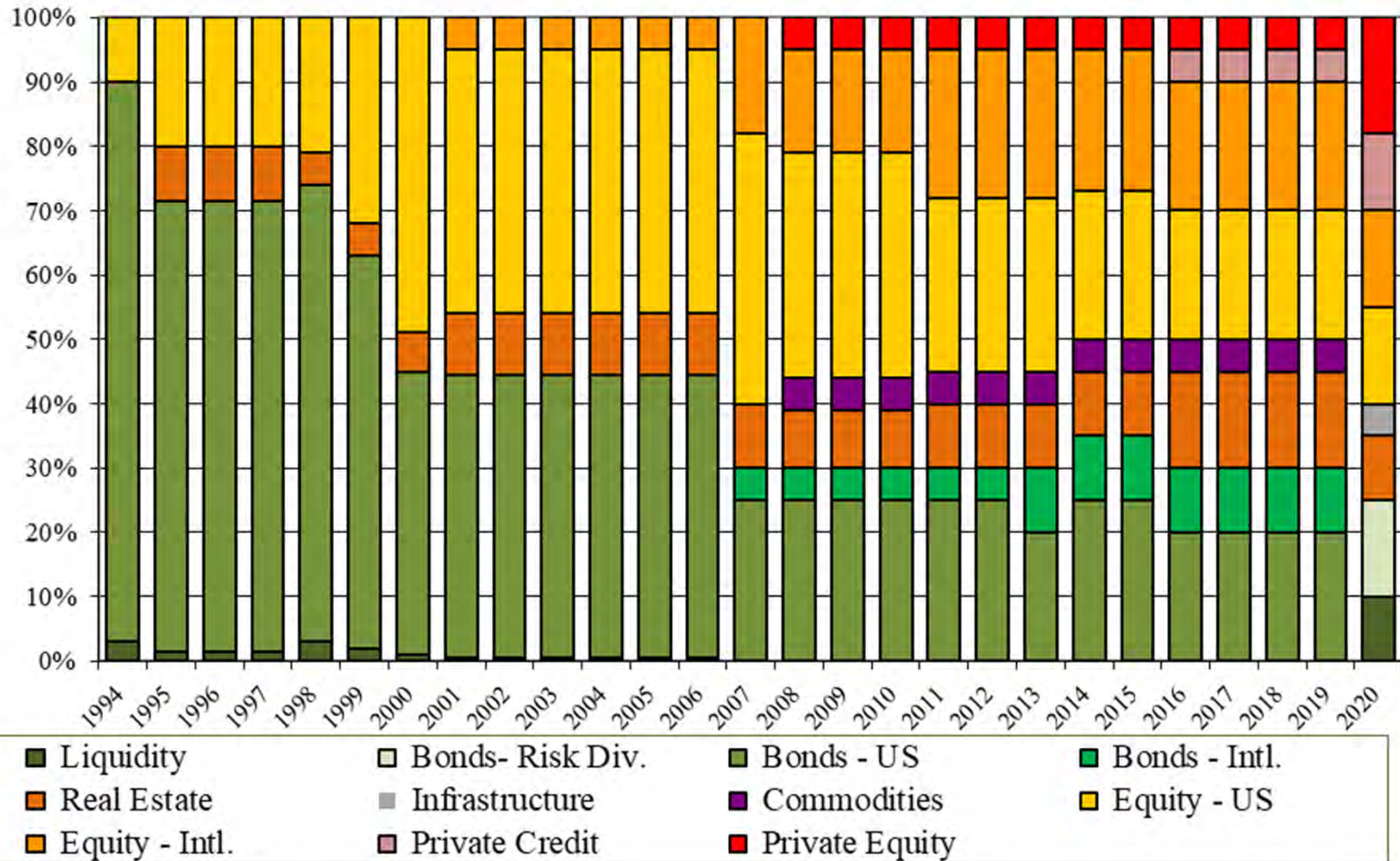
to 12/31/20	1 year	5 Years	10 Years	15 Years
SLOCPT	8.9%	8.6%	7.6%	6.2%

# SLOCPT – 2020 Returns



# SLOCPT – Investment Policy

SLOCPT Asset Allocation (Policy)



# 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

# Threats to your Pension

- **Retiree Benefits** –
  - Under contract law – very difficult to change
  - Would take a massive bankruptcy
  - \$1.6 billion fund
  - SLO County has AAA bond rating
- **Active Employees – Benefits Already Accrued** –
  - Under contract law – very difficult to change
- **Active Employees – Future Benefits To Be Accrued** –
  - Protected by Vested Rights based on CA Constitution

# Threats to your Pension

- **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 Continuance plan and vendor in place

# Cyber Security for Retirees

- Don't click if in doubt!
- “Hover to Discover” on links and attachments
- Check your direct deposit every month with your bank and verify
- Notify the SLOCPT of any suspicious activity
- SLOCPT changes to direct deposit – call us for a paper form – no online changes



# 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, **one vacant – June 2020**
  - 1 County Treasurer as ex officio Trustee
    - Jim Hamilton
- **All Trustees serve “At Large”**

# SLOCPT – Operations during Covid

- **SLOCPT fully staffed and operating**

  - Retiree payroll unaffected

  - Operations proceeding as normal

  - Some Work From Home staff on rotation

- **Contact by phone, email, website postal mail**

- **No in-office meetings**

  - probably until 3<sup>rd</sup> Quarter 2021... stay-tuned

# 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
- Many retirees do not participate in their Employer's plans – e.g., get Medicare Supplement instead
- SLOCPT withholds insurance premiums
  - Premiums withheld for plan chosen
  - Employer contributes \$**143** if enrolled in SLO County plan

# Information on Your Pension Account

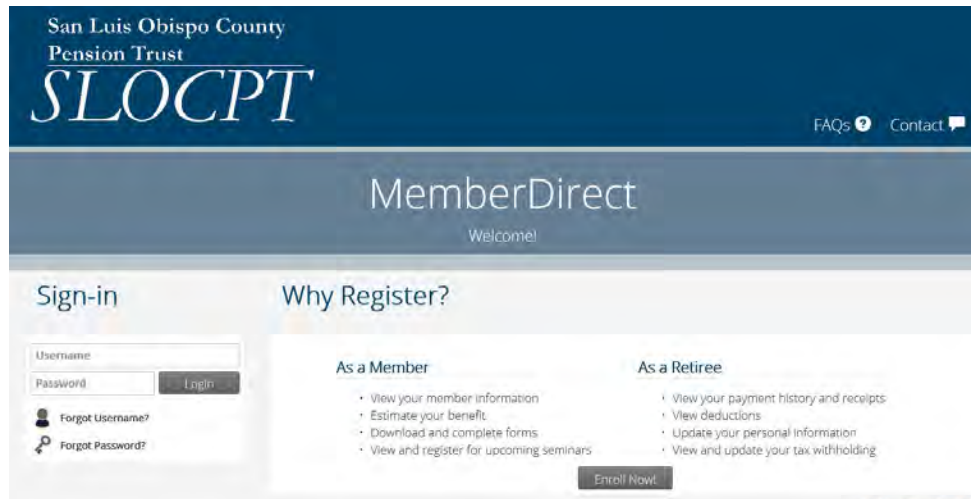
- **General Information**

- [www.SLOPensionTrust.org](http://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

- Retirees 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



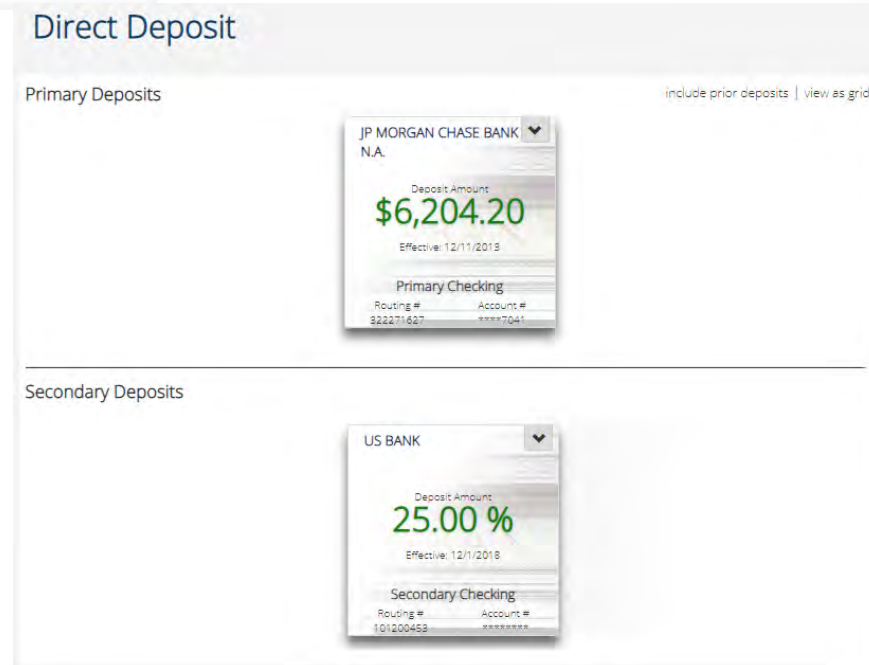
<https://Members.SLOCPT.org>

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